TANZANIA - GENERAL →

1993 - 1995
INTERNATIONAL NEWS Conflict displaces 500 000 in

Strife racks Rwanda

KIGALI, Rwanda - A new rebel onslaught against government forces accused of tribal massacres has added a new chapter to Rwanda's blood-stained recent history and uprooted half a million people.

The crisis prompted France to double the number of its troops in Rwanda to 300, officially to protect several hundred French residents of the tiny central African state.

They reportedly evacuated some 70 expatriates last week from the northern western town of Ruhengeri, a government stronghold near President Juvenal Habyarimana's home region where the army is holding out against rebels who attacked from three sides.

But the rebel Rwanda Patriotic Front (RPF) says French soldiers are fighting alongside government forces. "The French should support the peace process," said RPF military chief Paul Kagame. "Instead of being part of the problem, they should be part of the solution."

RPF guerrillas based near the northern border with Uganda have advanced southwards to within 30 km of Kigali, the closest they have come to the capital in the 28-month bush war that has ruined Rwanda's fragile economy. Sipa-AFP.
Tanzania agrees to put pressure on PAC

PRETORIA — The Tanzanian government had agreed to put pressure on the PAC to close Apla bases in the country, a diplomatic source said at the weekend.

The agreement follows the visit to Dar-es-Salaam of a senior SA Foreign Affairs official last week in the wake of Goldstone commission disclosures about Apla activities in Tanzania.

The Goldstone commission found, in its interim report last month on Apla activities, that the majority of Apla members — up to as many as 15 000 — were based and trained in Tanzania. Tanzanian government officials had said they would seek the support of the OAU to close down the Apla military camps and put pressure on the PAC, the source said.

Foreign Affairs deputy director Wolf Rothkugel said although his trip to Tanzania had been planned before the Goldstone disclosures, the question of Apla camps had been among issues that were discussed.

Tanzanian officials had been informed about the state of negotiations in SA, violence and Apla activities, Rothkugel said.

Meanwhile, Sapa reports Transkei ruler Maj-Gen Bantu Holomisa and Azanian People's Liberation Army commanders are to hold talks later this month aimed at ending hostilities between Pretoria and Apla.

Holomisa and Apla have confirmed the meeting, scheduled for Dar-es-Salaam.

Holomisa held talks last month with Apla's high command in Umtata.

Holomisa yesterday blamed the SADF's Gen Kat Liebenberg and SAP Commissioner Gen Johan van der Merwe for the present strained relationship between his country and SA.

"I told President F W de Klerk last week that when rumours of Apla bases in Transkei first surfaced last year, I invited Gen Liebenberg and Gen Van der Merwe to investigate the allegations with impunity from my government.

"The two generals failed to convey my invitation to the SA government or to undertake such investigations."
Scrutiny of Apla aid

TANZANIAN authorities said they would examine assistance to the Pan Africanist Congress, a South African Foreign Affairs official said on his return from Tanzania.

Wolf Richkogel, deputy director responsible for relations with, among other countries, Tanzania, said on Monday the topic was raised during discussions with his Tanzanian counterparts. — Sapa.
Muslims strike on pork rampage

By ADAM LUSEKELO
in Dar es Salaam

THE Tanzanian government has banned a Muslim fundamentalist group, called Balaouta for inciting violence after supporters went on the rampage smashing shops which sell pork.

Relations between Muslims and Christians, who have lived together peacefully for decades in Tanzania, soured when dozens of Balaouta supporters protested this month against the sale of the meat, which is banned by Islam.

"It just cannot happen here. These people are crazy," Kassim Madari, a Western-trained hotelier said. "I eat pork — no one can tell me what to eat," he said, after the government announced the ban on Balaouta on Wednesday.

Deputy Prime Minister and Minister of Home Affairs, Augustine Mrema, dismissed Balaouta as thugs after the government crackdown last week.
Tanzania venture

SOUTH AFRICAN companies continue to expand in Africa. Unique Engineering, a Randold subsidiary and Metallurgical Design & Management (MDM) are to build a R9-million graphite-processing plant in Tanzania.
Tanzanian mine seeks De Beers’ help

DAR ES SALAAM — The Tanzanian government has asked De Beers to help save a diamond mining company from collapse after years of hazardous production. De Beers holds a 50% share in the company, Mwadui Williamson Diamond Mines in the northern Shinyanga region. A two-man De Beers team, director Paul Crawford and mining expert Roy Edwards, flew to Dodoma in central Tanzania last Thursday for talks with Prime Minister John Malecela. Tanzanian reports quoted Malecela saying that plans for rehabilitating the ailing mines were ready. His office said the main aim was to raise production capacity. Malecela also urged De Beers to look at the possible expansion into other areas. Crawford said yesterday De Beers had proposed sending a small technical management team to the mines. Mwadui Williamson was a small producer of less than 70 000 carats a year. As grades fell, the mine could no longer be operated on the same large scale for which it had been designed. — Sapa-AFP.
A visit to SA by a Tasmanian Tourism Corporation delegation had been cancelled because of fears over violence, organisers said yesterday.

A telex from the corporation received by the local organiser, African Outposts, said reports of planes being rerouted over Johannesburg and killings on the East Rand worried the authorities to the extent that they forbade the visit.
Tanzania expecting mine boom

DAR ES SALAAM - Tanzania is expecting a mining boom that could reverse declines over the past 25 years.

"Seventy companies have not asked for prospecting licences for nothing," commissioner for mineral resources Stephen Bugaisa said.

Companies were prospecting for "everything" from gold to copper.

Under World Bank sanctioned reforms, Tanzania is encouraging investment in mines neglected under former President Julius Nyerere. De Beers and British companies Reunion Mining and Rio Tinto Zinco had been given mining licences in the past year, Bugaisa said.

Small-scale local miners had contributed substantially to economic output - 16% of GNP in 1982, a rise from mining's 0.4% of GNP in 1985, 8.5% in 1990 and 12% in 1991.

Bugaisa said with proper mining equipment Tanzania could produce up to 30g of gold per ton, compared to 2g per ton in SA.

Last year small-scale miners produced 452 tons of gold worth $49.7m and expected six times this year.

Tanzania realised $51.3m from minerals last year, up from $26.3m in 1990.

Bugaisa said diamonds also had a bright future, with prospects of exploiting 400 known kimberlrite pipes in the country. Other base metals had been found in northwestern Tanzania, including nickel, cobalt and copper. Three companies, Sutton Resources (US), Romanex (Canada) and BHB (multinational) had already been licensed to prospect in the region, Bugaisa said.

Sana-Reuters.

If it is possible at this panel, roundtable or other forum that you were planning a Y participating in this panel, or a frank explanation of the reasons to consider in future submissions.
Plea for foreign aid

DAR ES SALAAM — Tanzania yesterday appealed for international aid to help feed and house tens of thousands of Burundi refugees fleeing tribal clashes triggered by a military coup at home.

"The massive and sudden influx of refugees from Burundi has exerted an unbearable strain on the existing services and facilities and the government cannot cope with the flow of refugees on its own," Prime Minister John Malecela said.

Government officials said the number of refugees had swelled to 80,000 from 12,000 on Sunday.

The office of the United Nations High Commissioner for Refugees has said more than 240,000 other Burundians had fled across to neighboring Rwanda and about 15,000 to Zaire.

The refugees are fleeing a new bout of clashes between the majority Hutus and the minority Tutsis after the Tutsi-dominated army last Thursday ousted and killed President Melchior Ndadaye.

--- Reuters
Tanzania hikes taxes to bridge deficit

DAR ES SALAAM — Tanzania has hiked taxes on car ownership and frozen travel for civil servants to raise funds to bridge a $32m budget deficit during the remaining six months of the 1983/84 fiscal year.

Finance Minister Kihomba Malima said on Sunday the government would levy between $60 and $400 on cars, depending on their engine power, to raise $2.4m for the Exchequer.

The government would also stop using 75% of its vehicles to reduce expenditure, while all travel for government employees had been suspended.

Customs duty on various imported goods were also raised to net about $14m and protect local industries from unfair competition.

The government’s recurrent and development expenditure had exceeded its income by 30% over the past six months, Malima said.

By last November, government income totalled $3.8-billion shillings ($157.6m), while expenditure rose to 143.5-billion shillings ($556.0m).

Sapa-AFP.
PAC and Apla barred from Tanzania

THE PAC will consult its armed wing, Apla, about future operations after Tanzania banned the two organisations from the East African country.

Reuters reported yesterday that Tanzania had banned the PAC and Apla from using it as a launchpad for attacks in SA. Tanzania's foreign ministry summoned the PAC's Dar es Salaam representative, Raymond Johnson, and strongly condemned recent attacks on SA civilians, for which the PAC and Apla had been blamed.

Officials said the PAC and Apla would no longer be permitted to issue hostile statements or plot against SA. "Tanzania condemns the violence against innocent citizens in SA," the government said, adding that Tanzania supported and was "closely monitoring the progress of the democratic process in SA (38)."

PAC spokesman Jaki Seroke confirmed that a document had been received from Tanzania. The PAC had responded, saying statements had been issued from its Johannesburg headquarters since September.

Seroke would not say whether Apla would move to another country. The PAC had suspended its armed struggle pending the outcome of negotiations with government. But he stressed that the PAC had a good relationship with Tanzania.

Sapa reports that PAC deputy president Johnson Mlambo denied the organisation was using Tanzania as a base for attacks, saying it was not close to SA.

Government spokesman Dave Steward welcomed Tanzania's announcement. "We would certainly welcome any decision by any neighbouring state directed towards the peaceful resolution of disputes in SA."
Dar es Salaam bans hostile acts by PAC

Dar es Salaam - Tanzania banned the Pan Africanist Congress yesterday from using its territory as a base for attacks on South Africa, the Tanzanian foreign ministry said.

Foreign ministry officials summoned the PAC representative to Tanzania, Raymond Johnson, and handed him a strongly worded government statement condemning recent violence blamed on the PAC inside South Africa.

**Hostile**

Foreign ministry officials said that from now on the PAC would not be permitted to issue hostile statements or plot against South Africa from anywhere in Tanzania.

"Tanzania condemns the violence against innocent citizens in South Africa," a government statement said.

"The government of Tanzania is closely monitoring and supports the progress of the democratic process in South Africa, especially the agreement for multiparty elections on April 27," it added.

The PAC yesterday reacted with surprise to the Tanzanian decision.

"I'm surprised there is such a position coming out like that," PAC deputy president Johnson Miamo said.

"In any case, whatever the position is, we have always had good relations with Tanzania and those relations remain sound."

"Tanzania is one country that has supported the liberation struggle and we have always been based in Tanzania."

He denied that the PAC used Tanzania as a base for attacks as it was not near to South Africa.

He said the PAC had briefed Tanzanian authorities about talks with Pretoria on a mutual cessation of hostilities.

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Sapa-Register
Tanzania trying to establish privatisation for the people

DAR ES SALAAM — Tanzania is examining how indigenous Tanzanians can acquire shares in public companies and factories to be sold under a parastatal restructuring programme.

Parastatal sector reform commission chairman George Mbowo told journalists recently that six options had been identified through which Tanzanians could buy shares in privatised public firms.

One way was for workers to buy shares in their respective companies or factories through financing from a credit society, banks or government. Another was for social security institutions such as provident or pension schemes to acquire shares on behalf of workers, using their contributions.

People could also buy shares through unit trusts.

Mbowo said government could also declare that a certain number of shares must be sold to the Tanzanian public, as was done in Kenya when the country’s largest bank, the Kenya Commercial Bank, floated its shares and 50% was set aside for its workers.

The last option, which Mbowo said would not be applicable in Tanzania, was the free voucher system that was applicable in former communist eastern Europe.

Under the system, all citizens older than 18 years qualified for a voucher with which they could automatically acquire shares in a company.

There have been wide-ranging criticisms of the World Bank-financed privatisation programme, with most Tanzanians complaining that only foreigners or well-established private entrepreneurs would be able to acquire the privatised state firms, while the majority of Tanzanians would be sidelined.

Mbowo confirmed that up to now not a single Tanzanian had come to his office to seek clarification on the privatisation process, despite the fact that workers could still acquire shares in their respective institutions, even if they did not have enough funds.

Mbowo cited as an example the Wazi Hill Cement Factory, where workers bought 5% of the shares, along with government and two Norwegian and Swedish companies. — Sapa-AFP.
Tanzania looks to private sector to boost tourism

DAR ES SALAAM — Tanzania, short of foreign exchange, has thrown its tourist industry open to private investors.

Long overshadowed by its East African neighbour Kenya, it has ended an inept state monopoly in the hope of cashing in on its own game parks.

It is aggressively promoting itself in Europe, the US and the Far East as a high-class destination.

But first it will have to tackle a rundown road and rail network and a barely functioning airline that have discouraged big spenders in the past.

"We intend to change all that. We intend to give tourism here a new face," said Credo Sinyangwe, GM of the new Tanzania Tourism Board, which replaced the state-owned Tanzania Tourism Corporation.

Tanzania, one of the world's poorest countries, has much for tourists to see and enjoy.

They can climb Kilimanjaro, Africa's highest mountain, and see fabled snows above the African plains.

There is the wildlife of the breath-takingly beautiful Ngorongoro Crater and the annual migration of thousands of wildebeest in the Serengeti National Park.

On the Indian Ocean coast and on the island of Zanzibar there are idyllic tropical beaches and big-game fishing.

But despite all that, Tanzania has played second fiddle to Kenya, with tourists taking it in as part of a Kenyan package. "Our neighbours have been benefiting more from our tourism industry and it is time to reverse that," said tourism board marketing director Peter Mwenga.

Problems in Kenya may help change all that. Attacks on tourists and riots and violence that followed the legalisation of opposition parties in 1991 have cut tourism there 30%, Kenyan economists say.

Tanzanian President Ali Hassan Mwinyi's government hopes free market reforms will give it the edge over Kenya.

Sinyangwe says throwing the industry open to private companies and investors will help revive hotels, attract international hotel chains and offer tourists a much better service.

Tanzania, for its part, expects to reap a financial reward.

Income from tourism, Tanzania's seventh-ranking source of hard currency after agricultural goods and minerals, rose to $100m in the 1991/92 year from $88m the year before.

Officials expect a marginal rise in earnings to about $120m this year.

Last year about 200,000 tourists visited Tanzania, up from 185,000 the year before, but many had their packages pre-paid in Kenya.

Sinyangwe said once fully rehabilitated, tourism could earn Tanzania up to $300m, more than half the $800m Western donors underwrite annually for the country's balance of payments support. — Sapa-Reuter.
Boers have nowhere to run to

Somehow, still holding

Boers have other memories of whom and are uncertain of ANC rule

Free or Fright. L. A. izangambe

Afrikaans feared of thefuture

NEWS FEATURE

Thursday Apr 1 1994

I don't think

Undermine all the same

The surface, where once you get past blocks and whites are so different

Boers have nowhere to run to

"They'll face us to the breakwater, where the boat watched." -Rudyard Kipling

"Since the boat watched - look, what's in the breakwater. -" -Rudyard Kipling

"Free or Fright" L. A. izangambe

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Afrikaans feared of the future

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BRIEFING
Tanzanian oil refinery at risk

By JOR KHAMBU

Nairobi — Tanzania has formed a task force to study a World Bank proposal calling for the closure of the country’s only oil refinery for economic reasons.

Yonah Kilagane, managing director of the Tanzania Petroleum Development Corporation described the proposal as "dangerous", claiming it was meant to pave the way for South Africa to be the major oil supplier in the sub-region.

The World Bank’s proposal came in a letter to Tanzania earlier this year that set out conditions for the release of a second portion of financial assistance, amounting to $200 million, under the Strategic Adjustment Credit programme.

The conditions included the deregulation of the oil business and the closure of the refinery in Dar es Salaam which produces 60 percent of the country’s fuel needs.

"Oil is a strategic and political weapon," Kilagane said in the weekly newspaper, The East African.

"Oil deregulation and closure of the oil refinery are definitely not good for Tanzania, its economy and security."

Kilagane said it was wrong to consider South Africa a regular supplier of oil products.

Last month, the Tanzanian corporation had a contractual row with Engen after the South African company declined to fulfill a Tanzanian request for 27,000 tons of fuels.

Engen said the request was outside the contract entered into earlier this year, which provided for a quarterly supply of fuels of up to 180,000 tons during the coming year.

The incident prompted the corporation to question South Africa’s ability to meet Tanzania’s fuel requirements.

Tanzania consumes 600,000 tons of crude oil and 400,000 tons of processed oil products.

Kilagane says the closure of the refinery would not only render 400 employees jobless, but also cause the prices of oil products to rise.

However, the refinery is said to be making considerable losses because of poor maintenance of equipment and mismanagement.

Officials are worried that a refusal of the World Bank proposal could infuriate donors and lead to reprisal measures.

Two months ago, Tanzania won a promise of $1 billion from the Donors’ Consultative Group meeting in Paris, in new commitments for the 1995-96 period.

The World Bank said the pledges depended upon "strong measures being completed to deal with tax exemptions and evasion, and provided structural reforms can be further accelerated."

Tanzania has been at loggerheads with donors over poor revenue collections and over charges of corruption in high levels of government.

Apart from the Tanzania refinery, the World Bank also recommended the closure of three other refineries — in Mombasa, Kenya, Ndola, Zambia and another in Madagascar — saying they were "small and uneconomical" and could not compete with "sophisticated international refineries."

Kenyan officials are said to be highly concerned over the issue.

The London based daily fax sheet, Compass Fax, has also questioned South Africa's ability to supply the region.

"South Africa's hopes of becoming a regional refining centre to rival Singapore have been dashed over the past two years," the sheet said.

"After embarking on extremely costly expansion programmes over the past few years, refineries find themselves in a difficult commercial position, where there is no clear prospect of recovering their investments," Compass Fax said.

"To make it worse, despite the expansion and upgrading, South Africa will be short of gasoline capacity by 1996, forcing buyers to turn to the Gulf, Singapore perhaps even Europe."

Tourism helpsTanzania get back on track
Tanzania, on the east coast of Africa, is an increasingly appealing proposition for investment by large SA corporations.

SA Breweries has already staked a claim with a R105m investment which it is using to finance the building of a new brewery in Mwanza — and it has acquired a 50% interest and the right to manage two government-owned Tanzania Breweries plants in Dar es Salaam and Arusha. This is on top of the considerable volume of SA-brewed beer it exports to Tanzania.

SA Airways (SAA) has so far invested R10m and is providing the aircraft for a new airline, Alliance, in which it has a 40% stake. The governments of Tanzania and Uganda each have 5%, and their airlines Air Tanzania and Uganda Airlines each have 10%. The remaining 30% is being retained for private investors in those countries.

The formation of Alliance, which starts flying later this year, provides a partial answer to what SAA intended doing with the two Boeing 747 SPs returned to it last year when its leases with Trek Airways and Air Mauritius expired. Another benefit for SAA is its contract to maintain the aircraft at Jan Smuts.

Dubai and Bombay are two of Alliance’s destinations so it will be able to offer a regular service to the Indian and Muslim populations of the three countries.

As Tanzania is in deep financial crisis, Alliance is ready to bid to take over the operation of Dar es Salaam airport when it is privatised. But it will have to spend millions upgrading what is a rundown operation.

The Protea hotel group, which also operates hotels in Zimbabwe, Kenya and Malawi, has been running four of Tanzanian Development & Finance Limited’s hotels since August last year under a joint venture agreement.

They are the Bahari Beach Hotel, 4 km north of Dar es Salaam, the New Arusha Hotel in Arusha, the Mkombe Hotel in Tanga on the north coast, and the Morogoro Hotel near the Zambia-Tanzania highway.

The agreement forges another link in Protea’s efforts to create an African tourism axis that will sweep from SA through central and east Africa all the way to the north — an ideal it shares with SAA.

These and other SA ventures will be helped by a SA High Commission being established in Dar es Salaam. Their moves are well timed as the field for investment is wide open. Not much works. The country is at the nadir of its existence and can only go up from here.
Zanzibar turns to tourism

Paul Chintowa in Zanzibar

ZANZIBAR, once the world's biggest exporter of cloves, has turned to tourism to replace earnings slashed by dwindling world market prices for the aromatic flower.

The 160,000-odd tourists who visit Zanzibar each year earn the islands about $150-million dollars and the administration of President Salmin Amour has been moving to build the industry.

Preparations for the shift to tourism speeded up about nine years ago with the passing of an act aimed at promoting investment in the archipelago.

which is made up of Unguja, the main island, Pemba, where most of the cloves are grown, and many islets.

Projects are underway to improve the islands' roads, improve sea and air transport between Zanzibar and mainland Tanzania, and build more hotels and lodges.

A multi-million-dollar hotel being built with the aid of the Aga Khan Fund for Economic Development is expected to be completed by early 1996. The Gulf states, Indonesia and Singapore have also shown interest in constructing hotels in the islands, whose 700,000 people are mainly Muslims. — IPS
Economic bell tolls for rulers in Tanzania

SECOND poorest country in the world, Tanzania holds elections in October. Economic woes will top the agenda, says Joe Kamisi of The Star Foreign Service.

As Tanzania edges towards its first multiparty elections, economic issues have taken centre stage in a campaign that could see tables turned on the ruling Chama Cha Mapinduzi (CCM) which has been in power since independence in 1962.

Listed by the World Bank as the world’s second poorest country, many think Tanzania’s future will depend on what happens on polling day on October 29.

The east African country is poor due to years of misguided socialist policies and widespread corruption in government. The country’s largest aid donors, Sweden, Finland and Norway, are still withholding about R108 million in aid to protest over the government’s failure to collect import tax revenue amounting to USS125 million (about R450 million).

Even the donors’ consultative meeting in Paris earlier this year failed to persuade donors that Tanzania was serious in its economic reform policies.

Further consultations with the IMF are scheduled to be held into next month.

But June is also the time when the government announces its new budget.

Without a clue as to the level of forthcoming aid, Dar es Salaam is facing a dilemma about whether to proceed with budget guidelines or wait until after the new government takes over.

Economic observers say President Ali Hassan Mwinyi must put his house in order first in as far as the tax issue is concerned before expecting any restoration of aid.

Last year alone, the government granted more than 2,400 tax exemptions. Most of the exemptions were given to importers with high connections in government.

The tax scandal forced Mwinyi to replace Finance Minister Kihoma Mwinyi with Jakaya Kikwete, and to institute stringent measures to block loopholes for corruption and tax evasion.

If public confidence in the government was not eroded by this scandal, the R108 million lost by 7,500 depositors of the collapsed Moridien Bino Bank (Tanzania) Limited did it.

The government in its haste to liberalise the banking sector failed to do enough research into the track record, character, experience and capability of Moridien’s management.

In addition, the planned nationalisation of 40-plus money-guzzling public corporations has been slow due to bureaucratic wrangles.

For example, for the second time in six months, the government failed to push through parliament an insurance Bill early this month that sought to break the 81-year-old monopoly of the National Insurance Corporation (NIC).

Because of the strong lobby from a mass of insurance brokers and companies, the government now finds it difficult to decide whether or not to reintroduce the Bill when parliament meets this month or to abandon the exercise.

Tanzania’s 27-million people are suffering from 40% inflation that has reduced the purchasing power of the shilling by more than 78%.

About 60% of the rural population live below the poverty line.

It appears the ruling party has run out of ideas on how to improve the standard of living of the people.

Observers feel the country needs an innovative and pragmatic leader in State House who can address the economic problems of the country.

But, so far, most of the CCM members who have indicated interest in the presidency are former allies of ex-President Julius Nyerere. They are viewed as unlikely candidates to steer Tanzania from its poverty line and allegations of corruption cloud their chances.

This has made former Labour and Youth Development Minister Augustine Mrema an attractive candidate for most Tanzanians.

He resigned from the government in March after clashing with Mwinyi on corruption. From the CCM he crossed over to the National Convention for Construction and Reform. He has a track record as a crusader against social ills.
Tanzania to revive its ailing tourist industry

By JOE KHANASHI

KISOKO — Tanzania has embarked on a major drive to rejuvenate tourism and mining, two key sectors in the country's economy.

Analysts said that this could move the country from its present state of extreme poverty to one of sustainable development by 2009.

As the East African country struggles to extricate itself from years of poor planning, corruption and financial mismanagement, there are signs on the horizon of brighter things to come.

Deficit

However, this will only be possible if a new government, expected to take over after the October 26 polls, strives to reduce a government deficit of $140 million and cut inflation to a single digit figure from 42 percent.

The new government will also have to speed up the privatisation of costly parastatals, eliminate corruption and improve the country's infrastructure.

The investments in the tourism and mining sectors are showing an upward trend.

Last year's acquisition of a majority shareholding in Mwadui's Williamson Diamonds by the South African mining conglomerate De Beers has provided a major boost to the country's economy.

Analysts predicted that investments by De Beers and other European companies would raise the sector's contribution to the national economy from about 1.5 percent of GDP to 10 percent by the end of the century.

Before the increase in shares last year, De Beers and the Tanzanian government each held a 50 percent stake in the Mwadui mine.

The mine is described as the world's biggest kimberlite duct and produces 50 percent gem quality diamonds.

Licences have been granted to other companies for the processing of gold as well as other precious minerals.

Equally important to the future of Tanzania is tourism. Despite its wealth of natural resources, the country managed to attract only 23,016 tourists in 1995 because of poor services and facilities.

The government is preparing an integrated tourism master plan in conjunction with the European Union.

The plan aims to attract 500,000 tourists and $500 million in revenue by 2000.

Hotels and lodges will be reclassified and consolidated. A subsidiary of the Channel Islands-based Consolidated Tourist and Hotels Investment, announced investment plans in the tourism sector.

Investments

The company, which already has hotels in the country, plans to invest a further $50 million across the mainland and on the island of Zanzibar.

The Aghalishan-owned Serena hotel group is also building lodges in the famous Serengeti, Lake Manyara and Ngorongoro national parks.

A 52-room development is under way in Zanzibar. Although tourism and mining appear set to prosper, many factories are closing down.

The textile industry, once Tanzania's biggest employer after the public service, has virtually collapsed due to importation of secondhand clothes.

The government is looking for $60 million to rescue an important 6,000 hectare Kagera Sugar Estate.

The estate could have saved the country millions which it is spending on imports of this basic commodity.

However, the project ground to a halt after the government failed to implement an irrigation component.

Bureaucracy

A Belgian-built sheet glass factory outside the capital, Dar es Salaam, is rusting away due to bureaucratic indecision.

As a result, the country has been forced to import more than 5,000 tons of sheet glass annually to meet its requirements.

The infrastructure is also deteriorating. The telephone system is inefficient, most roads are impassable, even in the capital, and power rationing is still in evidence.

But hope is on the way. This year, Tanzania will install four microwave radio links to improve telephone communication in six strategic towns.

This is part of a $230 million national telecommunication restructuring programme funded by the African Development Bank.

It also plans to embark on a project to resurface its road network.
Major minerals discovery boosts mining in Tanzania
Tanzania hopes reforms will restore aid

BY MATT BIGG

Dar es Salaam — Tanzania meets Western donors in Paris next week confident that an aid ban will be lifted to allow it to push ahead with overdue economic reforms.

Jakaya Kikwete, the Tanzanian minister of finance, will meet donors at a Paris Club consultative group meeting and said he had addressed donor concerns about tax evasion and corruption.

Balance of payment support to Tanzania was suspended by donors in November after a World Bank probe found that an import tax exemption scandal had cost the treasury up to $120 million.

The aid ban was confirmed at a February meeting in Paris with donors demanding that tax loopholes be sealed and the government implement promised reforms.

These reforms included privatization of the country's 405 inefficient state-owned firms and the reduction of the public service by about 10,000 jobs.

Analysts said yesterday that both steps were difficult for the ruling Chama Cha Mapinduzi (party for the revolution) as it prepared for presidential and parliamentary elections in October.

Donors also wanted the government to cut inflation to less than 12 percent annually from the present 35 percent.

Some donors conceded that the government of president Ali Hassan Mwinyi had made headway in the tax area.

"I think they have made some progress and the government deserves some support now," said Erik Krogsholm, the senior economist at the Swedish embassy.

Krogsholm asked about the timetable for a restoration of aid, he said: "I hope it will be before the elections in October, but it depends on the International Monetary Fund."

Support from the fund and the World Bank was essential as they underwrote annual donor aid of over $850 million.

Krogsholm said some donors preferred to wait until after the elections before releasing aid.

Even the World Bank agreed that some progress had been made, but Motoo Konishi, its representative in Tanzania, declined to say if this would lead to a resumption of aid at the Paris talks.
Shadow hovering over Tanzania poll

By Mathatha Teedo
Political Editor

D andrew J Lulua Nyerere bowed out of office in August 1985 as president of Tanzania. But today, as the country prepares itself for the first multi-party elections since independence, shadow hovers over the entire process.

The party he formed and led for over 30 years, Chama cha Mapinduzi (CCM), is faced with stiff opposition from a myriad of newly formed and mainly pro-capitalist parties that threaten its hold on Tanzania.

True, recently, the Babu wa Jafiji (Father of the Nation) as he is known, has been forced out of his self-imposed retirement to guide the CCM.

Partisan actions

In the process he is attracting the wrath of the other parties, who say his actions are partisan and that he is in effect acting as the father of the CCM.

However, Nyerere's virtual return to active politics has also caused concern in the CCM itself, as he is seen to be using his influence to get his own protégés into powerful positions.

For example, the CCM presidential candidate is his own former student, Prime Minister and Higher Education Minister Mr Ben Mkapa, whom he pushed for at the party's conference, overturning other candidates.

Speaking to Tanzanians revealed to me the awe in which Nyerere is held by the population. Journalists and lawyers said his decision to play an open role, firstly in favour of CCM and secondly in support of Mkapa, meant the party was assured of winning at least the presidential race, and that Mkapa can expect no opposition from within the CCM.

Opposition parties

The array of opposition parties is led by the National Resistance Construction and Reform (NCCR Magufuli), formerly a pressure group which transformed itself into a party under former policeman and Home Affairs Minister Mr Augustine Mwana.

Mwana left the CCM after being shifted from a powerful post in the lesser portfolio of Youth. He joined the NCCR and was made its leader.

He has now been joined by another former cabinet minister, Professor Abdullahi Babu, who returned to Tanzania last Friday after living in exile for more than 30 years.

A former journalist and visiting professor, Babu's return brought a levity of activity around Dar es Salaam, with huge crowds taking up at the airport to welcome him home, despite the rain.

Electoral pact

Babu is Mwana's running mate, although the NCCR, Chama cha Demokratika wa Mwananchi (Chadima) - the Civic United Front (CUF) entered an electoral pact last weekend.

The two parties will not field presidential candidates in the race.

The election campaign itself is low-key compared to the visibility of South Africa's experience last year. There is hardly a poster in the city centre and people are not embazoned with the T-shirts of any of the 13 registered parties vying for office.

Presidency at stake

At stake in the presidency and 240 seats in the National Assembly, President Hassan Mwinyi cannot stand, as he has already served the maximum of 10 years allowed by the constitution.

Mwinyi is seen as a shallow man with no vision, but who was good as a Minister of Police, carving out other people's visions and fighting crime.

Mkapa is in intellectual, and goes into the election with the backing of the Babu wa Jafiji, which should stand him in good stead.

Besides anything else, however, the CCM has the national infrastructure to pull people into its fold, whilst the others are struggling to make themselves known outside Dar es Salaam.

The country's economy is on the mend, with the construction of office blocks in many parts of the capital. This is also likely to play into CCM hands as they are still in power and we soon as respectable.

Traffic problems

Pavements are hawkers' territory, with all sorts of wares on sale. The city centre is a no-go area for motorists as traffic jams are a perennial problem from morning to night.

One journalist said this has been getting worse since the liberalisation process.

"One company opened up a second-hand car dealership, importing cars from Japan. Many people were suddenly able to buy cars and now one can no longer even drive around Dar es Salaam anymore," he said.

"If nothing is done soon, there will be a standstill in Dar es Salaam. Already many people just park at the first point and walk the city on foot."

As one road equals 140 Tanzanian skilings, food is essentially inexpensive for a visitor, with a four-course hotel meal costing a mere 2.89.

Salaried workers are low, however, with a caddie journalist earning a mere R350 a month. But state employees have subsidies, including a food allowance.

These subsidies are now under threat as the Economic Structural Adjustment Programme initiated upon by the World Bank cuts deeper and deeper into them.

The liberalisation process has also opened the floodgates to rural people, who were making a living in the Quasi-villages established by Nyerere at the height of his socialist revolution.

Worldwide phenomenon

The ditching of the policy has meant that many peasants have flocked to the cities, especially Dar es Salaam. This has brought about the worldwide phenomenon of urban children, which is daily on the increase.

Prostitution has also emerged as a growing industry, with those young as 12 years working full-time on the streets. Terrified and denied in adulthood, these child workers of the oldest profession implore men with promises of "standing milk", which means upright breasts.

Discarded ships

The area around the harbour is littered with discarded ships, which are nothing but scrap metal. Many people also use the harbour area as a dumping place for rubbish.

"The collection of
IMF enters Tanzanian aid debate

By Joe Khamisi
Independent Foreign Service

Nairobi — Tanzania is pinning high hopes on an IMF delegation, presently visiting the country to break the deadlock that led to the freezing of about $940 million in aid.

About $215 million of it was in balance of payments support.

The delegation arrived in Dar es Salaam about a week ago and will be in the country for two weeks to check on key economic indicators to determine whether Tanzania has fulfilled certain reform conditions to qualify for renewed aid.

The Paris consultative meeting suspended assistance to Tanzania last year to express its anger over a tax exemption scandal that had cost the Tanzanian government $120 million.

The scandal, unearthed by the World Bank, involved senior government officials and other influential people. It also involved a massive abuse of tax exemption regulations.

President Ali Hassan Mwinyi was asked to clean up his act before expecting any thaw and some steps were taken by the government to plug tax loopholes.

The government also replaced the finance minister and fired six customs officials believed to have been involved in the scandal.

