



AMIS

GROWING FOOD,
GROWING ECONOMIES





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Agriculture Management and Infrastructure Systems (AMIS) is all about sustainable development that is commercially respectable and stimulating growth at the national level by creating wealth

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First crop of tilapia being carefully placed into Can & Tan fish pond at Kibaha, Tanzania

Allan McNeil set up his company in western Canada back in 2007 as a vehicle for his lifelong belief that agriculture, that most fundamental of human activities, should underpin economic growth and development. Talking to him, one soon understands the position he has arrived at over his 30 years' experience in livestock nutrition, consulting, and managing international projects.

Basically, it is accepted in the developed world that wealth creation, entrepreneurship and growth in the private sector is vital if we are to climb out of recession, whereas the money that pours into the developing world is by and large reactive rather than proactive. NGOs and government agencies alike focus on tackling poverty, famine and other crisis situations. But developing economies need the same medicine that we do—a chance to develop sustainable businesses that can trade into identifiable markets, scale up, and in a relatively short time create a truly local and commercial agricultural sector.

McNeil divides his time between Calgary, Moscow, and the businesses AMIS is helping to grow across Central Europe and Africa, through a combination of management input, financial planning and direct investment. The Moscow office is there because his initial projects were in Eastern Europe, particularly Russia, the Ukraine and Kyrgyzstan, and if you draw a line south

you find yourself in East Africa. Africa is particularly interesting at present, he says, because governments there are waking up to the need to encourage enterprise rather than control it.

Tanzania is a case in point. This is a country that has almost uniquely been able to avoid the plagues of conflict, ethnic tension and to a large extent corruption since independence in 1961; but stability was achieved through considerable centralisation and the imposition of a highly planned economy, with collectivised farming on the ujamaa, or community model. Today the country

is seen as having enormous potential for opening up its natural resources, exploiting its ports and above all developing a vibrant private food production industry. “I sense a big change there in the last 10 years, and governments in the region

are now making it possible to do commercial business,” says McNeil.

Small farmers in Africa need access to appropriate levels of finance, technical advice, management support and business planning expertise, and this is where AMIS comes in. In rural Tanzania farms are small and so are incomes. Most houses are made of dried mud on wooden frames. There is nowhere to store food, so if the food supply is interrupted there is no money to buy it, with the result that people starve.

A neat solution, warehouse inventory credit—a credit system based on the use of warehouse certificates—was identified

2007

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Year AMIS was founded

by the Common Fund for Commodities (CFC), a United Nations organisation based in Amsterdam. AMIS was invited to deliver the project, entitled Grain Farmers' Access to Warehouse Inventory Credit in Tanzania. The warehouse certificate is a document issued by a certified storage facility that confirms a farmer's ownership of a designated amount of a commodity stored there. The farmer can then take the certificate to a lender and obtain short term financing using the certificate as a collateral document backed up by the product in storage. The objective is to help small farmers double their incomes, leaving them with money for better housing, for food and for growing more and better crops.

The CFC project is just the beginning of a process proven in other economies with large numbers of small farmers, he explains. "Over time as wealth is created in the community, the sector consolidates; there are fewer but richer farmers, while others diversify into other occupations. I suspect we are at the beginning of that process in Africa. The opportunities are there for people to develop larger businesses."

The markets he is talking about, it should be stressed, are internal. "I could keep busy for a long time just matching internal



Malula grain storage warehouse located at Malula near Arusha, Tanzania, after being refurbished to a working standard

demand. It could be in grains, warehousing, ground nuts or fish production." Fish production is a topic that takes up a lot of his attention right now, and one very current project that typifies McNeil's model is Can & Tan Harvesting Ltd, a company set up with a local partner in Tanzania and incorporated there. "It was time to stop talking and take action: we had a good local partner, with land close to Dar es Salaam at Kibaha that

was ideally suited to setting up a fish farm."

Well, almost ideal. You can't just dig fish ponds in the porous soil, so AMIS financed the construction of two containers that, being from Canada, he describes as being two-thirds the size of a hockey rink (or about 1,200 square feet). The first tilapia fingerlings, a fast growing and very popular tropical

species of river fish, were released into the pond on June 1 2012, and are expected to reach market size by the beginning of November. They will be sold on the local fresh fish market—at this stage no further

**\$10
MILLION**

Fund allocated by African Barrick Gold for sustainable development in Tanzania

processing is envisaged—and McNeil is contributing his technical expertise by monitoring nutrition, growth rates and husbandry. The fish are happy and growing well, he says, and the biggest headache is the attention they are getting from passing reptiles on the lookout for a free meal.

AMIS takes an equity stake in the businesses it supports, looking for growth, cash flow, and value creation over a period of about seven years. Though it used its own funds to kick-start Can & Tan, it aims to catalyse investment by private backers, banks and

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Malula grain storage warehouse located near Arusha, Tanzania, before being refurbished to a working standard



Fish pond being filled for the first time at Can & Tan fish farm near Dar es Salaam, Tanzania



Close up of first crop of tilapia fish being released into Can & Tan fish pond near Dar es Salaam, Tanzania

“THE DEVELOPMENT AGENCIES ARE ALL FOCUSED ON POVERTY REDUCTION AND I DON’T SEE THAT AS BENEFICIAL TO ANYONE”

government agencies in the tricky but much-needed \$50,000 to \$150,000 range. “It is hard to find money at that level. If you want to find \$10 million the agencies might show an interest but to bootstrap growing businesses with smaller amounts is the stumbling block right now.”

The kinds of opportunities that excite McNeil are to be found everywhere. AMIS

has been approached by an NGO involved in a multiplicity of small irrigation projects in Tanzania that taken individually might be difficult to get off the ground but could, he thinks, be put together to present a more attractive proposition for an investor. In Malawi he is working with the National Smallholder Farmers’ Association of Malawi (NASFAM), an organisation founded on

the principles of collective action and democratically governed by its members. In that case, AMIS is working with them on a feasibility study to test the potential for exporting groundnut oil.

But in every case McNeil looks for the potential to create wealth and generate economic activity. “I think that is what separates the future from the past. The development agencies are all focused on poverty reduction and I don’t see that as beneficial to anyone.”

Every business investing in Africa makes a point of talking about its contribution to social and community needs and this represents another huge opportunity for partnership with a company like AMIS.

It has already been in talks with African Barrick Gold (ABG) which is very keen to procure the food supplies it needs from local sources. ABG has set up a \$10 million fund for sustainable development in Tanzania alone—the AMIS model would see companies like this as a partner for commercial businesses in the communities where they are located. It would be CSR that passes the enterprise test—commercially viable, as well as socially responsible. **BE**

For more information about AMIS visit:
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