

Business on the way



*Commercial relations
in partnership between
Sweden and Tanzania*



EMBASSY OF SWEDEN

Dar es Salaam



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* “Smörgåsbord” is one of the traditional ways of eating in Sweden.
Great varieties of Swedish specialities are presented and served on
long tables encouraging people to help themselves and join in on
the festivities.

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Partnership Sweden-Tanzania

Sweden and Tanzania have co-operated in a wide range of economic and social fields for many decades. The bilateral co-operation started already at the time of independence. The Father of the Nation Mwalimu Julius Nyerere and the late Swedish Prime Minister Tage Erlander - assisted by Olof Palme who later succeeded him as Prime Minister - had close and friendly political contacts about possible Swedish development co-operation in support of the young Tanzanian nation. In fact even before that, Swedish NGOs and a few private companies had constructive and fruitful contacts with the country.

At present Tanzania is undergoing far-reaching changes in the political, economic, social and socio-cultural areas. With its present Government led by President Benjamin Mkapa, the country is in the forefront in Africa when it comes to macro-economic reform processes under national ownership. Great progress has been made towards a modern partnership-based international co-operation with other nations, including Sweden. The economic reform process is vigorously defended and the budget policy is characterised by strict expenditure control. The inflation and interest rates are falling, and the economic growth process continues. The investment climate is still characterised by certain problems, but it is now improving, and foreign investments are increasing. A consultancy study on the investment climate has been commissioned by the Embassy of Sweden, and the results will be presented in the near future.

Sweden actively supports and commends the positive trend in Tanzania's present development. The country represents an important sub-region of peace and stability in the Great Lakes region which is otherwise afflicted by wars and armed conflicts. New dynamic initiatives have been taken by Tanzania to promote regional co-operation among the three EAC member countries. Many problems of development still persist in Tanzania, but I am personally confident that a better future for its population will not be remote.

Against the background just outlined, it

should be noted that bilateral co-operation between Sweden and Tanzania is now entering a dynamic and partly new phase. While the poverty-oriented development co-operation continues, also other areas of co-operation are embraced. Joint efforts are being made to broaden and intensify relations between the countries in areas such as trade, joint ventures, direct investments and procurement. A conscious effort is being made from the Embassy's side to expose and stimulate the use of the highly qualified resource base existing in the Swedish private sector, in particular as it is represented in Tanzania at present (see separate presentation below). This is also well in line with both Governments' ambitions to successively reduce Tanzania's dependence on foreign aid and to promote and facilitate long-term sustainable relations of trade, investments and other commercial links.

I sincerely hope that this booklet will be useful and of interest to both Tanzania and Sweden when it comes to realising the type of broader relations in economic and other fields that both Governments are endeavouring to achieve. Through our respective Embassies - as well as via other institutions and authorities on each side - we will have an active role to play in fulfilling our long-term objectives of development and continued excellent political, economic, commercial and other relations between our Governments and peoples. The work of our Embassies in Stockholm and Dar es Salaam has great potential in dynamically and creatively facilitating and promoting our long-standing relations of friendship and co-operation.



Photo: Stig-Göran Nilsson

Sten Ryländer
Ambassador of Sweden

General Facts on Sweden



Sweden, situated in the northern part of Europe, covers an area half as big as Tanzania. Of the land's surface half of it is covered with forest. Less than 10% is farmland. About 85% of the population is living in the southern half of the country.

At the beginning of this century Sweden was a largely agrarian economy, and one of the poorest nations in Europe. However, a rich domestic supply of iron ore, timber and waterpower, clever engineers and skilled workers enabled a rapid industrialisation that transformed Sweden into a modern welfare state.

Manufacturing still plays a dominant role in Swedish exports. Large international companies such as Ericsson, ABB, Electrolux, Volvo and Saab account for nearly 60% of employment in manufacturing and more than 80% of exports of manufactured products.

Traditionally, scale-intensive industries (e.g. pulp, paper and paper products and ferrous metal products) have had a large share of Swedish exports. However, Sweden is also a relatively important exporter of technically more sophisticated products like telecommunications equipment, specialised machinery and motor vehicles. Science-based products (e.g. pharmaceuticals) account for around 10% of manufacturing value added.

About 460,000 small and medium sized enterprises (SMEs), mostly in services and oriented towards the home market, employ close to 1.4 million.

About 4.3 million people (50% of the population) are in the labour force. This high figure is mainly due to the fact that more than 75% of all women aged 16–64 are gainfully employed. Health care and social welfare are seen as public sector responsibilities, and are supported by a national social insurance system. Nine years of schooling are compulsory for all children from the age of 6 or 7. About 95% go on to the upper secondary school, which offers both vocational and academic programmes.

(Source: The Swedish Institute Fact Sheets on Sweden)

Trade between Sweden and Tanzania

Mutual trade

Bilateral trade between Sweden and Tanzania increased during 1998. Total Swedish exports to Tanzania amounted to approximately 197 million SEK whereas imports from Tanzania were substantially lower, approximately 9.5 million SEK.

There should be a great potential in increasing trade significantly in both directions, but for this to happen concerted efforts will be required from both sides. Swedish exports to Tanzania consisted of electrical equipment, telecommunications and other machines and equipment, means of transportation including spare parts and other manufactured goods. Imports from Tanzania consisted of agricultural products such as coffee, tea, cocoa and spices - but also a certain increase in manufactured goods (machines) could be noted.

In the near future there should be a potential for increased export revenues to Tanzania from Swedish tourists. Also for agriculture-based production there should be good prospects in the Swedish and other Nordic markets, provided that quality and package aspects could be taken due account of. In these respects the Swedish Import Council/Svensk Handel in co-operation with Sida and the regional Chambers of Commerce in Sweden could be instruments for a positive development.

Investments and joint-ventures

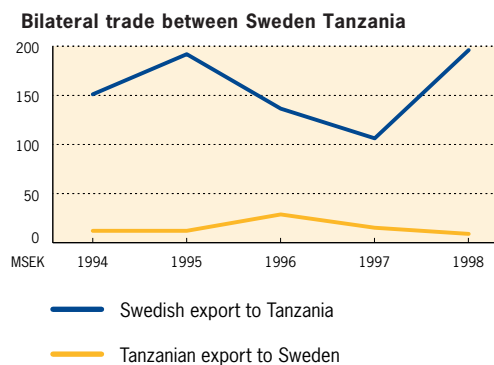
There have already been quite a few investments and joint ventures between Sweden and Tanzania as illustrated later in this booklet. In order to further promote joint ventures and direct investments on a more partner-like basis, there are several instruments available through Sida and other governmental or commercial institutions.

The quarterly meetings between the Embassy of Sweden, Swedish and Sweden-related companies in Tanzania - to which representatives of various Ministries and other authorities such as the Treasury, the Tanzania Revenue

Authority and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) are sometimes invited - should be mentioned in this context. They could play a significant role in exchanging business ideas, other essential information and give an impetus to mutual trade and investments. The possibilities for having similar meetings in Sweden are being looked into by the Embassy of Tanzania in Stockholm.

Investment agreement

The conclusion of a bilateral agreement on the protection and promotion of investments will most probably help considerably in overcoming potential Swedish investors' hesitation about approaching a new, promising market but one perceived as "insecure" like the Tanzanian one. Such an agreement would be welcomed by the Swedish private sector and would stimulate the creation of joint ventures and direct investments. Also other measures to reduce risks and improve the investment climate should be discussed between Tanzania and Sweden.