But revenue is still only 30 percent of what should be remitted to the exchequer.

The IMF delegation was said to be dissatisfied with the budget announced in June which failed to pinpoint revenue collection measures planned by the government.

"The IMF is not fully satisfied with the 1995/96 budget and they will discuss some changes," said Erick Kvarcen, a delegate and the head of the Swedish development agency.

Donors are also demanding the launch of the privatisation process which is intended to aid the country with money-losing government corporations.

However, only 95 of 371 these enterprises have been divested.

Sources in Dar es Salaam said the IMF team would question Tanzanian officials over continued allegations of corruption in the government.

Last month, the Christian Council of Tanzania issued a 21-page booklet accusing the government of supporting corruption.

Authorities in Dar es Salaam said everything was being done to eliminate it although they did not admit that there has been any corruption.

The IMF delegation is also in Dar es Salaam to discuss a new structural enhancement programme which is worth about $200 million.

Statistics released earlier this month showed the country’s economy was still not out of the woods.

However, inflation appears to have dropped from 36.1 percent to 26 percent between March and June this year.

Export earnings increased and the amount of borrowing from commercial banks, another sticking point, was reduced from an average of $16 million last year to $1.1 million in June this year.

Tanzania needs about $1.2 billion in assistance this fiscal year to make ends meet.

In July Jakaya Kikwete, the finance minister, led a high-powered delegation to the informal donor meeting in Paris hoping to restore some of the country’s credibility and to regain donor confidence.

However, the minister received no new pledges.

The budget deficit which was about $55 million earlier this year and the government’s reluctance to liberalise the insurance industry would be on the table for the IMF discussion.

The issue assumes a particularly significant dimension because of the upcoming elections on October 27.

Some donor representatives made it clear that they were waiting for the outcome of the IMF mission before they made any decisions.

But others said it was highly unlikely that frozen funds would be released before the polls.

The ruling Chama Cha Mapinduzi (Revolutionary Party) is facing its most formidable political challenge this year.

For the first time in almost 34 years the ruling party will be opposed at the polls.

Observers said that although its presidential candidate, Benjamin Mkapa, was untainted by corruption, he lacked grassroots support to confront Augustine Mrema, of the NCCR Mageuzi.

Mrema, a former home affairs minister who made enemies in government circles for his anti-corruption crusades, could be the person to turn the tables on the Chama Cha Mapinduzi.
Tanzania's inflation rate is over 28% (3/8)

Dar es Salaam — Tanzania's inflation rate has risen to 28.9 percent from 27.7 percent last year, according to figures released by the Bank of Tanzania.

Tax changes, rising wages and an increase in the petrol price accounted for the inflation rise, the bank's report for the year ending in July of this year said.

A Flash Consumer Price Index (FCP) has been established as an early-warning inflation indicator for monetary policymakers, the report says.

The value of Tanzania's exports increased by 3.8 percent in the first seven months of this year.

According to the bank's figures, export earnings rose from $294.51 million for January-July last year to $305.59 million in the same period this year.

Despite this, exports of coffee and cotton, two of Tanzania's most important export crops, declined in volume despite higher world commodity market prices.

During the same period, imports fell by 18.5 percent from $910.75 million to $742.62 million.

"Reduced disbursement of donor funds for balance-of-payments support may have accounted for the fall," the bank said.

Scandal

Tanzania's donors froze balance-of-payments aid, which accounts for about 20 percent of total aid to Tanzania, last November in protest at a tax-evasion scandal estimated to have cost the treasury around $70 million.

In the first half of this year only $19.7 million was disbursed in balance-of-payments support, compared to $110.15 million in the same period last year, according to the bank.

In the coming year the food supply situation in Tanzania is expected to be satisfactory, it added.

While an expected shortfall in wheat production will necessitate wheat imports, there will be a food-supply surplus in the year ahead.

"On account of the improved food supply this year and the next, food prices are expected to decline and thus ease the inflationary pressures during the year," the bank reported.

Kenya airline doubles profit (3/8) (3/8)

Nairobi — Kenya's national airline, Kenya Airways, has more than doubled its net profit for the year ending March, Kooone Mwambia, the airline's public relations manager, said on Saturday.

The net trading profit of Kenya Airways doubled from 398 million Kenyan shillings ($7.23 million) in 1993/94 to 885 million shillings on sales of 1.9 billion shillings, representing a 20 percent margin on sales, said Mwambia.

During the same period the corporation repaid 1.1 billion shillings of external debt from its own resources, completing the carrier's debt restructuring and enabling its privatization process to begin.

The margin was well in line with the more successful airlines, he said.
Tanzania to restructure banking sector

The collapse of two promising institutions may put others at risk if more strict controls are not put in place

By JOSEPH KABURU

Nairobi — Tanzania is studying ways of restructuring its banking sector following the dramatic collapse of two promising institutions within six months.

The Tanzania Housing Bank became the second casualty of poor banking practices and a lack of proper government controls.

The government said it was closing the bank because of what it called "critical deterioration of the financial condition".

In April, the Zambia-based Meridian Biao Bank was disbanded as a result of liquidity problems barely a year after it started operations.

Shortly before its collapse, the bank had transferred $4 million out of Tanzania.

Efforts are being made to recover the money.

Meridian Biao Bank assets were sold to South Africa’s Standard Bank. The future of several other local banks is also in jeopardy.

In July, the Tanzanian government was forced to inject $17 million to rescue the ailing National Bank of Commerce. It suffered a $177 million loss in the 1993/94 financial year.

Economic observers fear the same fate may befall the Dar es Salaam-based Co-operative Rural Development Bank, and the Zanzibar-based People’s Bank.

Both are showing signs of financial weakness.

The Co-operative Rural Development Bank was forced to close 20 rural branches and cut staff to reduce its operating costs.

However, fears of its imminent collapse were discounted by Bert Claudi, the deputy managing director of the bank.

Claudi was seconded from the Danish Development Agency.

He said the bank had the potential to become a financially credible institution following ongoing restructuring.

During the last few years, the agency has injected $60 million into the bank and streamlined its management core to improve performance.

Analysts say Tanzania’s banking sector continues to face a series of operational problems because of a lack of control and government interference.

Recommended

Although a 1990 presidential commission on banking and financial institutions recommended major financial reforms, its recommendations have not been fully implemented.

The government is working on amendments in the banking law that would provide harsher penalties for management transgressions.

There would also be a higher capital requirement for the registration of banks.

State-owned banks will be restructured to make them more cost-conscious and commercially oriented.

However, without modern technology such as electronic auditing facilities and trained personnel at the Bank of Tanzania, the country’s central bank, proper supervision of commercial banks has not always been easy.

Until July this year, for example, banks were not compelled to publish their balance sheets. This is now mandatory following recent crises.

Failure to publish financial statements twice in newspapers by August 11 will lead to a fine of $1,655 for every day after the deadline.

Charles Inyangaye, a director at the Institute of Finance Management in the financial capital, Dar es Salaam, says banking malpractices have existed for years.

"The situation was condoned by the government and it created panic and a run on the banks," he said of the collapsed institutions.

Liquidity

Reports said billions of shillings were lent to government institutions, private companies and individuals. The money was never recovered which resulted in liquidity problems.

For example, a major reason why the Tanzania Housing Bank collapsed, officials say, is because the bank invested large sums of money in real estate, a sector which failed to generate income fast enough.

Public banks were also borrowing heavily from the central bank which had a prime lending rate of about 60 percent, almost twice as much as the inter-bank rate.

Laxity and low morale in state-run institutions was also responsible for the poor performance by local banks.

Banking sources say it takes six months for either the Co-operative Rural Development Bank or the National Bank of Commerce to generate what a Tanzania-based foreign bank generates in a month.
The page is not legible due to the image quality. It appears to be a page of text with a prominent headline discussing the concept of self-governance on Zanzibar Island.
SA’s Roshcon to help light up Tanzania

By Joff Kerndoff

Nairobi — Tanzania’s long-standing power rationing may end soon, thanks to the emergency power plant being installed with the involvement of a South African company. It is to be commissioned next month.

The arrival in Dar es Salaam earlier this month of two gas turbines for the plant has started a round-the-clock schedule to ensure construction work is completed on time.

Johannesburg-based Rosherville Construction (Roshcon) has been joined by American turbine experts Stuart and Stevenson, and a Canadian engineering company, Stone and Webster, to complete the project.

Roshcon won the tender after stiff competition from 30 American, Swedish, Finnish and Malaysian companies.

The tenders were advertised internationally in February by a Canadian joint venture comprising Transcanada Pipelines and Coolot Energy.

The two, which are already involved in power-generation projects in the country, won the main tender from the Tanzania Electric Supply Company (Tanesco), to provide, install and commission the emergency power generators.

Once installed, the plant at Ubungo, Dar-es-Salaam, will generate 75 megawatts of power. The country presently produces about 260 megawatts of power against the national demand of 380 megawatts at peak hours.

There are 250,000 electricity consumers in the country and thousands are on the waiting list.

Tanzania resorted to power rationing in 1992 and tightened the belt further last October. This followed a drought that brought water levels at its main hydroelectric plant in the southern Iringa region to a critical level.

Dar-es-Salaam residents go without power at least three days a week. Officials said the shortages were costing more than $8 million a year through loss of earnings from industry.

Most factories have been forced to use standby generators. But government officials say the textile industry has virtually been killed and cement production has dwindled to the extent that more than 5,000 tons have to be imported from Zambia. This has raised the price of cement by up to 300 percent in some parts of the country.

Tanesco itself has lost more than $25 million because of reduced services to consumers.

The project will run on imported liquid fuel for about two years until the Songa Songa gas field is developed.

This month, Roshcon began installing 41,000 prepaid electricity dispensing units in the financial capital.

Officials say the units will revolutionise the present outdated billing system. The contract is worth R144 million.
Tanzanian trade links grow stronger

By JASTON BINJALA

Dar es Salaam — South African business people on a visit here have expressed interest in importing Tanzanian coffee, cotton and other products in efforts to cement trade links between the two countries.

South African companies are eager to trade and invest in Tanzania, Leticia Schutte, the head of a nine-person trade delegation visiting the country, said in Dar es Salaam.

“We have come to widen the horizons of business between Tanzania and South African business people through the chambers of commerce of the two countries,” Schutte told reporters.

She was in the country leading a delegation from the Johannesburg Chamber of Commerce and Industry. The delegation was scheduled to meet in Arusha last Monday, where they were expected to sign a co-operation agreement with the chamber of commerce before flying back to South Africa through Nairobi, Kenya.

Johannesburg business people have been looking for ways to establish trade and business links with Tanzania since March last year, when they signed a co-operation agreement with the Tanzanian Chamber of Commerce, Industry and Agriculture, Schutte said.

She said the delegation was not only looking for opportunities to export to Tanzania but also investigating the possibility of importing to South Africa.

The Johannesburg chamber of commerce plan augurs well with promises made by South African President Nelson Mandela during his recent visit here. Mandela told Tanzanian chambers of commerce members that his country would be careful not to become an economic bully-boy in the southern African sub-region.

He said his country would strive to do both importing and exporting to neighbouring countries in the region.

Schutte said exports from South Africa to Tanzania were likely to include animal feeds, wines and spirits, grain, cardboard coffins, water barrels, cement bags, electrical appliances and meat.

She said South Africa wanted to import waste paper, raw cotton, coffee, paper boards, PVC sheeting and polypropylene from Tanzania.

Some businessmen in Dar es Salaam have even attempted to export prawns to South Africa.

The delegation head also remarked that business between the two countries had doubled in recent years. In 1992 Tanzania exported goods worth R10,3 million, whereas the exports rose to R21,5 million by 1993.

Imports have also shown an equally significant rise. Tanzania imported goods worth R27,7 million in 1992. The figure shot up to R58,6 million the following year.

South African investors are equally interested in Tanzania. They have already started running a number of industries here.

Tanzania Breweries is now partly owned by South African Breweries. Tanzania’s largest diamond mine, the Mwadui Diamond Mine, is run by South African mining company De Beers.

The visiting delegation included representatives from two South African companies, Enterprise Foods and Powermac Cables, who are investigating joint ventures with two Dar es Salaam companies.
Neverere still Battles to hold on
Jaw-jaw better than war-war

Time to decide ... eager to weigh up their future leaders and prospects, Tanzanians read the newspapers as their first multi-party elections draw near

Tanzanians have welcomed with considerable enthusiasm the new culture of political tolerance.

When four presidential candidates in this month’s general election met in open debate on how they would deal with the nation’s pressing economic problems, the nation listened in on their radios.

Many Tanzanians regard the debate as a growing and welcome sign of political maturity.

Invited guests in the packed conference room at Dar es Salaam’s Kilimanjaro Hotel clapped enthusiastically in welcoming the speakers, who included Benjamin Mkapa, the presidential candidate from the ruling Chama Cha Mapinduzi (CCM).

Others were John Cheyo, the presidential candidate of the United Democratic Party, Augustine Lyatonga Mrema of NCCR-Mageuzi, and Professor Ibrahim Limpumba of the Civic United Front.

Presidential debates are a new culture in Tanzania, and indeed in the whole of Africa with the exception of South Africa, and as it kicked off at 10am last Tues-
day, many locals were seen glued to their radios. Japhet Mwango-
ka, a pilot with Air Tanzania, said clusters of people could be seen listening under trees, or in their cars and offices.

A street book vendor, Raphael Kilawe, said: “The debate was of interest because it was new, and most of us were really curious to know what each of the candidates would say.”

Each struggled to be the best. Mkapa, a journalist with training in diplomacy, talked about clamping down on tax evaders if he became president.

He also said the policies of the ruling party were the best, adding that opposition parties were still “toddler[s] in politics” and should not be given a chance to rule yet.

Mrema talked about imitating Kenya on a number of economic policies. He also repeated accusations that the ruling party was too corrupt to remain in power.

Cheyo promised to fill the people’s pockets, but did not say how. He also accused Mrema of being vindictive.

Mrema, a former state-security operative, joined the opposition in March this year after falling out with the CCM government. He was Home Affairs Minister and later minister of labour.

Cheyo is a businessman.

Professor Limpumba, an economist, used a lot of statistics to discredit the ongoing administration but promised to cut the size of the government down to 13 ministries instead of the current swollen 23.

He asked Tanzanians to elect an economist for president instead of a secret police officer or a journalist.

A woman guest remarked that the debate was a sign of Tanzania’s political maturity because only politically tolerant politicians could agree to come together like the four.

While Rwandese and Burundians “killed each other like animals in the wilderness, it feels good that we can come together like this and simply talk to solve our problems”, the woman said as she left the hotel.

It is not yet known how villagers reacted to the debate.

As Japhet Mwango put it, the debate was useful because the nation got an opportunity to measure the candidates.

In an interview afterwards, Cheyo said it had enabled him to talk to the entire nation at virtually no cost.

“For me, I thought it was a very good opportunity to campaign, and I used it. I knew that once on the air I was talking straight to the voters.”

He added: “I wish the organisations would call for another debate, just before voting day.”

A privately owned newspaper, The Business Times, organised the debate and the Friedrich Naumann Foundation, a German organisation, funded it – Independent Foreign Service.”
Tanzania poll mess

Dar es Salaam – Tanzania’s first multiparty elections, which began slowly yesterday facing a host of logistical and administrative problems, were suspended late in the day. This was after the voting period had been extended by four hours.

Many people were unable to vote in the elections, which followed three decades of single-party rule, with some polling stations missing ballots or opening late. Some election officials were also unable to reach polling stations.

An estimated nine million voters were choosing from among four presidential contenders and 1311 candidates from 13 parties for 230 seats in the parliament.

The main presidential contenders are CCM’s Benjamin Mkapa and Augustine Mrema of the NCBB Magufuli party.

Mkapa, a protege of former president Julius Nyerere, who led Tanzania’s transition to independence from Britain in 1961 is also considered a favourite.

If none of the presidential hopefuls wins 50% of the votes, another round of voting will be held in 40 days.

There were also reports of irregularities.

In Dar es Salaam, two men were arrested for offering to pay voters to cast ballots for the CCM.

Money and voter lists were found in their car.

Elections were held in Pemba and Zanzibar, two semi-autonomous islands off the Tanzanian coast, on October 22.

The CCM was declared to have won the local presidency and parliament, but the opposition alleged fraud and Western nations have urged a recount. – Sapa-AFP
Tanzania’s chaotic poll collapses

Tanzania’s first presidential election since independence has collapsed under suspicion of fraud,
**Chris McGreal** reports from Dar es Salaam

The credibility of Tanzania’s presidential elections finally collapsed on Monday as the chaotic vote in Dar es Salaam was scrapped and a new poll called.

But the opposition said the election was so riven with fraud that it should be annulled across the country and a coalition formed. International observers said it was unlikely they would endorse as free and fair Tanzania’s first multi-party presidential and parliamentary election since independence.

The national electoral commission tried to rescue the poll by announcing a new vote next week in Dar es Salaam, home to about 10 percent of Tanzania’s nine million electors. It also ordered a second day of polling in the rest of the country on Monday for those who had not voted.

The chairman of the electoral commission, Judge Lewis Makame, admitted that many ballot papers had gone astray, that polling stations had failed to open, and that there was a popular suspicion of fraud, as there was when the ruling Chama Cha Manhunduz won Zanzibar’s election a week ago.

But Makame failed to offer a convincing explanation for the problems. Instead he appeared interested in ensuring the electoral commission was not blamed for failing to distribute ballots.

Opposition parties dismissed Makame’s assertion that the worst problems were confined to Dar es Salaam and there was no need for a rerun of the vote elsewhere.

They wrote a joint letter to him saying: “The opposition strongly feels the elections up to this time have been rigged and therefore are not free and fair... In order to avoid problems, a provisional government should be formed under the chief justice, with all parties to organise new elections.”

But some constituencies continued as if nothing had happened. Returning officers opened ballot boxes, held counts and released results overnight. Others held a second day of voting after angry Tanzanians besieged polling stations. Government and opposition monitors slept next to ballot boxes overnight to protect them from tampering.

International observers are now leaving. Many said privately that they were unwilling to endorse the legitimacy of the poll.

But Makame, who was criticised for failing to accept foreign assistance in the election, thought the departure of foreign observers no great loss. “We shall miss their company,” was his only comment. — The Guardian
Observers’ silence upsets Tanzania’s opposition

DAR ES SALAAM — An African growth industry, the observation of elections in the new multiparty era, has suffered a jarring setback in Tanzania.

Hundreds of foreign observers were flown in by an array of organisations to help ensure that the first multiparty votes in 30 years were free and fair.

They found themselves embroiled in a conflict about their mandate and their role in Africa’s efforts to build democracy.

Bickering between different observer groups centred on the decision to work under the umbrella of the UN.

"That is definitely the last time we accept UN leadership in an African election," complained one Western diplomat, convinced that crude rigging of the count in Zanzibar’s regional polls affected the outcome.

For opposition parties in Zanzibar on October 22 and in Tanzania a week later, the 420 observers were vital components in their campaign to oust the ruling Chama Cha Mapinduzi (CCM).

However, matters turned sour in both polls and instead of a quick and firm response from observers, there was a long silence.

"If they do not come up with a strong statement then their presence here was just a waste of taxpayers’ money in their countries," said Seif Shariff Hamad, the opposition presidential candidate in Zanzibar.

Tanzania’s Western donors, led by long-standing friends in Scandinavia who forged a special bond with former president Julius Nyerere, spent about $29m on the two elections.

Tanzania’s 17 main donors, who disbursed at least $500m a year in aid, complained on October 27 of "serious discrepancies" in the Zanzibar count.

The donors then fell silent and critics suggested that they were embarrassed about the no-strings contract they had with the national electoral commission.

The commission took the money but refused technical assistance and later presided over chaotic voting in Dar es Salaam and some provincial areas.

For Augustine Mrema, the main opposition presidential candidate in Tanzania, the donors and their observers have failed to understand the raw reality of African politics.

"We have leaders who accept a multiparty system in theory but not in practice because they are not prepared to relinquish power.

"The problem is that observers only observe. They do not have any powers to intervene when they see things going wrong," said Mrema.

The opposition alleged rigging by the CCM, but the ruling party was firm in its denials and the observers kept quiet until a group sent by the Commonwealth reported "chaos and confusion".

The observers, however, did have one line in their walk-on role: "The elections were broadly free and fair, despite flaws which did not alter the final outcome."

— Reuters
Tanzania on the brink in wake of botched election

JOE KHAMISI
Foreign Service
NAIROBI. — A political and economic crisis is looming in Tanzania following last month’s botched general election.

The immediate economic future of the nation of 27 million appears bleak.

Financial sources say millions of randa have been sent abroad secretly by worried Tanzanian businessmen during the past few weeks.

Donors irked by widespread poll irregularities say no immediate resumption of aid was expected until the controversy-ridden election was regularised.

An International Monetary Fund mission which was expected to visit the country this month now appears uncertain. The mission was to determine whether conditions existed for the resumption of balance-of-payment aid frozen in October 1994.

Aid to Tanzania was suspended following international anger over the government’s failure to collect tax amounting to $125 million (R313 million).

According to the budget proposals announced in June, Tanzania requires R750 million in foreign aid and grants for the 1996/6 financial year for recurrent expenditure and development.

The aid is required to jump-start an economy on the brink of collapse. It was expected that the money would be disbursed immediately after the new government took office.

But outgoing President Ali Hassan Mwinyi, who was to have handed over on November 5, is now expected to remain in office until after November 19.

That is the date when the government ordered re-run of elections is to be held in the capital, Dar es Salaam.

The political impasse is said to be causing considerable concern among investors and potential tourists.

Of the three East African countries, Tanzania has been the most stable politically. The 128 tribes have lived in relative harmony. But things may now change.

Foreign and local observers branded the elections a farce.

The 15-member Commonwealth observer mission talked of inadequate preparations, chaos and confusion not seen before in the Commonwealth.
Tanzanian election ends with apathy

DAR ES SALAAM: Confusion and apathy hit a remn of presidential and parliamentary elections in Tanzania's capital yesterday with Mr Benjamin Mkapa of the ruling party heading for the presidency.

Only a handful of people had voted at polling stations in Ilala constituency by mid-morning and election officials who struggled to cope with long queues at the first nationwide poll on October 29 waited yesterday for up to an hour for a voter to appear.

Some 700,000 people were eligible for the repeat vote but the CCM's strong lead in the rest of the country and a fragmented opposition boycott ensured that many stayed at home.

"People are not voting because they know Mkapa is going to win the presidency," said Aziza Sayah, an election official.

It was an uninspiring end in Dar es Salaam's seven constituencies to Tanzania's first multi-party presidential and parliamentary polls after three decades of CCM single-party rule. — Reuters
Promising Tanzanian prospect for Randgold

By DEREK TOMMY

Johannesburg — Randgold's gold prospect in Tanzania is producing promising results.

Randgold Resources, the group's exploration company, said drilling and sampling at the Golden Ridge prospect had confirmed a resource of at least 1 million ounces of gold.

Mark Bristow, who was conducting the exploration, said he was encouraged by what he had seen to date and was confident that the prospect had the potential for a significant increase in gold-bearing ore.

Randgold took over management control of the prospect in September from Pangana Goldfields which was listed on the Vancouver stock exchange.

So far it has spent $1 million exploring the prospect which has given it a 25 percent stake. The investment of a further $4 million will bring its stake up to 51 percent and the provision of a bankable feasibility study will increase this stake to 65 percent. Randgold can also increase its stake to 70 percent by paying $30 an ounce for 5 percent of the proven, and probably mineable, reserves.

Bristow said the gold-bearing ore had an average grade of 2 grams a ton and the deposits lay from the surface down to a depth of about 150m.
Tanzanians vote in a new ruling team

(Dar es Salaam - Benjamin Mkapa, the candidate of Tanzania's long-dominant Chama cha Mapinduzi party, was declared the new president of Tanzania yesterday.

National Electoral Commission chairman Justice Lewis Makame told a special ceremony here that Mkapa (57) had won the presidency after receiving 61.8% of the votes in the country's first multi-party presidential elections since independence in 1961.

Mkapa also declared Omar Ali Jumma, Mkapa's running mate, the vice-president of the United Republic of Tanzania.

Giving a breakdown of the vote, Makame said following the October 29 presidential poll and the November 18 repeat of voting in the Dar es Salaam region, Mkapa had polled 4,026,222 (61.8%) of votes against National Convention for Construction and Reform candidate Augustine Mrema's 1,808,616 votes (27.8%).

Professor Ibrahim Lipumba of the Civic United Front garnered 418,973 votes (6.4%) and John Cheyo of the United Democratic Party managed only 289,734 votes (4%).

Mkapa said.

He said that out of the total 8,929,681 Tanzanians registered as voters, only 6,846,681 (76.7%) voted, and 333,956 (4.5%) of the ballots were spoiled.

"I declare Benjamin William Mkapa president of the United Republic of Tanzania, and Omar Ali Jumma the duly elected vice-president of the United Republic of Tanzania," Justice Makame said. - AFP.
New Tanzanian president Mkapa sworn in

Dar es Salaam – Benjamin William Mkapa was yesterday sworn in as Tanzania’s new president after he was declared the winner of the country’s multiparty elections held last month, officials said.

Mkapa (57) of the Chama Cha Mapinduzi (CCM or Revolutionary Party) which has ruled Tanzania for past three decades, was sworn in by the Chief Justice, Francis Nyalali.

He becomes Tanzania’s third president since independence from Britain in 1962.

Omar Ali Juma, a former chief minister of Tanzania’s semi-autonomous islands of Zanzibar, also took the oath of office as the country’s new vice-president.

Mkapa secured 61.8% of the vote, compared to 27.8% for opposition National Convention for Construction and Reform (NCCR-Mageuzi) candidate Augustine Mrema.

Ibrahim Lipumba of the Civic United Front (CUF) garnered 6.4% and John Cheyo of the United Democratic Party (UDP) 4%.

The CCM also swept parliamentary elections, winning 186 seats in the 232-member national assembly, compared to a total of 46 seats for the 13 opposition parties.

The parliamentary vote in Dar es Salaam had to be repeated because of major irregularities and flawed planning, but donor countries said that the outcome fairly reflected the aspirations of a majority of Tanzanian voters.

But on Tuesday, a group of 10 major western aid donors strongly criticised a separate election in the semi-autonomous island of Zanzibar, held a week before the national vote.

The statement, issued by Belgium, Britain, Canada, Denmark, Germany, Ireland, Japan, Norway, Switzerland and the United States said that an “atmosphere of intimidation was created” during the Zanzibar poll, which was won by the CCM. – Sapa-AFP.
Chaos and confusion as poll in Tanzania branded a farce

BY JOE KHAMISI

Nairobi - A political and economic crisis is looming in Tanzania as the country tries to come to grips with scars inflicted by last month’s botched general elections. The immediate economic future of the country of 27 million people appears bleak.

Financial sources say millions of shillings have secretly been sent abroad by worried Tanzanian businessmen during the last few weeks.

Donors irked by widespread poll irregularities say no immediate resumption of aid was anticipated until the controversy-ridden elections were regularised. An IMF mission which was expected to visit the country this month was to determined whether conditions existed for the resumption of balance of payment aid frozen in October 1994.

Aid to Tanzania was suspended following international anger over the government’s failure to collect tax revenues amounting to US$125 million.

According to the budget proposals announced in June, Tanzania requires US$35 million in foreign aid and grants for the 1995/6 financial year for recurrent expenditure and development.

The aid is required to jumpstart an economy on the brink of collapse.

It was expected the money would be disbursed immediately after the new government takes office.

The political impasse is said to be causing considerable concern among investors and potential tourists.

Of the three East African countries, Tanzania has been the most stable politically. The 120 tribes have lived in relative harmony.

But things may now change.

Foreign and local observers branded the elections a farce. The 15-member Commonwealth observer mission talked of inadequate preparations, chaos and confusion never seen anywhere else in the Commonwealth.

The worst irregularities occurred in Dar es Salaam which has 700,000 voters or six percent of the 8.9 million eligible voters. Dar es Salaam is an opposition stronghold but it is also a hotbed of potential trouble.

Unrest brewing

Attempts by the opposition to have the elections stopped were thwarted by a High Court ruling. The opposition warned the country was heading for chaos.

Already, in the islands of Zanzibar and Pemba where the ruling party, Chama Cha Mapinduzi (CCM), narrowly defeated the Civic United Front (CUF), social unrest appears to be brewing.

CUF won 21 seats in the Arab-dominated Pemba while clinching only three seats in the predominantly African inhabited Zanzibar.

On the other hand, CCM won 26 seats, three of them in Pemba.

In the heavily contentious presidential elections, the incumbent, Dr. Salmin Arnour, took a 50.2 percent share of the vote while his opponent, Selif Sherif Hamed, got 49.8 percent.

The narrow margin of defeat has revived historical animosity between the Arabs and Africans. The local media is already reporting attacks on Arab institutions and a slow but steady exodus of Arabs from Zanzibar to Pemba.

Independent Foreign Service
Tanzania's first free presidential election could descend into chaos due to the results of last weekend's Zanzibar elections.

Opposition claims the vote was rigged, sparking fears of violence.

The country has a long history of political unrest, with President John Magufuli accused of undermining democracy by trying to suppress opposition voices.

The election was marred by reports of voter irregularities, with the opposition claiming they were blocked from observing the vote process.

The results have yet to be officially announced, but preliminary figures suggest the ruling Chama Cha Mapinduzi (CCM) party is set to retain power.

The opposition has called for a recount, citing concerns about the validity of the election.

The United Nations has expressed concern about the election, calling for the government to ensure a free and fair voting process.

If the results are confirmed, it will be the first time Tanzania has held a free and fair election, following years of political repression and electoral fraud.

The country will now have to work towards rebuilding trust in its democratic institutions, as well as addressing the underlying political and social issues that fuelled the opposition's concerns.

The international community will be watching closely to see how Tanzania deals with the challenges posed by this election result, and whether it can move towards a more stable and inclusive political future.
Many wish for Nyerere’s return after Tanzania’s first multiparty elections

SPECIAL CORRESPONDENT
Independent Foreign Service

This month, Tanzania held its first multiparty democratic elections since 1965. Despite the allegations of fraud and rigging, the triumph of Chama Cha Mapinduzi (CCM), the long ruling party, was assured.

None of the other parties contesting these elections had ever participated in a general election, nor did they have the resources available to the CCM, its organisational capacity, nor indeed its appeal to the masses.

Tanzania, then known as Tanganyika, gained its independence from Britain in 1961, under its first president, Julius Nyerere. It was Tanzania that precipitated the withdrawal of South Africa from the Commonwealth later that year, when Nyerere called for the expulsion of South Africa because of its apartheid policies. "To vote South Africa in is to vote us out" was the refrain he used so persuasively, implying that other African states would withdraw if South Africa remained. In the event, South Africa withdrew from the Commonwealth, and Tanzania remained to wage a diplomatic war against South Africa that lasted until 1993.

Nyerere demonstrated his greatness at an early stage in his presidency. In January 1962, barely two months after he had been installed as his country's first president, he resigned his position to concentrate on building his party, the Tanganyika African National Union (TANU).

Independence had catapulted all Tanu’s leadership into government positions, and the party remained leaderless and without direction. Nyerere performed the supreme sacrifice (imagine Man-}

dela quitting the presidency to reorganise the ANC) returning to the grassroots to build a formidable party able to rise to the challenges of independence.

Nyerere’s gamble paid off, for after he had reorganised the party into a powerful tool, he was re-elected as president in December 1962.

In 1965, Tanzania had its first post-independence elections. Although these elections were contested by a number of parties, Tanu emerged as the dominant party, capturing 70 of the 71 seats at stake. It was this massive victory that precipitated the advent of a one-party state, with supporters urging that there would be more democracy since the party would offer a choice of candidates to voters, whereas under a multi-party system, the party would present one candidate per constituency, who was virtually certain of winning.

The shift to a one party state also coincided with the adoption of more socialist policies, coined under the phrase of African Socialism. Nyerere was convinced that development in Tanzania would come faster only if the inhabitants of its sparsely populated villages came together and lived in communes. In this way, schools, health clinics, water, and other amenities would be provided to serve a larger number of people than if the government tried to provide these facilities to farflung, thinly populated villages.

Under the circumstances under which these policies were formulated, they made economic sense. Tanzania did not have the resources to provide the whole country with adequate transport or basic facilities. Moreover, the pooling of resources in the communes, called Ujamaa villages, would lead to greater productivity and cooperation. These policies were embodied in a document called the Arusha Declaration and formally adopted in 1967. It was at this time that the first cracks in Nyerere’s government appeared. Oscar Kambona, hitherto the Minister of Foreign Affairs, resigned and fled to Britain, claiming the document represented a slide to Socialism.

There were also disturbances in Zanzibar, which had been incorporated into Tanganyika after a 1964 coup. But no long lasting opposition materialised, and Nyerere was to continue with his experiment in African Socialism.

Despite reports to the contrary, Nyerere’s brand of socialism was to a certain extent quite successful. Health care in Tanzania is available in every village. Clean piped water is available almost everywhere, and Tanzania has the highest literacy rate in Africa, with 95% of its adult population able to read and write.

Considering that there are 120 tribes in Tanzania, the sense of national consciousness is very high. Swahili, an Afro-Arab language introduced in East Africa during the times of slave trade, is the national language and understood by everyone in the country. While most of Africa, including all Tanzania’s neighbours (except Zambia) have faced civil strife and wars, Tanzania has remained a beacon of stability and unity.

Nyerere’s failures, if they can be termed failures, were his inability to reduce Tanzania’s dependence on foreign aid, which was the declared aim of the Arusha Declaration, and the poor state of the economy. The economic collapse, however, was more the consequence of external factors.

In 1985, Nyerere was succeeded by Mwinyi as President, although he retained the chairmanship of CCM. Nyerere’s departure left a void in the leadership of the country that was never to be filled.

His advocacy of human rights had made him many enemies. Alone among African leaders, he condemned dictatorships in Uganda, Malawi, Zaire, and Nigeria long before it was fashionable to do so. Within the country, his departure was greeted with sadness and regret, for it was he who had made Tanzania.

