



**SMART PARTNERSHIPS
BUILD THE AFRICAN ECONOMY**



APPRECIATION

The Boards of AMSCO and the ATMS Foundation, Management and staff would like to thank the African Governments, Management of the UNDP, AfDB, Shareholders and Donor Agencies for their continued support.

Special appreciation is attributed to Mr Abdoulaye Mar Dieye, Assistant Administrator and Director of UNDP's Regional Bureau for Africa as well as UNDP Resident Representatives across Africa who make it possible for the ATMS Project to operate in African countries, thus enabling AMSCO to make a difference in the development of SMEs across the continent.

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WHO WE ARE

AMSCO is a pan-African private sector development Group that provides tailored human capital solutions. Its core focus is partnership-driven capacity and skills development to assist African SMEs in becoming leaders in their field.

AMSCO offers a comprehensive integrated service package including tailor-made development programmes designed to fulfil the unique needs of businesses on the African continent. AMSCO has since 1989 built its legacy on passion for people combined with the ongoing ambition to turn sub-Saharan small and medium enterprises into thriving African enterprises.

AMSCO delivers four human capital development services to client companies and governments – Development Advisory Solutions, Enterprise Development Programmes, Human Resources Advisory and Impact Advisory. AMSCO chooses its clients carefully, through a strict due diligence process. It seeks to partner with SMEs and large companies that have impressive and proven business track records as well as with start-ups.

AMSCO is the implementing partner for the African Training and Management Services (ATMS) Project of the United Nations Development Programme (UNDP). Its ability to develop local management skills and strategically place globally experienced talent in client companies contributes to the overall growth and health of the businesses as well as the economies within which they operate.

The ATMS Foundation fulfils a fiduciary role under the ATMS Project and provides support on behalf of donor agencies to the SMEs most in need, those to which AMSCO can deliver the greatest developmental impact.

ATMS STRUCTURE

The ATMS Project is a regional project of the UNDP. The African Development Bank (AfDB) is the regional cooperating agency. AMSCO BV and the ATMS Foundation are responsible for the execution and funding of the project on behalf of its donors respectively.

AMSCO BV is a private limited liability company incorporated on April 7, 1989 in The Kingdom of The Netherlands with its statutory seat in Amsterdam. The company is entirely equity financed, with an issued share capital of EURO 11.436 million.

The ATMS Foundation was established in 1996 by the International Finance Corporation (IFC) in its former capacity as the executing agency for the ATMS Project to assist in fundraising from donors and to oversee the allocation of donor funding to suitable grantees. The ATMS Foundation is an independent legal entity, established in Amsterdam under the laws of The Kingdom of The Netherlands to support clients within the framework of the ATMS Project initiative.

The ATMS Foundation is funded by a number of committed bilateral and multilateral donors. These funds have gone to AMSCO's client companies and public private partnership driven Development Advisory Solutions' programmes to help co-fund the costs of management and training services provided by AMSCO.





OUR VISION

To assist African enterprises in becoming globally competitive, profitable and sustainable.

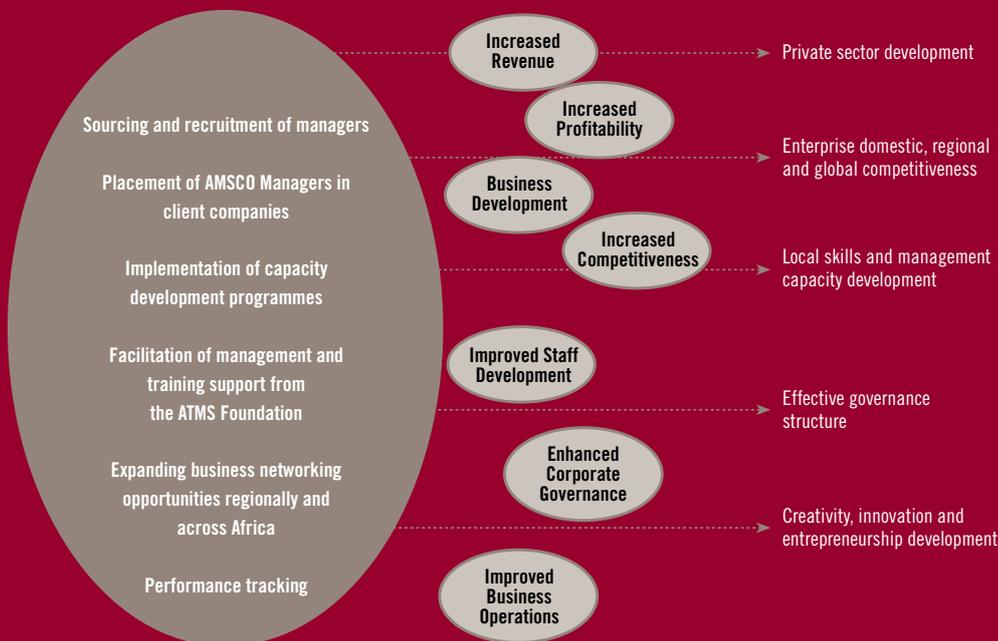
OUR MISSION

To build management capacity within African enterprises by providing management and training support, primarily to African SMEs.

OUR VALUES

Passion, People, Team Work, Excellence and Customer Satisfaction.

AMSCO VALUE PROPOSITION





CHAIRMAN'S MESSAGE

The 2016 African Economic Outlook has confirmed that Africa achieved impressive economic growth over the past 15 years with the average gross real domestic product (GDP) rising from just above 2% during the 1980-90s to above 5% in 2001-14. In the past two years, growth has been more moderate, a trend that was expected to continue in 2016, but strengthen in 2017.

Small and Medium Enterprises play a pivotal role in this growth but they continue to face skills challenges. Human development should therefore be accelerated and sustained to effectively transform the economy and achieve Sustainable Development Goals.

AMSCO engaged various African governments in an effort to build partnerships towards developing local enterprises beyond the traditional services. This culminated in the signing of a bilateral enterprise development agreement with the Mozambique Ministry on Science and Technology in 2016. More countries are expected to sign in 2017. The partnerships are expected to catalyse the achievement of national development plans beyond the scheduled end of the African Training and Management Service (ATMS) project in December 2017.

The AMSCO Group broadened its business model to include human resources advisory. With the incorporation of GreaterImpact into the Group, impact advisory was also added to the offering. The AMSCO service lines give the Group greater impetus to provide end to end solutions that are customised to develop businesses and improve the livelihoods of Africans. It is envisaged that effective implementation through the private sector will catalyse the economic growth of the continent. Smart partnerships remain central to this business model.