Welcome to a Swedish-Tanzanian “smörgåsbord”*!

On the following pages a few of the Sweden-related companies now operating in Tanzania will be presented. As an appendix you will find all Sweden-related companies in Tanzania registered at the Embassy of Sweden in Dar es Salaam. Swedish policy and instruments available to promote further business are also presented.

The mixture of companies shows the wide range of possibilities of partnership between the two countries. Hopefully it will inspire other Swedish and Tanzanian entrepreneurs to take the chance to promote and expand their business.



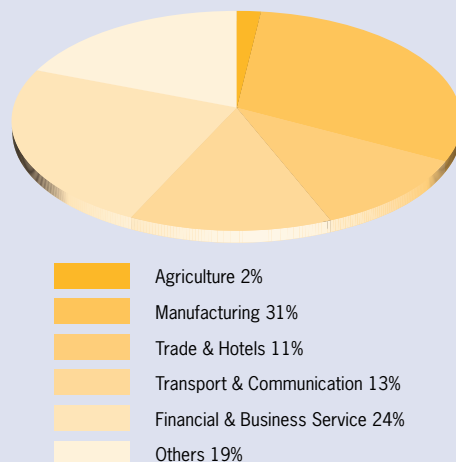
Photo: Skanska

*Large table with a mixture of dishes

Facts about Sweden

Area: 450,000 sq.km
Population: 8.8 million
Capital: Stockholm
Language: Swedish
Religion: Lutheran State Church
Form of Government: Constitutional monarchy, parliamentary democracy
Currency: SEK 1 (Swedish krona) = 84 TSHS

Contribution to GDP by sector:

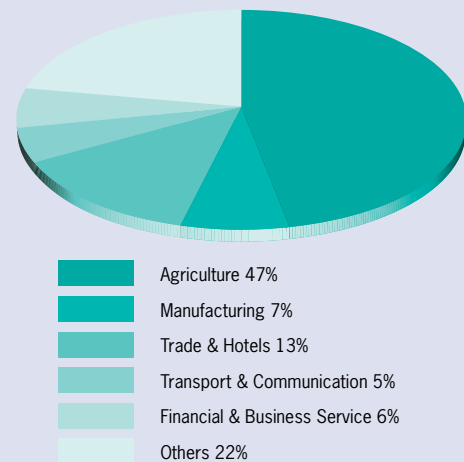


Source: Statistics Sweden - “GDP by kind of economic activity” 1998

Facts about Tanzania

Area: 945,000 sq.km
Population: 30 million (1998)
Capital: Dodoma
Language: Swahili
Religion: Christian, Muslim and others
Form of Government: Republic, Union between Tanganyika and Zanzibar, multi-party democracy
Currency: TSHS 100 (Tanzanian shilling) = 1,19 SEK

Contribution to GDP by sector:



Source: Bank of Tanzania - Economic Bulletin, June 1998

A Tanzanian Entrepreneur

“Siasa ni Uchumi - Politics is Economy”, says Mr. Crispin Mwanyika, President of Tanzania Chamber of Commerce, Industry and Agriculture, Vice Chairman of the Private Sector Foundation and General Manager of Pemacco Ltd. “We have to find an economically sustainable connection to transfer the old friendship between Sweden and Tanzania into an economic friendship”.

Mr. Mwanyika’s links with Sweden started in the seventies, through the SIDA-financed Sister Industry Project, implemented by SIDO. His company at that time, Electric Motors in Mbeya, operated between 1973 and 1983 as a repair workshop, having Bevi International AB, in Blomstermåla, Sweden, as its partner for the supply of spare parts.

At that time Swedes, especially in small places, were not very used to foreigners. Mr. Mwanyika remembers that when he came to Sweden to meet his partner, it was the first time the old owner of Bevi had met a black man.

Now that the two countries are entering a new phase of partnership, there are a few things to learn from the past:

“The Sister Industry Project was like a forced marriage. The Tanzanian entrepreneur was not allowed to choose his partner himself, this was done by SIDO”.

“Swedish entrepreneurs are very risk-conscious, and sometimes rely too much on Sida, which makes them less competitive. Also the business has not always been done in the best way. When I, as the Tanzanian partner, made suggestions, the Swedish partner was not interested. Many good ideas failed because of this mistrust from the Swedish side. There are a lot of serious businessmen in Tanzania, and they are disciplined”.

Of course there are also problems at the Tanzanian side:

“Lack of a comprehensive and overall picture of what it means to run a business. No business ethics, all income is taken as dividends. People have not learnt the difference between their private economy and that of the company. Another big problem is that there are no credit facilities”.

Mr. Mwanyika’s own company seems to have faced all these challenges quite well. In 1984 Pemacco started as a joint venture between Electric Motors, Bevi International and Swedfund, where Bevi International and Swedfund had 17 % each of the shares. In 1995 negotiations started with ABB, and in 1998 they reached an agreement where ABB now owns 70 % and Pemacco Ltd. 30 % (see presentation of ABB on following pages).

Mr. Mwanyika is also building up a new company “Tanzania Hydropower Systems Ltd.” and is now trying to get the Champion Euro Certificate for its operations.



Photo: Karin Zetterqvist, Tupo

TCCIA

The Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) was established in 1988, with the active support of the Tanzanian government, to strengthen the private sector. It represents the private business sector throughout Tanzania, with autonomous chambers in 20 regions of the country. The aim is to facilitate business within and outside the country, and to protect and promote business interests within the framework of government rules, laws and regulations. Support has been provided by Sida, through the Chamber of Commerce and Industry of Southern Sweden.

Mr. Mwanyika describes the economic profile the Arusha Chamber is working on, to show potential investors what the region can offer. This is planned to be done for each region.

Mr. Mwanyika thinks that there are good opportunities for co-operation between Sweden and Tanzania. For example a Swedish Chamber of Commerce could be linked through a common database to a Tanzanian Chamber of Commerce.

25 years in Tanzania



Photo: Karin Zetterqvist, Tupo

In Tanzania, Scania is a household word, being the only Swedish word incorporated into the Swahili language. Scania has lent its name to an insect with a head shaped like a Scania cab. The speed with which this insect can ruin a sack of maize is also equivalent to the high speed of a Scania truck. Scania was also the nickname for the five-shilling coin, the biggest in size at that time.

Why is Scania so popular in Tanzania?

“It is just the right product for the conditions here - our vehicles are very robust and built for heavy-duty operation”, says the General Manager, Mr. Fredrik Morsing. But Scania is doing a lot more for its customers than delivering a vehicle.

Scania also assists with financing, training, service and maintenance.

Scania is the fourth largest heavy-truck manufacturer on the global market. In addition Scania buses are the third largest selling buses in the world. Scania's establishment in Tanzania goes back to the early 1970s when the company delivered its first 200 tipper-trucks for the construction of the Tazara railway. Since then more than 4,500 Scania vehicles have been delivered to Tanzania.

There was a time when Scania almost had a monopoly in Tanzania. With the changes which have taken place over the past few years, the company now has to compete with other suppliers such as Mercedes and Volvo.

Mr. Peter Mchau, Sales Manager, has been at Scania for twenty years. He remembers the good old days when there were 400 deliveries per year. He compares it to the 1998 figure, which was 80. Competition has become much heavier, not only for Scania but also for its customers. The transport companies have difficulties to get loans. Often they themselves are disorganised, with insufficient bookkeeping.

“This is where Scania comes in. We can assist our customers to organise their business and assist with the financing”.