Since Nyerere’s departure from the political scene (he finally resigned as Chairman of CCM in 1992), Tanzania has battled to cope with the many challenges facing it. In 1992, the constitution was changed to allow multiparty democracy. Since then more than 20 groupings have sprung up. This has revived species of division and tribalism, and a danger to Tanzania’s closely guarded unity.

Corruption, unheard of during the Nyerere years, has surfaced. In 1994, the Minister of Finance was forced to resign after falling to control corruption in the Customs department.

In the current climate, many Tanzanians may be forgiven for wishing for a return of the Nyerere years.
TANZANIA - GENERAL

1996 - 97
Tanzania's new mini-budget opens the way for IMF

BY JOE KHANISI

Nairobi — With the announcement of a mini-budget in Tanzania on January 2, the way is now open for an International Monetary Fund mission to visit Dar-es-Salaam.

Analysts say the visit could take place within the next two months — once the mini-budget has been approved by parliament, expected later this month. The IMF postponed the mission three times to await the outcome of the country's general elections and assess the extent of a budget deficit said to be at the centre of discord.

The mission aims at breaking a one-year stalemate that saw donors suspend R223.2 million in balance-of-payments support to Tanzania. Donors were unhappy about the huge shortfalls in revenue collection that led to a loss estimated at R460 million in 1994.

The IMF mission will discuss a new aid package totalling R272.6 million, most of which is expected to go towards social services. The success or failure of the talks will determine donor response for resumption of aid.

On the agenda will also be the restructuring of the financial sector, with particular emphasis on the troubled national bank, the national insurance corporation and other government institutions. Heads have already begun to roll in the two financially troubled institutions: the chairman of both bodies were replaced in late December.

The bank is said to have lost huge sums of money through irregular disbursements of loans, bad bookkeeping and questionable investments. Idris Rashidi, governor of the central bank, said the NBC — the "people's bank" — having incurred a loss of R9.6 million, was insolvent.

Indications are that a similar purging exercise will be carried out in other government parastatals. This, sources say, is in line with Tanzania's President, Benjamin Mkapa's, commitment to inject new blood and instill efficiency in government.

Last week, in a move intended to please donors ahead of the meetings and improve its budgetary position, Tanzania announced sweeping tax increases and other measures aimed at raising R252 million for the exchequer. The money is intended to bridge a deficit of R768 million — expected during the coming financial year.

Observers feel Mkapa — one of the few top politicians untainted by corruption — began on the right track when he swayed away from the tradition of appointing old guards from the ruling Chama Cha Mapinduzi party and chose a younger, more educated cabinet. He vowed to seriously tackle corruption, rejuvenate the ailing agricultural sector and promote dialogue with the opposition.

Mkapa won highly controversial elections in November, but the whole exercise was conducted peacefully. Thus Tanzanians see no reason why donors should continue with the aid boycott.

That the Netherlands broke away from its allies on the eve of the election and gave Tanzania R111.6 million is a positive sign for Dar-es-Salaam.

The Netherlands argued that Tanzania needed the money to lessen pressures caused by Rwandan refugees. It was also an acknowledgement of political and economic reforms and the peaceful nature of the election process, it said.

— Independent Foreign Service
Only 16.9 percent of girls of school-going age in Tanzania attend school. The outlook for women looks bleak given new policies for payment of school fees.

Maria Teresa would like to go back to school. But this is a dream. Two years ago at the age of 14 she was forced to drop out because her parents could not pay the fees.

Teresa is now a maid in Dar es Salaam, the capital. She is one of thousands of other youngsters who have had to give up school because their parents are practically penniless.

Cost-sharing policies promoted by the World Bank and the International Monetary Fund (IMF) through their structural adjustment programmes are set to have widespread effects on the amount of children whose parents cannot afford to send them to school, especially girls.

Many of the victims, according to studies, include women who make up 51 percent of the population of 28 million. Only 16.9 percent of girls of school-going age attend school.

Until recently, Tanzania was one of the few countries where, despite immense poverty, education was free. But with new policies, the cost of education has been shifted to parents.

Considering the crushing poverty of the majority of parents, many say Tanzania’s education system is now at a crossroads. “It is only for the rich and boys,” says Teresa’s friend, Elizabeth Romanus. Her parents have decided to pay school fees for her two brothers Elias and Zakaria, ignoring her merely because she is a girl. Traditionally, boys are given preference.

Social workers and women activists believe that even if a family is wealthy enough to pay for all of their children’s schooling, boys will still be given preference should a problem arise. Indeed, in many tribes, education for girls remains a luxury. Thousands of girls are taken out of school each year so they can marry.

“We are not for the heavy penalties imposed on parents who withdraw their daughters from school so that they can get married, the number of girls in schools would be even more dismal,” says Hatib Sultan, a retired secondary school teacher.

Parents in the poverty stricken southern regions of Lindi and Mtwara frequently say they cannot afford to send their offspring to school. Over 50,000 youths are estimated to have moved from these areas to Dar es Salaam during the past two years alone.

Professor Cuthbert Omari, of the sociology department at the University of Dar es Salaam, says structural adjustment programmes are undermining both the formal and informal social security systems. He says that, at present, formal social security is male-biased. Even the right to work for women is not clearly defined as it excludes those in rural areas and in the informal sector, who make up the majority.

Only 32 percent of government employees are women, so men are the major beneficiaries of various social security programmes because they make up the vast majority of the workforce.

All of these are pointers to a bleak future for Tanzania’s women, given the cost-sharing policy in education.
Mr. Clean, restores confidence.

AUCET RWEYANGA of International Press Services reports from Dar es Salaam.

ISCOR has signed an agreement with Pangea Goldfields of Canada to investigate a number of joint gold ventures in Tanzania.

The agreement covers three areas of about 600 km² of Pangea’s exploration concessions in Tanzania.

Bassil Alberts, managing director of Iscor’s mining division, says a “strategic rethink” of mining operations prompted the group to step up its search for gold and base metals.

“We want to develop a high potential portfolio of preferred commodities in selected countries which will add value to Iscor.”

“An approach is that open pit mining requires the same skills and techniques, regardless of the commodity being exploited. Should we find a suitable gold mine, we will certainly develop and run it and would consider bringing in a suitable joint venture partner if necessary.”

In terms of the Pangea agreement, Iscor will get a 75% interest in each of the joint ventures after the completion of a feasibility study which it will finance. Once about R18-million has been spent on each joint venture, Iscor will be entitled to a 51% interest in each project.

Iscor is also exploring for gold and base minerals in Uganda.

Iscor has agreed to obtain the finance for any mines established on the properties and will be entitled to recoup this out of the proceeds of 80% of the cash flow from these operations.

Initial geological soil sampling has proved very interesting, says Con Foucomier, general manager of business development at Iscor Mining.
Tanzania expects US tobacco deal to herald international
reinvestment in economy
They're still the makeworkers but no more.

By JAVON BULLARD
Ecotourism group expands into Tanzania

By Maggie Rowley

Cape Town—The Conservation Corporation (Cons Corp) will acquire a game lodge group in Tanzania as part of its multimillion-rand expansion drive into the continent.

The corporation will also be changing its name to the Conservation Corporation Africa.

Steve Fitzgerald, the group managing director, said last week it would acquire the Tanzania group in a joint venture with an East African consortium. The Tanzanian group owns four lodges including a small island off Zanzibar.

He said the acquisition would cement the ecotourism group’s presence in East Africa. A new camp had also been acquired at Lake Manyara giving the group a circuit running from Maasai Mara in Kenya, through Serengti to Lake Manyara and off the coast of Tanzania.

Two years ago Cons Corp Africa acquired a major interest in Windsor Hotels from the Abercrombie and Kent group.

Windsor Hotels operates the Windsor Golf and Country Club and Mayfair Court Hotel in Nairobi, the Siana Springs camp in Maasai Mara, the Kichwa Tembo lodge and the Ngorongoro Crater lodge in Tanzania which is being rebuilt into a super-luxury lodge.

Last year the group also embarked on a joint venture with Chizim Investments of Zimbabwe and the Zimbabwean government’s Rainbow Tourism group to develop the 40 000ha Matusi private game reserve near the Victoria Falls. The first two lodges would be opened by July 1, Fitzgerald said.

The group’s expansion within South Africa continued with a 50 percent acquisition of the 10 000ha Makalali reserve in Mpumalanga where a lodge would be opened on May 1. Fitzgerald said this reserve was the keystone towards long-term plans to link the Kruger National Park with the high-rainfall areas, which would put an end to the culling of elephants. However, this would only be implemented if economically viable, he said.

Other South African lodges in the group include Londolozi, Ngala and Phinda Game Reserves, which was being extended by 48 beds.

Fitzgerald said plans to list the group in London and Johannesburg were still on schedule for the next 12 to 18 months. It is 65 percent South African owned. Major shareholders are the ABCI pension fund, United Kingdom Merchant Bank, Hambros and various Getty family trusts.

Expansion has been fuelled by share issues, the latest of which was a private placing of R31 million with shareholders late last year.
Tanzania's state sugar industry damaged by illegal importing

DAR ES SALAAM — Tanzania's local sugar industry was being hurt by illegal imports of sugar that were wiping out millions of dollars of revenue from government coffers, industry officials said on Friday.

The illegal trade originated in Zanzibar island, where importers paid paltry taxes on imported sugar and then shipped their cargo to the mainland, said officials from the state-owned Sugar Development Corporation (Sudeco).

Although taxes for sugar importers have risen from 5% to 95% since 1992, key importers managed to negotiate a tax waiver with the previous government. As a result, private importers can sell sugar at $150 a ton while Sudeco's sugar sells at $400 a ton.

"There is massive tax evasion and massive fraud on the part of private importers and as a result we fail to sell our own sugar here," Sudeco GM George Mbati said.

In one of his first measures, aimed at eliminating corruption, President Benjamin Mkapa ordered tough monitoring measures by customs officials to clamp down on transit trade cheating.

Tax dodging is widespread in Tanzania and foreign donors froze balance of payments support in 1994 after the World Bank discovered a massive import tax evasion scam. But recently a handful of Western donors agreed to resume aid to Tanzania.

Meanwhile, recent Sudeco figures showed a poor year for the company. During the 1995/96 season, five processing plants produced 115,000 tons of sugar, well short of the 124,000 tons forecast.

— Reuters
Tanzania expects talks to end this week

Washington — Tanzania and the IMF expect to complete negotiations this week on a new economic programme that could lead to hundreds of millions of dollars in loans and other financial aid, an IMF official told the Dow Jones Emerging Markets Report last week.

A senior IMF team is in Dar es Salaam working over the details of a shadow programme, under which the Tanzanian government would adhere to IMF-World Bank economic guidelines with the understanding that a $500 million, three-year, low-interest loan would probably be approved in July.

A year ago, during President Ali Hassan Mwinyi's term of office, multilateral donors pledged $1 billion in aid for Tanzania, but held back on disbursements because of concerns that uncollected taxes and suspect tax exemptions seemed to indicate corruption was rife.

The IMF team expects that by the end of this week it will finish reviewing the government's mini-budget, an amendment designed to balance the 1995-96 budget. The IMF had predicted that the original budget would produce a 50 billion shilling shortfall.

Among the other issues to be addressed in the economic programme are civil service, bank and tax collection reforms.

The shadow programme is designed to establish a track record of economic performance that will allow the IMF to provide a new structural-adjustment-facility loan, probably in July.

Once an IMF programme is in place, the World Bank is expected to consider a structural-adjustment credit of its own. Agreement on a shadow programme could also pave the way for a World Bank-assisted commercial debt buy-back operation as well as a fifth restructuring of Tanzania's bilateral debt.

Tanzania's foreign debt is estimated at between $5.5 billion and $7 billion, according to World Bank data from the end of 1994. The country's overdue commercial debt is between $300 million and $500 million.
FREETOWN FREEDOM

 lehet a fogalom, hogy a természetben van egy vörös. A természetben van egy vörösbarna.

FREEDOM TANZANIA may be
Diamond plant heading for Tanzania

By Jon Beverley

Durban — A second modular dense-medium separation diamond plant leaves for the Williamson Diamond Mines in Tanzania this week.

De Beers has come to an agreement with the Tanzanian government to rehabilitate the mine, which has seen diamond output sag in recent years.

This is the second plant ordered by the mine. Processing will double once the equipment is installed.

The plant was manufactured for process engineers, Dowding Reynard of Gauteng, and is an exact replica of the R2 million, 100 ton-an-hour plant sent to the mine last year.

Mike Keating, one of the project engineers, said they had increased the size of these modular and transportable plants from the traditional 10 tons to 25 tons an hour to 150 tons an hour.

Recent contracts awarded to Dowding Reynard included a 150 ton plant for Namdeb in Namibia and two 100 ton modules for the River Ranch diamond mine in Zimbabwe.

They also have the contract for a small 8 ton-an-hour jigging plant for an Australian company exploring in Mozambique and have made plants for Canadian firms, following the country's diamond rush.

Keating said that they were making a "miniature" dense-media separation plant aimed at prospecting firms.

This is expected to be of interest to small mining operators hoping to take up the 50 properties which De Beers plans to sell.
Tanzania risky for business, says report

Dar es Salaam — Despite a decade of free-market reform, Tanzania remains a high-risk environment for business, according to a report prepared for the United States Agency for International Development (USAID).

Corruption, bureaucracy and a poor infrastructure continue to make life difficult for the business community, said the report issued in Dar es Salaam on Sunday.

"Individual entrepreneurs are rushing to take advantage of the economic liberalisation, but they consider that Tanzania remains a difficult and high-risk economic environment," the report said.

"Although Tanzania is a country at a crossroads, it said the business community doubted the government's commitment to reform and remained haunted by the legacy of the socialist experiment in the 1970s and 1980s.

"The report described corruption as an "impediment" to all business activity.

"After the October elections, Tanzania's new government publicly committed itself to pursue market reforms. Earlier this month it reached a preliminary agreement with the International Monetary Fund on a stiff reform programme." — Reuters
Tanzanian retrenchees hard hit

DAR ES SALAAM. - Jumanne (not her real name) is frustrated. The four million shillings ($700) she got as a golden handshake from the government when she voluntarily retired two years ago is finished.

She is not alone. According to an economist with the Tanzanian Federation of Free Trade Unions (TFTU), Jumanne is one of 48 000 civil service retrenchees, lured by large retrenchment packages during the government’s costcutting campaign.

The exercise, which started in 1986, is in its third phase. Apart from retrenchments, it is also responsible for the abolition of free education and medical services.

This “has hit low-income citizens worst.

Most of the retrenches planned to invest their money in the formal sector.

Jumanne, for example, put half her money in fixed deposit in a bank and invested the other half in a rice plantation.

Crop investment

But she found herself drawing money from the bank to finance her seasonal crop investment, as well as for food and shelter while waiting for the harvest.

Like most small-scale farmers in Tanzania, her harvest was poor. She had to reinvest all of her harvest sales — although they were insufficient — into another farming season.

With less money in the bank, she is in a worse situation than when she started.

Ninety-five parastatals have already been privatised and another 30 are to be privatised this year.

Vuyo Wagi, of the Parastatal Sector Reform Commission (PSRC), says the commission submitted proposals to the government in October 1994 on improving the lot of people retrenched by parastatals, but the government has not yet responded.

She says the proposals embrace counselling and training retrenched to become economically viable, including how to invest their money.

But TFTU economist Tunyufye Kasilati says the proposals are not practical.

First, he does not see the logic of counselling to prepare a person for a life as a retrenched.

Secondly, it is almost impossible to contact retrenched because they tend to move around a lot, especially to the rural areas, in their struggle to make ends meet.

“And the question of investment is out because people will be broke by the time they are contacted,” says Kasilati.

He is pessimistic with good reason.

“Of 30 000 targeted retrenched in the civil service, we (members of the government’s training and counselling team) managed to reach 2 000 people as of March 1996. Most of those reached turned out to be practically untrainable because of the frustration caused by life without money,” he says.

Kasilati says the TFTU is lobbying the government to get input from employees of parastatals before deciding on their fate, which could be liquidation, outright sale or joint venture.

He says that employees’ suggestions could contain solutions to save the “tragedy” of liquidation or outright sale.

On its side, the PSRC believes it has always had sufficient inputs from employees, especially executives and management teams.

“For example, the management of Tanzania Breweries Limited (TBL) came to us, explained the gloomy future of the company and suggested we (PSRC) sell it off,” says Wagi. — Africa Information Afrique.
Tanzanians turn to informal sector

BY JOE KHAMIS

Nairobi — With soaring unemployment and poor prospects for new job opportunities, many Tanzanians are turning to the informal sector to survive.

Children as young as seven are scavenging for menial jobs in a country with one of the worst records of child labour abuse in Africa.

Official statistics show that out of a labour force of 11 million, 21 percent are employed in the informal sector while only 6.7 percent are in the formal sector.

The informal sector in Tanzania refers to small units, employing less than 10 people. A government labour force survey released last year showed there were 1.8 million informal enterprises employing 2.3 million people.

Officials say the informal sector is expected to become the largest employer in view of dwindling prospects in the formal sector.

In spite of vast natural resources, including diamonds, gold and rich tourist resources, the country remains one of the poorest in the world.

An obsession with socialism during the first 20 years of independence scared away investors, compounding unemployment.

In a report released last month, two United States academicians concluded that in spite of a decade of free market reform, Tanzania remained a "high-risk environment" for investment.

The report, called Diversity in the Tanzanian Business Community: its Implications for Economic Growth, was written by Michael Lotchie and Thomas Callaghy.

It singled out corruption, bureaucracy and poor infrastructure as the main causes for the investment flop.

Analysts do not expect a major change in the employment sector. More than 300,000 people enter the job market every year, but the formal sector is able to absorb only 9,000.

President Benjamin Mkapa’s government is taking measures to jumpstart the economy by offering more liberal investment incentives and opening up to donors and the international lenders. However, results will be long term.

Meanwhile, Mkapa has ordered 19 key state-owned companies to include young people and women on their management boards.

The move has, however, sparked off severe criticism from the old guard in the ruling Chama Cha Mapinduzi party.

They argue that such people lack experience.

Although Mkapa’s directive was intended to end incompetence and corruption in the government, many saw it as a way of pushing out members of the old guard to pave the way for unemployed young graduates to move in.

Job scarcity

The grave job scarcity in Tanzania has led to a serious child labour problem.

Because of poverty most parents cannot afford to send their children to school. About 30 percent of all 10 to 14 year olds are no longer in school. Every year, 600,000 join them.

Consequently, parents encourage children to seek menial jobs.

Children under the age of 18 constitute 70 percent of Tanzania’s population.

About 3 million of them are employed illegally in the informal sector earning $6 a month.

Children work in mines, plantations and manufacturing industries. In towns, they hawk goods and work as prostitutes.

Research findings by Dr SH Mamuya, of Mulimbili medical centre in Dar es Salaam, warned of serious health risks facing the children working under unhealthy conditions. In almost all cases the children are exploited by unscrupulous employers.

As a remedial measure, the government has set aside $5.3 million to help young people in several towns become self-employed in the informal sector.

The money will be used by the national income generation programme to establish a micro-enterprise development credit facility to give loans to small traders who have no access to banking facilities.

Skills development centres will be established in Dar es Salaam and Zanzibar to train 9,000 young people during the next two years.

Although many think these measures are far from adequate, they demonstrate the government’s determination to deal with the child labour problem. — Independent Foreign Service
Tanzania comes down from ‘comrades’ cloud and faces harsh reality

Three decades of political rhetoric have impoverished the country: now its people must bite the bullet to prosper.

Tanzania is finally settling down to the realisation that politics isn’t all it’s cracked out to be.

For more than three decades, Tanzania under Julius Nyerere and Ali Hassan Mwinyi, fed its people with socialist political rhetoric. Conventional titles such as “Sir”, “Mr” and “Mrs” were abandoned for a left-leaning term, “ndugu” (comrade or brother). Suits and shirts were discarded for Mao Tse-Tung’s all-purpose China outfits.

For the sake of collectiveness, people were taught to think alike, feel alike and share poverty. Unemployed Tanzanians were forcefully thrown out of towns to work in remote Ujamaa villages where basic facilities were non-existent but where political orientation was fundamental.

Every Tanzanian had to undergo comprehensive civil defence training.

No incentives were provided for those who excelled.

Intellectualism was stifled since schools and higher institutions were considered an extension of the socialist agenda.

Thousands of Tanzanians fled abroad in search of an education and professional fulfilment.

With Tanu (Tanzania Africa National Union) and then CCM (Chama Cha Mapinduzi), everyone was expected to be a loyal member of the ruling party. Those who strayed were banished into the political wilderness.

Thus, patronage and sycophancy became the norm for those aspiring to leadership positions.

Corruption spread. In the Western world, Tanzania became a pariah. It claimed to be non-aligned yet it leaned heavily on Mao’s China and Castro’s Cuba.

Apart from its warm relations with Nordic countries, it was considered anti-West.

Nyerere became a passionate crusader of pan-Africanism and a stubborn philanthropist for liberation movements.

He used his meagre national resources to finance wars of liberation against apartheid South Africa and colonial rule in Zimbabwe, Mozambique, Angola and Guinea Bissau.

As anti-Tanzania resentment grew, the charismatic leader opened dozens of embassies abroad to polish Tanzania’s soiled image.

But with the country’s fast dwindling mineral wealth and the virtual collapse of key exports such as coffee and cloves, it became increasingly difficult for the country to maintain its offices abroad.

When Nyerere left office in 1985, a gradual downsizing had become imperative.

The country’s per capita income had dropped from 1050 in 1965 to just 550 when Mwinyi took over in 1985.

To save the country from total collapse, he was forced to accept internationally prescribed structural adjustment programmes which Nyerere had vehemently resisted.

Mwinyi also reduced Tanzanian foreign missions abroad from more than 30 to 15.

But with economic mismanagement and corruption in high gear, the country continued to spend beyond its means.

Now, Benjamin Mkapa, himself a former envoy, is determined to chart a new, global policy course that will instil new meaning to diplomacy and, hopefully, near better economic diplomacy.

“We are not really formulating a new policy but we are making a shift to give economic diplomacy its rightful place,” Foreign Affairs Minister James Kikwete told the media.

“We are doing a lot of in-house evaluation, sorting out the foreign policy to give it the proper definition that will guide decisions on diplomatic representation, country accreditation, types of ambassadors and staffing of the country’s foreign missions.”

This will provide guidelines on where to locate missions, at what level and determine which ones should be closed.

The government will also develop criteria for choosing envoys.

Ambassadorial appointments are now the prerogative of the president who, often, tended to select cronies without considering qualifications.

The selection process is to be standardised to allow input from expert views.

Sources say the country will put more emphasis abroad on trade and investments.

Envoys will be expected to act more vigorously in propagating the country’s positive climate as a new investment mecca.

Already, cash-strapped Tanzania has laid down what appears to be a constructive foundation in its relations with donors.

A first agreement was signed with the IMF late February that could lead to the release of $1200 million and free millions more withheld by donors in 1994 to protest against years of economic mismanagement.
Tanzanian firms hit by shortage of money

By Joe Khamisi

Nairobi — Tanzania is facing a severe shortage of money in circulation because the large state-owned banks have frozen lending.

The resultant lack of capital and rising operational costs have reduced production capacity and even closed some public and private firms.

The freeze was implemented last year to help in the restructuring of badly run banks, especially the National Bank of Commerce, which was facing a crisis resulting from bad debts estimated at $1.11 million.

Two other state-run banks, the Rural Development Bank in Dar es Salaam and Zanzibar's People's Bank, had similar liquidity problems.

Late last month, the Rural Development Bank took dozens of its debtors to court to try to recover 385 million Tanzanian shillings (about R3.2 million).

A similar recovery exercise is contemplated in Zanzibar.

A central bank report released on May 1 in Dar es Salaam confirmed the scarcity of money. "It is increasingly difficult to be in possession of a shilling now than was the case, say last year," said Idris Rashidi, the bank's governor.

Growth of extended broad money supply (M3) had decreased by 5.4 percent within a year. Extended broad money supply includes all currency in circulation outside the banking system, such as demand (current) deposits, fixed and savings deposits, and foreign currency deposits.

The central bank reported that in March last year, M3 was 581 billion Tanzanian shillings. The figure rose to 753 billion Tanzanian shillings in January. The downward spiral has continued since then.

The Tanzanian report confirmed a World Bank assessment that the slowdown was due to the lending freeze.

Analysts said the banking crisis was hurting the economy. The government has already noted that exports have dropped and imports have increased.

In March, the country recorded a trade deficit of R255 million compared with R180 million the same time last year. Between January and March, Tanzania sold goods worth R179 million abroad.

Even the traditional exports of cotton, coffee, sisal, cashew nuts, tea and tobacco declined almost 18 percent. Consequently, foreign-exchange revenue was reduced.

Fortunately, donors came to the rescue, unfreezing millions of shillings held in protest against Tanzania's economic mismanagement. Several countries have begun to pour in money to revamp the economy.

The donor action followed successful meetings with the IMF in February. An agreement was reached to monitor Tanzania's economic performance until June 30. During that period, the government must adhere to strict fiscal policies, including improving revenue collection.

A successful performance would lead to the release of $300 million in IMF loans later this year. The IMF wants 2,900 National Bank of Commerce employees retrenched from the 6,000-strong force.

President Benjamin Mkapa has already taken measures to stabilize the Tanzanian shilling to about 550 against the dollar from a peak of 630.

Early this month, the government unfolded measures to seal tax-exemption loopholes which cost the country more than $100 million in lost revenue in 1994.

The government is optimistic the overall performance of the economy this year would be good. Economic growth is projected to reach 5 percent. Inflation is expected to come down to 22 percent from 27 percent, and the broad money supply is expected to drop by 25 percent. —Independent Foreign Service
Moshi — Tanzania's main coffee co-operative was being forced to reform or die in the newly liberalised coffee economy, co-operative union officials said at the weekend.

The Kilimanjaro Native Co-operative Union used to be the sole legal buyer of farm coffee, but since the liberalisation of the industry in 1993, it saw up to 40 percent of its business eroded by private buyers.

"In the short term the union will survive because it has a strong base and a willing membership," said Raymond Kimaro, the co-operative's general manager. "But we cannot stick to the traditional way of operating because we are facing a competitive situation," he said.

The co-operative was established in 1952 to protect coffee farmers' interests in an unfavourable market. Despite industry reforms, it remains the major coffee buyer in the Kilimanjaro growing region.

Kimaro said that the co-operative was set to lose more market share in the short term. A lack of capital and a lack of awareness of what it does were two problems.

Under the old system, the co-operative would collect coffee from farmers and pay months later after sale. Now farmers have a choice and many are opting to sell to private buyers, who pay the same day, at prices lower than the co-operative's. — Reuter.

Moshi — Tanzania's coffee quality and production are threatened by poor distribution of inputs and seedlings to farmers, senior coffee officials said yesterday.

Some coffee buyers provide small-holding farmers with the sprays and insecticides they need to protect their crops. There is no legal requirement to distribute inputs or plant seedlings and officials acknowledge the system is haphazard and could be detrimental to the crop in the long term.

"The inputs are a worrying problem. So far we have not found a permanent solution and the inputs are still being done in a haphazard fashion," said Edward Somba, the managing director of the Tanzania Coffee Board. — Reuter.
SA company plans to build sugar factory in Tanzania

By Joe Kihumiri

Nairobi — The Tanzanian sugar industry, struggling to offset a 200,000 ton deficit in production, is delighted that a South African company plans to build a sugar factory in the country.

According to the Investment Promotion Council (IPC), discussions between Tanzania and an unnamed South African firm are at an advanced stage.

"The discussions have been going on for two years, and a deal should be made soon," said an IPC official.

The official declined to name the company or indicate where the factory would be located.

The country runs four sugar factories under the state-run Sugar Development Corporation, in Kilombero, Mtwara, Moshi and Kagera. With a combined output of 110,000 tons a year, the country has a shortfall of almost 200,000 tons, which is now met through imports.

The government says the factories will be rehabilitated within the next four years, raising their production to 230,000 tons. The four plants are due to be privatized by December.

The Dutch government has offered a grant of $440,000 to help the government to divert from Mtwara, Moshi and Kilombero.

The African Development Bank has agreed to fund a study on the future of the Kagera plant.

The four plants have suffered from poor maintenance resulting in frequent disruptions.

Only the Mtwara plant is producing its maximum capacity of 34,000 tons.

This year, only 122,500 tons will be produced locally.

The entry of South Africa into the Tanzania sugar industry marks the country's continuing interest in Tanzania.

Tanzania was one of Africa's most vehement opponents of apartheid.

In 1994, Willcroft from South Africa invested $12 million to become the main shareholder in Williamson's Diamonds at Mwadui.

Three more companies have expressed interest in the mining industry according to press reports.

These include the Anglo-American mining conglomerate, Johannesburg Consolidated Investments and Randgold.

Officials at the IPC said the companies — all listed on the JSE — would pump $32 million into the country between now and next year.

Other South African companies that have invested in Tanzania include South African Breweries, which owns a 43.6 percent majority stake in Tanzania Breweries.

The Tanzanian government holds 44.4 percent.

The rest of the shares are held by Desner of Germany, the international finance corporation, a Dutch finance house and Propaco of France. The once badly managed beer manufacturer is now considered one of the most successful joint ventures.

In 1993, Tanzania breweries sold only 4 million crates of beer a year. This year, 10 million crates will come off the production line.

The company is spending about $1.27 million in an export drive in Kenya. Until now, Tanzanian beer has only been sold in the country.

— Independent Foreign Service.
Tanzanian budget to maintain austerity

By Joe Kiondi

Nairobi - Despite donor assurances to bail out cash-strapped Tanzania with millions of shillings in aid, the country's budget, due on June 20, will reflect continued austerity conditions for the coming financial year.

Reports say the government is to allocate 562.9 billion shillings (about Sh6,63 billion), the equivalent of 21.5 percent of GDP, in recurrent expenditure for next year, up 7 percent from this year.

Seventeen percent of this will be sourced from domestic revenue, loans and grants. The balance will come from non-bank borrowing.

Observers say this budget will be the tightest in the country's 34-year history.

According to budget guidelines approved by the cabinet, there will be cuts in social services including health, education and youth development.

Observers predict that the budget will lead to further declines in the standard of living in a country where more than 60 percent of the people already live below the breadline.

Tanzania's fiscal position nosedived in 1994 when donors withdrew about Sh4.3 billion in balance-of-payments aid.

The government was accused of allowing the loss of millions of shillings through tax exemptions, tax evasion and the misuse of bonded warehouses.

Under an agreement with the IMF reached a month ago, Tanzania must fulfill certain benchmark conditions to benefit from a Sh200 million package under the enhanced structural adjustment facility.

The conditions include the restructuring of the tax department, which has already been done.

The government succumbed to donor pressure to create the Tanzania revenue authority, which will come into effect on July 1.

A close watch is being kept on moves to tighten government expenditure and plans to reduce the public service from 315,000 to 20,000, however.

Defence is likely to receive almost half of the 110 billion shillings it requested.

Sources say large cuts in the defence expenditure would restrict the government's ability to deal with a potentially ominous refugee crisis on its border with Burundi and Rwanda.

So far, Tanzania has had to turn away hundreds of Burundian Hutu rebels who have been besieged by Tutsis.

On several occasions, ethnic fighting in war-torn neighbouring countries has spilled over into Tanzania.

The government is expected to collect Sh47 billion shillings in tax this year. — Independent Foreign Service
Country must reform the economy and civil service

Tanzania trying to qualify for IMF loan later this year

By Matt Bigg

Dar es Salaam — Tanzania is likely to qualify later this year for a $200 million loan from the International Monetary Fund to implement economic reforms, a senior fund official said on Wednesday.

“We are moving towards an ESAF (enhanced structural adjustment facility),” said Festus Osumba, the senior resident representative in Tanzania for the fund.

“The basic question is how come things are working out so suddenly. The basic answer is the President Benjamin Mkapa factor. The guy is forceful, determined and pro-growth,” he said.

A team from the fund is due to visit Tanzania in August to negotiate the loan. Approval could be forthcoming by October, the same month Tanzania goes to Paris for talks on debt relief.

The $200 million loan would be spread over three years. It would open the door for a $100 million soft loan from the World Bank’s International Development Association and renewed balance of payments support from bilateral donors of $200 million, Osumba said.

The fund’s conditions for the loan include deadlines for the reform of the National Bank of Commerce and the Tanzanian Revenue Authority.

Targets were also set for civil service reform and a reduction in regional government. Tanzania must also address the vexing issue of expenditure control and tighten tax collection.

Revenue collection is projected at 40 billion shillings ($269.71 million) a month and national expenditure should not exceed that amount, according to Eric Korsgren of the Swedish International Development Agency.

“The government is on track with the shadow programme. Donors want to assist the government in its effort to break the negative trend of the last few years,” Korsgren said.

Donors suspended balance of payments support in 1994 after the World Bank exposed an import tax exemption scandal costing the treasury $70 million a year in lost tax revenue.

Tanzania receives about $1 billion in aid a year and is one of the world’s poorest and aid-dependent countries.

Per capita income stands at about $180 a year, gross domestic product grew by 4.7 percent last year, but inflation stands at 25.9 percent, according to figures released by the central bank — Reuter.
Tanzania draws up affirmative action plan

By Joe Khamisi

Nairobi — Benjamin Mkapa’s government in Tanzania is to introduce affirmative-action measures to redress what it calls years of imbalances in the industrial sector by giving African entrepreneurs preferential access to credit, licences and training opportunities.

During 54 years of the country’s independence, the sector has been dominated by a tiny community of Tanzanians of Asian origin.

The government is putting the final touches to a new industrial policy that admits years of socialist policies did little to encourage indigenous entrepreneurs to enter crucial areas of the country’s industrial development.

The policy is titled Tanzania Industrial Development Policy 1995-2020 and seeks to guide one of the poorest countries in the world into a new era of sustainable industrial development during the next 25 years.