The Board also guided Management during the year to strengthen strategic leadership in the Group through the filling of key executive positions and revising the senior leadership structure. AMSCO is now truly positioned as a pan-African human capital development group.

During the year under review, AMSCO started an ambitious plan of pursuing legal representation/registration in seven countries. This is in preparation for deeper engagement in the countries as the business grows. It is hoped that the initiative will be fully achieved by the end of 2017.

Furthermore, and aligned with the ongoing transition, shareholding within AMSCO has also been changing, as envisioned since 2014. During 2015 and early 2016 five shareholders had transferred their share interest to the ATMS Foundation. At year-end the Foundation holds 77.8% of the issued shares in AMSCO B.V.

The AMSCO governance structure was strengthened with increased representation to reflect a more pan African led organisation with an Africa agenda. The AMSCO Supervisory Board of Directors welcomed Mr. Dennis Matangira and Mrs. Eveline Tall as Independent Directors. Furthermore, the Board also welcomed two members to represent the ATMS Foundation. Going forward, their depth of experience and guidance on the alignment of AMSCO to market opportunities will be very important to AMSCO's success.

Ali Mufuruki Chairman, AMSCO Board of Directors





CEO'S MESSAGE

Africa is set on its path as the premier emerging region. That may seem like a sweeping statement, but pockets of excellence on the continent set the scene for the rest to follow – from leading innovations in mobile communications, to innovative healthcare solutions, to innovations in financial services & access to funding to marginalised communities and

to governments at many levels addressing governance, graft and corruption, the continent is forging ahead. A key aspect of delivering this next life of Africa as economic and socially equitable powerhouse is the people she holds and their skills in a new economy. Driven by private sector, government and the development community in partnership, this is the way in which the life of more than a billion people will change.

Similar to the past 27 years, AMSCO will continue to deliver on its mission to change the continent through the skilling of her inhabitants. Just like Africa, AMSCO is also changing. The end of 2016 marks the start of the last year of the last ATMS project cycle as we have known it since 1989. The AMSCO team, its directors and shareholders have been steering the business into a new way of delivering its human capital solutions. This strategy has held true over the last number of years and is now being fully implemented for a stabilised AMSCO beyond the cyclical instability of each ATMS project period. At the start of the year a strategy and implementation review was overseen by the newly appointed Board Chairman, endorsed by the Supervisory Board and Shareholders. The transition of AMSCO is to be accelerated through 3 streams – Build internal capacity, specifically at senior management and operational level, form strategic partnerships to leverage strengths and lastly to seek possible acquisition or merger opportunities for our business lines.

As a result hereof, the Board fully endorsed Managements' impetus to invest internally to enhance skills and took a long-term view of what it would take to see the new commercial AMSCO emerge in the near future. Not only was a re-alignment done of teams internally, but also the process started to attract the best possible skills the continent has to offer to AMSCO Group. Indeed, AMSCO became a group of businesses during the year with, firstly the acquisition of GreaterCapital (later rebranded as GreaterImpact) and secondly setting a new legal group structure in place. GreaterImpact is an impact advisory business based in Cape Town, South Africa, and has notable strategic fit with AMSCO in complementing the rest of our business. AMSCO will take GreaterImpact's service offerings beyond the South African borders in the coming years. Further to the Group structure, the AMSCO legal team (with external counsel) set in motion registering several subsidiaries across Africa for a well-designed legal framework to operate beyond the December 2017 ending of ATMS V.

The year also firmly entrenched the partnership principle that AMSCO holds dear. As part of our repositioning, an alliance was formed with a major strategic partner in the global human capital arena with each organisation completing the other in terms of services and positioning; similar alliances and partnerships will be cemented in 2017. Governments remain a key partner to AMSCO and we continually strive to strengthen the execution of their development agendas. To this end, the first country partnership agreement was signed between AMSCO and the Government of Mozambique, through the office of the Minister of Science & Technology, Higher Education and Technical Professional Training; sharing commitment to cooperate in the training of human resources, technology transfer and mobilisation of public and private institutions, with AMSCO as key partner to the Government. Our team is working feverishly to conclude a number of other agreements. Discussions with several other Governments are at advanced stage, building on the AMSCO-ATMS history, but positioned as a new partnership for country prosperity.

2016 was also the year where Management focused internally, with a number of team changes as we transform AMSCO's delivery capacity to align with the strategy. Unfortunately, we had to take stock and realised that certain changes of the past 2 years were not optimal for us, and had to undo some of these. Needless to say, this stifled our transition and had a notable impact on not only our revenue generation from new services, but also impacted on our cost structure.

Revenues of US\$38.0m were below 2015 by US\$2.5m and also below the budget targets we had set. This was primarily due to the continued attrition rate of the placement business with the lower rate of replacement revenue due to the difficult macro and socio political conditions as well as the imminent conclusion of ATMS V. Country-specific challenges, such as accreditation delays for AMSCO Managers in Nigeria resulted in pressure on revenue generation. Across the board, devaluation of local currency also put pressure on AMSCO clients, since AMSCO Managers are typically paid in hard currency (US\$ and Euro), while those clients earn their revenues in local currency. As a result they suffer affordability challenges, and sometimes delayed payments to AMSCO, which was also evident in our accounts receivable. This continues to be closely monitored.

The number of ATMS project clients declined 4.7% to 181 from 190, whilst managers declined 2.4% to 284 from 291. Revenue streams in the placement business continue to be pivotal in AMSCO's total revenue, generating 94% of total revenue for the year. Our Recruitment and Training units were brought together as one unit during the year, under the banner of Human Resource Advisory ("HRA") and a new Managing Director appointed. These changes took effect after mid-year and results of the changes are becoming evident in 2017. For 2016, the revenues of this unit did not meet expectation, reaching US\$0.4k which was significantly below budget, although better than 2015. Similarly, our Development Advisory Solution ("DAS") was also restructured as a part of unwinding changes in the prior years. Since July the team was brought together in one unit, with clarified and aligned market positioning, product offering and processes. Also falling significantly below 2016 revenue targets, it reached only US\$0.2k. Similar to HRA, we have started seeing sharp increases in activities in the last quarter of the year that will result in 2017 revenues.