On the Nyerere Road location in Dar es Salaam there is a well-equipped workshop with specially trained engineers and mechanics. The Scania Training Centre is also located here. It continuously provides high-quality technical and commercial training for the whole of East Africa.



Photo: Karin Zetterqvist, Tupo



Photo: Karin Zetterqvist, Tupo

Tamco at Kibaha is an assembly factory for Scania vehicles, jointly owned by State Motor Corporation and Scania. If the restoration plan of the East African Community is successful, there are plans to use the factory for the whole region.

What is your contribution to the development in Tanzania other than supplying the country with high-quality vehicles?

“The information and training we offer our customers contribute to a greater awareness and understanding of maintenance, quality, safe driving and environmental impact.”

What about the environmental impact?

“In Europe the laws are becoming very strict, and the same demands are coming here even if somewhat later. The main problem is the bad quality of fuel”.

Does the company depend on any foreign aid?

“Not directly, but of course all investments in the Tanzanian infrastructure by big donors like EU, the World Bank etc. are important to us. I wish Sida would give

more support to this important sector”, says Mr. Morsing.

The future of Scania?

“We want to expand our network throughout the country so that we will be as well-equipped and efficient as in Dar. We are working towards this goal step-by-step, until we can offer our customers 24-hour service, as we do in Dar, all around Tanzania”.

Facts about Scania Tanzania Branch (STB)

Established: 1973
Activity: Sales, marketing, service and other support of Scania products in Tanzania. Products: heavy trucks and buses, spare parts, industrial and marine engines.
East African regional Scania centre for commercial and technical training.
Number of employees: 100, of whom 15 women and 5 Swedes.
Ownership: Scania Group of Sweden (100 %)

A Global Company, but Local

“We are a global company, but at the same time local”.

The Acting Managing Director of Asea Brown Boveri Ltd. in Dar es Salaam, Mr. Terry Dickens, has been in Africa since 1997 and is well acquainted with local conditions.

ABB is a global engineering group serving customers in power generation, power transmission, power distribution, automation, oil, gas and petrochemicals, manufactured products, electrical contracting, HVAC and motor rewinds. The East Africa region office is situated in Nairobi. In Tanzania the company operates in three locations, Dar es Salaam, Arusha and of course in the “gold rush town” of Mwanza.

ABB in Dar es Salaam was established in 1993 to co-ordinate various development projects in conjunction with Tanzania Electric Supply Company Ltd. An example is the Pangani Falls redevelopment project, where a consortium of Nordic ABB companies supplied and installed the electrical equipment in the 60 MW power station.

ABB Tanelec in Arusha manufactures distribution transformers and various medium-voltage products. Other products

are power factor correction equipment and low-voltage switch gear.

ABB Berkeley Electrical, Products and Contracting is an electrical building contractor and also deals with HVAC systems.

ABB in Tanzania is growing faster than in any other of the Sub-Saharan countries. ABB Pemacco in Dar es Salaam, dealing with motor rewinds and generator sets, is the latest acquisition.

What about ABB’s environmental impact?

“Using natural gas instead of oil is an essential contribution to a better environment. We also install many hydroelectric power plants, which are very clean. We make electricity transmission and distribution systems to reduce power losses; computer-based network control systems to ensure that electricity is delivered where it is needed in the most efficient way; we produce equipment to help save power demand”.

Safety measures for your employees?

“There is a big awareness of this issue. We are following European standards, and education of our employees is an important part of our operation”.



Photo: ABB



Photo: ABB

Training?

“We are very keen on giving good training to our employees, with the aim of the local employees taking over from the expatriates. The “Golden Pheasant” training programme is performed at different places in East Africa”.

Does the company depend on any foreign aid?

“The company has relations with Swedish aid (Sida) and other foreign aid in the energy sector, for example a rural electrification project financed by the Spanish

Government, and a contract financed by the Multilateral Development Bank to electrify towns in Northern Tanzania”.

Any problems?

“The Government change of legislation, with 50 % ownership by Tanzanian nationals in a foreign company”.

“Another problem is that you have to import all material yourself. That needs long planning, up to six months. All the different taxes make it difficult to compete. The introduction of VAT is a good step taken by the government”.

Facts about ABB in Tanzania

<p>ABB Berkeley Electrical Ltd</p> <p>Established: 1955</p> <p>Activity: Service, commercial & industrial installations, HVAC installations</p> <p>Number of employees: 170 of whom 20 women and 4 expatriates</p> <p>Ownership: 100 % ABB</p> <p>Turnover: US\$ 5,000,000</p>
<p>ABB Tanelec Ltd</p> <p>Established: 1995</p> <p>Activity: Manufacture of distribution transformers & switch gear panels & power factor correction equipment</p> <p>Number of employees: 100 of whom 10 women and 4 expatriates.</p> <p>Ownership: 70 % ABB, 20 % TANESCO and 10 % NDC</p> <p>Turnover: US\$ 10,000,000</p>

<p>ABB Pemacco Ltd</p> <p>Established: 1998</p> <p>Activity: Motor rewinds, generator sets</p> <p>Number of employees: 30 of whom 5 women and 1 expatriate</p> <p>Ownership: 70 % ABB and 30 % Pemacco Ltd.</p> <p>Turnover: US \$ 2,000,000</p>
<p>ABB Tanzania Ltd</p> <p>Established: 1993</p> <p>Activity: Service, sales & marketing, transmission & distribution projects</p> <p>Number of employees: 30 of whom 7 women and 2 expatriates</p> <p>Ownership: 100 % ABB</p> <p>Turnover: US\$ 10,000,000</p>

The Contractor



Photo: Skanska

In the early 70's Skanska did its first Hydropower project in Tanzania at Kidatu. Two years later Skanska established a branch office in Tanzania. From these roots Skanska Africa has grown into one of the largest and most reputable locally-based construction companies.

“Our vision is to be the leading provider of construction services and project developer in the sub-Saharan African market”, says Mr. Neil Reynolds, Regional Director of Skanska Africa's East regional office in Tanzania.

Skanska Africa is participating in the government's objectives to provide improvements of the conditions of the Tanzanian people by carrying out large construction projects such as rice plantations and irrigation works in the rural areas, public infrastructure projects, such as school and hospital buildings. The construction of a passenger ferry for Lake Victoria and a flood prevention project at Kilosa-Gulwe are other examples.

Skanska Africa also built the Sheraton Hotel in Dar es Salaam. The company was responsible for the design, planning and execution of the total work, and also contributed actively to the financing of the building. The contribution of share capital is an expression of their confidence in the commercial viability of the project and in the Tanzanian government's commitment

to develop a strong private sector.

The company has carried out projects in Tanzania funded by the World Bank, the African Development Bank, the European Union and other donor organisations and countries. Such projects include rehabilitation and development of road, rail and port facilities.

“The most recent contract in this sector is the road from Dar es Salaam to Malandizi, financed by Danida”, explains Mr. Reynolds. Sida's country programme does not involve these sectors except for energy, where Sida has recently granted a loan for improvement to the Ubungo Power Plant in Dar es Salaam.

Skanska Africa was also involved in the Bulyanhulu gold mine, the first large-scale gold mining project in Tanzania.

“Gold mining is a resurgent industry in Tanzania”, remarks Mr. Reynolds. Consequently Skanska Africa is also involved in the construction of both the Golden Pride and Geita gold mining projects.



Photo: Skanska



Photo: Skanska

Who are your Tanzanian partners?