It targets a growth rate of 8.5 percent, a contribution of 20 percent to the gross domestic product and a share of 10 percent to total exports. It also aspires to provide employment to 200,000 Tanzanians.

The policy says the lack of homegrown entrepreneurs is a major stumbling block to the country’s development and calls for the creation of a new industrial elite.

The government’s role, it says, will gradually be reduced to providing social and economic infrastructure.

The initiative seeks to make business and technical information available. It will shift industrial management from the public to the private sector and encourage investment in export products that are not foreign exchange earners.

Small-scale industries will be promoted and the emphasis will be on a partnership between the government and the private sector. — Independent Foreign Service.
Nairobi — Tanzania will hold an investment forum in November, but the organisers are complaining about the country's antiquated laws and the laxness of its Investment Promotion Centre.

Officials now say the Investments Act will be reviewed to give the centre more clout and investors more protection. The centre was created in 1990 to serve as a one-stop investment centre. Lack of funds has hampered its operation and there has been little marketing overseas.

Despite these drawbacks, the seven-month-old government of President Benjamin Mkapa has made promoting investment one of its top priorities, identifying nine specific areas, including tourism, manufacturing, agriculture, natural resources and construction.

The two-day forum in Dar es Salaam is being organised by Tanzania, the United Nations Development Programme and the United Nations Industrial Development Organisation.

The forum will provide opportunities for Tanzanian entrepreneurs to meet investors and enter into joint ventures.

A similar forum took place in Zanzibar last May, in which projects worth more than $1 million were secured.

Tanzania's investment policies have come under severe criticism from businessmen and international agencies. Several months ago, the United States Agency for International Development said antiquated, socialist-era laws were a large impediment to the development of a strong market-oriented economy.

An agency study conducted by two US academics concluded that the legal system needed to be restructured to attract potential investors.

"(Business) must enjoy the benefits of a legal system in which there are laws that clearly spell out the rights of property in producing assets and a court system fully able to assure these rights," the agency said.

"This sort of legal environment does not yet exist."

Potential investors in Tanzania complain of poor responses to inquiries directed to the investment centre. Promotional materials are in short supply and there are few qualified staff who can respond quickly and efficiently to investors' demands.

Tanzania's Asian businessmen told Mkapa last month that the contradictory policies of the labour ministry and the immigration department were delaying investors' work permits.

"These delays hold up operations and cost money," said one.

Mkapa promised to investigate. He said he wanted to transform the country, which is heavily dependent on foreign aid, into a viable economy capable of eradicating unemployment and poverty.
One party state: Tanzania offers to share tips
Many lives depend on Tanzania-Zambia train

By Joe Chilozya

Dar es Salaam — Few Tanzanian or Zambian officials are likely to have heard of Chozi, Idiga or Vwawa.

Fewer still would be aware that should their governments close the railway line operated by the troubled Tanzania-Zambia Railway Authority, most activity in those small, remote stations would grind to a halt.

The Tanzania-Zambia railway is a lifeline to villagers living along its route. When they hear the train coming, people bearing baskets full of produce rush to meet it.

They live for those 10 minutes when the train stops alongside the dark white station to change trucks or locomotives on its three-day journey between Dar es Salaam in Tanzania and the Zambian town of New Kapiri Mposhi.

A few are men, but most are barefooted women with babies strapped on their backs and heavy bags or baskets of produce on their heads.

"I've got to sell as much as I can, which normally is not much or anything at all because the train stops for just a few minutes," said Amina, a woman in the Zambian village of Chozi.

"Usually, we sell our produce very cheaply because there is too much competition among ourselves and those of us who are more desperate for cash end up lowering prices for everybody," she said.

But, unknown to Amina and her counterparts in Tanzanian villages such as Vwawa and Idiga, the railway authority is finding it difficult to keep aloft.

The railway was Zambia's answer to the closure of its routes to southern African ports because of Rhodesia's unilateral declaration of independence in 1965.

The 1,860km line was built in the mid-1970s with help from the Chinese government in partnership with the Tanzanian government. It cost $23 million.

The railway line was first meant to handle all of landlocked Zambia's freight and it did. But Zambia's dependency on Dar es Salaam port has lessened since the re-opening of the southern routes after Mozambique's independence in 1975 and the coming of majority rule in Zimbabwe in 1980.

As a result, the volume of cargo along the railway has been considerably reduced. Total freight decreased from more than a million tons in 1992 to about 643,000 tons in 1994 — and with it the railway authority's earnings.

That has forced the two governments to take a new look at its operations. Gilbert Mululu, Zambia's transport and communications deputy minister, said recently that the Tanzanian and Zambian Railway Authority needed to address its colossal overheads, the biggest of which is salaries.

About 6,000 Zambians and Tanzanians work for the railway authority, which has said it cannot continue to employ all of them.

In a planned restructuring of the company about 4,000 will be laid off, leaving about 2,000 on its payroll.

Travelling on the railway, it is hard to imagine it is not doing well. Its passenger trains are always full to capacity, with little or no standing room left at all.

Each passenger pays between $26 and $46 for the trip between Dar es Salaam and New Kapiri Mposhi, but most passengers board the train at one of the several small stations.

The train is the cheapest and most convenient link to the rest of Zambia or Tanzania for people living along the route.

The third-class carriages are usually so full that many commuters spill over into the second-and first-class corridors.

For those who can afford to pay for first class, it is a luxurious ride in great comfort along scenic landscapes.

However, most of the people who use the line do so out of sheer necessity. They would suffer greatly if the service were stopped, though the two governments seem unlikely to take such a drastic step.

There was talk that the Zambian government had lost interest in the operation, but it recently reiterated its commitment to the railway.

Sources at the railway authority's office in Dar es Salaam said there were plans to privatise the company. They said the Zambian and Tanzanian governments would put most of their shares up for sale to their citizens and the rest would be sold to outside investors.

"Rumour has it that a South African company has expressed interest in investing in the railway line, but it is all just speculation," one source said. — Sapa-IPS
Women want inheritance laws to be changed

RAYNER NGOMA
Dar es Salaam

A
n attempt by the Tanzanian government to make
inheritance laws fairer to
women is being blocked by Mus-
lims, with the National Muslim
Council saying such a change
would be tantamount to “defiling
a sacred cow”.

Parliament was to have debat-
ed the issue in January this year
but the bill was withdrawn fol-
lowing threats of mass street
demonstrations by Muslims. The
government is undecided as to
when it will try again.

“The delay in making the
changes means more suffering to
women and innocent children,”
says Rose Migere, a law lecturer at
the University of Dar es Salaam.

Although women are affected
most often, men sometimes fall
dignity by three different types of
laws – statute, customary and Is-
lamic.

The Statute Law, introduced in
1907, is modelled on the Indian
Succession Act of 1865, which in
turn was based on English law. A
report by Women and Law in East
Africa says that the law has not
been amended since its adoption
and that Tanzania’s circumstances
are very different to those of India.

T
he greatest injustices to
women come from customary
law, which is mostly unwritten
and is applied irrespective of reli-
gious beliefs. The government de-
cided to act because of the large
number of cases of widows being
left destitute after the death of
their husbands.

It is common for relatives of the
dead husband to take all the prop-
erty acquired during the marriage.

Islamic law is immune to other
legal changes because it is within
the Koran. Non-Muslim spouses
are not entitled to inherit the
property of their partners. Simili-
larly children born out of wedlock
are not entitled to inherit. The law
however appears to enjoy sup-
port from women who accept
Islamic norms and who have
never had any education.

In regard to succession, in a
number of families male children
are regarded as being superior to
female children and are given
preference. These families regard
the law as convenient since it is
laid down in the holy books.

“Our religious ethics want us
that way. To go against them
means to go against the Koran,”
said Khadija Hamisi, a married
woman in Dar es Salaam.

But women who have had a
wider education are against it and
are pushing for change. Some
have gone as far as drawing up a
contract with their husbands for
fear of losing what they have
jointly acquired.

“My husband and I are jointly
constructing a house at Tabora
suburb. I have decided to enter
into a legal contract to avoid los-
ing my share upon divorce or
death of my partner,” says Marisa-
ma Basheih, a Muslim activist.

Justice and Constitutional Af-
fairs Minister Samuel Sitta said
when he tried to introduce the
changes: “We want fair treatment
as far as the question of succes-
sion is concerned, regardless of re-
ligious provision.”

The Women and Law in
Africa, Tanzania branch, have
written to Sitta’s ministry to push
for the changes. The government
should not bank on the controver-
sy going away of its own ac-
cord.” - Independent Foreign Ser-
vice/AlJ.
Donors lift two-year ban on Tanzanian aid

By Joe Khomisi

Nairobi — Tanzania is back in the good books of international philanthropists with donors pledging to pump in $1.2 billion after a two-year aid freeze.

It was resolved to remove the ban imposed in 1994 at a two-day meeting of the Donor Consultative Group in Paris on July 17.

The censure had followed a protest by the World Bank over a tax exemption scandal which involved government officials and well-placed businessmen and cost Tanzania an estimated $70 million.

Since then, the government has streamlined revenue collection procedures at ports of entry and sacked dozens of corrupt officials.

As, meet other donor conditions, Tanzania stepped up its privatisation of money-losing government parastatals.

It also introduced measures to reduce trade and budget deficits, trim expenditure and cut down inflation to single digit figures.

Officials say the measures would reduce inflation by 20 percent, from its present level of 20 percent, within two years.

A Tanzanian delegation, which included Prime Minister turner, was in Paris to sign the package and meet with representatives of several donors.

An IMF delegation is expected in Dar es Salaam early next month to review a policy framework paper that lays bare Tanzania's economic vision for the future.

Officials say if the negotiations are successful, an agreement could be signed by October, the same time when the IMF goes to Paris to negotiate debt relief.

— Independent Foreign Service
Tanzania’s new stock exchange may have nothing to trade

By Joe Khamisi

Nairobi — The inauguration of the Dar es Salaam stock exchange will take place in September, but there may be no shares to trade.

The launch has been delayed twice because of inadequate preparations, but now the government is undecided whether to release shares it owns in key enterprises for quotation on the bourse.

At least two Tanzanian companies qualify for listing on the exchange and in both cases, the government has substantial stakes.

The state owns 49.4 percent of the shares in Tanzania Breweries, a joint venture with South Africa’s Inbev International, and 49 percent of Tanzania Cigarette, jointly owned with RJ Reynolds, a subsidiary of the US consumer products multinational RJR Nabisco.

The Capital Markets Authority would like the government to shed at least 20 percent of its shares from each of the two money-making firms. The authority suggested that part of the shares should be issued to institutions and the rest sold on the stock exchange.

But sources said the government believed the two foreign companies should also risk their stakes on the exchange.

The two companies were uncommitted. They argued that they were under no obligation to sell their shares on the local stock exchange.

They said, however, that they would not use their pre-emptive rights to block the government from releasing its shares.

Fratern Mboya, the managing director of Capital Markets Authority, believed the future of the exchange would depend on the initial quotations.

"Without these two companies the (authority) will not risk starting the (exchange)," he said. "It will be too weak to succeed."

By starting with strong offers, Mboya said the bourse would attract other companies for listing.

At least four other companies, including Tanzania Oxygen, BP and Agip Petroleum, were also being considered for initial listing.

The Tanzania government is divesting itself of hundreds of enterprises. Thousands of workers have been laid off as a result of the privatisation exercise, which is intended to reform the country’s formerly socialist economy.

Financial analysts said that the privatisation of state enterprises would boost the stock exchange, but only if their shares are sold on the market. — Independent Foreign Service
Women bear the brunt of a sharply declining Tanzanian literacy rate

DAR ES SALAAM — Worried education officials in Tanzania are calling on the government to take urgent action to tackle the worsening illiteracy rate.

In a country which won a UN award 10 years ago for achieving a 90% literacy rate, one out of three people now cannot read or write. In stark terms 12 million of the 30-million people are illiterate.

At the heart of the problem is the declining economy, which has forced the government to cut spending. In turn many of the government’s financial problems are being blamed on economic reform programmes suggested by the World Bank and IMF.

The proportion of the national budget going on education has fallen from close to 30% 30 years ago to an average of 12% in the past five years. And it was the huge effort in improving schooling 20 years ago that saw illiteracy drop in the years after independence from Britain in 1961.

The constitution gives children a right to free education, but the government has been forced to introduce school fees. Mary Kamm, a respected education researcher and MP, criticises the lack of action.

She says that children are spending much less than the official target of 211 days a year at school. And this, she says, is having an effect on the national character. “We are spouting a lot of ideas, but we have failed completely to use our schools for character formation, to make our students cherish the values of democracy and justice.”

Another educational researcher, Dr Ndembwea Nungwa, says the lack of interest among government leaders is the cause of the drop in funding. At the same time, she says, these same leaders send their children to schools abroad on taxpayers’ money.

Inevitably, crime is on the increase because parents cannot afford to send children to school and unemployment is up. Old cultural habits have reasserted themselves, with girls being the first to lose out on schooling.

The UN Children’s Fund (UNICEF) report on the state of the world’s children for this year says there are now twice as many boys as girls at school and that twice as many women as men are illiterate.

Mary Nungwa, minister for community development, women and children’s affairs, says that the large number of illiterate women is a direct result of them not being enrolled in schools.

Girls are now being exploited, getting very little pay for jobs which are far too arduous for them, says Kuleana, a non-governmental organisation dealing with street children in the town of Mwanza, where girls as young as six are employed as household servants.

Nungwa says unwanted pregnancies and abortions have complicated the problem.

She says the government is preparing a policy on how to deal with abortions, baby dumping and child exploitation.

That is fine as far as it goes. But it deals with only the symptoms of a national disease of declining education and literacy. — AIA
Tanzanian children subjected to a cycle of poverty and abuse
Tanzam rail seeks life in new corridor

By Victor Zaza

Lusaka — For more than a decade in the 1960s and 1970s the Tanzania-Zambia Railway (Tazara) held an iron-clad monopoly while it carried Zambian cargo to the Tanzanian port of Dar es Salaam.

Now in the doldrums, it is trying to pick itself up.

Tazara was constructed following the unilateral declaration of independence by then Rhodesia and the subsequent closure of the border between the two countries, a move which nearly crippled the Zambian economy.

Completed in 1976, Tazara sought to protect Zambia from political blackmail from its then hostile neighbours.

With the liberation of southern Africa and as South Africa attained majority rule, which coincided with Zambia’s adoption of liberal economic policies, many Zambian importers and exporters switched to the South African ports of Durban, Port Elizabeth and Namibia’s Walvis Bay which are efficient and reliable, their tariffs are fair and goods are handled speedily.

Consequently, the use of Tazara has dwindled and led to a huge loss of revenue which has caused liquidity problems.

Rather than sit and watch it become a White Elephant Zambian authorities, with the Tanzania Harbours Authority, have mapped out joint strategies to weather the competition. They have introduced the Dar es Salaam corridor.

In implementing the corridor, incentives have been offered to Zambians to use Tazara.

Zambian clients will no longer be quoted on the basis of laid down tariffs. Tazara will negotiate its rates with clients.

Tazara and its partners plan to offer complete packages from the source to the port and vice versa; transit times will be reduced from 10 days to four; and Zambian importers and exporters will be charged lower port fees. Meanwhile, Zambia Railways, which has experienced two major passenger train disasters in the past six months, has embarked on refurbishing and modernising old passenger coaches in an attempt to revitalise the passenger service. — Independent Foreign Service.
Everybody likes Tanzanian arabica

Tanzanian AA and AB grade mild arabicas were buoyant at Thursday's coffee export auction in the northern town of Moshi, reaching a high of $265 for 50kg, traders said yesterday. Lower grades sold at prices between $117 and $159.50. Coffee is measured in 60kg bags but sold in 50kg units. Tanzania Coffee Board data showed northern arabica prices at $125 for premium AAs and $124 for ABs at the previous auction, on October 3. The lower grades traded at between $78 and $107 at that auction. A total of 33,223 60kg bags of mild washed arabicas and 11,556 bags of robusta were sold at the auction. One trader attributed the high prices to a general shortage on the world market for mild arabicas together with improvements in quality. Another trader reported strong interest from buyers since the auctions resumed in August, but said Thursday’s “extreme prices” were caused by a shortage among certain players.—Reuters, Dar es Salaam 22/10/94
Tanzania and Zambia’s rail authority puts profits on the line

Lucy Tesha

Dar es Salaam — Faced with stiff competition from truckers on the Tanzania-Zambia route and an alternative railway corridor in Mozambique and South Africa, Tanzania Zambia Railways Authority (Tazara) has resolved to commercialise its activities to make a profit.

Tazara, built 30 years ago to haul a maximum of 5 million tons a year, has handled freight of less than 1 million tons in each of the past three years. Since 1982 its annual freight has been between 680,000 tons and 880,000 tons last year; a drop of about 34 percent from the 1.2 million tons in 1978.

According to Charles Nemoaga, the Tazara public relations manager, the commercialisation measures involve reducing operational costs by streamlining the administration, cutting the workforce and limiting various activities to enable the authority to serve customers’ interests and safety.

He says: “The changes to Tazara’s mode of operation will obviously guarantee and attract investment from the marketplace.”

The 20-year-old railway service plans to reduce its workforce from 8,500 to 4,100 in both Tanzania and Zambia. It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

“The company felt the need to review its performance because of revenue lost to other carriers,” Tazara had a $800 million interest-free loan from the People’s Republic of China obtained through friendship between the then leaders Mao Tse-tung, Mwalimu Nyerere of Tanzania and Kenneth Kaunda of Zambia, but the railway did not perform as expected.

A highly placed Tazara official says, “The commercialisation exercise has exposed a number of hidden costs which were not known before.” He added that the railway service’s new philosophy is based on customer orientation, profitability, worker’s accountability and clear demarcation of responsibilities.

Salim Msoma, the chairman of Tazara, says under the commercialisation programme, Tazara’s share of traffic is expected to shoot up to 77 percent annually by 1989-90, from 69 percent last year.

“The target will bring the authority to a minimum level of an annual average of 350,000 to 1 million tons of traditional traffic,” says Msoma.

The railway’s passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 629,000 passengers in 1976-77, rising to 1,084,000 in 1980-81. Two years later, the number of passengers dropped dramatically to 564,000 because the service was slow and unreliable.

The Chinese engines were not powered to scale the southern highlands terrain. They were replaced by powerful US rockets, and the line carried 2,192,000 passengers in 1982-83.

Tazara showed operational losses from the mid-1970s until 1983-84, when it turned a profit of 8,7 billion Tanzania shillings (about 615,000), rising to 34 billion shillings in 1981-82. The company projects earning 10 billion shillings by next year.

Researcher Peter Simmonds, who has studied Tazara, attributes the reported rise in revenue to fare and traffic rates increases and deprecation of local currencies.

The railway serves mainly Tanzania and Zambia, and is looking to expand its market to Zaire, Zimbabwe and Malawi. Already Malawi has built a railway terminal at Mzya, where road cargo can be transferred to and from trains. Malawi exports tea and tobacco, and imports fertiliser and machinery.

However, the future of the Tanzania-Zambia railway line is still in doubt. An official said the authority “needs at least $200 million to strengthen the rail operation, (while) it owes clients more than 300 million shillings.” — Independent Foreign Service
Tazara goes commercial

STIFF competition in the transport industry has forced the Tanzania-Zambia Railway Authority (Tazara) to commercialise its activities in order to make profits.

Tazara is faced with stiff competition from truckers on the Tanzania-Zambia route and an alternative railway corridor in Mozambique and South Africa (Maputo Corridor).

Tazara, built 20 years ago to haul a maximum of five million tons a year, has handled freight of less than one million tons in the last three years.

Since 1992, its annual freight has been between 0.6 million tons and 0.88 million tons last year, a drop of about 34 percent from 1.2 million tons in 1978.

According to Tazara public relations manager Charles Nzo-Mbuga, the commercialisation measures involve reduction of operational costs by streamlining the administration, reducing the workforce and limiting various activities to enable the authority to serve customers' interests and safety.

He says: "The changes to Tazara's mode of operation will obviously guarantee and attract investment from the market-place."

The 20-year-old rail service plans to reduce its workforce from 6,600 to 4,100 in both Tanzania and Zambia.

It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

Need for review

The company felt the need to review its performance because of revenue lost to other carriers. Tazara has a $200 million (about R2.3 billion) interest-free loan from the People's Republic of China, obtained through friendship between the then leaders Mao Tse Tung, Mwalimu Nyere of Tanzania and Kenneth Kaunda of Zambia.

"The commercialisation exercise has exposed a number of hidden costs which were not known before," says a highly placed Tazara official, adding that Tazara's new philosophy is based on customer orientation, profitability, workers' accountability and clear demarcation of responsibilities.

Tazara board chairman Salim Msoma says the commercialisation programme. Tazara's total market share of traffic is expected to shoot up to 77 percent annually by the year 1999-2000, from 69 percent last year.

"The target will bring the authority to a minimum level of an annual average of 880,000 to 1,000,000 tons of traditional traffic per year," says Msoma.

Tazara's passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 926,000 passengers in 1976-77, rising to 1,024,000 in 1980-81. — Africa Information Afrique.
Tanzania to privatise 128 firms

DAR ES SALAAM. – Tanzania has earmarked 128 state-owned firms for privatisation by the end of next year as part of Western-buckled economic reforms in the formerly socialist country, a senior official said yesterday.

Thirty one of the firms would be sold by the end of this month, with the total rising to 78 by the end of the year.

The official said a detailed list and timetable for the privatisation exercise would be made public within a fortnight.

Tanzania is scheduled to open a stock exchange later this month and private companies have been invited to prepare prospectuses. – Reuter.
Tanzania’s long search for crude oil may be over at last

JOE KHAMISI

Mombasa — Drilling is about to begin at two test wells that an Irish company says may contain up to 1 billion barrels of crude oil on Tanzania’s Indian Ocean coast.

Early this month Tanzania’s Dublin International Petroleum Development (IPD) announced it had struck oil in the southern region of Kilwa Masoko. Though the government said it was too early to celebrate, news of the find was received with jubilation in a country entirely dependent on expensive oil imports.

The discovery, say government officials, marks a turning point in the country’s desperate search for the black gold.

In an announcement recently, Tim Serney, the Irish company’s drilling manager, told journalists oil had been found at two sites in the Mandawa/Rufiji river basin.

“Using improved technology in seismic data analysis and interpretation,” Serney said, “we have been able to come up with precise information with regard to oil deposits in the two areas we have selected.”

The investors likened the Tanzanian basin to the Maarib Al Jawf basin in Yemen where large oil reserves were discovered in 1984.

The Yemeni basin now spews 380,000 barrels of oil daily.

Serney said one of the two wells could yield up to 4.4 million barrels of oil.

But the government, anxious not to raise excessive expectations, said that more exploratory work was needed to confirm the find.

A notice from the Tanzania Petroleum Development Corporation (TPDC) said: “No oil has been discovered in Tanzania.” But officials conceded that based on the IPD report, a crude oil find was almost certain.

Salvatory Nyomola, TPDC’s deputy managing director, was even quoted as saying the reserves could contain as much as over 4 billion barrels at designated sites 50km and 90km from Kilwa Masoko.

IPD said $16 million had been allocated for the project.

Foreign companies have been looking for oil in Tanzania for more than 60 years.

A total of 31 test wells have been dug by foreign explorers including BP, Agip and Shell but to no avail.

The latest venture appears to offer unprecedented hope.

IPD began the search for oil after signing an agreement with the government last year.

Tanzania imports 1 million tons of crude oil and processed petroleum costing $200 million annually.

The bulk of the oil is sourced from the Gulf.

Analysts say a commercially viable oil find could dramatically transform the country’s economy which relies heavily on agriculture and tourism.

It would also help the country control inflation which has been running at about 30 percent during the past few years.

Prices of petroleum products and allied services have been raised twice this year.—Independent Foreign Service
Engen invests in Tanzanian oil depot

FROM REUTER

Cape Town — Engen said yesterday that it had invested K100 million in a state-of-the-art bulk oil terminal in Tanzania with the pre-emptive right to take over two service station networks.

Rob Angel, the chief executive of Engen, said the company had also bought a pre-emptive right to take over two service station networks.

He said that the deal included several inland depots, "which will open up the whole hinterland".

"It is a major investment for us," he said.

The tank farm was bought from an independent trader who recently bought service station networks from Esso and Caltex, the departing multinationals.

"He has a deadline by which to convert the Esso brand name and the Caltex brand name into his own brand name," Angel said.

"That will cost money and we have a pre-emptive right on that (in case he ran into difficulties)," he said.

Angel said that Engen had been keen to get into Africa for several years.

"(We have been) putting volumes into Africa since 1980, but now for the first time there is substantial evidence of serious investment going in there," Angel said.

He attributed this to the fact that Petronas, the Malaysian state-owned oil company, had given Engen a heavy cash injection at the time it took up a 50 percent stake in the company earlier this year.

"That makes it easier for us to pursue that activity (moving into Africa) much more aggressively than we could have done before, particularly given our earnings last year when we really had to rein in everything," he said.

He said Engen's market share by volume in Africa north of the Limpopo was 10 percent but the aim was to take this up to between 20 percent and 25 percent.

Engen has operations in Zimbabwe, Mozambique, Zaire, Kenya and Tanzania.

On oil exploration subsidiary Energy Africa, Angel said it had acreage in the right areas. He said the company was having "great success" in offshore Congo, Angola and Namibia.

However, that was not yet fully reflected in its share price, particularly because many investors ignored the fact that it was a straight rand hedge, Angel said. — Reuter
Mining alliance seeks Tanzanian co-operation deal

The alliance, the Southern Community Development Agency, has been working with the government of Tanzania to promote economic development in the region.

The agency is looking for partners to help with the development of mining and other industries in the area.

The aim is to create jobs and improve the standard of living for locals.

John Smith
Director, Southern Community Development Agency

The agency has already signed agreements with local companies to support the development of industries in the area.

The agreement includes plans for the establishment of a new mining company that will create hundreds of jobs.

The agency is looking for investors to help with the development of the mining company.

In addition, the agency is working on projects to improve infrastructure in the area.

The agency is confident that the development projects will create a positive impact on the local community.
Major SA firms look at Tanzania

SA's strong representation at this week's Tanzanian foreign investment forum reflects the country's growing interest and influence in the East African region, reports Maja Wallengren from Dar es Salaam.

SA COMPANIES are strongly represented at Tanzania's first mainland foreign investment forum in the capital, Dar es Salaam, this week.

More than 20 major SA companies are taking part, including SA Breweries, construction firm Murray & Roberts, JCI's gold and uranium division and Stanbic Bank, signalling SA's rapidly increasing business interests in the East African country.

In the past two years, SA investment in Tanzania has mushroomed and other foreign investors, as well as diplomats based in Dar es Salaam, agree that SA is moving rapidly towards becoming one of the leading economic powers in the region.

"SA plays an increasingly important role in Tanzania. It seems there is a lot of interest — and a lot of potential," says Danie Niemandt, SA chief executive director of Tanzania Breweries Ltd, in which SAB has a 46% share.

"We have SA business people making contact with us weekly, asking us what is going on," says Niemandt, who has been in the country since 1994.

SA high commissioner Thandi Lubaja-Rankoe says she is planning to open a trade office in the SA embassy in Dar es Salaam to cope with the flood of business executives from SA requiring information and assistance.

More than 400 SA nationals were registered at the embassy, and most were in Tanzania for business purposes, she said.

A number of SA mining companies were already involved in joint ventures, extracting diamonds and exploring for gold and other metals, she said.

"That's where South Africans have their expertise and they are here right now using it. They are all over, trying to see what they can do."

According to statistics from the high commission, Tanzania now ranks as SA's fifth largest trading partner in Africa, with trade increasing by more than 50% in the past two years.

About 300 leading foreign companies from 36 countries are taking part in the investment forum — far above the government's initial goal of 100 to 120 participants.

Industries and Trade Minister Abdallah Kigoda said recently that the government expected large numbers of lucrative deals worth hundreds of millions of dollars to be signed during the four-day event, which is seen as a crucial test of the government's economic reforms.

Besides the SA interest, multinationals represented include US power conglomerate Westinghouse, Swedish motor manufacturers SAAB, Scania and Volvo, and Germany's Metalgesellschaft.

The government has proposed a list of 102 potential investment projects in manufacturing, tourism, mining, agro-industries and infrastructure, in addition to 70 specific projects in the field of technology, for which they hope investment deals can be signed worth almost $1bn.

Most important, Kigoda stressed, was the government's aim of creating confidence among the potential foreign investors.

Among the biggest concerns foreign investors have regarding investment in Tanzania has long been the high level of corruption in the state apparatus. But since President Benjamin Mkapa took over leadership a year ago in Tanzania's first multiparty democratic elections, the government has launched an aggressive campaign to crack down on graft and a number of former senior officials have been forced to "retire in the interest of the public", according to a foreign observer.

Progress has been made in developing economic reforms, and donor agencies and foreign investors already in the country agree that while a lot remains to be done, Tanzania seems to be on the right track.

A long-term foreign investor said: "There seems now to be a possibility to really get things moving."
Tanzanian success prompts IMF to reopen credit line and extend S235m loan

MARK DODD

Dar es Salaam — The IMF has approved S235 million in financial aid to Tanzania, restoring credit cut off in 1992, Festus Osunsade, a senior IMF representative, said on Sunday.

The IMF suspended credit to Tanzania following allegations of corruption, including a huge import-tax fraud.

Osunsade said the IMF’s executive board had given approval for the loan, part of the fund’s enhanced structural adjustment facility (ESAF), on Friday. The first instalment of S40 million will be handed over next week.

“The commitment of ESAF loan resources represents an expression of confidence by the IMF in the economic and financial policy agenda of the (President Benjamin) Mwami administration,” he said.

He said the move followed a sustained improvement in Tanzania’s economic and financial indicators since January.

Improvements included cut inflation and a slowdown in the expansion of domestic money supply in relation to the availability of goods and services. Osunsade said the loan would help unlock extra financial assistance and external debt relief.

He said the IMF would monitor Tanzania’s compliance with the provisions of the agreement closely, and the loan would be phased in in line with continuing implementation of reforms.

Particular scrutiny would be given to the government’s spending programme to ensure budget estimates were adhered to.

The government’s goals include 6 percent annual growth by 1998-99, 5 percent inflation and an external current account deficit of 13.3 percent of GDP, down from 20.6 percent.

In September, inflation was 18.8 percent, down from a peak of more than 43 percent in 1994.

“They’ve been put on a test. The IMF will inform the international community of Tanzania’s adherence to the conditions,” said Osunsade.

Government officials were ecstatic with the agreement.

“Tanzania’s economic reform programme has always been dependent on foreign aid so we really welcome this decision,” said one senior official at the trade ministry.

“We have to get foreign capital into the economy and this could really help stimulate growth to the national budget.”

One foreign banker said the credit was crucial for Tanzania’s economic development following the start of liberalisation reforms in 1996, when the socialist policies of Julius Nyerere, the founding president, were scrapped.

“I think it is very necessary for Tanzania to have the support of the IMF. I believe the IMF is quite happy with Tanzania’s performance because they have applied a very strict programme on Tanzania in order to get the loan,” said Steven Forster, a senior manager of Stanbic bank based in Dar es Salaam.

The decision would probably trigger a soft loan of S100 million from the World Bank and the Paris Club of donors could agree to more than S220 million in debt relief, Osunsade said. Tanzania’s net foreign debt is about S7.8 billion.

Mwami left on Sunday for visits to Britain and Italy. He was expected to press Britain for debt relief and attend the World Food Summit in Rome.

One of the world’s poorest countries, Tanzania enjoys a reputation as a stable, peaceful democracy with vast potential in minerals, agriculture and tourism. — Reuters
Dar es Salaam — Tanzania may be on the brink of unprecedented development if investment pledges worth $786 million secured at a recent international forum here are forthcoming.

The pledges were made by more than 400 foreign investors representing 223 companies attending the country's first international investment and technology forum which ended on November 8.

Pledges covered a wide range of sectors, including mining, manufacturing, energy development and tourism. At least four joint-venture agreements and 75 letters of intent were signed by local companies and state bodies.

The forum was organised by the government in cooperation with the United Nations Industrial Development Organisation and the United Nations Development Programme.

An official of the Tanzania Investment Promotion Centre said: “Now it’s up to the government to provide the environment so that the investors are encouraged to make good on their pledges.”

Analysts said, however, the pledges fell far short of the government’s expectations.

Proposals for a total of 102 projects worth $1 billion had been sent to investors before the forum.

According to analysts, the shortfall may have been caused by lingering doubts about the country’s uncertain investment climate.

Bureaucratic delays in processing of licences, excessive taxation and runaway corruption in government remain major stumbling blocks to investment. — Independent Foreign Service
Law society leads crusade for new constitution in Tanzania

**BY LAWRENCE KILAMVKO**
Dar es Salaam

The Tanganyika Law Society (TLS) is spearheading a crusade for a new constitution in Tanzania, calling for a decentralisation of executive powers.

Issa Shivji, a law professor with the University of Dar es Salaam, says it is time for Tanzanians to discuss a system of government that does not create dictators through the ballot box.

Addressing a workshop on Constitutional and Legal Making Process in Tanzania, organised jointly by TLS and the German Friedrich Ebert Stiftung Foundation, Shivji said under the present system it was difficult to challenge presidential results in court.

"The executive presidential system in Tanzania’s constitution allows the president to wield enormous powers, making him an elected dictator," says Shivji.

Other weaknesses in the constitution include the lack of proportional representation, the right to recall and discipline MPs who fail to deliver and the Local Governments Act, which allows the minister responsible for regional administration and local government to dissolve district, town municipal and city councils.

George Chete, an expert on local governments, says no matter how weak a local authority may be, it is undemocratic to dissolve it without consulting those responsible for putting the body into office. He says the constitution must be decentralised so that people at the grassroots level have a say in the management of their affairs.

Robert Makamba, law lecturer at the university, told the workshop that outdated legislation, such as laws forbidding private presidential and parliamentary candidates, were proof of the dire need for a new constitution.