The changing mix of services offered by AMSCO will result in a changed income statement: we expect revenues to decrease but gross margins to increase over time due to higher margins of the expanded service lines. Even though revenues from new products were much below expectations, the gross margin of 20.0% were slightly improved on 2015's 19.9%. Currency losses of US\$0.2k were worse than budget of US\$0.1k and this largely due to the devaluation in the Naira.

Overhead expenses for 2016 amounted to US\$8.3m (16% saving to budget) and compares well to 2015 expenses of US\$8.3m. In this instance, weaker domestic currencies in US dollar terms assists cost savings. Diligent cost control by management also contributed to the positive variance – major drivers in savings were staff related costs (Staff salaries and travel) due to deferred appointments and professional services.

The company utilised net cash of US\$0.6k resulting in cash and cash equivalents on hand at December of US\$8.4m. The net utilisation resulted from cash used in cash from operations of US\$0.3k and cash used for investments of US\$0.3k.

Internally, AMSCO intensified its focus of improving processes and systems through the roll out of an open resource (ERP) system managed by the Business iQ unit – the title of this unit refers to intelligence (hence IQ) and is set to entrench AMSCO as a knowledge business at all levels. This enabled the merging of multiple systems to be synergised and operated as one. Monitoring and evaluation of the AMSCO portfolio was hence forth re-evaluated and managed effectively leading to increased data quality, improved articulation of development impact and enhanced collaboration within the teams.

In addition to the normal staff training as per the training needs assessments, internal training programmes were also rolled out in all AMSCO offices aimed at promoting full understanding and utilisation of the Enterprise Resource Programme system. Phase two of the programme will be rolled out in 2017 to make it more inclusive to non-operations staff.

Specific mention should be made of the ATMS V project ending on 31 December 2017 and the consequent potential tax implications. As a result of the Treaty with the Kingdom of the Netherlands, AMSCO is exempt for certain taxes, most notably being corporate taxes which will come to an end in December 2017. Although the possible impact of taxes in the Group tax regime will only be evident in the 2018 audited financial statements, Management is setting up the new Group structure cognisant of best practice accounting and tax practices that will limit adverse implications of a new tax regime once AMSCO emerges as a normal corporate citizen in 2018.

In 2016, AMSCO's ownership restructure took another step with the exit of Agence Française de Développement (AFD) that also transferred its shares (13.6%) to the ATMS Foundation. This was in addition to the shares transferred by other exiting shareholders in 2015, which brought the Foundation ownership in AMSCO to 77.8% by 31 December. In the coming years, shareholding structures will continue to evolve to include more African organisations in ownership as well as create a structure for management ownership participation.

The Directors of AMSCO have taken notice of the act on management and supervision where articles 166 and 277 of Book 2 of the Dutch Civil code address a balanced distribution of men and women in the Board of Directors and the Supervisory Board. Amongst other criteria, this is being taken into account in new appointments and we are grateful to welcome Ms Eveline Tall to the Board. With the increased shareholding by the ATMS Foundation, AMSCO's Board has been expanded to include two members in representation to the ATMS Foundation.

Appreciation goes to the AMSCO Board Directors for their renewed commitment, support and guidance to AMSCO Management in this transition towards stabilisation. We also thank the ATMS Foundation Trustees, donors, African Governments and other stakeholders for their continued support. Lastly, I thank the AMSCO team for their passion and commitment to transform AMSCO. The Group's sustainability depends on our unity and energy to succeed.

Paul Malherbe CEO and Managing Director of AMSCO



AMSCO SUPERVISORY BOARD



Ali Mufuruki
Independent Director
Chairman



Jan Berteling
ATMS Foundation



Dennis Matangira
Independent Director



Susanne M. Nielson
IFU - The Investment
Fund for Developing
Countries
Denmark



Helder J de Oliveira
Banco BPI
Portugal



Sven Riskaer
ATMS Foundation



Eveline Tall
Independent Director



Robert Zegers
AfDB - African
Development Bank

OUR OFFERING

1. DEVELOPMENT ADVISORY SOLUTIONS

AMSCO addresses systemic issues that are hindering the growth of entrepreneurs, businesses and economic growth. It identifies human capital bottlenecks to sectors or industry growth. Based on the diagnostic process and analysis, AMSCO develops custom tailored solutions and catalyse smart partnerships with partners, clients, governments, development finance Institutions and other development agencies.

2. ENTERPRISE DEVELOPMENT PROGRAMMES

AMSCO sources and places industry experts with appropriate skills and experience in African Companies for a period of 3-5 years to improve operational and financial efficiency, install management systems, and through succession planning, strengthen indigenous management to assume leadership when AMSCO Managers move on.

3. HUMAN RESOURCES ADVISORY

HR advisory is a newly established division within the AMSCO group of companies created to influence the discourse around Human Resource Management across the African continent. Confronted with the rising skills gap in our enterprises, the ability to attract, retain senior talent is increasingly becoming a necessity that needs the support of rapid career advancement opportunities and focussed development of local talent. Initiatives under the service include Recruitment, Training & Development and HR Consulting.

4. IMPACT ADVISORY

The Impact Advisory service is offered through AMSCO subsidiary company GreaterImpact. GreaterImpact has a deep understanding of the needs and aspirations of communities and civil society organisations, as well as the corporate social investment and finance sectors. This enables them to merge a sustainable development focus with a pragmatic business approach. They help clients integrate social impact and value creation practices into their core business strategy so that, they can grow an inclusive African economy. They offer Impact Mapping, Impact design and Impact assessment.

DEVELOPMENT ADVISORY SOLUTIONS

As at December 2016 DAS revenues stood at US\$245,580. This performance reflected an increase of 14.35% from the 2015 aggregate revenues of US\$214,743. AMSCO performance was bolstered by new business opportunities, good understanding of client needs, providing good technical approach and working with the client to address the challenges. Good relationships and contacts in the markets also helped to win new businesses.

AMSCO strengthened partnerships and collaborations as strategy to bid for open market tenders and this opened many doors to interact with key implementers of development programmes.