“They are businessmen, parastatals and the Government. Entrepreneurs are increasing in Tanzania, particularly in the tourism and retail market. The local partner often owns the land, which is provided as equity. We make an agreement where we are the project manager, instead of themselves employing architects, consultants etc. We also look for opportunities to co-invest”.

How do you find the Tanzanian market?

“It is different to the market in Europe. Even though a job has been well done, it does not automatically lead to the next job. You have to be much more customer-focused. You must demonstrate what you can offer. Personal contacts are extremely important as well as references”, explains Mr. Reynolds.

What impact do your projects have on the environment?

“Care for the environment is increasingly guiding everything we do, from the early stages of the project and throughout the whole construction phase. By the end of 1999 we will implement an environmental management system for ISO 1400 certification by the year 2001”.

Health and safety for your employees?

“Our employees are entitled to safe and secure conditions. We work on the principle that an injury does not just happen, it is caused - and can therefore be avoided”.

Facts about Skanska Africa East

Established: 1974
Activity: Project development, building, civil engineering, road construction, niche markets
Number of employees: 1 200, of whom 35 women and 25 expatriates.
Ownership: Skanska AB Sweden 100 %

At MMK a Watchman can become a certified Welder

Mr. Lars Hultström, Managing Director of MMK, came to Tanzania in 1986, working for the Swedish Volunteer Service (now Forum Syd) in Moshi. After another couple of years for Swedforest in Tanga and Maintech in Dar es Salaam, he decided to form a partnership in MMK with Mr. Ulf Lundgren and Mr. Jan Westh. Mr. Westh, one of the first owners of MMK, had been working at the Southern Paper Mill Co., and had become aware of the need for quality control and professional maintenance in the industrial sector.

MMK's main activity is construction of heavy steel plates, tanks and other steel structures, plus welding engineering consultancy. They also offer quality control: non-destructive testing (NDT) of steel constructions. In addition to this, they are the agent of ESAB welding equipment.

The office of MMK is situated in the shopping centre of Morogoro Stores in Dar es Salaam, but the main activities are performed at the different sites around the country.

In the office you find the management

troika consisting of Mr. Hultström, Mr. Lundgren and the Administration Manager Ms. Lucy Maduhu. They have a newly-renovated office, a fully-equipped workshop and the current workforce is 75 employees .

“We are increasing our investments following the demand of the customers”.



Photo: Karin Zetterqvist, Tupo

Ms. Maduhu tells that they are in the process of moving from a manual to a computerised bookkeeping system.

“We are busy finalising the figures of last year, so that we enter the correct figures before we start to register the new financial year”.

“We are very keen on keeping proper records. Following the rules and paying taxes is an essential part of a prospering company”, adds Mr. Hultström. “If you want a functioning tax system that is beneficial to the whole society, you have to start somewhere”.

In what other ways can you contribute to the development of Tanzania?

“We provide local employment, and we are contributing to an awareness of quality. We also provide training in the welding field. One of our very best welders began working with us as a watchman”.

Any problems?

“Just normal business problems. Of course it is important that the country's policies are stable, so you know that what is applied today, also can be applied tomorrow”.



Photo: Karin Zetterqvist, Tupo



Photo: Karin Zetterqvist, Tupo

Mr. Ngai, who is the Site Manager in the area of Kurasini, Dar es Salaam, has been working for MMK since 1990. He has been involved in many of the constructions conducted by the company. He mentions work for TIPER Refinery, Ubungo Power Plant, Total, Zanzibar Petroleum, Tanga Cement and Sao Hill. The contracts include construction of petroleum and fire-fighting pipelines, petroleum storage tanks, LPG tanks for light petroleum gas and pipe work for steam generating plants.

Safety measures for the employees?

“Safety measures are very important to the company. Helmets, overalls, boots and protective masks are mandatory”.

How do you find it working with Swedes?

“What I appreciate is their willingness to transfer their technical knowledge. They are ready to discuss and listen to new ideas”.



Photo: Lars Hultström

Facts about Malmö Montagekonsult AB, Tanzania Branch (MMK (T) Branch)

Established: 1985

Activity: Tank erection and steel construction, representatives of ESAB welding equipment, non-destructive testing.

Number of employees: 75, of whom 4 women and 3 Swedes.

Ownership: 3 Swedish owners



Photo: Lars Hultström

Coming back



Photo: Stig-Göran Nilsson

Tetra Pak Ltd., with its regional office in Nairobi, is working all over East Africa and in Madagascar, Reunion, the Seychelles and Mauritius.

Between 1970 and 1986 Tetra Pak Tanzania Ltd. was operating in Tanzania, but today Tetra Pak is handling all operations in Tanzania from its regional head office in Nairobi, Kenya. Mr. R. Mvumba, Country Engineer is the only Tetra Pak employee based in Tanzania, and is responsible for providing technical support to customers (machine service, training, spare parts supply co-ordination etc.). All commercial issues are handled from Nairobi, Kenya by the Export Department headed by Mr. Brian Hinchliffe:

Why did you leave Tanzania and why do you want to come back?

“In the late 1980s the Tanzanian government undertook a process of privatisation, which involved the state owned Tanzania Dairies Limited (TDL). TDL comprised of many dairies throughout the country, the largest of which were in Dar es Salaam, Arusha and Musoma. It took nearly ten years for the Tanzanian government to privatise these plants, during which time very little production took place. The new owners of the former TDL plants in Dar es salaam, Arusha and Musoma are Royal Dairy, New Northern Dairy and Musoma Dairy, of which the Musoma Dairy is not yet in operation. Apart from these privatised dairies, there are a few small private dairy plants which have started operation, such

as New Mara Dairy in Musoma and Tanga Fresh Dairy in Tanga. Tetra Pak also recently supplied a complete new dairy plant to a customer in Mwanza, Victoria Dairy, soon to start production. This re-start of the former TDL dairy plants, along with the new private dairies, brings promise of growth for the future, and Tetra Pak is ready to support this growth wherever possible”.

What can you offer which other companies cannot?

“Tetra Pak is able to provide engineering designs for new plants and for plant modifications or expansions, packaging materials supply, technical support for regular and breakdown service, spare parts supply and marketing support. Tetra Pak works closely with and supports customers in all aspects of their business. No other company is able to offer the same level of support and response in the region”.

What problems are you facing?

“The whole dairy infrastructure and dairy culture in Tanzania has broken down. Farmers do not produce milk in quantity or quality as they once did , since they have not had a dairy to supply to for many years. Consumers have not been able to find low-cost, safe, processed and packaged milk, and have therefore been forced to buy raw milk from small holders and milk shops. Apart from this situation, the purchasing power in Tanzania is very low and most Tanzanians cannot afford to buy milk. Fortunately, the problem here is also the opportunity: once the new dairy owners manage to convince consumers to buy processed and packaged milk again (for hygienic and safety reasons), there is lots of space for growth”.

Facts about Tetra Pak Ltd, Nairobi, Kenya

Established: 1983 (Factory in Nairobi)
Activity: Manufacturer of processing and packaging machinery for liquid food products (mostly milk and juice), also manufacturer of packaging materials.
Number of employees: Nairobi factory 200, Tanzania 1
Ownership: Tetra Pak International, Lund, Sweden

At your service

Hifab International AB

Just behind Karibu Hotel, in the Oyster Bay area of Dar es Salaam, you find the office of Hifab.

In the same building you also find the only Swedish restaurant in Tanzania. The restaurant is a nice experience for homesick Swedes, and Tanzanians looking for an exotic culinary experience.