He said the right to stand for election should not be confined to only four million Tanzanians who belong to political parties.

As the law stands now, a total of 20 million are excluded from standing in any election. Under the present constitution the president is also the head of state, commander-in-chief of the armed forces and chief employer.

"All these make the president more powerful than all the MPs put together," says Shivji. He suggests four steps towards the introduction of a new constitution.

"The first is a national convention which will draw a spectrum of interests from all walks of life and will act as a bridge for the next stage," he said.

The setting up of a constitutional commission charged with the task of drafting the constitution based on the major principles from the national convention is the next step in the process.

The third, says Shivji, is the constitutional assembly which will discuss and adopt the draft constitution. The final stage involves a referendum.

"These four stages are extremely important because they provide civic education through meetings and conventions and finally through the referendum in which the whole nation is involved," he said.

Professor Mwesigye Buregu, a political scientist, says there are various reasons why Tanzanians should participate in writing their new social contract.

Firstly, Tanzanians never had the opportunity to write a constitution of their own, as the 1961 independence constitution was imposed by the departing colonial rulers. As a nation Tanzania needs a vision," he said.

Price Bagenda, co-ordinator of Africa Political Risk Group Analysis, says a new constitution is necessary to cope with new economic and political forces. - Star Foreign Service/AIA.
Tanzania seeks magic formula

JOE KHAMISI

Nairobi — Tanzania is looking for a magic formula in a draft blueprint, which officials hope could extricate the country from its economic stagnation.

Known only as Tanzania’s economic vision, the blueprint is the result of months of soul searching by the Economic Research Fund, a Dar es Salaam-based, non-governmental think tank.

Government and research fund technocrats who attended a meeting in the north-eastern town of Tanga, in September, agreed that past formulations devised and backed by donors and multilaterals had failed to spur growth.

Since abandoning socialism for free enterprise in the mid-1980s, Tanzania has adopted three significant restructuring programmes to no avail.

The National Economic Survival Programme, the Structural Adjustment Programme and the Economic Revival Programme, all are blamed for deteriorating living standards in the country.

In trying to balance the budget, government expenditure on social services was reduced, making health and education prohibitive to the majority.

Inflation boosted by high fuel costs has rendered even the basic necessities beyond the reach of most Tanzanians.

Consequently, Tanzania, a country of nearly 30 million people, is listed by the United Nations as one of the poorest in the world with a per capita income of about $100.

Analysts appear confident the new initiative will reverse the trend and get the country back on track.

Details of the new plan remain sketchy but sources within the research fund say the blueprint emphasises the revitalisation of the key agricultural sector devastated by years of socialist policies, the removal of bureaucratic bottlenecks hindering trade and investment, the creation of employment generating projects and the renewal of management discipline in the public sector.

It also suggests measures to reduce inflation, cut budget and trade deficits through better fiscal management and how to move away from donor dependency. — Independent Foreign Service.
More than 500,000 Tanzanians face famine

Dar es Salaam - More than half a million Tanzanians are facing famine because of severe drought, Agriculture Minister Paul Kimiti told the National Assembly this week.

Kimiti said up to 470,000 people would have to be given food assistance because they did not have the means to provide for themselves.

He said lack of rain between October and December in northern Tanzania and the coastal belt region had led to a food production shortfall of 720,000 tons, including 580,000 tons of grain, 70,000 tons of beans and 80,000 tons of other food crops.

He said the northern and northeastern Lake Victoria regions had received only 22% of the usual annual rainfall last season.

"Predictions show that there will be less rain again in most parts of the country this year," Kimiti added.

He said that 83,400 tons would be immediately sent to needy regions and assured lawmakers that the country's food reserves would not be affected. - AFP
Drought threatens Tanzania's cotton cash crop

Low rainfall figures for area around Lake Victoria could reduce production by about 80,000 bales

AFRICA BUSINESS

Mark Dadoo
Tanzania is confident things will go better with Coke

JOE KHAMIJI

Nairobi — With the recent inauguration of the $35 million bottling plant in Tanzania by Coca-Cola, a regional war has begun between the US soft drinks manufacturer and its arch-rival Pepsi.

The plant is one of the most modern in sub-Saharan Africa, excluding South Africa. It is a joint venture between the South Africa-based Coca-Cola and local entrepreneurs.

The huge plant at Mikocheni Industrial area in the financial capital Dar es Salaam includes a training centre for Coca-Cola personnel from across the continent.

President Benjamin Mkapa, elated at the facility which would initially produce 10 million cases a year, said the venture was a vote of confidence in the country's economic policies.

Coca-Cola was encouraged to invest in Tanzania by new regulations that offer a five-year tax holiday incentive to all new investors.

"A (leading) reason for our global success is that we are committed to the economic success of every market for the long term," said Douglas Ivester, the president and chief executive for Coca-Cola globally.

"The revitalisation of our business in Tanzania is an integral part of our long-term strategy plan to put our products within an arm's reach of the African consumer."

The entry of Coca-Cola to the once-closed socialist market comes shortly after RJ Reynolds, the global cigarette manufacturing company bought shares in the Tanzania Cigarette Company.

Analysts say American companies are impressed with Tanzania's liberalisation programme and see the country of nearly 30 million people as a potentially lucrative market of the future.

The local Coca-Cola franchise, Kwanza Bottlers, recently changed its name to Coca-Cola Kwanza Bottlers to underscore the full participation of the global company. It has the franchise to sell brand products in Dar es Salaam, Zanzibar, Tanga and Mboya.

"The opening of this plant is a testimony to the confidence the Coca-Cola system has in the future development of this country," said one official.
Official figures shows drop from 18% to 14% in six months

Tanzania’s success in cutting yearly inflation impresses visiting IMF team

Investment code would put cap on state ownership

MARK DODD

Dar es Salaam — Tanzanian success in cutting yearly inflation to 14 percent from 18 percent over a six-month period ranks among the best economic achievements in Africa, a senior IMF official said last week.

But Goodall Gondwe, the IMF’s deputy director for Africa, and his visiting team called for continued fiscal discipline from Tanzania’s government.

Gondwe’s team also expressed concern about the pace of Tanzania’s privatisation programme and delays in implementing cuts to Tanzania’s bloated civil service.

Latest figures from the central Bank of Tanzania showed a drop in yearly inflation to 14 percent in January from 15.4 percent in December and 18 percent in August last year. Yearly inflation in January last year ran at 25.1 percent.

“This has been the best we’ve seen so far for Tanzania, and compares favourably with the better performers in Africa,” Gondwe said.

“It is hoped this performance is maintained as it could change very dramatically if discipline relaxes.”

Gondwe heads a team of experts reviewing Tanzania’s economic progress over a six-month period after restoration of IMF credit in November. He said progress included cutting money supply and improved balance of payments.

JOE KHAMEI

Dar es Salaam — In a move to put a cap on state ownership of property the one-party socialist Tanzania is drafting an investment code that will rule out compulsory acquisition of private firms by the state.

The code would be submitted to parliament in April as part of a comprehensive investment bill intended to woo investors.

During the socialist era of former President Julius Nyerere, hundreds of private enterprises were nationalised by the state. But the plan, initially intended to centralise the means of production and make ownership of business indigenous, failed miserably as laxity set in and production declined.

The nationalised firms became looting grounds for politicians and government bigwigs. Scores of enterprises, including banks, collapsed.

The government has been trying to sell off some 200 such parastatals which have been draining the economy through massive subsidies. The socialist policies of the 1970s are largely blamed for the waves of poverty in a country endowed with vast natural resources.

The draft code states that no enterprise shall be acquired, nationalised or expropriated except in exceptional cases of public interest. In such a case, full and fair value of compensation would be paid. Where there was a dispute, it would be referred to the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes.

The code is part of an overall process to restrict investment regulations which have been under discussion since Benjamin Mkapa became president a year ago.

Independent Foreign Service

Tanzania posted a trade deficit of $331.1 million in January, a fall of 78 percent compared with $94.9 million for the previous month.

“Balance of payments particularly, with reserves improving very substantially from 9.1 weeks of imports (August last year) to close to 15.7 weeks in January (this year). That’s a good six-month result,” Gondwe said.

Government revenue collection also increased and exceeded the benchmark target for Tanzania’s Enhanced Structural Adjustment Facility for the six months to December 31 last year.

Actual revenue collected totalled 272 billion shillings compared with a target figure of 245 billion shillings.

Gondwe said the privatisation programme, part of the structural facility benchmark requirements, had been notable for its absence of large-scale parastatals, listing Air Tanzania, Tanzania Harbour Authority and Tanzania Telecommunications, the state telecom monopoly.

“We (IMF) thought things could have gone better on the privatisation side. The sort of companies they are privatising were the smaller ones, and one would like a bigger impact on the economy by privatising the larger ones.

“Now, they’ve very much at the early stages of that, and unfortunately when we came before (November last year), they were still at the early stages. We don’t think they’ve progressed much on that subject,” Gondwe said.

He said despite these concerns Tanzania was on target to receive its second structural facility tranche, which was worth $35 million.

Last November, the IMF approved $90 million in credit after severing its support in 1992 because of a tax scandal.
Cautious response to privatisation programme

Dar es Salaam — Tanzania’s government plans to privatise water distribution and other public services, but this has led to calls for caution from economic and political analysts, who warn of overoptimism.

Parliament is debating the sale of the National Urban Water Authority first, to be followed by electricity, telecommunications and transport.

Professor Mark Mwandesya, the chairman of the Centre for Energy, Environment, Science and Technology, says the government must be very cautious.

“Divestiture of utilities taken over in the present form means a transformation from state monopolies to private monopolies,” says Mwandesya.

He says that although the country is switching to a free market, an unfettered approach will inhibit investment, and the country might find it impossible to finance large projects.

His reasoning is that the organisations will have to deal with thousands of individual consumers, leading to a waste of time and effort and making the organisations unattractive to private investors.

Mwandesya says a national company should be formed to sell supplies, with smaller regional companies to be the link with consumers.

At a conference in Dar es Salaam to discuss the proposals there was agreement on one point, that the government should be a policeman by keeping watch over utilities and allowing private companies administrative control rather than outright ownership. It was also suggested that the government and private companies could split control between them.

George Mbewe, the chairman of the commission overseeing the sale of the utilities, says they urgently need to be overhauled and that deteriorating infrastructure has deterred foreign investors. If there is no improvement, investors will continue to stay away, he says.

The government seems determined to make room for the private sector in the provision of water services.

The National Investment Promotion Protection Act, no 10 of 1990, which identified the provision of water as the exclusive preserve of the public sector, is being amended to allow private involvement.

The move to privatise the water sector has come at a time when towns are facing huge water shortages because of a combination of drought and the lack of planning by the government.

In the capital, Dar es Salaam, the sole water supply has almost dried up and Pius Ng’wandu, the water minister, said recently the government was now thinking of desalinating water from the Indian Ocean for the city’s 3 million residents. Only 180 million litres a day is being pumped instead of the 400 million needed. Much water is lost because of burst pipes.

The main brewery has had to reduce production because of the water shortage, losing the government US$825 000 a week in excise duty. Residents now have to resort to buying water from street vendors, at $0.66 a bucket. — Africa Information Afrique
Drought ‘could hurt Tanzania’s books’

DAR ES SALAAM — Drought sweeping through East Africa has hurt many sectors of Tanzania’s economy, ranging from soft drinks and beer to coffee and cotton, and triggering fears of a difficult balance of payments (BoP) position.

Tanzania’s worst drought in 40 years has left many parts of Dar es Salaam without water for weeks. Three-quarters of the city’s 3-million people rely on water from the Rufu catchment, which is now at perilously low levels.

“We’re living from day to day. There is no water to be purchased. It (drought) has affected production a lot,” said Humphrey Van Dormarwe, technical manager at Coca-Cola Kwanza, Tanzania’s biggest soft drink plant. The Dar es Salaam plant opened only last month and is one of the most modern in Africa. Water shortage has caused production to stop on several days.

“We’ve stood still on days. That is linked directly to the drought,” he said. The water shortage had become so severe the company was considering buying a $2.5m deaumating plant. Kwanza lies close to the Indian Ocean sea front.

Tanzania’s biggest brewer, Tanzania Breweries (TBL), said production had fallen due to the acute water shortage. TBL’s chief executive director Danie Niemandt said “a huge water scarcity” last month caused a double problem for the recently privatized company.

The plant could barely keep up with packaging and had failed to meet local demand. The water shortage has also forced a temporary halt to brewing operations.

“We’ve had 12-15 days; that’s half a month where we haven’t had any production at all. This business cannot exist without water,” he said. Niemandt said TBL had spent $100 000 on sinking five boreholes and another $600 000 on purchasing a water treatment plant.

In the northern town of Moshi, senior coffee trader Nitesh Virji of the Uneximp group said annual coffee production of mild-washed arabicas would be affected by the drought. “We haven’t received the short rains due in December,” he said.

“Production would be affected. During the flowering period rains are essential and this has not happened,” Nitesh said.

Coffee is Tanzania’s main export earner with annual production expected to slump this season to about 41 000 tons worth an estimated $95m, from a peak averaging 55 160 tons between 1981 and 1985.

In nearby Tanga several tea estates have also reported a fall in production due to the effects of the drought.

Drought would also cut output of cotton, Tanzania’s second biggest agricultural earner, said Tanzania Cotton Lint and Seed Board GM Ali Ngongolo.

Low rainfall around the cotton-growing area at Lake Victoria could see production fall to 300,000 bales for the 1996/97 crop season against 430,000 bales worth $109m in 1995/96.

A representative of the International Monetary Fund in Tanzania said the effects of a prolonged drought could also dent the country’s improving balance of payments.

“The government may be forced to call on the Bank of Tanzania for foreign currency to finance imports of food.” — Reuters.
Air Tanzania spurns merger

DAR ES SALAAM — State-owned Air Tanzania’s (ATC’s) chairman has rejected talk of merging with Uganda Airlines and Alliance Air as there are no legal provisions to allow it.

“We cannot merge because there is a law — an act which established Air Tanzania — and it does not allow a merger. The law is still operational unless the parliament amends the law,” ATC chairman Abbas Sykes said on Tuesday.

He said any ATC merger deal should involve a reputable international carrier such as Deutsche Lufthansa or British Airways.

“That would be ideal; they have got the muscle. You cannot survive if you are both weak.

He cited the partnership between Kenya Airways and Royal Dutch Airlines KLM as an example of the sort of merger preferred by the ATC board.

Sykes was speaking in reaction to a proposal last month endorsed by Tanzanian Transport Minister William Ruminia for a merger of the national carriers of Uganda and Tanzania with Alliance Air, which Uga-
British stay wary of Tanzania

DAR ES SALAAM — British businessmen saw great potential in Tanzania, but progress there was hampered by choking bureaucracy and a complicated and inequitable tax regime, business leaders and analysts said.

They said bureaucracy and inertia meant there still was no evidence of an investor stampede for Tanzania yet. Uganda's progress was hampered by infrastructure problems and Kenya was still the region's economic engine.

Chris Buckmaster, head of the London-based Eastern Africa Association, said the British business lobby welcomed moves to review regional economic co-operation to boost intraregional trade.

Created in 1964, Buckmaster's group consists of 170 companies with interests in East Africa. They represent banking, mining, agriculture, manufacturing, transport and other sectors and range in size from multinationals to small family businesses. More than 70% of the group's members are British.

Buckmaster was sceptical about talk of trade liberalisation in East Africa. He said if that happened, Ugandan and Tanzanian manufacturing would be crushed in an avalanche of Kenyan goods.

"If Uganda and Tanzania remove all duties on Kenyan goods by 1999, a lot of industries in Uganda and Tanzania will fold — they just couldn't compete. That is the strength of Kenya. It is a more diversified and successful economy," Buckmaster said.

Kenyan exports to Uganda totalled $279m in 1985 and $229.8m to Tanzania last year.

"I remain an unabashed bull of Kenya. The fact is the economy does function in Kenya," Buckmaster said.

"Kenya has gone faster in lowering duties according to the COMESA (Common Market of Eastern and Southern Africa) treaty.

"Kenya is able to do this because exports to neighbouring states show they are much more efficient in production. That reflects the economic dominance of Kenya over the other two," Buckmaster said.

However he also praised economic reforms in Tanzania: "The medicine they're taking is the correct medicine."

He urged continued fiscal discipline in government, saying investment would start to flow "if the people have confidence inflation will continue to drop and be held down, and the state keeps control on revenue (collection) and expenditure."

After ditching central planning in the 1980s, gross domestic product (GDP) growth in Tanzania is averaging 4.5% annual inflation is running at 14% compared with 25% one year ago, the currency is stable and reserves are up.

Buckmaster saw Uganda's economic prospects as bright, because President Yoweri Museveni's country started to see the benefits of a harsh fiscal programme started five years ago and implemented it regardless of any political fallout.

"People are correct in rating Uganda more highly even though the potential in Tanzania is greater. That perception would be substantiated by the fact that Uganda has 7% GDP growth."

With a smaller economy and smaller population, it had attract greater investment, although the hydroelectric sector still had problems, he said. "All the indications are Uganda will be short of power for at least (another) five years," he said. — Reuters.
Tanzania’s economic reform ‘a tightrope act’

ADDIS ABABA — Tanzania was walking an economic tightrope, with only 20% of tax revenues available to run the government and develop infrastructure, Finance Minister Daniel Yona said.

Under a programme of donor-backed economic reform the government was spending only what it could raise in cash.

Of the average 45-billion Tanzanian shillings collected in taxes each month about 40% went on debt servicing and another 40% on salaries of state workers, Yona said in the Ethiopian capital of Addis Ababa where he was attending a financial conference.

"With a cash budget, we spend what we collect. There is no deficit. But for a government to run on only 20% and carry out development programmes, it is really a tightrope.

"It is very hard on our people. It is hard for a government to tell its people there is simply no cash."

Yona said that the sale of public companies, originally listed at 400, was well on course with 150 sold so far. But he said the big ones, such as telecommunications and power, were still to go and Tanzania was interested in offers.

"We want to speed up the process. The longer it takes the worse the institutions get." In the case of the telecommunications company, the government was still not sure what percentage it wanted sold. So far 50,000 jobs had been slashed from a 350,000-strong public service and donor support for retrenchment had helped the programme move along "very fast".

A lack of public awareness had delayed the establishment of the Dar es Salaam stock exchange, although the regulatory Capital Markets Authority was in place and brokers and dealers had already been trained on market procedures. "It will be open this year, exactly when I couldn’t say.

But it served no good purpose opening up the exchange with public awareness still too low. "Now we have literature explaining the stock market being distributed," Yona said 13 companies, including the Tanzania Cigarette Company, Tanzania Breweries, General Tyres and Tanzania Oxygen, would be the first to be listed when the exchange was opened.

Tanzania was drawing from a three-year International Monetary Fund soft-loan facility worth $240m. About $40m had already been disbursed and another $40m was expected in six months provided Tanzania stayed on the path of reform. — Reuters.
Tanzania walks tightrope on a shoestring budget

Addis Ababa.—Tanzania is walking on an economic tightrope, with only 20 percent of tax revenues available to run the government and develop infrastructure, Daniel Yona, the finance minister, said yesterday.

Yona said in the Ethiopian capital of Addis Ababa, where he was attending a financial conference, that under a programme of donor-backed economic reform, the government was spending only what it could raise in cash.

Of the average 45 billion Tanzanian shillings (about $3.3 billion) collected in taxes each month, about 40 percent went on debt servicing and another 40 percent on the salaries of state workers.

"With a cash budget, we spend what we collect. There is no deficit. But for a government to run on only 20 percent and carry out development programmes, it is really a tightrope," Yona said.

"It is very hard on our people. It is hard for a government to tell its people there is simply no cash."

He said 100 of the 400 public companies originally listed for privatisation had been sold. But the big ones, such as telecommunications and power, were still unsold and Tanzania was interested in offers.

So far, 50,000 jobs had been slashed from a 350,000-strong public service and donor support for retrenchment had helped the programme move along "very fast."

A lack of public awareness had delayed the establishment of the Dar es Salaam stock exchange, but it would be opened this year.

Yona was in Addis Ababa to attend a meeting of African finance ministers focusing on debt and financial reforms.—Reuter
Tanzanian coffee in need of a rescue plan

Moshi, Tanzania — Tanzania’s annual coffee production, in decline and handicapped by drought, ageing trees and poor husbandry, could be restored to 60,000 tons a year in under five years, Jeremy Lefroy, managing director of the Moshi-based African Coffee Company (ACC), told Reuters at the weekend.

Lefroy sits on the Tanzania Coffee Board and is secretary of the Tanzania Coffee Association, formed in February as the lead industry voice. Its members include local traders, exporters, growers, co-operatives and agents.

At its peak in the mid-1990s, Tanzania produced around 68,000 tons of coffee a year, with production averaging 55,160 tons between 1991 and 1985.

However, production has slumped over the past decade, with the 1995/96 (October/September) season forecast between 41,000 to 42,000 tons worth about $10 million. This compares with 63,000 tons in the 1995/96 crop year.

Tanzanian coffee is the country’s agricultural mainstay. Premium-quality mild-washed arabicas grown around the foothills of Mount Kilimanjaro account for 90 percent of the country’s arabica coffee, which in turn accounts for 75 percent of total Tanzanian coffee output.

Lefroy listed several preconditions for achieving the production objective: an increase in seedling production, farmer education, inputs, research and development of disease-resistant coffee trees, and the rehabilitation of estates and farms.

“If we go for all these (conditions) then we could see Tanzania back up to 60,000 tons in under five years,” he said.

A key element in the strategy involves a massive replanting scheme to replace the bulk of the country’s ageing arabica coffee trees.

In the northern zone, most of the trees are about 50 to 60 years old, well past their productive prime, while some are 100 years old and date back to the German colonial period.

Lefroy said farmers should be encouraged to replant at least five percent (“ideally 10 percent”) of their trees every season “for the next twenty years.

“If we could replant 60 million over the next 10 to 20 years then we get Tanzania back to 60,000 tons a year,” he said.

High-level industry sources said Tanzania is capable of producing in excess of 100,000 tons of coffee a year.

Tanzania’s arabica coffee is well-regarded and enjoys a reputation of being among the world’s best, traders said. “It is considered one of the top three coffees in Japan.

“There is progress being made on quality, and this is reflected in premiums over the New York market,” Lefroy said.

The ACC and coffee house C Dorman are looking at a joint venture to rehabilitate several coffee farms in the Kilimanjaro region, Lefroy said.

“This country used to have a reputation for producing among the world’s best coffee. It can still get there but it will take some time,” said a senior official from C Dorman.

About 90 percent of Tanzania’s coffee is grown on smallholdings averaging from half to one hectare.

Arabica production involves some 20,000 families who usually interplant their crop with bananas for extra cash.

Tanzania’s arabica coffee is thought to have been first introduced in the 1890s by Jesuit priests from Reunion Island in the Indian Ocean. — Reuters
Fights for food as starvation hits Tanzania

DAR ES SALAAM - Villagers in the area near Arusha in northeast Tanzania are fighting with wild animals for food and water as the worst drought in 40 years sweeps through the area.

In one such encounter a 16-year-old boy was injured by a buffalo while both were searching for water.

"Wild animals and human beings have been fighting for water," says a resident of the village of Lendikinya, one of the worst affected.

According to Mbina Simango, a village leader, people are fighting each other. "It is a matter of survival of the fittest."

Four children in one village starved to death.

Women are reportedly walking up to 20km in search of water and one village was invaded by buffalos looking for water.

Thousands of wild animals and livestock have already died and, according to one district commissioner, there are so many zebra and gazelle corpses scattered throughout some game reserves that even the hyenas are unable to polish them off.

Cattle have become so thin that their price has fallen by 70 percent to 26,60 a head.

The nomadic Massai herders are reported to have moved with their cattle to other areas, leaving behind women and children - some of whom are said to be starving.

The local member of parliament says schools may be forced to close and all 48 dams in the area have dried up.

The Tanzanian government is supplying 10 000 tons of food aid, while international agencies are donating another 33 000 tons. - Africa Information Africa.
Kenya, Tanzania in row over maize seed

Robert Otani

Kisumu, Kenya — A row over Tanzania’s importing of sub-standard maize seed varieties is dampening the new spirit of co-operation in east Africa.

In January last year, Tanzania’s agriculture and livestock ministry banned the importing of two maize seed varieties from the state Kenya Seed Company because the importers had breached government regulations that any seed from outside the country be tested for three years before import approval is given.

Kenya Seed has been unsuccessfully canvassing for the lifting of the suspension.

Seed imports are tested to verify if they are true to type; to establish their suitability for a particular environment; and to ensure they are free of disease.

Lambadha Nungu, a seed technologist at the Tanzanian agriculture ministry, said recently the Kenyan company or its agent had to provide parent lines of the suspended seed varieties for testing.

Paul Kimiti, the Tanzanian agriculture and livestock minister, said: “If we allow the importation of seed without testing it, this will adversely affect maize growing in our country. Things must be done in a scientific manner and with the approval of the government.”

Lawrence Kamau Mugera, a Kenya Seed official, said the banned seed was tested and approved by Kenya’s Tropical Pesticides Research Institute.

In October last year, the Kenyan firm appointed as its agent the Tanzania Farmers Association. Up to the time of the ban, 40,000 tons of the seed had been sold, according to Kenya Seed.

Tanzanian government seed specialists said the farmers’ association was not a legal importer, but a stockist that did not seek government approval to import the seed.

They said laboratory tests carried out by the agricultural research institute when the seed was first imported, under a drought emergency plan in the 1980s, did not include some genetic aspects.

Kenya Seed is under fire from various organisations that claim the company imports and distributes sub-standard seeds.

The Seed Trade Association in Nairobi is concerned over the company’s importing of low-quality varieties of seed that have not been tested by the Kenya Agricultural Research Institute but are being sold to local and foreign farmers.

JL Shah, the secretary of the trade association, said it had received complaints from overseas buyers about the flagging standards of French beans and Indian vegetables in particular.

The parastatal Agricultural Development Corporation accused the seed company of failing to test the seed it imports, and said that the seed spreads a fungal maize disease.

Walter Kilele, the managing director of the development corporation, said it had lost 54 million shillings (U.S. $44 million) after an attack of the disease on its 176,000 maize crop.

He said the disease affects maize planted from the SC501 variety imported from Zimbabwe three years ago. “The disease has been identified in South Africa, where it is called the grey leaf,” Johnson Thatya, a Kenyan agricultural scientist, said the airborne disease could destroy adjacent fields. — Independent Foreign Service
Drought causes jump in annual inflation

Tanzania's annual inflation, as measured by changes over 12 months in consumer price indices, increased to 17.3 percent in March from 15.8 percent in February, Tanzania's central bank said yesterday in its monthly economic review for April. The Bank of Tanzania said that seasonally adjusted food inflation had risen from 17.7 percent in February to 28.5 percent in March as a result of increased prices of staple foods triggered by a long drought. Foodstuffs account for more than 71 percent of the total weight in the composite consumer price index. The trade deficit was $23.5 million from $29.3 million the previous month. But it was 5.0 percent up on the $224 million deficit in March last year. Export earnings dropped 13.6 percent to $66 million from $76.4 million; Imports rose 16.5 percent to $119.5 million from $102.7 million; a rise of $7.4 percent on March last year — AFP Dar is Salam
Inflation up, but IMF says trend is down

Monthly inflation in Tanzania rose to 17.5 percent in March because of drought in the first quarter of the year but the International Monetary Fund (IMF) said on Friday the overall trend was down.

The Bank of Tanzania in its monthly review said annual headline inflation, as measured by change over 12 months in the consumer price index, increased from 13.8 percent in February to 17.5 percent in March. "Similarly, seasonally adjusted food inflation increased from 17.7 percent in February to 26.6 percent in March due to increases in prices of staple foods following the prolonged drought in the country," the bank said.

Festus Osuusse, the IMF representative in Tanzania, said the IMF did not regard the March inflation figure as representing the underlying inflation trend in this country which was down. "The normal trend is that inflation is coming down, and the drought is not a permanent feature in the economy but an isolated problem," he said. — Reuter, Dar es Salaam.
Fiscal policies vex Tanzanian enterprise's

Nairobi — Tanzanian entrepreneurs are complaining about the government's tight fiscal policies introduced two years ago.

"They affect local businessmen more than foreign investors," said a Coopers & Lybrand survey.

The policies "are inflicting considerable short-term pain on Tanzanian enterprises, particularly those operating outside Dar es Salaam," the survey found.

The less-affected foreign investors were able to expand their businesses because they had adequate capital and enjoyed tax holidays and exemptions, said the survey.

"A non-business-friendly" tax system and the bureaucracy which encouraged corruption were among the leading drawbacks to the growth of businesses, the survey of 123 public, private and foreign firms showed.

Another drawback cited was the high cost of borrowing — interest rates range between 23 and 39 percent. The lack of demand for products and services, high input costs, poor infrastructure, competition, financial constraints and the lack of skilled labour were other complaints.

Entrepreneurs said export growth was being inhibited by crippling taxes, a cumbersome bureaucracy, foreign competition, a lack of export finance, difficulty in finding customers, overvalued currency and poor quality of products.

More than 40 percent of local firms mentioned taxes as the main drawback whereas foreign and public firms did not consider these to be the biggest constraint.

Many firms had been reducing staff levels and were likely to continue doing so. — Independent Foreign Service
Irish firm licensed to fish off Tanzania

Nairobi — An Irish company has been given a licence for deep-sea fishing by the Tanzania Investment Promotion Centre. This is expected to boost the country’s present yearly harvest of 2.3 million kilograms of sea products.

African Fishing, a subsidiary of Tannol Holdings whose majority shareholders are Irish, is the only company in the fishing sector to be so licensed. The firm’s entry is seen as a positive development for the fishing sector, which has the potential of growing by 15 percent a year.

The company will start with six deep-sea fishing vessels, which will later be increased to nine. Each vessel will have a 13-ton capacity a trip. However, before the licence becomes operational, the company will have to wait for an environmental assessment from the vice-president’s office.

The project will comprise a fish-processing facility, an animal feed mill, a fish mill plant, fish farming and a fisheries training institute. The total investment will be $201.3 million.

Tanzania’s 800km coastline has the potential to make the country a leading fishing producer in the east African region. However, Dar es Salaam has complained several times of foreign fishing vessels illegally fishing in Tanzanian waters and robbing the country of its resources.

Another recent problem has been a European Union alert to member states that fish from Tanzania, Kenya and Uganda may have traces of the harmful Salmonella bacteria, which, it is claimed, has been detected in the Nile Perch.

Tanzania has about 72,500 fishermen who bring in between 340,000 and 400,000 tons of fish and fish products a year. — Independent Foreign Service
Tanzania plans to polish its gemstones

Dar es Salaam — Plans are at an advanced stage for the construction of a gemstone polishing centre in Tanzania as part of a programme to enhance the country’s marketing potential of minerals, the local media reported.

The reports said a subsidiary of Korea’s Gossam Industrial Group was awaiting final approval to pump $250,000 into the Dar es Salaam project.

The centre will identify, appraise and have lapidary facilities for the cutting and polishing of gemstones. There would also be a training school to teach Tanzanians the modern art of gemstone handling, said Yoo Jeung Sung of the Korean subsidiary, Tan-Kor Tanzania.

These services are presently difficult to obtain locally because of a shortage of gemstone specialists. Prospectors generally prefer to send their material overseas for assessment.

‘Expertise in this sector is so low in Tanzania that dealers spend a third of their working time looking for identification specialists,” Jeung Sung said.

The centre is expected to polish 1,000 kilograms of gemstones a year.

Before independence in 1962, Tanzania was a significant producer of gold, diamonds and a host of other precious and semi-precious minerals. But the industry was run down by the socialist policies of Ujamaa (villageisation), which encouraged collective exploitation of resources as opposed to foreign involvement. This forced multinationals to close down their mines and leave the country.

Reforms that began in 1985 have brought back the big players. There are also hundreds of small-scale, informal miners but these lack tools and marketing outlets.

The government has undertaken restructuring measures including breaking up the monopoly of the State Mining Corporation (STAMICO). Plans are under way to ensure 100 percent private participation in the mining sector.

Independent Foreign Service
Tanzania stands on its own legs

JOE KHAMISI

Dar es Salaam — Tanzania’s macroeconomic policies, which have been accelerated at full throttle by President Benjamin Mkapa’s commitment to the free market economy, are expected to yield significant growth results in the coming year.

However, they are unlikely to ease chronic social ills such as poverty and unemployment nor end basic infrastructural woes.

For the first time in the country’s history, Tanzania will be able to finance 60 percent of its expenditure from domestic savings in the next fiscal year, beginning in July.

This will be a reversal from the past, when it depended on donors for two-thirds of its operational budget.

Between July last year and January this year, the treasury collected 391 billion Tanzanian shillings ($2.64 billion).

It spent 315 billion Tanzanian shillings, realising a saving of 15.8 percent — a near miracle for a country used to living beyond its means.

“This is a record in our history, and it shows the government’s determination to reduce heavy dependency on foreign aid which has characterised our economy for so many years,” Nazroo Malocho, the planning minister, said recently.

This turnaround, though considered modest, was made possible by new revenue collection strategies that were recommended by donors two years ago as part of widespread financial reforms.

Tax evasion has been reduced, although some financial sources say the country has lost 120 billion Tanzanian shillings through tax holidays, equivalent to a quarter of the nation’s budget. Inflation has declined by half to about 13 percent; the balance of payments deficit has been reduced significantly; foreign exchange reserves have doubled to $434 million; and total food production has increased.

But the country of 28 million people still ranks the third poorest in the world. According to the latest World Bank indicators, Tanzania has the third lowest average income, the same level as war-ravaged Zaire, at $120. Mozambique is the lowest with $80, followed by Ethiopia at $100 a year.

Officials from the IMF and the World Bank, meeting in Dar es Salaam recently, advised Tanzania to increase private sector participation in the economy and improve its fiscal and monetary policies in order to win the war against poverty.

