



# SUMMARY

## ATMS IV PROJECT EVALUATION 2013

The ATMS IV Project Evaluation assesses the delivery of AMSCO services in implementing the ATMS IV Project of the UNDP, as well as the structured provision of special donor funding to needful clients by the ATMS Foundation. It assesses results relating to the intended outputs, outcomes and impact of the African Training and Management Services (ATMS) Project during ATMS IV period (2008-2012).

The evaluation is based on a combination of quantitative and qualitative elements and information from various sources namely, a review of AMSCO's client portfolio, an internet survey of ATMS IV clients and fieldwork in selected countries. The external evaluation was produced by BKP Development Research and Consulting in partnership with Economisti Associati, who were appointed through a competitive bidding process.

Indications of the report suggest that services delivered by the Project were very much aligned with client expectations and that the intended short and medium term effects, such as the enhancement of staff skills were achieved. Most of the clients believe that ATMS/AMSCO has had a positive impact on improving their performance.

The ATMS Project remains relevant and continues to play a key role in sub-Saharan Africa's economic development by building human capital for sustainable African enterprises.

## Introduction

Launched in 1989 as a joint initiative of the United Nations Development Programme (UNDP), the International Finance Corporation (IFC) and the African Development Bank (AfDB), the ATMS Project seeks to bridge the gap between skills development and entrepreneurs in sub-Saharan Africa's private sector.

The ATMS Project is implemented by two separate but interrelated entities established by the IFC – the African Management Services Company B.V (AMSCO), which is the operational unit of the project and the Stichting African Training and Management Services (ATMS Foundation), a foundation responsible for collecting and disbursing donor funds that were provided to the Project

for clients.

ATMS/AMSCO's approach to private sector development has traditionally focused on two main business lines - Secondment of internationally experienced management experts and Training & Capacity Building provision to clients that use the secondment services. A strategic business review undertaken in 2011 recommended that, going forward into ATMS V (period 2013-2017), ATMS/AMSCO should diversify and broaden its services to also include Technical Assistance Programme services (being SME-targeted medium term skills development programmes with funding), Capacity Development (both client tailored and open-market training programmes)

and Recruitment (being not only recruitment of international experts but also diaspora and local individuals for AMSCO clients). The three new services have now been consolidated and grouped under a Strategic Business Unit (SBU).

Although the bulk of the evaluation focuses on the earlier years of ATMS IV, it is important to note that not only did AMSCO undergo a significant business model change towards the end of ATMS IV with the new services and product launches, but the organisation endured severe difficulties during the delayed final approval of ATMS V. This resulted in an abrupt halt of business development for its main operations at a point when the activities were increasingly flourishing.

The evaluation assessed the ATMS Project along four areas namely: Relevance and Rationality; Effectiveness; Impact and Sustainability; and Efficiency.

## Relevance and Rationale

Lack of business skills remains a major private sector impediment throughout sub-Saharan Africa. In a recent survey carried out by the African Management Initiative (AMI), respondents unanimously cited the shortage of quality managers as a “major bottleneck for growth”.

From a regional perspective, the business skills gap seems to be more severe in the West Africa region as well as less developed countries. One tends to find a large number of people leaving countries such as Ghana, Nigeria and Senegal. The comparatively higher level of political instability experienced in the region further increases the relevance of AMSCO services as it is more difficult to attract international experts without the assurance offered by AMSCO. I.e. A recognised brand name with support from international development institutions like the UNDP, IFC and AfDB, and a good reputation for providing exceptional expertise to African enterprises. This has resulted in stronger relations with organisations and the host governments.

In Mozambique, the skills gap in the finance and insurance sector has turned out to be much larger than was initially anticipated by many foreign companies estab-

lishing operations in the country. Lack of national insurance training institutes and lack of qualified workers characterise the market.

The number of commercial service providers of recruitment and placement services has been increasing in sub-Saharan Africa and the entrance of foreign players has raised the standards and prompted specialisation but despite the growth in service providers, most companies see a growing need for skilled labour (both local and expatriate) across various sectors.

Kenya and Tanzania have established a dedicated Project Steering Committee (PSC). Comprising of various government institutions and private sector representatives, the PSC periodically reviews progress of the ATMS initiatives and strategic issues related to AMSCO's activities.

*In these two countries, Government counterparts assessed ATMS IV relevance in terms of both employment generation (and, hence, poverty reduction) and net tax revenue generation, and ranked them high. They suggested an expansion of ATMS/AMSCO services in two directions, namely: (i) the provision of AMSCO Managers (AM's) to government entities; and (ii) widening the geographical coverage of ATMS initiatives, which are presently concentrated in capital cities.*

## Effectiveness

In light of ATMS/AMSCO services and the achievement of intended short and medium-term effects, such as the enhancement of staff skills and the improvement of different business practices, more than two-thirds of the AMSCO clients that participated in a web survey reported a 'high' or 'moderate' increase in the skills level of the local workforce during the ATMS IV Project.