Hifab is a project management consulting company specialising in management of development projects. In Tanzania, the focus is on water supply and sanitation, enterprise development, real estate management and housing, and procurement services.

Since 1984, Hifab has been commissioned by Sida and the Government of Tanzania to provide management and planning support to the local government within the HESAWA -Health through Sanitation and Water - programme in the three regions of Mara, Mwanza and Kagera.

The branch office in Dar es Salaam operates mainly with general housing maintenance and real estate management services to high-profile clients, e.g. the Embassy of Sweden and the Swedish International Development Co-operation Authority (Sida). Invariably, there is some degree of construction project management in all the projects.

Through its sister company, InDevelop Uppsala AB, which among other activities runs the Nordic Clinic, Hifab is also involved in the health sector.



Photo: Karin Zetterqvist, Tupo

Facts about Hifab International AB

Established: 1973

Activity: Rural development, infrastructure rehabilitation, enterprise development, water supply and sanitation, housing and procurement services.

Number of employees: 110 of whom 30 are women, 70 stationed overseas

Ownership: Hifab Group AB, 100 % (staff owned)

Turnover: 100 MSEK



Photo: Karin Zetterqvist, Tupo

Cam Consult Co. Ltd.

In the Kinondoni area in Dar es Salaam, just after you pass the “TX-market”, there is a building where three companies are sharing the premises and co-ordinating some of their activities.

One of the companies is Cam Consult Co. Ltd., which offers project management and engineering for civil works.

ORGUT Consulting Tanzania Branch

is another of the three companies. ORGUT Consulting AB came to Tanzania in 1991, under a contract with Sida to implement a rural development project in the forestry and environmental sectors. It has since then expanded and today ORGUT is implementing district development programmes in four districts (Babati, Kiteto, Simanjiro and Singida). This Local Management of Natural Resources Programme focuses on sustainable management of land and natural resources, involving local communities most directly in the management of the environment on which they depend.

Facts about Cam Consult Co. Ltd

Established: 1997
Line of activity: Project management and engineering for civil works
Number of employees: 5

An important aspect of this programme is to build capacity within the District administrations concerned.

In early 1998, ORGUT Consulting AB established a branch office in Tanzania, named ORGUT Consulting Tanzania Branch, located in Kinondoni. This office markets and promotes consulting services related to the management experience gained in Tanzania over the last few years, with an emphasis on natural resources and environmental issues. In Tanzania, there has long been a tradition of support to these two sectors, assistance that ORGUT has been implementing with good results. One area where ORGUT has been instrumental is in forestry where entirely new concepts for village-based forest management and joint forest management have been developed. These approaches have been so successful that they have been used in formulating the New Forest Policy that Tanzania recently adopted.

Facts about ORGUT Consulting Tanzania Branch

Established: 1998
Line of activity: Management and consulting services within the field of natural resources management, in particular forest, environment and rural.
Number of employees: 3
Ownership: ORGUT Consulting AB

Computer Accounts Ltd.

Mr. Georg Boquist, the Managing Director of Computer Accounts Ltd., is an example of a small entrepreneur. Mr. Boquist has spent many years in Tanzania. Initially, he worked for Swedtel and Tanzania Posts & Telecommunications Corporation. After various positions within other Swedish or Nordic companies, he eventually decided to start his own company.

Like many small entrepreneurs, Mr. Boquist has several lines of activity: one is to sell accounting software and consultancy services, another is to produce identity cards of high quality and security.

How is business going?

“In the field of accountancy services, there is a growing awareness of the importance of having immediate access to updated and reliable records, especially since V.A.T. was introduced in July 1998. We can supply our customers with simple, inexpensive and comprehensive software. But more important, we adapt and customise the software to the customer's needs and help them organise their work and filing systems.

“Throughout the country, we have supplied all branch offices of the National Bank of Commerce, NBC (1997) Ltd. with our identity cards. There is a big potential market, but quality and security do not always have the highest priority. However, there is a need to introduce a computerised national registration system, in order to ensure the true identification of each and every Tanzanian. After that, the Government or other appointed providers can securely issue identification cards”.

Being the owner of a small company, Mr. Boquist has some constraints, probably also faced by many small enterprises in Sweden:

“The bureaucracy! Much time is wasted on the monthly preparation for payments of V.A.T., withholding tax, corporate taxes, payroll taxes, etc. and all of them on different- sized forms and with multiple copies using carbon paper. The same



Photo: Karin Zetterqvist, Tupo

applies to renewal of business licences and work permits etc. Almost all payments are made to the Tanzania Revenue Authority (TRA) but all at different offices. Although our computerised system helps us to reduce much of this time, one would like to see these Government offices more professionally operated”.

“Payment Procedures! Most customers are 'late payers' or 'bad payers' or 'never payers'. In many companies, the time for issuing payments may take up to 60 days. When a cheque is eventually received, it may take one week or probably more before such a cheque is cleared through the bank. Once we have raised an invoice, we are obliged to remit our V.A.T. not later than on the last working day of the following month. Thus we have to ensure that funds are available for V.A.T. payments. Therefore we normally ask our customers to pay in advance for larger orders and in cash for smaller jobs”.



Facts about Computer Accounts Ltd

Established: 1996
Line of activity: Computerised accountancy services, local production of high quality identity cards.
Number of employees: 5, of whom 1 woman and 1 Swede.
Ownership: 1 Swede, 1 Tanzanian

Proud tall men of Zanzibar

“Carefully chosen and well treated, the dense coco wood found just under the bark of the tree, possesses an unmatched tropical texture mirrored in a chair, office desk, kitchen table or floor”, says Mr. Staffan Lundh, a Swedish carpenter and one of the owners of Scandinavian/Zanzibar Carpentry Workshop, ScanZa.

The palm tree, for most Swedes a symbol of leisure and a lush tropical paradise, is the “tree of life” for Zanzibaris. It supplies a daily health drink, and one can hardly think of any local meal which does not include coconut as an ingredient. The inner shell of the nut is used for fuel, cups and decorations. The outer skin, once peeled, is buried in beach sand and later woven into ropes. Its dried leaves provide cover on the roofs of houses.

However, the proud palm (a mixture between a grass and a tree) has to face the realities of life, and after 60 to 70 years, the tree reaches the age of retirement. Its big green leaves fall off without being replaced and the energy to bear fruits fades away.

“This is when ScanZa becomes

involved”, says Mr. Lundh. “From the high-density timber of the tree trunk, we make furniture, flooring and household items. From the softer inner core we get a low-density timber ideal for shuttering/building material, low-cost housing material, etc.

It is an ideal replacement of the imported cypress and pinewood found on the market now. The high-and medium-density coco-wood timber is turning into a replacement of the indigenous hardwoods cut on the mainland of Tanzania. It is a 100% ecologically sound timber, being a



Photo: Staffan Lundh

disregarded plantation wood”, says Mr. Lundh.

Mr. Lundh started the company together with a Zanzibari and a Norwegian. Another company, Coco & Co, a saw milling company, where he is also a joint owner, contributes to make up the whole line of production, from sawing to final product.

Who buys your products?

“Private people, companies and institutions. We are serving an exclusive market, being able to offer the most beautiful coco wood in the world, with a very high finish. There is a growing interest on the Dar es Salaam market, and there is also an interest in Europe for the wood”.

What is your impact on Zanzibar?