To end the absolute poverty that affects more than half the population, they said the economy would have to grow from its present 4.5 percent to 8 percent in the next decade. At the maximum growth rate, the country will be able to increase its average income to $440.

A government blueprint aimed at directing annual budgets for the years from 1999 to 2000 has promised to inject more money into the social sector to fight poverty, unemployment and other social ills.

However, a dramatic increase in growth is considered by some to be a tall order. Professor Samwel Wangwe of the Economic and Social Research Foundation said the country would need strict fiscal and management discipline to maintain the required growth. — Independent Foreign Service
COMPANIES

Tanzania signs oil deal

CANADIAN oil company Canop International had signed a $20m oil exploration agreement with Tanzania, Canadian officials announced yesterday.

Canadian high commissioner to Tanzania Verona Edelstein said the agreement was signed on Tuesday by Canop chairman and former Canadian prime minister Joe Clark and Tanzania's Energy and Minerals Minister Abdullah Kigoda.

The deal brings to four the number of Canadian petroleum exploration companies operating in Tanzania.

"Canop, along with three other Canadian petroleum exploration companies, intends to invest a total of about $100m in exploring for oil and gas in Tanzania within the next year or two," Edelstein said. "They believe the prospects for success over time are strong."

Clark said that Canop's exploration programme would include the reprocessing of seismic data as well as drilling of several exploration wells.

The deal, known as the Production Sharing Agreement, covers the Dar es Salaam platform situated onshore between the mouth of the Ruvi River to the north and the Rufiji delta to the south.

The exploration zone also includes the Mafia basin, which is situated on the broad continental shelf, and the islands east of the Rufiji delta and north of the Songo Songo shelf. Canop International was established early last year by Clark and another Canop principal, Alan Smith, with a mandate to pursue oil and gas exploration opportunities outside Canada.

Other Canadian companies in Tanzania include Dublin International Petroleum, a subsidiary of Tanganyika Oil of Vancouver, and Antrim Resources & Ocelot Energy Incorporated, both of Calgary.

Investment in Tanzania's fledgling minerals sector grew from $15.5m in 1987 to more than $53m in 1992, about 2% of gross domestic product.

The government aims to raise this level to 10% by 2025. — Reuters.
Canadians in oil deal with Tanzania

Dar es Salaam — Canop International, the Canadian oil firm, has signed a $30 million oil exploration deal with Tanzania, Canadian officials said yesterday.

Veronica Edelstein, the Canadian high commissioner to Tanzania, said the deal was signed on Tuesday by Joe Clark, Canop's chairman and former Canadian prime minister, and Abdallah Kigoda, Tanzania's energy and minerals minister.

The agreement, known as the "production sharing agreement", brings to four the number of Canadian petroleum exploration companies operating in the east African country.

"Canop, along with three other Canadian petroleum exploration companies, intend to invest a total of some $100 million in exploring for oil and gas in Tanzania within the next year or two," said Edelstein.

Clark said Canop's exploration programme would include the reprocessing of seismic data as well as drilling exploration wells.

Investment in Tanzania's fledgling mineral sector grew from $15.8 million in 1997 to more than $55 million in 1992, about 2 percent of the country's gross domestic product.

The government aims to raise this level to 10 percent by the year 2005. — Reuters
Tanzania's ports facing a dry future

PAUL CHINTOWA

CT( PR) 13/6/97

Dar es-Salaam— Tanzania's ports, which also serve as gateways to land-locked neighbouring countries, could soon be out of business if the government does not act quickly to commercialise their operations, according to a leading harbours official.

"We have to step up efforts to commercialise and privatise the ports to survive in business," Samson Luhigo, the director-general of the Harbours Authority, said last week.

He said more efficient South African and Mozambican ports were gradually attracting shippers in central Africa who in the past reached the sea through Tanzania.

"But it would take the Harbours Authority more than commercialisation to increase revenue from cargo handling. We have to satisfy the needs of our clientele," said Luhigo.

He said the authority's plans to raise productivity included trimming the 4,200 workforce and minimising operational costs at Dar es Salaam, Mombasa and Tanga. About 400 workers face retrenchment this year.

Dar es Salaam, along with the ports of Mombasa in Kenya and Maputo in Mozambique, is set to benefit from an African ports commercialisation programme spearheaded by the UN Economic Commission for Africa.

"Privatisation and commercialisation of state-run enterprises is new in Africa. We have been learning the process from Europe where it took off at a different economic level," a commission official said.

— Independent Foreign Service/AAA
World Bank gets tougher on Tanzania

Mark Dodd

Dar es Salaam - The World Bank warned Tanzania yesterday it would only pay the first instalment of a key credit if the government restructured the National Bank of Commerce (NBC).

Tanzania said yesterday it would delay restructuring the NBC, its largest commercial bank, until September to consider how best to go about it.

The World Bank's board approved a $125 million structural adjustment credit last Friday. However, they said the bank would only pay when Tanzania restructured the NBC, said Ron Brigish, the Tanzanian representative of the World Bank.

The first tranche of SAC is $50 million for balance of payments support with the release date at the bank's discretion. In total, $25 million is earmarked for the NBC's restructuring.

Brigish said he understood a government request for time to build a political consensus on restructuring, but said the issue was seven years old.

"We are basically saying the timetable is not the issue. The issue is action. We will release funds when privatisation and restructuring action are undertaken," Brigish said. "We think restructuring should take place as soon as possible."

The World Bank wants Tanzania to split NBC's assets and distribute them to holding companies or new institutions. Under this scheme, NBC would be broken into three smaller banks focusing on trade, regional and micro-finance respectively.

But Tanzania has postponed the restructuring from July 1 until September to allow time to look at other strategies, said Patrick Chokala, a presidential spokesman.

The breakup of NBC is proving difficult politically, with vocal opposition from the bank's supporters. - Reuters
Tanzania to Launch VAT Cautionary

AFRICA BUSINESS

TAXATION The implications of the new system are generally not fully understood.
Outrage at Tanzanian water tax

Dar es Salaam — The Tanzania Water Bottlers' Association said yesterday a new 25 percent sales tax on bottled water was a threat to public health.

"In our nation it is more than evident that clean drinking water is not available. Therefore bottled drinking water is a necessity and should not be compared and taxed in the same manner as soft drinks," the association said in a statement.

It said this sales tax would force the majority who would not afford it to consume unhygienic water.

Despite massive foreign aid, over the last 30 years the capital Dar es Salaam remains without an adequate water supply. Outbreaks of cholera and diarrhoea from contaminated water or food are commonplace in the east African nation.

Financial analysts were surprised at the announcement of a 25 percent sales tax on bottled water, given the low level of duty and sales tax on locally made alcoholic beverages.

The association said it hoped the government would reconsider the tax introduced in last week's Budget statement and "balance out carefully the social need to make available safe drinking water to everybody".

A pint of locally produced drinking water retail for 500 shillings, about $3.
Media and trade unions unite for workers' cause

The media and trade unions in Tanzania have united to champion the cause of workers' rights now that private enterprise has taken over control of the economy from the government.

Under a US$100,000 programme financed by Swedish aid, seminars are being held at media offices to promote the trade union system while also pressing for improved rights, working conditions and salaries. The media has been picked as the first target in a wider campaign because of the emergence of a free press in recent years, following the lifting of government controls on the economy. The number of journalists has grown from 200 four years ago to 600, but there are still low rates of pay and journalists' trade unions have little power.

Late last week, Tanzania's Association of Journalists and Media Workers said: "All newsrooms, be they television, radio, or newspaper, are littered with injustice, bad working conditions, poor pay, discrimination in employment, and promotion, insecurity of employment, and women who get forgotten when it comes to promotion." — Independent Foreign Service/AIA, Dar es Salaam
Prawns could save or sink Tanzanian economy

Lawrence Klimwiko

Dar es Salaam — A proposed prawn farming project along Tanzania’s richest mangrove forest has aroused strong opposition from ecologists who fear environmental damage.

A private developer, the East African Fishing Company wants to develop a 19,000ha farm along the Rufiji river delta, about 150km south of Dar es Salaam. Total export earnings could be as much as $300 million a year, more than the country’s total earnings from other exports. However, social and environmental experts say the damage to the environment will far outweigh the profit.

“Tanzania is not yet ready for such ‘boom and bust’ type of projects. Tanzania’s coastal ecosystem must be protected even if that means forgoing millions in foreign currency earnings,” says Felician Kilifama, an environmentalist.

“The preparatory work for the present proposal in Rufiji delta has great shortcomings in both social and environmental effects,” says a report prepared by Hakon Ettland from the Mangrove Management Project and Carol Swenson of the Institute of Resource Assessment.

JET, a non-governmental environmental journalist lobby group, has called on the government to insist on an environmental impact assessment on any proposed projects.

“We believe the widespread environmental destruction caused by shrimp farms in the coastal lands in Asia and Latin America is being swept aside by both eager investors and gullible government officials for personal gains,” says Clement Mhamme, JET’s secretary general.

The driving force behind the proposed project is the harvest of 6,210kg of prawns a hectare a year which would be expected from the farm, with most exports going to Europe and Japan.

The developers say the farm will create 2,000 jobs for the local communities and improve social services in the area.

But environmentalists say developers have a record of corruption, mismanaging finances, applying environmentally destructive methods, mismanaging labourers, evading taxes and supplying inappropriate equipment. — Independent Foreign Service/AIA
Anglo buys stake in
Tanzanian venture

David McKay

Anglo American Corporation has bought a majority stake in a project to explore a nickel and cobalt deposit in Tanzania, which could result in the development of a $135m mine.

The SA mining house said yesterday it had signed an agreement with Canadian group Sutton Resources, in terms of which Anglo American would commit $27m towards the development of the project.

Anglo would gain a 60% stake in Kabanga Nickel Company, which holds the project rights.

The Kabanga nickel-cobalt project, situated in northwest Tanzania, estimates that 20-million tons of nickel and cobalt can be mined at grades of 1.65% and 0.14% respectively. The feasibility of the project would take four years to determine.

The total capital investment to establish a mine and facilities at Kabanga was estimated at $135m. The partners intended to bring the mine into production in 2001 if feasible.

Anglo new mining business chairman Robert Danchin said an additional exploration and drilling programme would be undertaken by Anglo. It would be completed in 18 months.

Danchin said Anglo had the technical expertise, financial resources and experience to undertake the project.

The corporation recently established a gold mine, Sadiola Hill, in Mali at a capital cost of $290m. It produced its first gold late last year.

Kabanga forms part of a nickel-ferrous deposit stretching from the Ugandan border in the north to the shores of Lake Tanganyika in Burundi. An initial appraisal identified a mineable resource of massive sulphide deposit of about 12.7-million tons at grades of 2.1% nickel and 0.16% cobalt.
Tanzania aims to raise its coffee exports to Japan

Dar es Salaam — Tanzanian coffee exports to Japan, averaging about 11,000 tons a year, are expected to rise as Japanese buyers are showing an increasing interest, a senior government official said yesterday.

"Japan is the second largest importer of Tanzanian coffee, and it’s growing. But they’re only interested in top-quality coffee — nothing else," Edward Samda, the managing director of the state-run Tanzania Coffee Board, said.

"If we continue to produce more top-quality coffee, I think this business will continue to grow," he said.

Germany is Tanzania’s biggest coffee customer. It bought 14,358 tons of mild-washed arabicas, 439 tons of hard arabicas and 1,732 tons of robusta in 1996. Other top buyers include the Netherlands, Belgium and France.

Samda hosted a nine-man delegation from the All Japan Coffee Association, the country’s leading industry body at the weekend.

The coffee association has promoted Tanzanian coffee in Japan, which has helped to raise Tanzanian coffee exports to Japan from an average of 5,000 tons a year between 1995 and 1997 to an average of 11,000 tons between 1998 and last year, Samda said.

Tanzania exported 65,000 tons of coffee in the 1996-97 season, of which 19.8 percent was bought by the Japanese coffee group.

Samda said total Tanzanian coffee production for the 1997-98 season (starting in November this year) will be about 45,000 tons.

The expected drop in production is a result of the drought which has affected much of east Africa.

The 1996-97 crop is expected to total 41,000 tons, worth $92 million.

The Japanese delegation was briefed in Moshi, Tanzania’s coffee centre, on key measures to boost the production and quality of Tanzanian coffee by providing seedlings and finance for peasant farmers.

Samda said plans were also under way to develop Tanzania’s coffee production — mainly arabicas beans — in Iringa and Morogoro, in central Tanzania, and Kigoma and Mara, in the northwest. Premium mild-washed arabicas accounts for about 75 percent of coffee output.

Experts say Tanzania can increase coffee production, which has declined because of poor plant husbandry, aging trees, intercropping and an erratic supply of inputs.
Tanzania needs partner to help wine industry

Tanzania’s wine industry’s revival could lead to an export drive, reports Maja Wallgren from Dar es Salaam.

TANZANIA’s small wine industry is soon going to see a revival of its red, white and rosé wines, which in the 1970s won awards at international competitions in Madrid.

But the Tanzanian wine producers are looking to SA for joint venture partners to help raise the quality.

“We would like an SA joint venture partner as SA’s experience could help a lot,” said Tanzania Wine Company (Tanwine) GM Doto Mahinga.

“Two new companies have been set up recently to take over and further develop the former state-owned Dodoma Wine Company, which collapsed due to mismanagement and poor economic performance in 1992.”

Earlier this month Tanganyika Wineyards Ltd, a joint venture between Tanzanian and German investors, launched their first bottles of Tanzanian wine from the central Dodoma region in Dar es Salaam. The company has the capacity to produce up to 240 000 litres of wine a year.

At the end of the month Tanwine, a fully owned Tanzanian venture, will launch its first red and white wines.

“The potential for producing good quality wine in Tanzania is high, due to favourable climatic conditions in Dodoma which, Mahinga says, can produce two harvests in a season — a unique incentive in the industry.

The Tanzanian wine industry was set up in Dodoma in 1966 by Italian missionaries who imported European grape varieties such as Makutupora and Alicatic red grapes and Chenin Blanc for the white wines.

Mahinga said Tanwine would launch its new wine in two weeks’ time; one white and one red. “We have the capacity to produce 5-million litres of wine a year, but will start with about 300 000. We plan then to gradually increase the production by about 25% a year over the next two to three years,” Mahinga said.

“The idea is really to have a dual purpose of our business, so we want to export at least 25% of the production from the beginning. But as we increase our capacity the aim is to export a minimum of 50% of production into neighbouring countries like Burundi, Rwanda, the Democratic Republic of Congo, Uganda and Kenya,” he said.

Vusi Kama, manager of SA wine trader Kama’s, who visited Tanzania last week, said his company might be interested in a joint venture deal, but still had to sample the wines, and look at the grapes and the growing areas before making any decisions.

“There are many things which have an effect on wine, such as the soil and the climatic conditions. All we have done at this stage is to establish a contact, but we are staying in close touch with Tanwine.

“It is quite unique to have two harvests, so we are interested in getting some samples and visiting the growing areas.”

The government has given a lot of support to farmers as grapes are the main cash crop of the Dodoma region, Kama said. About 1 500 tons to 2 000 tons of grapes are grown in the region annually and the yield is about 4kg a plant. Red grapes make up about 70% of total output.

The main crop, harvested in the dry season between August and September, had a sugar content of 20%, while a smaller crop harvested during the rainy season in February to March, had a sugar content of 17%.
Dar es Salaam — Frederick Chiluba, the Zambian president, said this week that Tanzania and Zambia had no plans to privatise the financially strapped Tanzania-Zambia Railway Authority (Tazara), financed and built by China.

Addressing a joint press conference with Benjamin Mkapa, the president of Tanzania, at the state house in Dar es Salaam, Chiluba said: “Tazara needs to commercialise and improve efficiency in order to attract business for better performance.”

Saying that measures had already been taken to streamline Tazara’s management, Chiluba cited a previous example where-by cargo took 11 days to reach Zambia from the port of Dar es Salaam. He said it now only took a day-and-a-half to reach Kapiri Mposhi Station, which is on the Zambian side of the border.

“Tazara is still the cheapest route for Zambian cargo. We, therefore, will not entertain any inefficiency. We must work to reverse the negative image that the railway had,” Chiluba said.

Chiluba also reiterated his call to the two countries to stop relying on donor support and work for self-sustainability “to add value to our political independence and sovereignty.”

Mkapa reiterated Tanzania’s commitment to the improvement and modernisation of the port of Dar es Salaam for faster transfer of Zambia’s transit cargo.

Reading a joint communiqué signed by the two presidents, Mkapa further reaffirmed Tanzania’s commitment to smooth operation of both Tazara and the Tazara Pipeline, through which Zambian oil is handled, for the benefit of the two countries.

They emphasised importance of the participation of the private sector in the promotion of trade exchanges between Tanzania and Zambia and urged the two private sectors to boost economic production, trade and investments in agriculture, manufacturing, industry, small-scale mining, communication, transport and tourism.

But they regretted the failure to meet regularly of their joint permanent co-operation commission, established eight years ago to create an environment for promotion and consolidation of bilateral relations in trade, industry, finance and tourism, and they ordered a commission meeting as soon as possible.
Tanzanian Leader in Corruption Dilemma

Policies by acting President Mkapa claims party faithful by inaction he loses votes to opposition

FRANCO BUSINESS
Tanzanian govt seeks consultant on airline privatisation

ED: 19/01/21

The Tanzanian government has invited expressions of interest from consultant firms for the privatisation of its national carrier, Tanzania Airline Services Ltd (TASL).

The privatisation process is in the process of being advertised and several interested parties are expected to respond. The government is seeking advice and guidance on the best way of privatisation.

A recent audit of the national airline showed that the company is facing numerous challenges, including unpaid salaries and pensions, and is struggling to service its debt.
A new gold rush is on — in one of Africa's poorest countries with the world's largest known gold deposit.

Tanzania may soon realize its dream of becoming a major gold producer.
Tanzania calls for foreign agribusiness

From AP-Dow Jones

Dodoma, Tanzania — Frederick Sumaye, the Tanzanian prime minister, has called on foreign investors to get into agribusiness in the country, where drought has resulted in severe food shortages, particularly maize.

Closing a 10-week parliamentary budget session this week, Sumaye said local growers had to modernise and drop old farming practices.

After abandoning several decades of collectivised farming, Tanzania has been struggling to increase agricultural production to feed its estimated 30 million people.

At least 80 percent of the population earns a living from agriculture, which accounts for about 55 percent of the country's export earnings. No more than 8 percent of the country's 365,000 square miles are under cultivation.

Sumaye also said privatisation would be given a big push in the new budget year.
Tanzania ‘may face famine before January’

The absence of rain is threatening Tanzania’s grain reserves, Moyiga Nduru reports from Nairobi

THE threat of famine looms in Tanzania, where the number of persons needing food aid is reported to have risen to 5.5 million.

The United Nations Food and Agricultural Organisation (FAO) said in its latest report by its Early Warning System that the country’s cereal production was expected to decline in the 1997/98 marketing year to 3.41 million tons, significantly lower than the 1996/97 output.

“Good harvests are expected in only limited areas, notably in western parts where rains were normal... There will be a substantial shortfall, forecast at about 1-million tons,” said the report, titled “Food supply situation and crop prospects in sub-Saharan Africa”.

Last week, Tanzania’s government urged its business community to import more food to offset a grain deficit of more than 916,000 tons.

Prime Minister Frederick Sumaye said that if business people failed to do so, the government would take up the challenge.

Of the total amount that needed to be imported, maize — Tanzania’s staple food — accounted for 776,000 tons; Sumaye told parliament in the central Tanzanian town of Dodoma. The shortage had affected 14 regions, he said.

Sumaye’s statement followed the release on August 12 of the preliminary findings of a joint mission in July conducted by the FAO, World Food Programme (WFP) and Tanzanian government in nine of the most affected regions. It indicated that the national maize crop had been poor.

It said Tanzania’s reserve stocks had been depleted to the unprecedented level of 17,000 tons by July. Replenishing stocks has been hampered by stiff competition from private traders, who offer relatively higher prices. Another constraint is low production levels which limit the areas where stocks can be purchased effectively.

The report said the government and WFP allocations were not enough for the most vulnerable people during the next four to eight months. WFP’s food, allocated initially to 200,000 people, is now being shared among a much larger number of persons.

The food deficit has been attributed to the failure of rains, which has also taken a toll on cash crops, particularly cotton and tobacco. This will inevitably affect the incomes and purchasing power of most farming communities.

The FAO and WFP envisage that some parts of Tanzania will face severe food shortages and possibly famine, particularly between now and January next year, when harvests from the short rains are expected.

East Africa as a whole is feeling the impact of a drought that affected not only Tanzania but also Kenya and Uganda this year.

In Kenya, the overall food supply remains low and food prices have increased sharply. Food aid is being distributed in pastoral and agriculturally marginal areas which were most affected by the drought.

An FAO mission to Kenya in April found that domestic availability of the staple, maize, fell short of this year’s requirements by 721,000 tons. Most of the deficit is expected to be covered by commercial imports, leaving a food aid requirement of about 218,000 tons.

Recently, the first FAO-WFP Crop and Food Supply Assessment Mission to Uganda forecast that the country would barely meet its food needs this year, registering small surpluses in only a few crops.

The mission was sent to Uganda in response to crop production difficulties in the eastern and northern districts due to a combination of drought, floods and civil strife.

The situation in the three countries does not reflect the overall picture in sub-Saharan Africa where the FAO says it expects this year’s cereal import requirement to be lower than last year’s by about 21%.

This is a result of the generally satisfactory 1996 harvests in west Africa and parts of the horn, and a relatively good harvest, now nearing completion, in southern Africa.— Sapa-IPS.
Tanzania ties the changes to its communications

African Business
Manufacturers were quick to point out that the power rationing decision was based on the country's energy crisis rather than specific actions by certain users.

Continuing drought in the country's southern highland region has had a significant impact on agricultural production, with a record number of people suffering from hunger. The rationing measures were aimed at ensuring fair distribution of the limited resources available.

The government has declared a state of emergency, with President Nyerere promising to take necessary steps to address the crisis.

Residential and industrial areas were prepared to face the tough situation, with rationing set to continue for an unspecified period. The main concern was the country's power generation capacity, which has been strained due to the ongoing drought.

By the weekend, water levels at the Mtera and Kilimanjaro plants had dropped to critical levels. The Minister of Power and Water Resources, Mr. Mbagwu, said the government was planning to import power from neighboring countries to bridge the gap.

As the population faced rationing, some people expressed concern about the impact on their daily lives. However, many appreciated the measures taken by the government to ensure the country's energy security.
Tanzania declares food emergency, calls for aid

DAR ES SALAAM — Tanzanian President Benjamin Mkapa yesterday declared a national food emergency and imposed a ban on food exports from his drought-stricken east African nation.

In an appeal for help during a meeting with western ambassadors at State House, his official residence, Mkapa said Tanzania’s immediate requirement was 916,000 tons of food with an estimated import value of $14.5m.

Mkapa’s appeal comes a month after the United Nations World Food Programme called for urgent measures to avert severe food shortages and a looming famine in impoverished Tanzania.

Assessment teams had reported last month that residents of many villages affected by food shortages had already started leaving their homes when household food stocks had fallen below minimum levels.

The UN food agency said the government’s Strategic Grain Reserve had fallen in August to an unprecedented low of 17,000 tons.

Mkapa told the envoys that the drought would force changes in forecasts of economic growth and inflation in the 1997/98 fiscal year.

“Taking into account the magnitude in the shortfall in grains, and the large number of people affected, the government has been compelled to declare a national food emergency in the 1997/98 year,” Mkapa said.

Tanzania’s food crisis follows a severe drought which hit much of East Africa last year and earlier this year.

In addition, seasonal rains which effectively stopped in July were well below the expected average. Except for Tanzania’s southern highlands and some pockets in the northeast, rains were erratic and the uneven distribution damaged grain crops. — Reuters.
Food stocks expected to run out this month

3 million face famine soon in Tanzania

MARK DODD

Dar es Salaam — Tanzanian President Benjamin Mkapa said his drought-stricken nation faced famine and appealed to Western donors for immediate food aid.

"I cannot overstate the seriousness of the food shortage, indeed famine, facing a large part of the country," Mkapa said.

"Neither can I overstate the magnitude of emergency assistance we require from any country that has the means to help us."

Speaking to Western ambassadors in Dar es Salaam, he said the food crisis was a result of a debilitating drought which swept East Africa late last year and early this year.

"Trevor Rowe, the United Nations' World Food Programme (WFP) spokesman, said in Rome: "This looks like a very serious emergency." He said 3 million people were potentially affected.

Mkapa made an immediate appeal for 93,000 tons of food aid and said the rest of the shortfall would have to come from external sources.

Speaking from the WFP's headquarters, Rowe said: "We have prepared an appeal and the key issue is how quickly donors respond, because the food stocks in Tanzania are extremely low, 17,000 tons, and they will run out this month.

"It is impossible to predict the exact donor response. Even though overseas development aid has been declining, when you have a real emergency people do respond with their hearts."

Mkapa said his government had been forced to declare a state food emergency. "Taking into account the magnitude of the shortfall in grains and regional spread of food shortages, and the large number of people affected, the government has been compelled to declare a national food emergency."

Mkapa said the country needed $14.5 million in food aid, excluding transport costs.

"It is estimated Tanzania faces a 93,000-ton shortfall in food. "The period between now and December is especially critical and, as such, the urgency of my appeal is very great indeed," Mkapa told the diplomats.

"It is estimated that 10 percent of the food shortage relates to people with no source of income or ability to work for food," he said. "These will require relief supplies of up to 90,000 tons. This is a shortfall that has to be met from external sources."

Mkapa said drought would force changes in forecasts of economic growth and inflation in the 1997-98 fiscal year. Coffee purchases had fallen 21 percent in the period April to August as a result of the severe drought.

Coffee is Tanzania's agricultural mainstay and the single biggest earner of foreign exchange. From a production peak averaging 65,000 tons between 1981-85, the yield for 1997-98 was about 43,000 tons, worth $85 million.

Industry experts say production for 1997-98 is unlikely to exceed 40,000 tons. Coffee exports to Japan, which normally account for 50-60 percent of northern Tanzanian production, were expected to fall.

Fatius Onwesele, the International Monetary Fund representative in Tanzania, said the fund was willing to meet with the government to discuss financing the food deficit. — Reuters
IMF to release $37m to Tanzania

Maja Waltengren

DAR ES SALAAM — The International Monetary Fund (IMF) expects to release a new tranche of aid worth about $37m to Tanzania by November this year after what it describes as “impressive progress” in economic reforms.

Assistant director of the IMF’s African department, Jerry Johnson, said a visiting mission from the fund had been satisfied with the reforms undertaken by President Benjamin Mkapa’s government. “It has been a difficult year with the drought, but I think the government has come through it pretty well. The targets set by the enhanced structural adjustment facility loan programme have been met,” Johnson said. “Budget control has been kept and inflation is coming down.”

He said the first disbursement worth about $37m of the second annual tranche could be ready in November. This forms part of the total to be disbursed under the $240m three-year adjustment fund loan the IMF approved for Tanzania last October. Johnson said real inflation, at 10%, remained low despite a serious drought earlier in the year which caused big food price increases.

Johnson said the new Investment Act passed a few months ago was another positive sign of government’s understanding of how to create a friendly and open investment climate, offering lucrative tax breaks as incentives while still retaining tight control.

Economic growth looked promising and Tanzania could expect to maintain 4.3% for the 1997/98 financial year, and could, within “a few years” reach 6%. “Exports have been growing ... The main area for growth is in agriculture, which was severely suppressed under the old system. You are also seeing tourism doing well.”

Johnson said it was vital that government kept putting every effort into privatising parastatals, which was “essential” for the country to achieve and maintain high growth. Government was “putting a lot of emphasis” on privatising the big utilities such as telecommunications, the power sector and the port, he said.

The IMF broke off negotiations with Tanzania in 1994 for an extension of an earlier loan amid a corruption scandal involving government officials. Donors estimated that the scandal cost the state more than $300m in lost revenue.

The IMF approval of the $240m loan to the country in October last year marked the return of Tanzania to the IMF fold.
Drought expected to ravage Tanzanian coffee

Mark Dodoo

Dar es Salaam — Drought would force a 40 percent reduction in Tanzania's coffee production for 1997-98, although the deficit would be partially offset by high yields from new coffee-growing areas, a senior industry official said yesterday.

Frederick Mpangle, the acting managing director of the Tanzania Coffee Board, said production forecasts for 1997-98 season were for 40,000 tons of clean coffee.

The season runs from October to September.

Total production for the 1996-97 season was 41,700 tons of clean coffee worth about $95 million, Mpangle said in a telephone interview from the northern Tanzanian coffee town of Moshi.

"We expect a 40 percent decline in total production due to drought."

"But we are expecting coffee from other parts of the country where planting has been ongoing for the past three or four years, especially Iringa and Mbeya where traditionally we don't get any coffee. This will help us make up the loss," he said.

Drought caused by the failure of short rains last November and inadequate rainfall this year have ravaged the northern arabica-growing area around Kilimanjaro. Coffee is Tanzania's key cash crop and its main agricultural income earner.

"It's really affected the coffee purchases in the northern areas of Kilimanjaro and Arusha," Mpangle said.

"This time, between May and August (1997) 750 tons was bought from the farmers compared with 5,000 tons for the same period last year (1996). This is going to mean a huge decline in Tanzanian production," Mpangle said.

The UN aid agency World Food Programme appealed to donors on Wednesday to provide food for 3 million people who face severe food shortages over the next few months.

It said Tanzania had suffered a virtual nationwide crop failure, because of erratic and poorly distributed rains. — Reuters
Tanzania wants an SADC power grid

JOE KHAMBATI

Dar es Salaam — The creation of a southern African power grid under the auspices of the Southern African Development Community (SADC) could help Tanzania and other African countries overcome serious problems of power shortages, a government-sponsored think-tank, the Economic and Social Research Foundation, said last week.

Haji Semboja, a senior official with the organisation, said the arrangement would be cheaper and reliable and would benefit immensely from South African expertise in power technology.

He said the grid system could include countries such as Zambia, Zimbabwe, Mozambique and Angola, in addition to Tanzania. Semboja claimed that power rationing, which began in Tanzania on September 8 in response to dwindling water levels at its hydroelectric dam, was adversely affecting the country's industrial sector at a time when the government had embarked on a serious campaign to woo investors. Continued power rationing, he said, would lead to lower levels of production, diminish capacity utilisation and increase production costs.

"As production decreases, government revenues will tumble," he said. "Semboja noted that in the absence of a regional effort, Tanzania would be unable to fully utilise its hydroelectric potential. — Independent Foreign Service"
IMF package aims to accelerate growth and cut inflation to 7%
Electricity rationing harming Tanzanian economy

Maja Wallengren

DAR ES SALAAM — Increasing restrictions on the use of electricity because of the drought would have a severe effect on the Tanzanian economy, foreign investors and donor representatives warned yesterday.

The Tanzania Electric Supply Co has just increased the level of power rationing across the country from 10-18-hour periods twice a week to the same periods four days a week.

The severe drought in eastern Africa earlier this year has left the water level in Tanzania's main dam for supplying hydroelectric power, the Mtera dam, at its lowest level yet. The level is only 0.72m above the level at which the dam will automatically switch off supply lines to the Mtera and Kidatu hydroelectric power stations.

The entire country, except for a few areas in northwestern Tanzania which receive power from neighbouring Uganda, has been affected by the crisis. Investors and diplomats said power rationing, which will continue until rains normally due in November or early December, would severely affect the national economy.

An additional problem is that the Tanzania Electricity Supply Company is owed about $40m by clients — at least two thirds is owed by cash-strapped government departments and parastatals. This has meant the supply company cannot buy fuel and spare parts for the diesel generators meant to be used during a severe water shortage.
Swazi legislation to control media passed

Reneé Grawitzky

SWAZILAND's cabinet approved a bill which grants it powers to decide which journalists can practice in the country.

The Media Council Bill, soon to be tabled in parliament, stipulates that media owners face a hefty fine or up to seven years' imprisonment if they run a newspaper without themselves being "accredited" journalists.

Journalists will march on government buildings to protest against the bill which, some Swazi journalists claim, "came from nowhere" and was not drafted by the attorney-general, despite coming from his office.

The march precedes the start of a national stayaway on Monday by the Swaziland Federation of Trade Unions in support of trade union and political demands as well as by the nonaligned Swaziland National Association of Teachers, which is striking in support of wage demands.

The bill envisages the establishment of a media supervisory body — the Swaziland Media Council — which will grant accreditation to, and discipline, journalists.

The seven-member council will allow for two appointments by the Swaziland National Association of Journalists. The council wishes to promote press freedom and responsible journalistic standards by ensuring journalists and publications do not contravene a code of ethics (yet to be circulated).

Swazi residents with a journalism diploma can apply for accreditation and journalists and media owners operating without accreditation face fines, imprisonment or both. The University of Swaziland started offering a journalism course in August this year. Journalists or publications found by the council to have committed a serious breach could be ordered to publish the council's findings, issue a retraction, publish an apology or be deregistered.

Journalists who fail to comply could then face a fine of up to R15 000 or five years' imprisonment and the publication a fine of up to R100 000.
Tensions rise as government forces ahead

Journalists reject controls

The government's recent moves to restrict press freedom have caused widespread concern among media organizations and journalists. The new regulations, which include fines and imprisonment for journalists who violate them, have sparked protests and calls for international condemnation.

The Committee to Protect Journalists has called on the government to withdraw the proposed press regulations, which it says violate freedom of speech and press freedom. The organization has also expressed concern that the new rules could lead to self-censorship and a chilling effect on media freedom.

Meanwhile, the European Union has expressed its concern about the new media regulations, saying they violate the country's commitments under the European Convention on Human Rights.

The government has defended its new measures, saying they are necessary to prevent the spread of fake news and to protect national security.

The standoff between the government and the media has raised concerns about the future of media freedom in the country.
Coffee crop 'marginally' reduced by drought

Tanzania's coffee production would be marginally reduced in 1997-98 because of drought last year, but a bumper harvest was forecast for 1998-99, officials said last week.