The company also undertook an in-depth review of DAS business in July 2016 through a team workshop where the following were the following were achieved:

- Definition of products and services (Technical Assistance & Business Development Services - especially for the small and growing enterprises)
- Regional and sector focus
- Clients and potential collaborators
- The Business Plan and DAS strategy. This segment defined areas of focus (Access to markets, Access to finance, entrepreneurship, inclusive business and supply chain development) with respective industry verticals. Additionally, the plan also highlights specific targets for the next 3 years

The challenge that remains is to design an effective structure and governance of the unit coupled with developing an effective execution strategy to achieve volumes and profitability

AMSCO's key markets of Kenya and Zambia remain pillars for DAS business. The company will continue to explore partnerships and other opportunities to grow these markets. AMSCO is also optimistic about the Mozambican market, despite the weak macro-economic fundamentals. Strong relationships and deep knowledge of the market will help unlock some opportunities. Cameroon and Nigeria are opportunistic markets hence the need to closely monitor their developments. The recent restructuring of the unit is also expected to provide some respite as AMSCO gets into 2017

Some of the important accomplishments in 2016 included:

- Trade Mark East Africa- Women Business Improvement Training in South Sudan, Post Training Evaluation
- Technical Assistance to support Monze Dioceses Development Department (MDDD) in Zambia through Norwegian Church Aid grant for market system facilitation and Value Chain Selection
- LCATF-Water Trust Funded by Embassy of Finland where AMSCO was contracted to provide technical support to design and implement business models to manage rural water projects and set up social enterprise in Zambia
- PTA Bank Young Professional Programme (YPP) in Kenya



ENTERPRISE DEVELOPMENT PROGRAMMES

CLIENT HIGHLIGHTS



LAPO MICROFINANCE BANK LTD.

Commencement: May 2010
Sector: Microfinance
Location: Nigeria
Number of Employees: 5,886

Company Background

Lift Above Poverty Organization (LAPO) was incorporated in 1987 in Benin City, Nigeria, as a not for profit company. LAPO started off as a Non-Governmental Organisation – Micro Finance Institution (MFI) providing a range of financial services to poor micro entrepreneurs. It transformed into a regulated microfinance bank in 2010. At the beginning of the AMSCO intervention in 2010, LAPO was a medium-sized company with 235 branches in 23 states in Nigeria, providing a range of financial services to over 247,000 clients.

The Challenge

At the time of engaging LAPO, there was a need to develop human resource capacity to conform to international standards. The organisation needed human resource management support to expand to rural areas as well as robust systems, processes and technology to be competitive in the microfinance industry. LAPO also needed to grow their customer base.

The Solution

In 2010, AMSCO recruited and seconded a seasoned Chief Finance Officer (CFO) with expertise in global financial best practice who would provide quality leadership and direction on the Nigerian financial sector and systems and proffer sound advice and strategy for efficient management of financial resources. The CFO was expected to substantially develop the capacity of the local staff within the Finance and Treasury teams with the aim of handing over to a local successor.

The CFO interacted with existing international investors such as the International Finance Corporation, Grameen Foundation USA, CPP Incovin, Symbiotics Asset Management, Deutsche Bank, amongst others and new international investors, who would be providing the funds for the exponential growth of LAPO.

The Impact

After 6 successful years with LAPO, AMSCO exited on 30th April 2016. A summary of achievements are as follows:

- The number of branches increased from 235 in 23 states to 386 across 27 States during the period of AMSCO/ ATMS intervention
- Financial indices of revenue grew by 807% while profit before tax grew by 737% over the same period
- Employee numbers grew by 221% over the period
- Corporate taxes also increased from US\$967,120 to US\$9,631,640, representing 896% growth
- The succession plan was fully completed with local staff taking on the CFO role that was occupied by the AMSCO Manager while a number of internal staff grew into management roles
- Transformed LAPO from an NGO to a regulated National Microfinance Bank, licensed by Central Bank of Nigeria (CBN)
- Developed new partnerships, such as on mobile banking, solar energy products, energy efficient cooking stoves, etc. aimed at achieving healthy triple bottom-line and providing better and more convenient services to the socio-economically challenged clients
- Successfully organised a national conference of LAPO clients and other stakeholders in celebration of achieving 1 million clients and US\$1billion cumulative disbursement

Conclusion

LAPO has reached over 1 million clientele across Nigeria. It continues to reach more, offering financial inclusion and wealth creation through empowering clients to run micro and small businesses, thereby increasing their incomes. The success of the succession plan is also commendable illustrating the benefits of engaging AMSCO for indigenous African businesses.

ENTERPRISE DEVELOPMENT PROGRAMMES

CLIENT HIGHLIGHTS



M-KOPA SOLAR TANZANIA LTD

Commencement: July 2015
Sector: Energy
Location: Nairobi - Kenya
Number of Employees: 104

Company Background

M-KOPA Solar (M= mobile, KOPA= to borrow, SOLAR = solar energy), headquartered in Nairobi, Kenya, is the global leader of “pay-as-you-go” energy for off-grid customers. Founded in 2011 by former executives behind M-PESA (world’s leading mobile money platform, owned by Vodafone), M-KOPA combines mobile payments with GSM sensor technology to enable affordable consumer financing for solar power systems.

The Challenge

M-KOPA Solar required technical support to expand their footprint in the energy market and offer affordable renewable energy solutions to ordinary Tanzanians, particularly in rural areas. This would reduce the carbon footprint in the country and offer alternatives for many people dependent on coal and hazardous sources, ultimately contributing to the socio-economic benefit of Tanzanians and poverty eradication.

The Solution

In view of the successes in Kenya and Uganda markets and the promising run with the pilot in Tanzania from Q4 2014, M-KOPA set up full operations in Tanzania from 2015. M-KOPA took Tanzania into account as it strategised on East Africa (comprised of Kenya, Uganda and Tanzania) as a block.

AMSCO supported M-KOPA Solar Tanzania Ltd with the placement of two managers in the capacity of Country General Manager who have been responsible for managing and setting up M-KOPA operations in the country as well as driving the growth and expansion of M-KOPA's business into Tanzania. They also oversee the staff and manage the performance of the team against set targets.

The Impact

M-KOPA Solar Tanzania has to-date had the following achievements:

- Growth in the number of employees from an inception number of 24 to 104 in 2 years; with female employment increasing by 31% (from 45 in 2015 to 59 in 2016). They are at the same time providing employment indirectly to 253 sales staff
- Increased turnover by 74% since inception. The company achieved over 1000 unit sales per month by December 2015
- Increased the customer care service level from 48% to 55%
- They have launched a new short term rental product targeted at lower income consumers
- In the first half of 2016, all staff were taken through M-KOPA Academy trainings; both for managers and contributors
- They plan to launch a television product in 2017
- They have performed preliminary work to launch clean cook stoves in April/May 2017

Conclusion

Through AMSCO's support to M-KOPA Solar Tanzania Ltd., customers benefited from the innovative renewable energy products which have further helped them in energy savings. The investment in renewable energy and the commitment to a reduced carbon-footprint will help to extend the lifetime of natural resources, ensuring the longevity of the overall social and economic benefits for East Africa.