“We are producing high quality products. I can see how other workshops are trying to reach a higher standard of their products in order to compete with us, and that is very good, in particular for the consumers”.



Photo: Staffan Lundh

“Apart from that, we provide employment and training for young people. If there were another hundred companies like this one, it would have a great impact. There are many young unemployed people who have nothing to do. Crime and prostitution are increasing. More emphasis needs to be put on promoting investment in small companies, in particular for foreign investment and expertise”.

Have you received any foreign aid?

“No, but I have approached some volunteer organisations, discussing possible education programmes and training in carpentry, but with no result so far.

I believe the private sector can provide very high quality training. But with training being so costly, we need financial support”.

What are the safety measures taken for your workers and facilities?

“We are following the same safety standards as in Sweden. As one example, we are the only carpentry w with a sawdust ex hazardous sawdu Labour Inspector Zanzibar is pleas the measures we taken and we sta example here for industries”.



Facts about Scandinavian/Zanzibar Carpentry Workshop, ScanZa.

Established: 1994

Activity: Manufacture of quality furniture, interior decoration, hotel and restaurant fixtures and fittings and boat repairs. Carpentry work.

Number of employees: 25, of whom 2 are women. Workshop Manager is Swedish.

From one Island to another



Photo: Karin Zetterqvist, Tupo

“Welcome to the Sunny Side of Paradise!” say the two sisters Len and Katarina Hörlin at Matemwe Bungalows.

Brought up on the small Swedish island of Gotska Sandön, in the east archipelago of Sweden, as daughters of a lighthouse-keeper, they seem well adjusted on Zanzibar.

After having travelled around the world working in the tourism sector, they decided to settle down on Zanzibar. On the unexplored north-eastern side of Zanzibar, they saw the possibility of developing a tourism business based on quality, and on environmental and cultural awareness.

“We have contributed to the opening-up of a market which you could earlier find in Tanzania’s National Parks, but not at the beach. We want the environmental impact to be as small as possible, using solar cells instead of power generators, composting waste and using brackish water for the toilets, the cleaning of the floors etc”.

The Matemwe area is one of the least developed in the whole of Zanzibar. Illiteracy is rampant, child mortality remains high, average income is very low etc. Matemwe Bungalows have from the start been involved in small projects in the surrounding villages. Guests are encouraged to help the local school with small donations for their library, but especially the assistance of the Dutch Embassy via their

so-called “Small Embassy Projects” programme (with close follow up from the Matemwe management) is worth mentioning. It proves that private enterprise and assistance via development institutions are not necessarily in contradiction. Small-scale enterprises such as a chicken project, assistance to fishing co-operatives and a duck project have been quite successful. These initiatives stimulate small economical activity in the villages, enables Matemwe Bungalows and other hotels to buy supplies locally, and is a good example how private business as well as donor assistance can be successful implemented to the benefit of all.

At Matemwe, tourists find a place where nature is not yet exploited. Instead of speedboats and water skiing, guests are offered sailing with the local fishing boats, “Ngalawas”, and skin- and scuba diving at the unique and colourful Mnemba Reef. For the lucky ones, whales, dolphins and sea turtles may be spotted at close range.

The restaurant menu consists mainly of seafood. The kitchen has been praised for its high quality and diversity in mixing local cuisine with European.



Photo: Theo van de Ven



Photo: Staffan Lundh

“Apart from that, we provide employment and training for young people. If there were another hundred companies like this one, it would have a great impact. There are many young unemployed people who have nothing to do. Crime and prostitution are increasing. More emphasis needs to be put on promoting investment in small companies, in particular for foreign investment and expertise”.

Have you received any foreign aid?

“No, but I have approached some volunteer organisations, discussing possible education programmes and training in carpentry, but with no result so far.

I believe the private sector can provide very high quality training. But with training being so costly, we need financial support”.

What are the safety measures taken for your workers and facilities?

“We are following the same safety standards as in Sweden. As one example, we are the only carpentry workshop on the island with a sawdust extractor, minimising the hazardous sawdust in the workshop. The Labour Inspectorate in Zanzibar is pleased with the measures we have taken and we stand as an example here for other industries”.



Facts about Scandinavian/Zanzibar Carpentry Workshop, ScanZa.

Established: 1994

Activity: Manufacture of quality furniture, interior decoration, hotel and restaurant fixtures and fittings and boat repairs. Carpentry work.

Number of employees: 25, of whom 2 are women. Workshop Manager is Swedish.



The Newcomers

Enterprise Development Programme



Photo: Leif Engström

In 1995 the Enterprise Development Programme (EDP) was introduced by Sida. It is directed to the private sector, and in line with the new approach “From Aid to Trade”.

The programme aims at identifying and develop “winners”, i.e. Tanzanian enterprises already in business, and with a potential to grow. To start with, the Programme concentrated its activities in the regions of Morogoro, Iringa and Mbeya. Lately, EDP has been extended to any part of the country where viable partnerships can be identified.

The overall objective of the Programme is to encourage and facilitate the growth of sustainable Tanzanian private enterprises in collaboration with Swedish partner companies.



Boliden Contech AB are Project Managers for the Programme. Boliden Contech has been active in Tanzania since 1986 and, among other things worked as Project Managers for the Tazara Railroad Rehabilitation project in 1987-1995.

The Enterprise Development Programme has already resulted in a number of Joint Venture companies and co-operation agreements between Swedish and Tanzanian companies. Some examples are the following:

African Tours and Travel Bureau Ltd., Dar es Salaam, in collaboration with **Travel Experience**, Stockholm, to offer tourist packages for Scandinavians to Tanzania.



Photo: Staffan Widstrand

Chani & Gesha Trading Co. Ltd.,

Dar es Salaam, a joint venture company for the marketing and selling of IMT tractors in Tanzania.

Colite Tanzania Ltd., Dar es Salaam, a Joint Venture company between Swedish and Tanzanian companies marketing and selling lightweight concrete products in Tanzania.

Dabaga Vegetable and Fruits Canning Co. Ltd., Iringa, has formed a Joint Venture company together with **PTA Plastic,** Nyköping, for the manufacturing of plastic bottles.

D D. Ruhinda & Co Ltd., Tanga, has started a sisal carpet factory for export to the European market together with two Swedish companies.

Dynactive Trading (T) Co. Ltd., Dar es Salaam, a Tanzanian-registered company with Swedish partners, for trading business in Tanzania.

KC and Company Ltd., Dar es Salaam, have entered into a long-term agreement with **SCOL AB** of Stockholm for export of various Tanzanian commodities to Sweden and Europe.



Photo: Haninge Tanzania Ltd.

Livalico Multibusiness Co, Mbeya, import pre-mixes for chicken and cattle feed from **Lactamin AB,** Stockholm.

UKH Accountants and Auditors and **K Zetterqvist Konsult** of Haninge have founded the Joint Venture Company “Haninge-Tanzania Ltd.”. They are dealers in computerised accounting software, give training on the job for clients, and conduct general training courses in computerised accounting.



Photo: Birgit Ullhammar

Swedish Policy and Instruments

Sweden's bilateral co-operation with Tanzania is at present in a dynamic phase which contains certain changes of emphasis. The poverty-reduction-orientated assistance to Tanzania will continue and possibly even increase. Simultaneously the Swedish Embassy is giving a stronger emphasis than hitherto in its efforts to broaden and intensify relations to include trade- and investment-related areas. For more information see special sections below.