Frederick Mpassi, head of operations and planning at the Tanzania Coffee Board (TCB), said Tanzania's coffee production had suffered from a shortage of rains last year. Mpassi said the arable-growing districts around Kilimanjaro and Arusha were the most affected by the drought and would suffer a 40 percent loss in production. "What we are saying is that production will drop to around 40,000 tons or slightly lower in 1997-98." Total production for the 1996-97 season was 43,700 tons of clean coffee worth $65 million. TCB statistics showed. Mpassi said drought was not a major determinant for crop quality. He would not comment on the quality of Tanzania's crop.

He said the main coffee-growing areas had already received some rain in the last few weeks, and more was expected later this month. -- Reuters Nairobi.
Investment needed to revive nut industry

DAR ES SALAAM — The revival of Tanzania’s cashew nut industry and the reopening of its 11 processing plants are dependent on securing private investment from foreign or local businessmen.

Cashew Nut Board of Tanzania acting director of marketing and planning Fidelis Mrope says it is working particularly hard at convincing investors to get involved in nut processing. He believes that unless the raw nuts are processed locally, Tanzania will never get the best prices on international markets and farmers will remain reluctant to improve crop standards.

“We don’t process cashew nuts here because our processing plants were closed. They are quite old and if we processed today we would not be able to achieve the highest standard.”

Investors from Singapore and Kuwait had visited Tanzania shortly before “to study the cost measures needed to get the factories working at an economic level”.

By exporting almost the entire raw cashew nut crop to India, Tanzania was losing 25% of the real price on the world market. “Processing the crop here would open a much bigger market for Tanzanian cashew nut production. We are fearful that at some stage we may not have a market for our raw cashew nuts because India is starting to provide its own farmers with incentives to grow more cashew nuts,” Mrope said.

Production for the current crop year is expected to drop significantly largely due to poor rains last year, but also in accordance with Tanzania’s trend towards declining overall production. Over the past few years the crop had averaged only about 60,000 tons, Mrope said.

Cashew nuts were brought by Portuguese colonialists to the coastal strip of east Africa centuries ago, but it was developed into a commercial industry after the Second World War by the British.

The nuts are grown all along the coastline from Tanga port in the north to the border with Mozambique in the south, but after reaching a peak in the late 1980s of about 130,000 tons a year, production started to decline in the early 1990s.

Mrope blamed socialist policies, saying production dropped to as low as 15,000 tons in the late 1980s. Farms were eventually abandoned and the old trees no longer had good yields. Most of the trees need to be replanted and the cashew nut research station in southern Mtwara is trying to develop new varieties resistant to a fungal disease which has become a serious problem. A five-year improvement project, implemented in 1991, involves research into reasons for the decline in production and diseases.

“The programme has seen improvements. Replanting schemes have started gradually but we still need to push farmers,” he said. “However, if our government can get foreign investors to come here it will be promising for the industry.”
Thousands of Swazis gather to confront king

Business Day Reporter

THOUSANDS of people gathered around Matsapha Airport outside Manzini yesterday to await the scheduled arrival of Swaziland's King Mswati III, who was due back from Edinburgh — to present him with a list of grievances.

The second day of protests followed a demonstration on Monday by a crowd of more than 8 000 teachers, public servants, students and representatives of political parties and labour organisations who marched to the parliamentary offices to express their lack of confidence in the Swazi government.

Banele Gwindi reports from Mbabane that today's protest will be aimed at Britain's Prince Charles, who will be arriving on a two-day visit.

At least three petitions were delivered to the parliamentary offices on Monday by an association called Women and the Law, the Swaziland National Association of Teachers and the newly formed National Parents-Teachers' Association. The teachers are entering a third week of strike action to press demands for an 18% salary increment. Government's offer of 8% and provisional 1,1% increments have been rejected in earlier meetings.

The protesting students, in turn, have said they are prepared to sacrifice a year of schooling in a bid to make the government accede to calls for abolishing the 1973 decree which prohibits political activity in the kingdom. Parents, unions and political organisations have also joined the protests in sympathy with teachers and students.

O-level external final exams and form three exams which are written along with Lesotho for the junior certificate have been affected by the teachers' strike.

Education Minister Solomon Dlamini's efforts to force striking teachers back to class or at least to start the exams have so far been unsuccessful.

Students, in turn, have issued a statement saying that they support the concept of "freedom first, education later."

The demonstrators marched and picketed for hours in the driving rain on Monday. Petitions were received by the cabinet's principal secretary, Bell Katamela.
Dar es Salaam — Dredging work intended to widen the shallow, winding channel at Tanzania's main harbour which began in June would be completed by mid-next year, Aassan Rugalburuza, the port manager, confirmed yesterday.

The $24 million project has been undertaken with the assistance of the Dutch government.

Tanzania is contributing $9.6 million, or 40 percent of the total cost.

Currently ships of more than 170m long could only enter the port during the day and only when the tide is right.

This has been costly to shippers who have had to wait for the tide to rise.

Rugalburuza said the ongoing work would include the widening, straightening and deepening of the narrow channel to accommodate bigger vessels on a 24-hour basis.

The port width would be increased by about 40 percent to 140m, considered to be within the requirements of deep-sea ships entering the harbour.

Ham Dredging Company, a Dutch firm, is undertaking the work.— Independent Foreign Service.
Gold Price Falts Challenges Tanzania's nascent mining sector
Tanazana plans to transform the industry

Dr. Shvetzmann
Tanzanian bourse to begin trading next year

DAR ES SALAAM — The first shares of a company listed on Tanzania’s fledgling stock exchange would be issued later this month, but trading would not begin until early next year, a senior bourse official said.

At the end of last month, the prospectus of the company earmarked to inaugurate the Dar es Salaam Stock Exchange (DSE) was conditionally approved by the government regulatory body, the Capital Markets and Securities Authority (CSMA).

"The green light has been given," Dar es Salaam Stock Exchange council chairman Ernest Massawe said. "Now it's just a matter of tying up loose ends."

Tanzania Oxygen Ltd had only to supply a few remaining details such as underwriting arrangements and its most recent quarterly earnings, Massawe said. The authority would finalize the prospectus of the government-owned company by the end of this month. A prospectus for 7.5-million shares will then be issued to the public for subscription for a period of two to three weeks. After the shares are allotted and issued, the bourse will open for trade.

"(The DSE) will be operational for trading early next year," Massawe said. Government directives prohibit foreign investors from trading on the local bourse until a later, unspecified time. Tanzanians would have priority in the government's attempt to privatise through the mechanism of the stock exchange, he said.

"Currently companies to be listed are those being privatised, and the government wants the public to participate. The government wishes their shares to be sold to nationals only. After the stock exchange has been operational for some time, we will open it to foreign investors," Massawe said.

Companies earmarked for listing include Agip Tanzania, General Tyres, British Petroleum Tanzania, Tanga Cement, Tanzania Breweries, Tanzania Portland Cement and Tanzania Cigarette Co.

Both government and foreign shareholders have begun preparations for listing in the first quarter of next year. Because the capacity of the local market is unknown, the demand for the first listed shares will be carefully monitored. "This will be a good pilot case," Massawe said.

Many within the business community have wondered why the DSE, which was to start operations in June last year, has yet to open after almost three years of preparations and delays. Although the authority had taken more than seven months to evaluate the company's prospectus, rumours about the viability of the local bourse were unfounded, Massawe said.

"Initially people projected the (DSE) would start-up in too optimistically and underestimated the groundwork that had to be done. Instead of giving a more realistic and revised picture, the government, the CSMA, and the companies marked for listing continued to give an optimistic one."

"The CSMA has been creating a blueprint for the stock exchange. Everything was being done by a small group of professionals, and no one had any previous experience in these areas. The time, therefore, is more understandable."

Massawe said the DSE, as a private company, would not allow the malpractices rampant in the government.

Contrary to an earlier report in the Business Times, the DSE will not begin operations with secondary trading.

The CSMA's Director of Legal Services H Kabila denied reports that the Commercial Rural Development Bank would be the first company to trade on the DSE.
Southern African firms may help revive ailing timber parastatals

Tanzania's ailing timber industry could receive a strong boost if plans by two South African firms and one Zimbabwean firm to buy privatised state-run companies materialise.

Officials at the Parastatal Sector Reform Commission (PSRC) confirmed that Bell Equipment and ING Barings of South Africa and Border Timbers of Zimbabwe had expressed interest in setting up wood and furniture plants in joint partnership arrangements with Tanzania. PSRC's Salvatore Nindi said officials from the two South African companies were in the country recently to evaluate some of the local companies awaiting privatisation.

If a decision is made, the South Africans will install small modern plants in Dar es Salaam to produce high-quality wood furniture, reports say. Tanzania imports most of its furniture from Kenya and Europe, despite the abundance of wood in the country. Because there is no duty, imported furniture costs up to 50 percent less than locally made goods. Nindi says this costs the country both in lost revenue and in employment opportunities for its people. — Independent Foreign Service, Nairobi
Soya enjoys revival as meat substitute

The production of soya beans, which in the early 1970s was one of Tanzania's significant exports, has seen a recent revival as demand increases for its use as a meat substitute.

In the last 20 years exports have dropped 90 percent from more than 10,000 tons as farmers switched to more profitable cash crops. But nutritionists say that half a kilogramme of soya is equivalent to 1kg of beef, and that the use of soya flour has helped to reduce malnutrition among children in most developing countries.

Government statistics indicate that about 2 million children in Tanzania die from malnutrition every year, and experts say soya beans, which are cheap and simple to prepare, could save lives. — Independent Foreign Service/Africa Information Agency

Dar es Salaam
NEWS DIGEST

TANZANIA

SA fleet management systems firm enlisted to clean up road carnage

CV-VDO Instruments, a South African company, has been enlisted to help Tanzania cope with increasing road carnage, officials in Dar es Salaam said on Monday.

The company, a wholly owned subsidiary of Control Instruments Group, will introduce a series of fleet management systems including taxi meters, engine protection systems, automotive instrumentation and a vehicle security system known as Starlock EVS.

Sources at the Road Transport Department in Dar es Salaam said Terry Savage, CV-VDO’s managing director, was in the country late last month and indicated the system would be introduced in February. The latest innovation follows the introduction earlier this year of speed-limiting devices by CV-VDO’s local franchise holder, Equator Body Builders. Officials are confident the combined measures would reduce accidents and promote safety through better driving techniques and understanding of traffic codes. — Independent Foreign Service, Nairoibi

GROWTH

Tanzania falls short of 5% GDP target

Tanzania’s economy registered 4.2 percent growth in real gross domestic product (GDP) in the 1996-97 fiscal year, compared with 5.6 percent for 1995-96, the Bank of Tanzania said in a report released on Monday.

But the bank said the overall growth rate registered during the year was short of the targeted GDP growth of 5 percent. The agricultural sector grew at 3.9 percent, compared with 5.3 percent in the previous year; probably because of unfavourable weather conditions in the second half of last year, the report said.

The report said the manufacturing sector grew 4.9 percent compared with 1.6 percent in the previous year, helped by improved production in many privatised state industries. In the agricultural sector, tobacco output increased significantly but cotton decreased 21.2 percent, tea increased 27.2 percent and cashew nuts by 90.2 percent. However, the mining sector registered sharp growth, with significant increases in the production of diamonds, gemstones and gypsum. — APP, Dar es Salaam
Tanzania unveils probe into constitution overhaul

Dar es Salaam - The Tanzanian government plans to establish a team to review the constitution and propose amendments.

State radio quoted Prime Minister Frederick Sumaye as telling a ruling Revolutionary Party conference that the team would start work early next year and submit its report to parliament on completion.

"Constitutional amendments can only be made by the national assembly and anything outside the legislative body is unacceptable," the radio quoted Mr Sumaye as saying in the central town of Dodoma.

Opposition parties have been demanding a conference to amend the current constitution in this East African country. They say changes carried out to allow multi-party politics in 1992 favoured the Revolutionary Party, which was then in power.

The government has rejected the demands, maintaining changes to the constitution can only be made by the national assembly, and has invited proposals for changes from both the ruling and opposition parties.

The opposition parties have formed a review team under the chairmanship of Bob Makanzi, private lawyer and secretary-general of the Party for Democracy and Progress. - Sapa-AFP
Tanzania offers banking equity

DAR ES SALAAM — Tanzania’s privatisation agency invited strategic investors yesterday to buy a majority shareholding in banks created from the huge National Bank of Commerce.

The offer made by the Parastatal Sector Reform Commission said the government would not be seeking to participate in the bank’s management.

“The government seeks to recapitalise the banks entirely from non-government sources to meet minimum regulatory capital requirements by March 1998,” the commission said.

It said the Tanzanian government would retain a minority share for sale through an initial public offering on the Dar es Salaam Stock Exchange once a two or three-year track record of profitability had been established.

The National Bank of Commerce was officially split into two separate banking divisions on October 1. NBC (1997) Ltd, aimed at corporate clients and the National Microfinance Bank Ltd to serve smaller stakeholders.

By September about 2,000 staff had been dismissed leaving a total of 2,000 at both banks. The workforce has been posted at 9,800 over 205 branches.

NBC (1997) Ltd remains Tanzania’s biggest commercial bank and operates 95 branches with deposits worth 200 billion shillings. National Microfinance Bank is the second biggest bank with 95 branches and total deposits at 140 billion shillings.

The NBC’s passage to privatisation has been anything but smooth, with former president Julius Nyerere initially opposing the sale.

Nyerere’s intervention prompted heated political debate, but President Benjamin Mkapa finally reaffirmed the sale, describing the bank as an unsustainable burden on the taxpayer.

Irritated by the wrangling, the World Bank, which had approved a $125m structural adjustment credit, said it would withhold payment until the NBC’s assets had been split. — Reuter.
Brewery in a froth over taxes

Dar es Salaam - The entry of South African Breweries into the Tanzanian beer market through a joint venture with Tanzania Breweries, has sparked a battle with Kenya Breweries, which used to dominate 70% of the market. South African Breweries bought 49.5% of the Tanzanian company in 1994.

"We have won the battle. What remains is a mopping up exercise - our aim is to gain 90% of the market," says Arnold Kilwo, head of Tanzania Breweries.

Mr. Kilwo says that while the time of joint venture, foreign products took up 70% of the Tanzanian beer market, his company has now regained nearly 80% of the market.

The company is now operating at a profit and turnover has increased by 15%.

Kenya Breweries complains about what it says is a discriminatory tax structure in Tanzania, which favours locally-brewed products.

Chairman Jeremiah Kiamei says that although everyone stands to gain from a level playing field, there are disparities in the tariff structures.

He says there has been "increased tax discrimination" on his company's beers in Tanzania of $1.68 (R8.80) per case. "Investors in the region - and Kenya Breweries is a significant one - will only be able to take real advantage when there is greater economic harmony; when all providers of goods and services pay similar taxes; and where both the taxpayer and the government tax recipients will feel the impact of competing products battling for market share at the best prices for consumers."

The Kenyan company is not giving up. It is building a brewery in Moshi at the foot of Mount Kilimanjaro in Tanzania.

Public opinion has long been against Kenyan Breweries, which has been criticised for treating Tanzania as part of its backyard.

Tanzanian Breweries, on the other hand, says it is satisfied with the taxation system. - Foreign Service/AIA
BUYERS SOUGHT FOR 70 TONS OF STOCKPILED IVORY RELEASED BY CITES

Tanzania was seeking buyers for the 70 tons of ivory stockpiled by the Convention on International Trade in Endangered Species (Cites) had allowed it to sell, said Bakari Mbano, the country's natural resources director.

Mbano told the Independent Guardian newspaper in an interview published on Wednesday that it would take 18 months to dispose of all the ivory under the conditions imposed by Cites. Trade in elephant ivory was banned in 1989, but at a conference on endangered species held in June, Cites allowed unspecified "donor countries and organisations" to buy ivory stockpiles in African countries other than Zimbabwe, Botswana and Namibia.

Those countries, which have healthy and growing elephant populations, won their fight to sell their stocks — a total of nearly 60 tons — to Japan, where ivory is used mainly for manufacturing signature stamps. Revenue from the purchase must be put into conservation trusts to be used by boards of trustees in each country, made up of representatives from governments, donors and the Cites secretariat. — Sapa-AFP, Der es Salaam
El Niño drought hits Tanzania’s coffee output

MARK DOOD

Dar es Salaam — Coffee production in the northern Tanzanian belt, the country’s main coffee growing area, has been severely hit by the effects of drought brought on by the El Niño weather phenomenon, senior Tanzanian coffee officials said on Wednesday.

Leslie Omari, the managing director of the Tanzania Coffee Board, said that in the past 10 years Tanzanian production had averaged about 50,000 tons of clean coffee a year.

"A big drop is expected in 1997-98 due to severe drought experienced in the traditional northern coffee growing areas of Kilimanjaro and Arusha, where this year only 9,531 tons of coffee is expected," Omari said.

Production in the same area in 1996-97 totalled 16,970 tons.

Omari said the weather meant a 40 percent decline in the range. "In all other areas, production will be affected very marginally."

According to Jeremy Lefroy, the chairman of the Tanzania Coffee Association and a leading trader in Tanzania, total Tanzanian production for 1997-98 is forecast at about 37,000 to 39,000 tons.

Coffee is an agricultural mainstay for Tanzania and traditionally the single biggest earner of foreign exchange. — Reuters
Tax scandal minister heads investment body

DAR ES SALAAM — Former Tanzanian finance minister Simon Mullinyi, who resigned last year over an import tax scandal, had been appointed to head the newly formed Tanzania Investment Centre (TIC), a senior government official said yesterday.

The centre, which has a mandate to cut red tape, will take over from much-criticised Investment Promotion Centre (IPC) as Tanzania’s “one-stop shop” for foreign investors.

TIC’s director of investment promotion Emmanuel Ole Naiko said Mullinyi’s appointment was effective immediately. Former IPC chief Samuel Sita will serve as the TIC’s executive director.

Mullinyi, who was educated in the US, resigned as finance minister after a scandal involving tax waivers given to importers of edible oil. He remained a member of parliament, however.

Ole Naiko said the centre was now geared to meet the needs of new investors. “The new TIC will facilitate the investment process as well as promotion,” he said. “The IPC was supposed to facilitate the process, but was clobbered by laws from other ministries which gave it no teeth. Now those laws have been amended to make the TIC more effective.”

The centre will issue approvals to new investors and, for a facilitation fee, process paperwork for visa requests and other permits for foreigners.

Under the old IPC rules, once a project was approved an investor had to navigate Tanzania’s daunting bureaucratic maze alone.

“For example, he (an investor) came to IPC to have his import list approved, then he went to treasury for approval and customs and so on. As a result many, many investors were frustrated by this process,” Ole Naiko said.

Under the new regulations there will be less bureaucracy and red tape, and faster approval of projects.

Ministries have been directed by legislation to facilitate investment within 14 days of receiving a request from the centre, he said. “This is the big difference between IPC and TIC.”

Yesterday, the TIC issued its latest summary of approved investment projects in Tanzania worth $2.7bn between 1990 and October this year.

The summary shows 335 projects have been approved, generating about 152,085 new jobs.

Top of the list of approvals was Tanzania’s manufacturing sector with 476 projects, followed by tourism with 139 projects and agriculture and livestock development with 80.

The natural resources sector accounted for 80 projects, and petroleum and mining 34. The energy sector looked least attractive with only one investment project listed. — Reuters
Almost $1bn pledged for development

Dar es Salaam — Western donors and UN agencies pledged nearly $1 billion yesterday to help Tanzania meet its development needs in 1998, the World Bank said.

"Participants agreed to commit a total of just under $1 billion to help Tanzania's development needs in 1998," the bank said at the end of a two-day Consultative Group meeting, held for the first time in Tanzania.

The pledge came a day after Tanzanian President Benjamin Mkapa reaffirmed his commitment to fight against graft in his impoverished nation, and Daniel Yona, the finance minister, asked donors to help Tanzania achieve ambitious social and economic targets by 2025.

The reformist finance minister was speaking on Wednesday, shortly after the opening of the Consultative Group meeting on Tanzania.

The meeting, normally held in Paris but convening for the first time in Dar es Salaam, is attended by around 200 delegates from donor countries and agencies.

Yona said the government had set in place sound policies, but unless more cash was forthcoming there could be little improvement to roads, health, education and other key areas.

In 1995, Tanzania's planning commission set out a long-term development vision for the country until 2025. Its goals include raising annual economic growth to a sustainable 3 to 5 percent from the current 3 to 5 percent range by 2000.

Other targets include boosting primary school enrolment from 70 percent to 100 percent, raising life expectancy from 52 years to 70, and reducing dependence on agriculture as the main income source.

Diplomats said on Wednesday there was a general mood of sympathy for Tanzania and they acknowledged the pain of its economic reforms programme.

Officials from key donor countries called on Mkapa yesterday to translate his pledges to fight corruption into action.

Mkapa came to power in November 1995, taking over from Ali Hassan Mwinyi, whose administration was criticized by donors for not doing enough to fight corruption. Donors cut off aid to Tanzania to protect the corruption, and this was restored after Mkapa took power and moved to deal with graft. — Reuters
New hope for tomato farmers in Africa

Dar es Salaam — A vegetable research centre in Tanzania's northern town of Arusha has given hope to southern African tomato farmers by developing two new tomato varieties whose yields are expected to improve tomato production in Africa.

The Asia Vegetable Research Development Centre, the brainchild of the Taiwan-based Vegetable Research Centre, was set up in 1988 to cater for countries that are members of the Southern African Development Community.

Known as ARP97-2, the tomato varieties are resistant to common diseases affecting tomatoes, last longer and mature between 80 and 120 days. — Paul Chimtowa, Independent Foreign Service/Africa Information Afrique
Ailing Tazara railway line in dire need of an injection of private sector management expertise

Mark Dodd in Dar es Salaam

The fabled Tazara railway, a Chinese engineering masterpiece linking Tanzania's port of Dar es Salaam with Kapiri Mposhi, 1,992km away in the heart of Zambia's copper belt, has fallen on hard times.

Built in 1975 by Chinese aid at a cost of $400m, the rail link was once a showcase of socialist cooperation and solidarity and a lifeline for south central Africa.

Known officially as the Tanzania-Zambia Railway Authority (Tazara), the strategic rail link was hailed as a major technological achievement for its time and initially flourished as the main transport artery for exporting millions of tons of Zambian copper — which would otherwise have been reliant on the Beira corridor route through what was then Rhodesia and Mozambique.

However, the end of the apartheid regime in SA and the switch from centrally planned to free-market economies in Zambia and Tanzania has hurt Tazara's once lucrative monopoly status. The parastatal railway is teetering on the verge of bankruptcy now and has pulled out all stops to reverse its economic decline.

Tazara has been earmarked for partial privatisation towards the end of next year and has, in the meantime, been placed under a performance contract in terms of Tanzania's agreements with the World Bank and International Monetary Fund.

A new management team will monitor progress in achieving targets set in terms of the contract.

A report prepared by the state-run Tanzania Harbours Authority shows that Dar es Salaam port handled 73,884 tons of cargo for Zambia during July-September this year, consisting of 47,179 tons of exports, mostly copper, and 26,705 tons of imports.

In this period, Zambia Consolidated Copper Mines (ZCCM) shipped 45,463 tons of copper to Dar es Salaam, a fall of 3,572 tons on the previous quarter.

However, Tazara is expected to move a total of about 200,000 tons of Zambian copper in 1997/98, says Tazara marketing director Joseph Minsiula. Minsiula admits the current level of business is a far cry from the apartheid era days when Tazara's share of the copper export haulage totalled 400,000 tons a year.

Minsiula said despite its poor showing, the railway line could be made viable again. The addition of six new Chinese-built locomotives with 3,000hp engines as well as the renovation and acquisition of new rolling stock should help turn around the bleak picture.

He said despite stiff competition from southern African routes, "Tazara was still getting the bulk of metal exports from Zambia".

The Tanzania Harbours Authority report quotes ZCCM manager Ezekiel Mutowo as saying 55.5% of total company exports were railed to Dar es Salaam on the Tazara line, 18.1% through the Beira corridor while SA's East London and Durban ports accounted for the remaining 26.1%.

Last October Tanzanian Transport Minister William Kusila issued a strong warning to Tazara — to improve its performance or face insolvency.

In a speech to rail workers, Kusila said Tazara could no longer depend on state handouts, as Tanzania now operated as a free-market economy: "You either compete or you perish ... crying for high salaries without enhancing performance will not help much."

Faced with a barrage of complaints about Tazara's operations, the government earlier this year sacked the MD and last month retired four other senior officials and reshuffled 14 others in an attempt to breathe new life into the ailing parastatal.

Senior financial analysts in Dar es Salaam agree that with good management and a review of Tazara's hardware inventory, the company could enjoy a rosier future and boost the economies of landlocked countries in the great lakes region.

More efficient functioning would also facilitate linking up trade routes in central and southern Africa, providing more spin-offs for the Tanzanian economy.

"The problem is management. If well run, Tazara has got the potential — it can only grow. Certainly the potential is good. The trade is still there for it to be attractive," an analyst said.
TANZANIA - GENERAL

1998
Tanzanian stock exchange to open in March

The Dar-es-Salaam Stock Exchange, which has been on the cards for some years, will finally begin trading in March, says the head of the bourse.

Hamisi Kibola, the exchange's CEO, said yesterday that trading on the Tanzanian share market would begin on March 24.

Initially one company, Tanzania Oxygen, would be quoted on the exchange. Kibola hoped two others — including Tanzania Breweries, the joint venture with SA Breweries — would join it by year-end.

The third firm that would seek a listing this year was Agip.

Tanzania Oxygen had already started a share issue to the public and the share allocation would be made in six weeks in line with the listing requirements, he said.

The main reason for delaying the exchange was the difficulty encountered in converting private companies into public ones, he said.

The only delay the exchange announced was in 1996 when it ran into problems in trying to develop shares, Kibola said.

Tanzania Breweries hoped to have its prospectus approved by the Capital and Securities Market Authority, the financial markets regulatory body, at the end of March.

Five Tanzanian brokerages had been licensed by the financial markets regulator.

These were Tanzania Securities, Orbit Securities, Solomon & Co, Exim Securities and Investments and Basilimai.

A deliberate decision had been taken not to allow foreigners to invest until a framework providing for their involvement was in place, Kibola said.
Flight to fight Tanzanian epidemic

BY JOE KHAMISI
Star Foreign Service

Nairobi - A South African Air Force Hercules C-130 plane will touch down in Dar es Salaam this week, bringing a capacity load of medicines to fight a killer cholera epidemic and construction equipment to mend roads damaged by heavy rains.

The South African military adviser to the east African nation, Colonel J C van Schalkwyk, confirmed yesterday that medical supplies sent by South Africa to Tanzania and building equipment bought from private suppliers would be in the country by tomorrow.

The medicines, worth about R500,000, will go to the island of Zanzibar to fight cholera, which has killed dozens of people there since heavy rains, blamed on El Niño, started late last year.

Last week, medicines of a similar value were made available by South Africa, at the request of the Organisation of African Unity, for use at refugee camps.

**SA plane to bring medicines**

The total cost of construction equipment, including culvert material and wire mesh, amounts to R500,000, according to Van Schalkwyk.

The equipment will be used to repair the badly damaged roads leading west to Tabora, Kigoma and Dodoma from the capital Dar es Salaam.

In all the deliveries, the South African Air Force offered to transport the supplies free of charge as part of a growing military alliance between the two countries.

“This relief assistance and humanitarian aid provided by the South African Government is a confirmation of the solidarity between the two countries,” a statement issued by the South African embassy said over the weekend.

Currently, military officials are in the process of identifying eight candidates from the Tanzanian Defence Force for diving training at Simon’s Town. The need for such training followed the May 1996 ferry tragedy on Lake Victoria in which hundreds of people died.
Dar es Salaam — Tanzania’s trade account recorded a marginal improvement of 1.5 percent to a deficit of $36.5 million last December from a deficit of $40.1 million during the previous month, the Bank of Tanzania said yesterday.

The bank said in its monthly economic review for December that the improvement was largely the result of an increase in export earnings by 21.6 percent to $81.3 million from $67 million the previous month.

The import bill also increased, from $107 million to $121 million during the same period, the report said.

Tanzania’s trade balance during last year also improved marginally, recording a deficit of $618.9 million compared with $652.6 million recorded in 1995, a 5.2 percent improvement.

On an annual basis, export earnings last year decreased by 6.6 percent to $718.8 million from the previous year’s $761.2 million.

There was also a decline of 4 percent in the import bill for 1997 to $1,387 billion from $1,525 billion recorded during 1996.

On Tanzania’s external debt, the central bank said total amount committed as at December 31 was $7.031 billion. This was an increase of 1.8 percent compared to $7.392 billion committed in 1996.

Out of the total debt, disbursed outstanding debt was $6.622 billion while committed undisbursed debt was $1.408 billion.

The profile of disbursed outstanding debt by creditor category reveals that bilateral and multilateral debts were the largest, accounting for 49.4 and 48.5 percent respectively of total debt.

Meanwhile, Tanzania’s year-to-year headline inflation increased from 15.1 percent in November to 15.4 percent last December, the bank report said. It attributed the increase to an upward movement in all items in the consumer basket, except clothing and footwear, whose shortages were caused by increased transportation costs resulting from ongoing El Nino-induced torrential rains.

But the bank said year-to-year underlying inflation, excluding changes in food prices, declined from 10.2 percent in November to 9.9 percent last December.

The underlying inflation, influenced by monetary factors, is expected to remain fairly stable over the coming month, it said.
Tourism boost brings in $16m between July and December 1997

Tanzania earned $16 million from 685,905 tourists who visited the country between July and December 1997, Zekia Meghji, the national resources and tourism minister, said this week.

Meghji said the increase in the tourist flow was attributed to the uncertain political situation in neighbouring Kenya last year. Last year's visit to Tanzania by US First Lady Hillary Clinton also helped boost tourist confidence in Tanzania, coupled with improved services and hotels since the country opened the tourism industry to private investments.

But Meghji warned that the number of tourists was projected to fall drastically between January and July this year owing to heavy rains and flooding. — Sapa-AFP, Dar es Salaam
Tanzania plans huge increase in gold production by 2000

DAR ES SALAAM — Tanzania was to produce 675,000 ounces of gold a year from the year 2000 when four mining firms started production, minerals commissioner Gray Mwakulukwa said yesterday.

Mwakulukwa said that during the same period, the mining sector's contribution to the national economy was expected to increase from the current 2% to 10% of the gross domestic product.

"The upward trend of mining activities could turn the sector into a rapidly growing one and with an estimated volume of 26 tons a year, Tanzania would become the third biggest gold producer in Africa after SA and Ghana," Mwakulukwa said.

According to Mwakulukwa, two companies — Resolve and Samax, situated in the central district of Ngea — would produce 180,000 ounces of gold a year, Kahanja Mining Corporation, a subsidiary of Sutton Resources, 300,000 ounces, Afrika Mashariki in northern Tarime district bordering Kenya 135,000 ounces, and Rangold Resources/Pangea of Shinyanga 60,000 ounces.

Mwakulukwa said, more than 100 foreign investors were also expected to apply for licences to mine in Tanzania.

In a move to attract and boost investor confidence, the government has organised a conference in the northern Tanzanian town of Arusha on Wednesday, during which President Benjamin Mkapa will meet 40 CEOs of mining firms in Tanzania to discuss the problems facing the industry. — Sapa-AFP.
Tanzania revamps tourism

FOREIGN SERVICE

Nairobi – Tanzania is to launch a 10-year national tourism master plan in June, aimed at doubling the number of visitors and earnings by the beginning of the next century.

The plan, already approved by the cabinet, is to be funded mainly by the European Union.

It is intended to rejuvenate the industry and restore it as the country's biggest foreign exchange earner.

Natural Resources and Tourism Minister Zakia Meghji said that under the plan, all roads leading to national parks will be rehabilitated, hotels will be reclassified to comply with international standards and communication facilities improved.

The less developed southern circuit will be promoted more vigorously to ease pressure on the over-used northern circuit.

At present 60% of the 300,000 annual tourists to Tanzania go north. The government planned to improve the southern and western regions and promote offbeat reserves such as Udzungwa, Mikumi and Selous game parks, Ms Meghji said.
HANDS OF FRIENDSHIP: Jesse Jackson, US President Bill Clinton's special envoy for democracy and human rights in Africa, greets well-wishers in Kinshasa yesterday. Jackson said yesterday that Democratic Republic of the Congo President Laurent Kabila had declined to meet him during his two-day visit to the country. Jackson arrived in Kinshasa on Monday as part of US efforts to encourage Kabila's administration to open up political debate in the country and promote human rights. But the outspoken African American civil rights leader said Bizima Karaha, Congo's foreign minister, had been unhappy about his earlier talks with a broad section of Congolese society, including Kabila's opponents. The meeting with Kabila was cancelled after being rescheduled five times, Jackson said. "The foreign minister expressed disagreement with my meeting with a broad cross-section of their political leaders and civil society," Jackson told a news conference before leaving for Liberia. "I am not so much disappointed as saddened." — Reuters

SA group buys ailing Tanzanian pyrethrum company

Nairobi — A South African company, International Chemical Producers (ICP), has acquired the troubled state-owned Tanzanian Pyrethrum Processing and Marketing Company (TPPMC) at a price of 630 billion Tanzanian shillings (US$69 billion), officials in Dar es Salaam said this week. TPPMC was among 400 state firms in line for privatisation.

In a deal between the ICP and the government, 15 percent of the shares would be allocated to pyrethrum growers free of charge, said Paul Kimiti, the agriculture and co-operatives minister.

Pyrethrum is an insecticide prepared from dried European chrysanthemums. In Kenya, almost all the processed pyrethrum products are for export.

Norman Landsberg, ICP's owner, was in Tanzania last week to conclude the deal with Tanzanian officials.

Kimiti said that the company was sold to ICP because its government was impressed with ICP's performance in South Africa.

The company is capable of processing up to 4,500 tons of pyrethrum flowers a year.