HR ADVISORY

RECRUITMENT

AMSCO continued its efforts of repositioning Recruitment as a leading recruitment provider of middle to senior management in sub-Saharan Africa. The company strives to do this by continuously working on developing long term relationships with stakeholders (clients and the candidates) and providing quality and professional services.

The AMSCO growth strategy focused on organic growth in the developing markets that allow it to embed services and become authorities in the specific sectors and functions, and diversification in the growth markets (Kenya, Ghana). By providing this blend in revenue streams in the long term, AMSCO ensures sustainable and profitable growth in difficult economic conditions. Kenya is a good example of how working with fewer clients and building smart partnerships has effectively resulted in these clients providing repeat business, an opportunity for AMSCO to provide other recruitment related services and introduce HR Consulting.

Huge opportunities exist in the markets in which AMSCO operates. The company saw an opportunity to specialise in recruitment process outsourcing (RPO) and managed services in key markets in 2015. However, having considered the limitations from a technological and resource perspective, the company focused on analysing and building market intelligence to enable future growth. As such, AMSCO has signed a collaboration agreement with a major player in the market. Account Managers have the responsibility to identify new discipline opportunities working in collaboration with partners to ensure success.

TRAINING AND DEVELOPMENT

AMSCO continues to develop the employee and management skills required to sustainably build African enterprises and organisations through improved efficiency, productivity, dynamic leadership and good governance. Our focus is on experiential learning to ensure that knowledge, skills and abilities acquired on the programmes can be readily applied in the workplace.

AMSCO's Training and Development department involves three service offerings: **Focused Programmes, Company Specific Programmes, and Sectorial Programmes.**

Overview of Training in 2016

Category of Training	Type of Training	No. of Training Activities	No. of People Trained	No. of Females Trained
Soft Skills	Negotiation Skills	7	78	30
	Teambuilding	2	62	23
Leadership and Management	Executive Management	4	17	5
	Senior Management	1	22	8
	Middle Management	5	23	11
	New Managers	10	25	12
Health, Safety and Environment	Safety and Security Management	2	50	10
TOTAL		31	277	99

Focused Programmes

These are programmes tailored for individuals drawn from different organisations with similar needs. AMSCO designs and delivers highly impactful, pragmatic and unique training programmes to build management and employee skills.

The AMSCO 'Negotiate Like a Pro' programme was very popular in 2016 with seven programmes delivered.

The Strategic Thinking Applied programme which enables management teams to create their own strategies was also delivered in 2016 after its successful introduction in 2015.

Five open enrolment programmes were organised and implemented in 2016. In addition to the above mentioned, other programmes included Leadership and Development (LEAD) and the New Managers Development Programme.

Company Specific Programmes

Together with clients, AMSCO designs customised job-oriented leadership, management and skills development programmes in collaboration with organisations, to provide learning experiences that are unique to their employees.

AMSCO is able to draw on internal training expertise, as well as its wide network of sector specialists in designing and delivering programmes.

These programmes are specifically designed and tailor made to address the needs of an individual company. A range of management and leadership programmes at various levels were delivered to client organisations in 2016. In addition to these, AMSCO also presented two Health, Safety and Environment programmes.

AMSCO worked with seven organisations in the delivery of these company specific programmes in 2016.

Sectorial Programmes

AMSCO organises sector specific training to examine and address the needs of a particular industry. The sectorial initiatives are intended to tackle gaps that have been identified in the industries and improve business operations while upgrading the skills of the participants.

HUMAN RESOURCES CONSULTING

Towards the end of 2016 AMSCO introduced Human Resources Consulting services. AMSCO guides clients in building their human capital strategies and practices from the ground upwards. To truly elicit the most value from people, businesses need to ensure that the correct foundations are in place. AMSCO utilises the Strategic People Practices model to develop winning people practices within clients.

AMSCO will blueprint client needs through a needs gathering, business process analysis and business process reengineering exercise to define their vision for the future of the company.

Whilst organisations are fairly adept at adjusting their strategies to meet changing competition and market conditions, few of them will take the time to adjust their business design and organisation design to enable the change in strategy. AMSCO utilises The Integrated Model to ensure true alignment between strategy, business and organisation design.

IMPACT ADVISORY

AMSCO offers the Impact Advisory Service through its subsidiary company AMSCO GreaterImpact (Pty) Ltd ("GreaterImpact") that officially joined the AMSCO Group in January 2016. GreaterImpact is a South African incorporated entity and has been an active role-player in the development sector for over a decade.

GreaterImpact works with clients to ensure that their social and economic development programmes are high impact and sustainable. It does this through trusted partnerships, using the team's experience and expertise in a broad range of strategic impact advisory services that help clients map, design, assess and enhance their development impact.

GreaterImpact client base comprises of funders, regulators and implementers of social and economic development programmes. It has the knowledge and experience that enables AMSCO to offer solutions tailored to meet specific client needs.

PORTFOLIO IMPACT REPORT

DEVELOPMENT IMPACT

The focus of the ATMS V Project is to support SMEs with potential for growth, and willingness to improve corporate governance which is critical in enhancing a company's competitiveness and its sustainability in the long term. The ATMS Project has set out its primary objectives as follows:

- To assist SMEs with interim management
- To improve revenues and profitability of the companies it assists
- To develop local successor managers and transfer managerial skills to local employees
- To increase the number of local skilled employees
- To enhance employment creation and sustainability