57% and 60% respectively thought that the collaboration with ATMS IV/AMSCO had 'high' or 'moderate' pos-

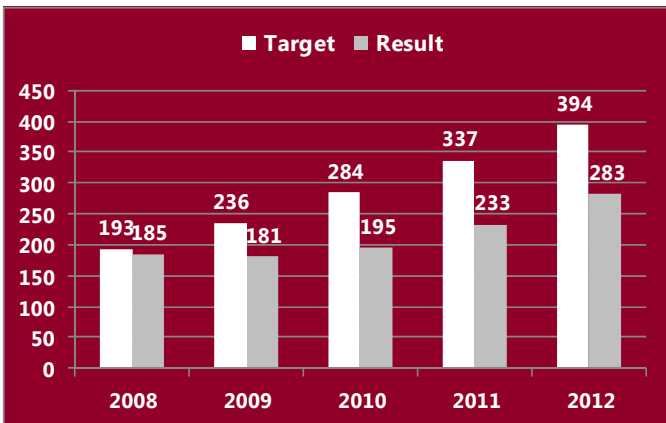
*Overall a vast majority of AMSCO clients were satisfied with their ATMS/AMSCO experience. 78% of web survey participants rated their experience under ATMS IV as either positive or very positive.*

itive effects with regard to improving business practises and increasing local participation at management level.

The number of training activities organised by AMSCO increased in 2010 with the number of participants remaining fairly stable at between 4,800 and 6,000 per year. The number of non-AMSCO clients participating in core training events organised under ATMS IV also improved. In 2011, 48 participated in training initiatives while 2012 had 45. A large majority of these participants are located in West Africa.

Although at a slightly lower rate than that expected, AMSCO's client base has seen a steady growth throughout the ATMS IV project cycle.

### Evolution of the number of clients (2008-2012)



The slow uptake can be attributed to difficulties experienced in the first years of the Project phase due to accreditation issues faced in some key countries as well as the global economic downturn. An initial decline in AMs (-9% and -8% in 2008 and 2009 respectively) was followed by a substantial annual growth rate of 26% and 28% in 2011 and 2012 respectively.

## Impact and Sustainability

The assessment of the impact of the ATMS IV Project is

based on a review of the performance of client companies before and after ATMS/AMSCO support, client's own assessment of the ATMS/AMSCO impact on activities and a counterfactual impact assessment. Moreover, the sustainability of the results achieved by ATMS IV are measured by reviewing the degree of success in the implementation of local succession plans and the availability of clients to maintain performance trends after completion of AM contracts.

Efficiency Ratios	Lower Bound Estimate	Upper Bound Estimate
Turnover Ratio	1 : 5.7	1 : 34.3
Employment Ratio	US\$ 3,500 per job	US\$ 1,300 per job
Tax Ratio	1 : 0.2	1 : 2.1

**Turnover ratio:** Client revenues grew between 5.7 times and 34.3 times (calculated through different statistical analyses);

**Employment ratio:** Cost per job created varied between \$3,500 and \$1,300. Put differently, at an average AMSCO Managers' salary of circa \$5,000pm, it is less than one months' salary cost for each job created;

**Tax ratio:** Client taxes increased between 0.2 times and 2.1 times from before the ATMS intervention.

NB. Evidence regarding the tax benefit and calculated net tax gain is less clear; this is statistically more difficult to ascertain due to limited information available.

*A review of the performance of ATMS IV client companies reveals that they recorded an increase in both turnover and employment levels over the period of ATMS/AMSCO assistance.*

The analysis shows that on average, company turnover increases by approximately 75% in the first year of ATMS/AMSCO involvement. The positive results also depict an increased trend over time; an average of 230% cumulated increase four years from the baseline.

Furthermore, the results also depicted a steady rise in

employment levels, the mean value of cumulated change increases from 42% in the first year to 106% four years after the baseline.

## Efficiency

The turnover of operations staff seems high, particularly in the Regional Office for Southern Africa (ROSA), while

*AMSCO has managed to remain financially sustainable throughout the evaluation period, with profitability significantly increasing since 2010. Gross revenues increased by 14% in 2011 and an astounding 49% in 2012.*

the load of work for Project Officers (POs) peaked in 2012. The average number of AMs managed by one PO decreased from 18 in 2008 to 13 in 2010. A small increase was recorded in 2011 before the AM/PO ratio

grew to over 21 in 2012.

## Conclusion

The ATMS IV mandate remains fully aligned with the sub-Saharan Africa region's development needs, given the persistence of a significant shortage of managerial skills region wide. AMSCO has managed to remain profitable and net profit surpassed the US\$ 1 million threshold in 2012 as a result of tight budget control and revenues growth. The increased portfolio of clients and AMs as well as reduction of early termination contracts of AMs were key drivers of revenue growth. Although services differ across countries of various sizes, the importance of ATMS/AMSCO was consistently assessed in a positive light by ATMS IV client companies, with some great insights of how to better structure the ATMS/AMSCO model and service offering going forward into ATMS V.



BKP Development Research & Consulting GmbH (BKP Development) is an economic research and consulting firm. The company was established in 2006 and is based in Munich (Germany).



Economisti Associati is a consulting firm operating from Italy, providing economic analysis and advisory services.