Sweden is also preparing for a review of its country strategy for development co-operation with Tanzania, and an amended strategy will come into effect by June/July 2000. Some new programmes of co-operation are being worked out concerning support in the urban sector, district development, ecology and environment protection, support to the development of democracy and human rights, protection against HIV/AIDS, and gender issues. Education and research co-operation, support to civil service reform and to improving the infrastructure (in particular energy) will continue. The private sector support will continue and even be expanded - in parallel with increased

efforts to promote commercial relations - all this as a means of reducing a destructive aid dependency in the longer run. In many of these sectors and programmes of co-operation there is ample room for constructive utilisation of the qualified resource base in the Swedish private sector.

Concerted efforts will be made from the Swedish side to promote further use of competitive equipment, material and know-how from the Sweden-related resource base in various development programmes in Tanzania, to the mutual benefit of both countries.

Private Sector Development Programme

The objective of the Swedish International Development Co-operation Agency's (Sida's) support is:

- to contribute to the creation of a conducive business environment in which viable companies provide quality goods and services to the benefit of households, individuals and society at large, and
- to facilitate the internationalisation of companies in partner countries.

Swedish chamber donates to Tanzania

By Joyce Bazira

THE Swedish International Development Co-operation (SIDA) has donated computers and printers worth 43,000 US dollars to Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), it was learnt yesterday.

Mr. Per-Olof Svarvar, TCCIA co-director also a representative of the Chamber of Commerce and Industries of Southern Sweden, said the support will benefit TCCIA branches in Dar es Salaam, Iringa, Mbeya, Songea, Mtwara, Dodoma, Moshi, Arusha,

Morogoro, and Mwanza.

He said the support follows a contract signed last year by SIDA and TCCIA in which the former agreed to assist the chamber in terms of education and equipment.

Mr. Svarvar said that after signing the contract, he visited the branches to acquaint himself with problems facing the branches.

"They had no modern communication equipment, it was a serious problem to an institution which needed to update its data every day," he said.

Beside the equipment assistance,

SIDA has agreed to pay salaries for ten full time employed executive officers who will be carrying out management and administration activities in those ten branches.

However, the co-operation will pay only for one year and thereafter it will be the task of the chambers themselves, he pointed out.

He said those branches had been picked as pilot projects, and if the exercise would succeed, the exercise would continue in other ten branches.

He said the support to TCCIA would enable the chamber to provide first class services to its members.

Source: *The Guardian*

Examples of support

Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)

A programme aimed at developing the TCCIA into a sustainable and member-driven Chamber network, able to provide appropriate services and authorities to the business community. The support is provided through a Swedish Chamber of Commerce. Total budget: SEK 10.5 m for the period May 1997 – April 2000.

Ministry of Industries and Commerce

Support is provided to two sub-projects a) capacity building of MIC staff in relation to the privatisation and restructuring of industrial parastatals; b) re-formation of the state-owned Industry Support Organisations (ISOs). Total budget: SEK 7.2 m for the period June 1995 – May 1999.

Pride Africa (PA)

Collaboration with a non-profit NGO specialising in micro finance in Africa. The Swedish assistance, which is provided to the PA Headquarters in Nairobi, covers research and development activities to further improve on the Pride micro finance model, and will thus benefit the on-going Pride micro finance programmes in Tanzania and Uganda. Total budget: SEK 4.4 m during the period January 1999 – December 2000.

Bank of Tanzania (BoT)

Support has been provided to the organisation of a Micro Finance Workshop for Parliamentarians, held in January 1999. The Workshop forms part of the BoT's preparations for a more comprehensive Rural and Micro Financial Services Project, to be implemented in collaboration with the World Bank. The possibilities for increased co-operation between the BoT/WB and Sida in the areas of supervision and regulation of the micro finance sector are under discussion.

The support is administered at Sida by the Private Sector Development Division in the Department for Infrastructure and Economic Co-operation, INEC.

StartSouth Programme

The StartSouth Programme promotes and supports investments. The objective is to increase business development opportunities between small and medium-sized enterprises (SMEs) in order to achieve long-term business co-operation.

StartSouth offers financial support to Swedish SMEs (maximum 250 employees) at the starting-up phase of a joint project with a local company by providing loans for training activities. The objective is to set productive activities in motion as quickly as possible by transferring know-how from the Swedish companies to develop skills in the partner companies. The programme shall also stimulate the establishment of Swedish SMEs in the host countries.

Sida works together with ALMI Företagspartner and its 22 regional affiliated companies in respect of information



Photo: Birgit Ullhammar

on the programme, selection of projects and the follow-up of completed projects. From the start of the programme in 1996 some 70 projects have been approved, of which 9 are related to Tanzania.

Import guarantees

This scheme offers a guarantee to Swedish importers of goods from developing countries, through which risk for failure in delivery will be shared with Sida. The scheme is operated by the Swedish Chambers of Commerce. The guarantee is given to two main fields:

1. Guarantees of delivery. For cases where goods are defective and/or delayed, which causes economic damage.
2. Market introduction to Sweden and EU.
 - Product development
 - Trial order
 - Testing, control, certification
 - Marketing activities including trade fair participation.

If the project is successful the guarantee expires, but if it fails for reasons outside the importer's control the guarantee will be implemented. So far 20 guarantees have been granted for Tanzanian exporters.

Business with Sweden

The Swedish Chambers of Commerce are responsible for the business inquires from Tanzania. A Tanzanian company may be registered after an Exporter's Company Profile form is returned to the Swedish Chambers of Commerce. A list of the registered exporters is sent out to the members of the Chamber.

Sida's Swedish Trade newsletter, "Global Affairs" monitors events in developing countries, Eastern Europe and in the trade bulletins of all Swedish Chambers. The business offer of a Tanzanian company can be published in the newsletter and on the Internet. "Global Affairs" will also be published on

the Internet linked to Sida's homepage.

The Swedish Chambers of Commerce have approximately 50 Market Briefs that provide short information about the market for various product groups in Sweden.

When visiting Sweden, exporters are welcome to contact the Swedish Chambers of Commerce for guidance and information about the Swedish market.

The above services are free of charge to Tanzanian exporters and are included in an agreement between Sida and the Chambers.



Development of Financial Markets

An efficient financial system, i.e. a system which mobilises, allocates and controls the management of a country's financial resources, is a fundamental prerequisite for production and growth in all economies. A functioning financial system is an important condition for a country to attract foreign investments and, as a result, be involved in the continued globalisation of economies.

The main responsibility for the development of the financial sector rests with the Government of Tanzania and the private actors in the country. The economic reform process, with market-oriented policies and focus on private sector growth, has provided opportunities for Sida to support traditional banking activities as well as a series of new activities in the financial market area.

Examples of Assistance

The Capital Markets & Securities Authority



This government agency is provided support to develop its regulatory and supervisory capacity, and to establish and develop the Dar es Salaam Stock Exchange.



The First Adili Bancorp Ltd.

Adili Bancorp is a private, indigenous, commercial bank focusing on providing both traditional and investment-banking services. It is receiving support to help its establishment.

Mixed Bag as Dar Exchange Opens

■ Milestone: Tanzania's bourse opened after months of anxious waiting. There was excitement in the air even as the only listed company reported a \$871,000 loss

By BOB KARASHANI
THE EAST AFRICAN

LAST WEEK'S long-delayed opening of the Dar-es-Salaam Stock Exchange will provide a platform for Tanzania's Capital Markets and Securities Authority to relaunch a public education campaign that was nearly coming to a halt.