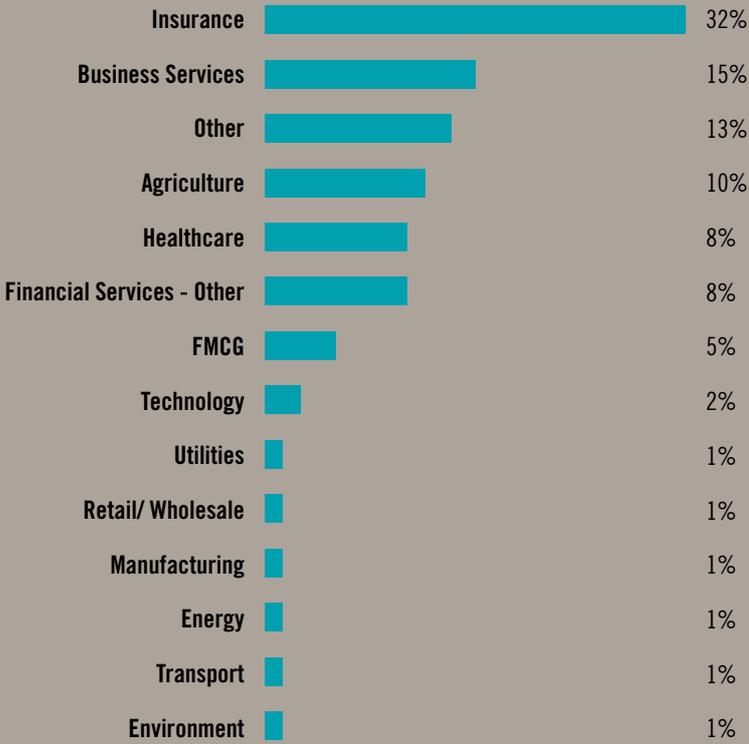
AMSCO's real time portfolio management system tracks and reports the portfolio's performance based on the mandated outcomes. This report covers the 2015/2016 period highlighting how AMSCO has performed in relation to the stated objectives and against the defined baseline.

The year's development impact salient features

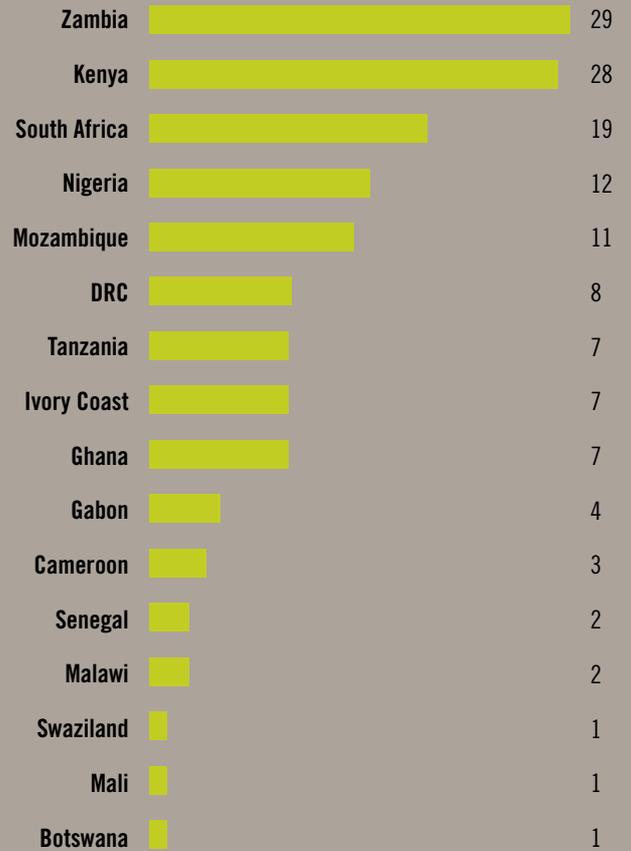
142	Number of active clients by end of 2016
232	Number of Managers seconded to client companies by end of 2016
76%	Share of SMEs in the portfolio by end of 2016
US\$1.9billion	Total portfolio revenue in 2015
US\$120million	Net portfolio profit in 2015
US\$58million	Taxes paid by the AMSCO portfolio to Governments in 2015
277	Total number of people trained in 2016

PORTFOLIO COMPOSITION

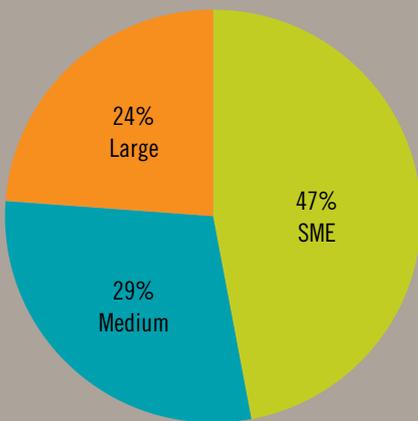
CLIENTS BY INDUSTRY BY END OF 2016



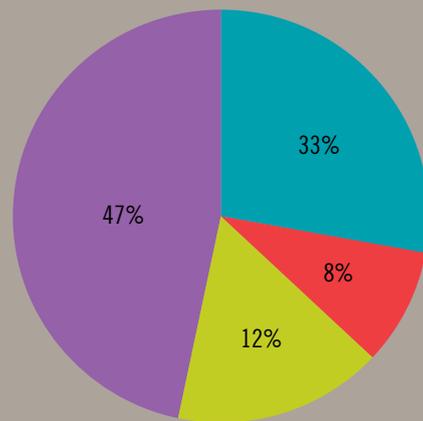
CLIENTS BY COUNTRY BY END OF 2016



CLIENTS SPLIT BY SIZE OF COMPANY BY END OF 2016



MANAGER ROLE BY END OF 2016



AMSCO FINANCIAL OVERVIEW

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income for Period Ending 31 December 2016

(in thousands US\$)

	2016	2015
	US\$	US\$
Revenues	38 065	40 520
Cost of sales	(30 444)	(32 438)
Gross profit	7 621	8 082
Other operating incomes	140	60
Administrative and operating expenses	(8 581)	(8 260)
Finance income (expenditure)	(154)	(321)
	(8 595)	(8 521)
Loss for the year	(974)	(439)
Other comprehensive income	98	-
Total comprehensive income/ expense for the year	(876)	(439)

Abridged Consolidated Statement of Financial Position as at 31 December 2016

(in thousands US\$)

	2016	2015
	US\$	US\$
Assets		
Non current assets	768	851
Current assets	12 317	12 559
Total assets	13 085	13 410
Equity and liabilities		
Equity attributable to equity holders	4 141	5 017
Liabilities	8 994	8 393
Total equity and liabilities	13 085	13 410

*KPMG Accountants N.V., the Foundation's auditors, have issued an unqualified opinion.

The complete audited report is available at the Foundation's registered office.

AMSCO MANAGEMENT



Paul Malherbe
CEO and Managing Director



Kofi Andah
Director of Operations



Pauline Mbayah
Director of Business
Development



Gregory Kietzmann
Director of Finance



Wikus Van Vuuren
Managing Director
HR Advisory



Salma Seedat
Managing Director
GreaterImpact



Anabela Appleton
Stakeholder
Relations Manager



Richard Barasa
Head of Finance



Khanyisa Marawu
Head of Human Resources



Anastasia Posokhov
Head of Legal and Risk



Phetsile Ndzinisa
Recruitment Manager



Mpho Kgosidintsi
Marketing and
Communications Manager



Randy Ramouthar
IT Manager



Brendan Kilpatrick
Business IQ Manager



George Apaka
Development Advisory
Solutions Manager



Andrew Bamugye
Head of Operations
Zambia, Malawi & Zimbabwe



Eno-Obong Edet
Head of Operations
Anglophone West Africa



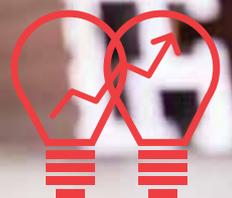
Judith Lorika
Head of Operations
East Africa



Bongile Kanya
Head of Operations
Anglophone Southern Africa



Yves Alain Epangue
Head of Operations
Francophone Africa





CHAIRMAN'S MESSAGE

The ATMS project will come to an end ultimo 2017. The ATMS Foundation has an important task as UNDP's custodian for the implementation of the project and to look after the specific demands of the various donors. AMSCO, the executing agency of the UNDP project, decided to transform the organisation. Therefore, during the greater part of 2016 the Foundation maintained its decision from 2015 not to approve new donor funding to clients and projects, and rather use the year in settling to a supporting governance role to AMSCO, its transition and its newly expanded Board of Supervisory Directors. Historically, the Foundation has used donor funding to enhance the AMSCO mandate, and whilst the donor funding landscape is changing considerably, the Foundation continues to view its role as one to promote the establishment of an AMSCO that is becoming more responsive to evolving needs of the sub-Saharan Africa market.

In this process, the AMSCO Shareholders, the AMSCO Board of Supervisory Directors and the ATMS Foundation Board of Trustees agreed that the Foundation temporarily firmed its ownership of the AMSCO Group in 2016, attaining 78% of the organisation's shares. This also meant that the Chairman and the Director of the Foundation became voting members of the AMSCO B.V. Board of Supervisory Directors.

Upon the departure of IFC, the ATMS Foundation became a complete independent organisation. With all the changes in its environment, the Board of Trustees will continue to be active in financial risk management as mentioned in the report, but also to monitor and manage continuously the reputational risks for the Foundation. The financial risk management system will be assessed continuously and will be aligned with developments in the foundation and its environment.

Critical to the operation was the need to avoid losing focus on scaling the development impact through skills development while restructuring. It was important to continue improving livelihoods for emerging enterprises and the communities they serve. This approach was observed until December 2016, when the Foundation Board approved several initiatives in principle to the total value of US\$750,000 proposed by AMSCO that will further the human capital development agenda on the continent while at the same time meeting donor directives on deploying their funds for the betterment of the continent. These proposed projects will be approved individually, together with further ones that are under development, for full implementation early in 2017.

Financial disbursements amounting to US\$90,408 to support management and local skills development were allocated to 20 SMEs in 8 countries. Although modest, this support reflected our unwavering commitment to the development of Africa.

The Foundation continued to manage funds on behalf of the Swedish International Development Cooperation Agency (SIDA) in Zambia, implemented by AMSCO under its DAS (Development Advisory Solutions) service line. This Zambia Business in Development Facility (ZBiDF) is a multiparty collaboration hub designed to promote cross-sector partnerships in business across Zambia. US\$578,190 was expended in 2016. In addition to SIDA, ZBiDF is supported by the Zambia Ministry of Commerce - Private Sector Development Unit.

In an effort to continue to advance the women economic empowerment agenda post the implementation of the Growth Oriented Women Enterprises (GOWE) programme, the ATMS Foundation is working with AMSCO and other development actors to design interventions on gender empowerment. The Foundation is also seeking to support the advancement of management and skills development in fragile states, in alignment with its mandate.

With the reported trend in economic growth of different market sectors within the continent as well as various regionalisation initiatives, opportunities and the demand for human capital development support will undoubtedly multiply. I am confident that with the commitment from the AMSCO team and support from various development partners, we will achieve our development goals.

The Board of Trustees shall address in 2017 its future role, in light of the closing down of UNDP's ATMS project.

Appreciation is extended to the ATMS Foundation Trustees and stakeholders for their support. I look forward to a successful 2017.

Jan Berteling Chairman, ATMS Foundation



ATMS FOUNDATION TRUSTEES



Abdoulaye Mar Dieye
UNDP - United Nations
Development Programme
Observer



Ali Mufuruki
Tanzania



Bakri A. Karim
Sudan



Jan Berteling
The Netherlands
Chairman





UNDP's partnership with AMSCO and other development partners on the ATMS Project has supported small and medium enterprises in sub-Saharan Africa to become competitive, and to create value, employment and access to finance for vulnerable and marginalized people, including those at the bottom of the pyramid.

The universal Sustainable Development Goals cannot be achieved by any one sector alone, making partnerships across sectors all the more necessary. Public-private partnerships in human capital development can contribute to a vibrant private sector that has the capacity to transform our economy and eradicate poverty in all its forms. We will continue to engage in similar projects for Africa's transformational growth and progress towards the SDGs.

Abdoulaye Mar Dieye

Assistant Administrator and Director, Regional Bureau for Africa, United Nations Development Programme

ATMS FOUNDATION FINANCIAL OVERVIEW

Abridged Statement of Profit or Loss and Other Comprehensive Income for Period Ending 31 December 2016	2016	2015
(in thousands US\$)	US\$	US\$
Grant income	880	1 249
Administrative expenses	(195)	(324)
Training expenses reimbursed to clients	(71)	(149)
Management support paid to clients	(19)	(60)
Training execution paid to AMSCO	(13)	(33)
Funding for AMSCO projects	(6)	(19)
GOWE programme expenses	(2)	(348)
Technical assistance programmes	(578)	(782)
Total expenditure	(884)	(1 715)
Finance income/ expenditure	6	7
Other comprehensive income	-	-
Total comprehensive income/ expense for the year	2	(459)

Abridged Statement of Financial Position as at 31 December 2016	2016	2015
(in thousands US\$)	US\$	US\$
Assets		
Current assets	2 143	3 019
Total assets	2 143	3 019
Liabilities		
Reserves	1 244	1 242
Liabilities	899	1 777
Total reserves and liabilities	2 143	3 019

*KPMG Accountants N.V., the Foundation's auditors, have issued an unqualified opinion. The complete audited report is available at the Foundation's registered office.