"It will be easier now for us," said the CMSA chief executive officer, Mr Francis Mboya. "We have done quite a lot already, particularly through the media, but the overall effect has been dulled by the fact that it's been just theory so far. A lot of words but no action to back it up."

The long-awaited Dar Stock Exchange opened last Wednesday amidst much fanfare and activity. TOL Limited (formerly Tanzania Oxygen Limited) is the only listed company. The trading floor transactions will be conducted on a weekly basis (Wednesday mornings only) to begin with.

On the day, however, TOL Limited reported a Tsh562 million (\$871,320) loss after tax for the year 1997, over twice the projected Tsh234 million (\$362,790) loss figure quoted in its prospectus prepared for the flotation earlier this year.

The company's general manager, Mr Omani Malima, attributed the loss to delays in securing CMSA approval for its public share issue, which had been planned for mid-1997 to raise capital for a number of new projects.

There was also an unexpectedly large wage bill for staff recruited prematurely before the new projects took off, plus a 1997 electricity bill "accidentally inflated" by 62 per cent. According to Mr Malima, negotiations had started to get Tanesco, the national power distribution company, to review the account.

In total, during an initial offer lasting almost two months up to February 21, TOL Ltd sold Tsh 2.98 billion (\$4.62 million) worth of shares to the public out of a planned Tsh3.75 billion (\$5.5 million) worth offered.

The appointed lead underwriters Faim Securities, one of five brokers licensed for DSE operations, will take up the difference.

Mr Mboya said that the TOL Ltd loss statement was not good news for CMSA's efforts to promote the DSE further through public education programmes.

"It should be understood that the next phase will only be successful if the current TOL Ltd shareholders receive dividends at the end of 1998."

According to Mr Mboya, the second phase of the public education campaign will incorporate other organisations with roles to play in the development of capital markets in Tanzania.

Mr Mboya said that the next company in line for listing was Tanzania Breweries Ltd, whose flotation has been tentatively scheduled for mid-May if the CMSA approves its prospectus.

Other companies at various stages of going public on the new Exchange include Tanzania Cigarette Company, Agip (Tanzania), BP (Tanzania), Tanzania Portland Ltd, Tanga Cement and Continental General Tyre (East Africa) Ltd.

Mr Mboya said CMSA was also studying the viability of trading two-year Treasury bonds, equities and other securities products including commercial papers and corporate bonds. The East African Development Bank may soon float its own bond on DSE as is already the case in both Kenya and Uganda.

BEGINNING OF A NEW ERA

TOL, formerly Tanzania Oxygen Ltd, is the only listed company. It will be followed in May by Tanzania Breweries Ltd

Next in line could be the top tobacco firm, two cement manufacturers, a tyre maker and British Petroleum (Tanzania) Ltd

Treasury bonds, commercial paper and corporate bonds could soon be traded at the DSE, officials said

Source: *The East African* - April 20-26, 1998



Photo: Karin Zetterqvist, Tupo

The Tanzania Development Finance Company Ltd.

This development finance institution owned by local and international financial institutions is provided support in the form of a credit facility.

The Tanzania Venture Capital Fund

Tanzania Venture Capital Fund is a risk capital institution owned by a group of international development finance institutions, the Tanzania National Provident Fund and TDFL. Equity investment in TVCF has been provided with a conditional loan through Swedfund, which is the owner of the Swedish shares in the fund.

UDC (Tanzania) Ltd.

UDC is a leasing company owned by EDFUND. UDC is provided support through Swedfund. EDFUND is an international investment fund were Swedfund owns 17.5 per cent.

Sida's work in the area of financial market development is managed by the Financing and Capital Markets Division, which is part of the Department for Infrastructure and Economic Co-operation (INEC).

Swedish Export Credits Guarantee Board (EKN)

EKN is a Government body promoting exports from Sweden by issuing guarantees as insurance against losses in export ventures.

EKN is only open to cover short-term credits up to one year subject to letters of credit. However, if special securities can be arranged (e.g. escrow accounts) EKN is willing to listen. EKN is probably also able to consider covering pure political risks not involving the transfer risk of foreign exchange, such as risks in connection with construction work (damage to and refused repatriation of machines, etc), natural catastrophes ("Acts of God"). EKN investment guarantees may also be discussed. Premiums for short term credits are presently premium class 4 plus 100 %.

Swedish Export Credit Corporation (SEK)

SEK is owned 50% by the Swedish Government and 50 % by commercial banks. It offers services in financing, lending and consulting to Swedish and other international companies, banks, municipalities, and governments.

SEK offers a range of financing options, i.e., tailored credits for separate export transactions, re-financing of exporters' outstanding export claims and re-financing of banks' export credits. It also offers different types of development credit.

Swedfund International AB

Swedfund is a development finance institution - DFI- which provides risk capital and know-how for long-term investments in emerging markets, primarily in partnership with Swedish and domestic companies.

Swedfund's core business is to invest directly in joint ventures. However it is also investing in local and regional venture capital funds.

In Tanzania Swedfund is directly engaged in the following activities:

Project Investment	Activity/Production	Swedish Partners	Year	SEK m
Arusha Precision Tools and Die Makers Company, (Atomac)	Precision tools and dies	(Finnveden Development)	1987	5,1
Dar es Salaam Airport Handling Company (Dahaco)	Ground handling services at airports	SAS	1984	3,8
Fedha Fund	Venture capital fund		1998	8,0
Pemacco Bevi Electric Machines	Service & repair of electric motors	BEVI International	1984	6,7
Tanscan Bevi Electric Machines	Sawn timber	HC Teaterteknik	1990	0,5
Tanzania Portland Cement Company, (TPCC)	Cement factory	Scancem International	1991	23,0
Tanzania Venture Capital Fund, (TVCF)	Venture capital fund		1993	3,9
First Adili Bancorp Ltd*	*through Swedfund Financial Markets AB, a wholly owned subsidiary of Swedfund International AB		1998	5,0
				56,0

Conclusion

As can be seen from the presentation above there are a whole range of instruments available to be exploited in the mutual interest of further promoting economic relations between Tanzania and Sweden. In addition to what has already been mentioned, it is also appropriate to emphasise that Sweden strives to promote and strengthen long-term exchange with Tanzania not only in trade, investments

and other aspects of commercial co-operation but also in scientific and cultural exchange, research co-operation, tourism and sport activities. Co-operation between institutions and NGOs in both countries is an important aspect which may create synergy effects for the bilateral relations between the respective governments and enterprises.

Embassy of Sweden



Photo: Stig-Göran Nilsson

Ms. Jennifer Matafu, Amb. Sten Rylander and Mr. Lennart Melin

As indicated in the Introduction, the Embassy of Sweden attaches considerable importance to "promotion" activities, i.e. work related to mutual trade, joint ventures, direct investments, procurement, etc where the resource base in the Swedish private sector can be utilised, to the mutual benefit of Tanzania and Sweden. The Embassy sincerely welcomes contacts to discuss matters related to these prioritised issues. Four contact persons - the Embassy's "commercial team" - are indicated below. Should you be unable to reach them, you could also contact other staff at the Embassy.

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Sweden and Tanzania have co-operated in a wide range of economic and social fields for many decades.

Tanzania is at present undergoing far-reaching changes in the political, economic, social and socio-cultural areas. As a result of this, bilateral co-operation between Sweden and Tanzania is entering a dynamic and partly new phase. This booklet presents the joint efforts being made to broaden and intensify relations between the countries in areas such as trade, joint ventures, direct investments and procurement.



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