ENTERPRISE DEVELOPMENT PROGRAMMES

CLIENT HIGHLIGHTS



SOUTH AFRICAN FRUIT EXPORTERS

Commencement: March 2005

Sector: Agribusiness

Location: Cape Town - South Africa

Number of Employees: 3 000+

Company Background

South African Fruit Exporters (SAFE) was founded in 1997. The company has grown from an ordinary fruit marketing firm to become one of the leading fruit producers and exporters in Southern Africa. Since 2009, SAFE Farm Ventures is an operator for the UFF Agri-Fund, in partnership with Future Growth Asset Management; part of South Africa's largest banking and insurance group Old Mutual, specialising in Corporate Social Investment in the Southern African region. UFF African Agri Investments (UFF) is an investment management company with a dedicated focus on the agricultural sector in Africa. To carry out its mandate, UFF became an AMSCO client. Through this partnership, SAFE operates 7 of the 11 farms that UFF has invested in.

The Challenge

SAFE needed support to manage the supply and demand of fruits from farm to market. Farmers did not have the skills to produce fruits that meet international quality standards. SAFE also wanted to expand export markets to Europe and believed that leveraging on international experience would help them achieve that.

The Solution

AMSCO's involvement with SAFE started with the secondment of the 2 Managers whose task was to establish operations in South Africa. Over time, AMSCO seconded a total of 5 Managers whose role was to identify and develop viable business ventures for the company amongst others. Three have completed their assignments with SAFE and have moved on either to open up other regional markets or strengthen managerial capacity in other affiliated businesses. A Chief Investment Officer was seconded to SAFE's investment management services company, UFF, to support farmers in addressing challenges they face such as high levels of poverty, low education, lack of adequate health and clean water.

The Impact

- SAFE has shown tremendous growth since its establishment and has been able to position itself as a role player in the Southern African fruit exporting industry
- It is now one of the biggest exporters of fruit in Southern Africa with an annual turnover of over US\$31million
- At the time of AMSCO's initial involvement, SAFE employed a total of 24 people in the Cape Town office and 6 people on one grape farm in Blouput. Currently, SAFE manages 513 permanent employees and during the in-season, 3,246 non-permanent staff
- The AMSCO Managers have successfully opened up international markets to fruits from South Africa and neighbouring countries (Namibia, Mauritius, Zimbabwe), and have enabled the company to entrench itself in the European market
- Among others, SAFE now boasts clients such as Greenery and Laurus in The Netherlands, Sainsbury and Tesco in UK and Lidl en Aldi in Germany

Conclusion

SAFE has made significant progress in becoming a much more competitive and sustainable business with more enhanced corporate governance and well trained and competent human capital. In addition, SAFE has played a fundamental role in opening up the local farmers to international markets to which they have been able to reach with their fruit produce. Furthermore, SAFE has, through BONO, contributed to the development of previously disadvantaged individuals, providing capital, skills training and networks ensuring sustainability.

ENTERPRISE DEVELOPMENT PROGRAMMES

CLIENT HIGHLIGHTS



LES LABORATOIRES BIOPHARMA SA

Commencement: March 2007

Sector: Cosmetic industry

Location: Cameroon

Number of Employees: 300

Financial Support: US\$85,500

Company Background

Les Laboratoires Biopharma SA was created in 2001 in Cameroon, to provide cosmetic products of international standards to customers. These would be tailored to various skin types regardless of age and condition.

Biopharma is engaged in the business of manufacturing skin care products known as dermo-cosmetology such as body lotions, creams, shampoo, toiletry soap, cologne (fragrance), skin-toning and skin-firming lotions, nail polish, perfumes, anti-ageing creams, etc.

The Challenge

Biopharma aims to push back the boundaries of competition coming from America, Asia and South-East by working with experts of the industry who will continually undertake research to refine its products and add quality and efficiency in its operations. Therefore Biopharma approached AMSCO for assistance in order to have the best industry experts coming on board.

The Solution

AMSCO seconded a Technical Director to Biopharma with the responsibility to develop, maintain and control the financial systems and operations of the company. Financial support was also granted through the ATMS Foundation. The output realised supported Biopharma to become globally competitive, profitable and sustainable.

The Impact

- New products developed
- Increased number of employees from 133 to 300
- A bottling plant was created in 2010
- Increased turnover from US\$2million in 2007 to US\$4,569,352 as at 31 December 2016

Conclusion

Today, the company has grown significantly, and has become one of the leading Pan-African companies in the cosmetics industry. The company has expanded into many other African countries (Cote d'Ivoire, Gabon). Its promoter is now moving into the food and beverages business, and is seeking further AMSCO assistance.



The African Development Bank has adapted its long term strategy to achieve 'inclusive growth' through an enhanced focus on Africa's economic transformation. To prosper, Africa needs a concerted, ambitious effort to achieve growth that benefits everyone. The so called 'High 5' priorities will assist in realising this more quickly and comprehensively. The priorities are: Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and improve the quality of life for the people of Africa. SMEs are cross-cutting throughout these priorities. SMEs operate in all sectors of the economy and differ greatly in growth stage and growth potential or growth ambition: they include early stage start-ups as well as 'mainstay' or 'missing middle' SME businesses and increasingly also fast growing and innovative, often technology driven businesses. SMEs contribute in key economic areas including in clean energy, agri-value chains, health, education, small industries and industrial value chains etc. SMEs in essence require access to finance, capacity / skills development and a suitable enabling environment. AfDB seeks to assist SMEs primarily through enhanced to finance as well as through a strengthened enabling environment. It requires partnerships to focus on the skills and capacity side. AMSCO's role as a partner that provides integrated human capital solutions is crucial in this regards. AMSCO effectively supports SMEs capacity development as is essential to address the important skills gap and to assist African SMEs in becoming leaders in their field.

The African Development Bank therefore takes pride in its continued partnership with AMSCO as the company remains focused on fostering private sector growth across Africa and as AMSCO offers relevant synergies that address key challenges in the SME space. The AfDB will thus continue to support AMSCO's own transformation efforts as it exits from the 'regional project' and engages in new partnerships and, in due course, with new shareholders in Africa to advance its mandate and important work.

Stefan Nalletamby Director of Financial Sector Development Department
AfDB (African Development Bank)

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Director
Represented by Sven Riskaer



Anabela Appleton
Stakeholder
Relations Manager



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