The TPPMC has been beset by financial problems for years, rendering most of its machinery largely unoperational.

Production by ICP will only start after rehabilitation work has been completed and the huge electricity bills accumulated by the Tanzanians cleared. It was agreed that TPPMC would pay workers' outstanding salaries. — Independent Foreign Service
Tanzania’s gold aims for third place in Africa

By: [Name]

DODD — Tanzania’s leaders hope to turn the country into Africa’s third-largest gold producer after South Africa and Ghana, and are urging local and foreign investors to take advantage of the government’s competitive mining policy.

Six investors already have an interest in Tanzania through Randgold Resources and Anglo American, while Armin is still prospecting.

Anglo has a majority stake in Kabanga Nickel Company, which is exploring a nickel and cobalt deposit which could result in the development of a $250m mine. It is also partnering Australian exploration company Tanganika Gold in a venture in the Geita gold field.

Randgold, which entered a joint venture with Canadian company Pangea Goldfields, will invest about $4.5m to develop an ore body at Lake Victoria.

At a recent mining conference in the northern farming town of Arusha, Tanzanian President Benjamin Mkapa urged companies to take advantage of the government’s mining policy and invest in the resource-rich east African country. He said Tanzania was rich in unexploited mineral potential, including gold, rubies, diamonds, copper, nickel and cobalt.

Government economic reforms started 10 years ago had resulted in a conducive investment environment for the development of the country’s fledgling mining industry, he said.

Last October, Tanzania’s parliament approved a package of new measures to encourage investment in the mining sector. Features included full sales tax exemption and import and excise duties on equipment until the first year of production.

Export and stamp duties on mineral exports have been abolished, and a 100% depreciation allowance on capital expenditure has been allowed. The withholding tax on dividends and profit-sharing tax for non-residents has been set at 15%.

Tanzanian Energy and Minerals Minister Abdullah Kigoda estimates the country’s gold reserves at 15 million ounces and predicts that Tanzania will become Africa’s third-largest gold producer after SA and Ghana once production gets under way. “It is estimated that by the year 2000 at least four gold mines will have been established in different parts of the country and this will put Tanzania higher on Africa’s gold mining charts,” he says.

Tanzania’s first gold mine, scheduled to enter production mid-year, is a joint venture between Australian company Resolute Mining and a British partner, Sunmex Resources.

The two companies, which signed a $50m joint venture last June, estimate an ore resource base at their northwest Naga mine site of 20 million tons containing 2.4 million ounces. The project’s mine life is 10 years. The partners are optimistic about new gold discoveries in their prospect which covers about 3.7m km².

With an investment of $185m, Kahama Mining Corporation, a subsidiary of Canadian-based Sutton Resources, is also planning to open its mine at northern Bulyankulu for production by 2000.

Other gold miners include East Africa Goldmarketing, based on its prospect at northern Tarime, and Ashanti Goldfield Ltd at Geita. All the gold prospects are centred on Tanzania’s northwest Lake Victoria gold-field region.

The one factor that may stall Tanzania’s gold-led economic recovery is the continuing fall in the price of gold on the world market, mining analysts say.

“Tanzania retains its tremendous prospectivity but the question is how will it get its investment funds,” says Tony Macfarlane, vice-chairman of Tanzania’s Chamber of Mines. “Mineral financing could become stalled in some instances to retain current levels. It is difficult for some companies to sustain exploration momentum in this climate,” he says.
IMF discounts repayment threat

DAR ES SALAAM — The International Monetary Fund (IMF) had received no formal notice that the Tanzanian government would suspend debt repayments and doubted that the threat would materialise, the fund’s senior Tanzanian official said yesterday.

In a speech to parliament last Tuesday, Tanzanian President Benjamin Mkapa threatened to suspend repayments on external debts totalling almost $3bn until damage from recent floods had been repaired.

A senior diplomat said Mkapa’s threatened suspension was made for domestic political reasons. “It has to be seen as political grandstanding,” the diplomat said. — Reuters.
Zanzibar’s industrial growth plan fails

Island’s trade dream has lost its spice

JOE KHAMISI

Nairobi – Economic Processing Zones (EPZs) established five years ago in the Tanzanian island of Zanzibar to attract foreign investments and promote industrialisation have failed to meet their target even after gobbling millions of dollars of public funds.

The EPZs were begun after the island government liberalised trade in 1984 and opened the economy to foreigners following years of socialist rule.

The Zanzibar Free Economic Zones Authority (Zafreza) was to co-ordinate industrial development and woo investors with the aim of generating employment and transferring technology.

Manufacturers who produced 80 percent for export purposes were to enjoy a tax incentive of 10 years on corporate tax and import duty on raw and construction material. All company directors, both local and foreign, were to be exempt from income tax for the same period.

No exchange control restrictions were to be imposed on foreign earnings. In addition, investors were to be charged no interest on shares and loans.

The package was intended to attract the largest number of genuine investors to the island.

For many years, Zanzibar’s economy depended on cloves. The island was one of the largest producers of spice. But world prices tumbled and new competitors hit the market, sending the traditional crop into a spin.

The government there felt the need to diversify. But, five years down the line, the EPZs appear to have failed dismally to prop up the economy.

Only a handful of investors, mainly in the textile industry, were lured to the three designated zones — two in Zanzibar and one in the twin island of Pemba. Within two years even some of those closed down.

It was expected that up to 7,000 jobs would be created. The EPZs managed to create only 2,000. With closure of some of the firms, only 600 jobs now remain.

“The incentives were attractive. We had investors rushing in. And then they started leaving,” says Salmin Senga, the Zafreza executive secretary. Fifty million dollars pumped into the project appear to have yielded no results.

The sudden fall of the concept, which is working successfully in Mauritius, is attributed to red tape and an inappropriate work ethic. Investors complained of long delays in the clearance of raw material from the port and in issuing work permits for foreign experts. Absenteeism was high and a casual attitude towards work was rampant.

Senga says a renewed effort to bring back investors who left and to attract new ones had been launched. “What we want most is investment in manufacturing.”

A one-stop processing centre has been established at the Zanzibar Investment Promotion Agency to cut down on red tape.

— Independent Foreign Service
Tanzania sells sisal authority for $6.5m

Mark Dodd

Dar es Salaam — The state-run Tanzania Sisal Authority (TSA) has been sold to private owners, almost in its entirety, for $6.5 million, the country's privatisation authority said at the weekend.

Under a share sale agreement, a local registered company, Katani, would acquire 99 percent of core TSA assets grouped in a TSA subsidiary called Mkoongi Group of Companies (MGC), the Presidential Parastatal Sector Reform Commission said.

The government will continue to hold one "golden share" with special rights entrenched in the sales agreement.

Katani is a consortium comprising two British companies, Grecian Investments and Wiglesworth & Co, German firm Dekowo Schmerholz Teppichfabrik and MIM Co, which was formed by 90 former TSA staff.

Core assets include the factory resources of Tanzania Cordage and Kilosa Carpet, 30 percent equity in Mkoongi hotel, and assorted offices and warehousing in the Indian Ocean ports of Tanga and Dar es Salaam.

Under terms of the sales agreement, Katani would rehabilitate sisal estates and factories and invest $28.4 million within five years, the privatisation authority said.

Sisal is a traditional Tanzanian export commodity which has fallen on hard times. — Reuters
Tanzania plans commercial court

DAR ES SALAAM — Tanzania is reportedly planning to establish a commercial court to deal with trade disputes in response to increasing demands from the business community.

Chief Justice Francis Nyalali said that Tanzania stood apart from Uganda and Kenya in that it was the only East African country without a commercial court.

He said President Benjamin Mkapa had first promised to establish commercial courts in his election campaign in 1995. "Preparations have been going on for two years," Nyalali said.
Tanzania warned
of airline boycott

JOE KHAMISI
INDEPENDENT FOREIGN SERVICE

NAIROBI: Tanzania has been told to
restore its non-functional navigational
aids at the country's two main airports
or face a boycott by international air-
lines.

The airlines have also protested
against high prices of jet fuel, which
they claim have inflated their opera-
tional costs. On January 24, the gov-
ernment hiked the price of aviation
fuel by 28% — making Tanzania the
most expensive airline destination in
the region.

Industry officials warn higher oper-
ating costs could scare away inter-
national airlines and ruin the tourism
industry.

Both the Dar es Salaam airport in
the capital and Kilimanjaro in the key
northern tourism region are said to be
unsafe for aviation because they lack
proper navigation, communication
and surveillance equipment.

"The situation is shocking and dan-
gerous," says Mr. Joseph Mutuku of
the Tanzania Air Traffic Controllers
Association.

Mr. Johan Bosman, manager of
Alliance Air — a joint carrier of South
Africa, Uganda and Tanzania — says
South African airlines may be forced
to suspend flights if nothing is done to
improve the obsolete and often non-
fuctional equipment. Several acci-
dents at the two airports over the past
decade have been blamed on the
absence of working radar equipment.
Twenty four accidents occurred in Tan-
zania air space in 1996.

The radars installed at Dar es Salaam
airport in the 1960s through a
French technical assistance pro-
gramme are obsolete and spare parts
are not available. The computerised
automatic fixed Telecommunications
Network Switching System used for
information exchange has been unservi-
 ceable for the past four years.
The Very High Frequency (VHF)
Radio at Dar es Salaam airport works
at less than 50% of installed capacity,
Mutuku says. At Kilimanjaro airport, a
solar-powered Doppler VOR-DME — a
very important navigation surveillance
and radio aid — has been out of order
for the past few years.

Officials say air traffic controllers
often have to rely on guesswork when
clearing flights for landing and take-
off. Lack of rescue and firefighting
equipment, an erratic airfield lighting
system and poor state of the runways,
add up to a nightmare situation.
Tanzania plans to increase its output of gold

FROM REUTERS

Dar es Salaam — Tanzania is likely to produce more than 25 tons of gold a year by the turn of the century, according to Abdullah Kigoda, the energy and minerals minister.

"Close to 30 million ounces of gold; equivalent to 662 metric tons, have been proven so far in the country," Kigoda told a mining seminar on Friday.

"By the turn of the century, three to four mines will be in operation, producing in excess of 25 tons of gold a year."

Kigoda was speaking at the launch of Unatrac Mining Services Unit, established by South African-based Galley & Roberts, agents for Caterpillar machinery.

Mineral exploration last year exceeded $80 million, making Tanzania, in mining terms, "the most explored country in sub-Saharan Africa behind South Africa, Ghana and Zimbabwe", he said. He added that the level of investment should triple by 2000.

For its part, government had provided legislation and incentives to attract further mining investment. These included the 1997 Tanzanian Investment Act which offers better tax and fiscal incentives to miners, the minister said.

"The new mineral policy is already out, while the new Mining Act has been tabled in parliament. It awaits approval, most probably in the coming April sitting," he said.

Under new legislation mining companies and contractors are allowed to import all equipment and heavy machinery duty-free during an establishment period.

Tanzania has lagged behind neighbouring Kenya and Uganda in attracting foreign investment, in part because of complaints of excessive red tape, despite government promises.

Kigoda challenged Unatrac not to ignore the sales potential of an estimated 300,000 small-scale miners who currently provide the backbone of the gold mining industry in Tanzania.

"Look into the possibility of providing support to small-scale artisanal miners through the provision of simple, appropriate, affordable and environmentally friendly mining and ore processing equipment such as compressors, jackhammers and pumps," he advised.

According to government statistics small-scale miners produce between 1 and 2 tons of gold a month worth between $10 million and $20 million.

Kigoda said there was great potential to open up new mines in the near future to exploit deposits of coal, cobalt and nickel.
Transport woes worsen food crisis

DAR ES SALAAM — Two UN agencies said in a report yesterday better transport links were key to easing serious food shortages in Tanzania, and should be the priority of international assistance.

The joint United Nations report, the World Food Programme and the Food and Agriculture Organisation, said Tanzania’s critical food supply situation was “heavily influenced by transport and accessibility”.

“The immediate priority for any appeals for international assistance (for Tanzania) should be focused on transport constraints and moving food as soon as possible to areas of need rather than on injecting further quantities of relief food,” the agencies said in a joint statement.

The report was based on a joint assessment mission conducted at the request of Tanzania.

Tanzania suffered a severe drought in late 1996 and early last year that swept much of East Africa and caused widespread crop failure. President Benjamin Mkapa appealed last September for 76,000 tons of food aid saying the country faced a total food deficit in 1997/98 of 916,000 tons.

However, from last October Tanzania had received unprecedented rainfall attributed to El Nino, and floods had caused $150m in damages.

The report found that while rains had caused serious crop losses in low-lying areas, there was increased production “in higher areas and sandy loam soils”.

“Moreover, in the aftermath of several years of drought, farmers in most areas increased planting of security food crops such as cassava and sweet potatoes, which are expected to do well this year,” it said.

Addressing Tanzania’s food supply situation, the report said a poor transport network was acting as a severe constraint on economic development in important sectors, notably agriculture.

As a result, access to urban markets especially in the lake (Victoria) region is especially difficult as movement in and out of areas like Kagera, Kigoma, Mwanza, Mara and Shinyanga still remains highly restricted.

“In the coming months, logistical limitations in food movement and the pace at which transport difficulties are resolved will be as important determinants of food security as the overall food supply situation in the country,” the report concluded.

Tanzania’s stock of cereals, principally maize, stood at an estimated 350,000 tons at the beginning of February, according to the Food Security Department.

Large traders and mills are estimated to hold 200,000 tons, the Strategic Grain Reserve a further 48,000 tons with the balance of 102,000 tons being held by a combination of smaller traders and households.

Per capita cereal consumption in Tanzania has been estimated at 192kg a year. — Reuters.
World Bank lays down law on Tanzanian power project

From Sapa-AFP

Dar es Salaam — The World Bank has warned it would not participate in Tanzania's multimillion-dollar Songo Songo gas-to-electricity power project unless the government reviewed terms for the costly Malaysian-financed deal.

Ron Bright, the World Bank's resident representative in Tanzania, said: "We don't see any prospects over the Songo Songo project, and we will only continue financing the project if the conditions are set right."

Bright said that, apart from the high project cost and other provisions, investors were concerned with the state-owned Tanzania Electric Supply Company's ability to meet its financial obligations to the Malaysian-funded Independent Power Tanzania Limited (IPTL) project.

The World Bank has withheld a $200 million loan to the Tanzanian government for the $350 million Songo Songo project because of its reservations over the viability of the IPTL.

Other equity investors in the Songo Songo project, which Bright described as a "sound package of financing engineering," include the International Finance Corporation, the Commonwealth Development Corporation, the European Investment Bank, DEG of Germany, Tanzania Development Finance and Canada's Occaf Energy.

The International Monetary Fund has also expressed reservations over the project, saying it was not consistent with Tanzania's economic future.
Illovo and UK firm in Tanzanian sugar deal

CT/PR/18/9/198
RAJN MAHALAJ

Durban — Illovo Sugar, Africa's leading sugar producer, and ED & F Man Sugar of London, together had acquired Kilombero Sugar in Tanzania, Don MacLeod, the managing director, said yesterday. He did not disclose the value of the deal.

ED & F Man Sugar is part of the ED & F Man group. Its principal businesses are the supply of agricultural products and the provision of financial services.

The partners aimed to bring the company's sugar production up to 100 000 tons a year by 2001, MacLeod said.

The Tanzanian government has described the partnership as a "strategic investor with appropriate technology, strong management and experience in operating large sugar estates".

MacLeod said the acquisition was in line with Illovo's strategic plans for geographic diversifica-
Illovo and ED & F Man Sugar buy Tanzanian sugar firm

Nicola Jenvey

DURBAN — Sugar producer Illovo Sugar and London-based ED & F Man Sugar have acquired Kilombero Sugar Company in Tanzania in a partnership for an undisclosed sum, Illovo MD Don MacLeod said yesterday.

The partnership planned to more than triple Kilombero’s annual sugar production to 100 000 tons by 2001, MacLeod said.

He said the Tanzanian government, in its official confirmation of the success of the bid, described Illovo and ED & F Man as a “strategic investor with appropriate technology, strong management and experience in operating large sugar estates”.

Illovo would hold 55% of the shares, ED & F Man 20% and the remaining 25% be retained by the government for eventual flotation in line with its policy of community participation in privatisation. Kilombero included two sugar estates and factories 375km southwest of Dar es Salaam with the combined capacity of 100 000 tons. The estates comprised 6 400ha of irrigated sugar cane and a further 3 800ha with considerable expansion potential.

MacLeod said that out of four sugar companies operating in the country, two in addition to Kilombero were earmarked for sale.
Tanzania to speed up customs reform

DAR ES SALAAM — The state-run Tanzanian revenue authority, keen to consign its reputation for red tape and bribery to history, yesterday promised speedy implementation of reforms in customs services.

"The programme, which includes a detailed action plan and a time frame for implementation, aims at increasing government revenue, facilitating genuine international trade and travel and generally improving the quality of services rendered to the public by the customs department," it said.

Tanzania customs once stood as a synonym for a nightmarish bureaucracy and graft but the reforms are now starting to bite, bringing a measure of good news to the local business community and visitors to the East African country.

The programme’s main components include an ambitious plan to computerise manual handling procedures.

Computerisation will be extended to other customs offices.

"The computerisation of procedure is expected not only to facilitate international trade procedures but also to improve the collection of government revenue," the authority said.

A package of measures has been implemented to tighten Tanzania’s taxation net and to eradicate widespread tax evasion.

"Undervaluation of imports will be countered through, among other things, an enhanced pre-shipment inspection scheme, the use of minimal dutiable values and the development of a price data bank," the authority said.

Supervision of warehouses was also being improved and this included regular audits. Responsibilities for pre-shipment inspections was shifted from the central Bank of Tanzania to the authority, on January 1 1998.

The revenue body said "stern action" would be taken against clearing and forwarding agents involved in revenue leakage.

On trade and travel issues, the authority said streamlined customs and cargo clearance procedures had come into effect at Dar es Salaam airport.

Other positive developments for stakeholders include improved methods for releasing trade statistics, better qualified staff and increased dialogue between the authority and taxpayers on changes in efficiency procedures.

— Reuter.
Tanzania's sweetener

Illovo Sugar's sweet romance with the rest of Africa continues. The group has been nominated as the preferred bidder for a controlling interest in the Tanzanian State-owned Kilombero Sugar Company, which has a projected production capacity of 100,000 t/year.

Though the acquisition — still subject to the final negotiation of a sale agreement — is expected to have a neutral short-term impact on Illovo, it could begin generating profits after year three.

One concern is whether the deal will add to the debt burden built up as a result of last year's R1.8bn acquisition of Lomotho's African sugar interests.

The word, however, is that the deal will have minimal impact on gearing. A finance mechanism has been structured that will not actually run through to Illovo. Illovo and its London-based partner ED & F Man Sugar will lend substantial weight to the balance sheet, enabling Kilombero to access soft developmental-type loans.

While the group remains tight-lipped about the price paid for the underperforming Tanzanian operation — current production is about 30,000 t/year — other comparative deals in Africa suggest that a sub-US$30m price tag would probably have been considered fair, even in the face of stiff international competition.

In terms of the bid Illovo will hold 65% of the company, one of the three Tanzanian sugar operations identified for privatisation (out of four total), with partner ED & F Man Sugar acquiring a 20% stake, and the balance of 25% being retained by the Tanzanian government for a public flotation. The assets acquired essentially comprise two factories and sugar estates 375 km southwest of Dar es Salaam.

The programme of bringing the factories up to capacity to be capex intensive should be achieved through de-bottlenecking and improved maintenance during the off-crop season.

Herb Payne
Mauritius loses millions over export tariff rates
Tanzanian govt deports Muslims

DAR ES SALAAM — The Tanzanian government had deported illegal aliens from several African and Asian countries in a move to check increasing Islamic fundamentalism, the Daily Mail reported yesterday.

The private newspaper quoted an immigration department source as saying that the operation started in the southwestern Ruvuma region and Dodoma in central Tanzania, where several foreigners were rounded up and deported.

"Some people of Arab and Asian nationality have been arrested by the department recently ... and deported — most of the deportees coming from Egypt, Iran, Pakistan, Saudi Arabia and Sudan, among others," the source said, without specifying numbers.

The source told the paper that the operation was necessitated by a surge in Islamic fundamentalism in the east African nation.

Last month three people were killed in Dar es Salaam when police clashed with demonstrators allegedly protesting against "suppression of Islam by the government."

The Muslim Council of Tanzania later accused several Islamic organisations from Libya and Saudi Arabia of being behind the surge in Islamic fundamentalism and having trained militants involved in the riots, a charge strongly denied by the Libyan and Saudi Arabian embassies.

The newspaper said the illegal aliens were rounded up in remote, predominantly Muslim locations.

The paper said, however, that officials from the Egyptian, Iranian, Pakistani and Sudanese embassies had denied any knowledge of the arrests and deportations of their nationals.

Since the riots, the government, concerned about the growing religious extremism pitting Christians and Muslims, has banned public sermons.

A number of Islamic leaders have since been arrested and taken to court for defying the order.

Last week Cardinal Polycarp Pengo decried the growing extremism and urged Christians to refrain from such confrontations. — Sapa-AFP.
Bid to Revive Tanzania's Coffee Industry

AFRICA

ARGUSA – An up-and-coming plan
INTERNATIONAL

Tanzania stepping up its gold output

Mark Dodd (318) 80 81 4193

DAR ES SALAAM — Tanzania, one of the world’s poorest countries, aimed to lift annual gold exports from the current half a ton to 26 tons by 2001 when there would be four or five gold mines, Deputy Mining Minister Manja Msambya said yesterday.

Of nine major companies operating in Tanzania, seven were attracted by gold. Investment in prospects nearing production would reach $350m over the next two years.

However, smuggling to Kenya by small-scale miners who currently dominate gold production accounted for more than official exports, he said.

Mining exploration, mainly gold-related, had risen rapidly over the past five years with estimates of proven Tanzanian gold reserves at about 20 million ounces and annual exploration expenditure jumping to $80m.

The embryonic mining sector, dominated by gold, accounts for about 2% of gross domestic product (GDP) and is expected to rise to between 10% and 15% within five years.

Tanzania’s first operational gold mine since independence from Britain in 1961 is expected to be a $50m joint venture between Australian company Resolute Mining and its British partner, Samaux Resources, at their prospect on the booming Lake Victoria gold field. Production is expected to begin before December.

Kahama Mining, a subsidiary of Canada’s Sutton Resources, plans to start production nearby in 1999, and has invested $15m in mine development. Others to start production by 2000 include Australian-owned Africa Mashariki (East Africa Gold) which has invested $75m in property at Tarine. Ghana’s Ashanti Goldfields has invested $100m in its prospect.

SA’s Randgold Resources has a 1.5-million ounce resource base at Shinyanga, while Australian mining giant BHP Minerals is searching for base metals in Tanzania’s far western Kigoma region.

In the same region, Anglo American is on the prowl for nickel, cobalt, copper and base metals.

Hopes of a headlong rush into gold mining riches may, however, prove premature. The Tanzanian Chamber of Mines cautioned last year that the sector could be hurt if the gold price continued to fall below $300/oz.

“So far there have been no shockwaves from the downward slide of the gold price in Tanzania — no pullout,” Msambya said.

Tanzania would continue to streamline mining policy and laws to attract foreign investors, he said. A draft of the new mining act, aimed at further opening the minerals sector, would be submitted to parliament in April. Key provisions included security of tenure for investors, simpler rules and regulations, transparent provisions and streamlined licensing procedures.

Tanzania is also a significant diamond producer, mostly via De Beers subsidiary, Williamson Diamond. After declining from 300,000 carats in the early 1990s to 63,000 carats in 1992, production has shot up to 120,000 carats after rehabilitation of the mine.
56 Tanzanian miners feared dead after rains

ARUSHA — At least 56 people were killed in a mining disaster in northern Tanzania following flash floods that caused pits to collapse, Tanzanian state radio reported yesterday.

It quoted the head of rescue operations as saying 56 people had died and 21 were rescued following Thursday's disaster at Mbagani, southeast of Arusha.

Arusha's regional commissioner Daniel ole Njoolay said that a rescue team set up two days ago had gathered a list of 55 people known by authorities to have entered the Mererani mine and were missing and presumed dead.

However, he said the death toll could be higher, since it was possible more miners had entered the area to work illegally. "There could be 100 dead," Njoolay said from Arusha.

The flood accident happened at a tanzanite mine near the northern farming town of Arusha. Workers were trapped as deep as 300m after the floods caused about 14 pits to collapse.

Continuing rescue efforts were hampered by a lack of equipment and poor communications, said Njoolay.

Tanzanite is a semi-precious stone unique to Tanzania and is mined using relatively primitive methods, often without safety equipment. — Reuters.
At least 55 feared dead in Tanzania mine

Wokers trapped in pits following heavy rain and a landslide – and inadequate rescue equipment means there is now little hope of finding any more survivors

Hopes faded yesterday of rescuing more survivors from a mining disaster in northern Tanzania in which at least 55 miners were presumed to have died in flash floods.

Four bodies were recovered and 21 people pulled out alive yesterday from the Mererani mines, which flooded after heavy rains last week.

Rescue workers and regional officials said they lacked the heavy-duty pumps needed to draw water out of the pits.

Mine owners had made a list of 55 workers in the mine at the time of the accident who were now presumed dead, but up to 100 more, including illegal workers, were probably trapped inside the mine, they said.

State radio earlier reported that the deaths of 56 miners had been confirmed.

“There are more than 100 trapped and it is not easy to survive. They would have suffocated when the water entered the passages,” said Judika Palambo (29), a miner involved in the rescue.

Heavy rains flooded a site containing 15 pits situated about 60km southeast of Arusha, trapping miners up to 200m underground.

A rescue effort was co-ordinated by the office of Prime Minister Frederick Sumaye, who visited the site on Sunday and called for a halt to all mining activity in the area.

Up to 2,000 people, including scores of relatives, waited yesterday at the head of the pits and at the Mererani offices.

Rescuers at the Glister Gems mine said their greatest need was for pumps which could draw water from more than 45m.

“If we had big pumps from day one we would have a different story today,” Arusha regional commissioner Daniel ole Njoo said.

“The area is hilly and we had a lot of rains and on the night of April 9 there was a landslide in which a lot of water went down into the narrow pits and some people got trapped underneath.

“We have to get them out. They are human beings,” Njoo said.

Small-scale miners using crude methods work the pits for Tanzanite, a semi-precious stone unique to Tanzania.

The mine owners often provide medicine and tools, but pay is based on commission and sometimes miners earned nothing, one miner said.

Another problem faced by rescuers was the inaccessible location of the mines, set amid slag heaps on a sandy hillside south-west of Mount Kilimanjaro.
Partial selloff of Tanzanian brewer gives SAB control

PAUL RICHARDSON

Nairobi — The Tanzanian government would list between 7 and 10 percent of its stake in Tanzania Breweries Limited (TBL) in July, more than doubling the capitalisation of the country’s new stock market, the company said yesterday.

Danie Niemandt, the chief executive director of TBL, in which South Africa’s SAB owns a 45 percent stake, said the issue was expected to raise up to $20 million.

"Government currently owns just over 40 percent of TBL," Niemandt said.

"They will be listing between 7.5 and 10 percent initially ... which means we are looking at between $15 and $20 million."

The issue will more than double the current $10.15 million market capitalisation of the Dar es Salaam stock exchange, which began trading on Wednesday.

"The offer will open in May. We will close it before the end of June, with the actual listing taking place during the first half of July," he said.

Niemandt said that, before the listing, TBL would hold a rights issue of 10 percent of its shares to SAB, which would result in the South African company taking a controlling stake in the Tanzanian brewer. "We are busy concluding an arrangement whereby SAB will inject equity into the company," he said.

"The dilution effect means that SAB will increase its stake to about 50.7 percent. "It will happen in the very near future, before we list."

TBL will be the second company to list on the fledgling stock exchange, joining the recently privatised Tanzania Oxygen.

Niemandt said that, in time, a minimum of 25 percent of the government’s stake would be listed on the Dar es Salaam stock exchange, raising some $30 million in total.

Officials at the exchange said yesterday that the Tanzanian government was unable to list a significant stake on the bourse because of Tanzanian citizens’ low capacity to invest.

Large public issues are further hampered by a ban on foreign participation in the exchange, although the Tanzanian government is formulating a policy on this issue.

Niemandt said that, despite the low investment capacity of Tanzanians, he believed the public issue of up to $20 million in shares was feasible.

Niemandt would not divulge the company’s production figures. — Reuters
State takes a hard line on power tariffs

IMF reopens Tanzania's credit talks

MARK DODD

Dar es Salaam — The International Monetary Fund (IMF) would resume talks with Tanzania this week on payment of a structural adjustment credit of up to $50 million, a senior fund official said at the weekend.

Festus Osimadje, the IMF's senior representative in Tanzania, said the state's handling of a controversial $150 million power deal with a Malaysian-backed company had been a critical factor in resuming the talks on the enhanced structural adjustment facility (ESAF).

Talks reviewing the facility were suspended in March after the IMF expressed concern about the power-supply contract between Tanesco, the state power company, and Independent Power Tanzania (IPTL).

"Negotiations resume next week so we're waiting to see ... the position of the government on IPTL, in the context of an enhanced structural adjustment facility," Osimadje said.

"There has been no official statement from the government, the electric supply company, Tanesco or IPTL. But if what the local media is saying is true, then clearly the government is moving in the right direction."

Tanzania is at the mid-term review stage of its $240 million ESAF. A favourable outcome at this week's talks would result in disbursement of up to $30 million, officials said. Already, $130 million has been released.

Western diplomats said last week Tanesco had defaulted on the contract to buy electricity from IPTL after three days of fruitless talks on tariffs between IPTL, the energy ministry and Tanesco.

When the talks broke up in disarray last Thursday, the government served a deportation order on the seven-member Malaysian delegation representing IPTL, who left Tanzania. The state and Tanesco have not commented on the dispute.

"It is clear the government is ready to go for broke and if necessary take the issue to international arbitration," said a Western diplomat who declined to be identified. "It seems the government is taking a very robust position which is bound to win it a lot of respect in the international community."

In 1994, IPTL won a contract to build a 100 MW thermal power station worth $150 million near Dar es Salaam. But the IMF and the World Bank later said it would be an unacceptable burden on Tanzania's fragile economy because the proposed wholesale tariff of 21c a kilowatt hour was too high.

The deal would also have locked Tanesco into paying IPTL a minimum $5 million a month for electricity.

The station is almost complete and had been expected to come on stream in June.

The government's stand raised the prospect of a resumption of the stalled Songo-Sungo gas-electricity project. Wrangling over the IPTL deal stalled that project, favoured by the World Bank as a cheaper source of electricity, more than two years ago. — Reuters
Tanzanians ask for review taxes on imports

Mark Dodd

Dar es Salaam — Tanzanian car traders have appealed to the government to review taxes on imported vehicles after a slump in sales, said an industry report.

The report said motor traders sold only 96 new saloon cars last year of which 63 were tax-free units, against imports of 8,000 reconditioned cars, mostly from Japan.

A copy of the report, dated March 26 and compiled by the Tanzania Motor Traders’ Association (TMTA) for limited circulation, was obtained yesterday. The association represents 20 leading motor traders which are authorised dealers of most foreign brands.

"TMTA recommends a major reduction in taxation of saloon cars to stimulate demand, increase treasury revenues and shift demand towards new car sales where tax revenues are fully accountable. Without a more reasonable taxation level, sales of new saloon cars will increase immediately to a minimum of 300 units and tax will increase by 2.6 percent," the report said.

The association accused Japan of treating Tanzania as a dumping ground for used cars to sustain its own domestic new car sales. It said imports of second-hand vehicles were grossly underestimated to evade taxes. — Reuters
Jubilee to be Tanzania’s first private company

NAIROBI - Tanzania’s first private insurance company since the sector was liberalised last year had been established with the help of international investment, the Washington-based International Finance Corporation said yesterday.

The corporation and the Aga Khan Fund for Economic Development - have each invested $285,000 in Jubilee Insurance Company of Tanzania. Jubilee was likely to be the first private insurance company allowed to operate in Tanzania since legislation opening up the sector was approved last February, Michael Hopper, the corporation’s Nairobi representative, said.

“Tanzania has about 15 other companies applying for licenses but we anticipate that Jubilee will be the first, probably in a matter of weeks,” he said.

Jubilee Tanzania will provide general, non-life insurance and also plans to offer life insurance after one to two years.

The main shareholder in the company will be Jubilee Insurance Kenya, with a 40% stake. The corporation and the Aga Khan Fund will each hold 15%, while the remaining 30% will be held by Tanzanian investors and Jubilee subsidiaries in Uganda and Mauritius.

Before nationalisation more than 30 years ago, Jubilee Tanzania controlled about 30% to 40% of the insurance market, Hopper said. “They have a good track record and will be hoping to gain back that market share,” he said. — Reuters.
No water, no Coca-Cola

DAR ES SALAAM — A severe water shortage in the Tanzanian capital caused by damage to a mains pipe has forced the local Coca-Cola bottling plant to stop production, local media reported yesterday.

The city of 3-million people has been without water for 10 days after flood waters washed away a section of mains pipe north of the city. Army engineers and works ministry personnel have been working round the clock to repair the damaged pipe and water was expected to start flowing again yesterday.

The shortage has sparked a booming trade among many unemployed youths selling 20-litre jerry cans of water for $0.75.

On Tuesday, Dar es Salaam University closed down, citing among other reasons unsanitary conditions on campus caused by the lack of water.

Tanzania Breweries and a smaller independent brewer, Associated Breweries, have stopped beer production because of the shortage. Muhumbili Medical Centre, the country's main hospital, has also stopped all but emergency surgery. — Reuters.
Slow growth and reluctant investors bedevil Tanzania

Dar es Salaam - Tanzanian economic growth in 1998 was likely to come in at about 3 percent, barely keeping pace with the country's population growth, a World Bank official said yesterday.

Resident Bank representative Ron Brigish, told Reuters the effects of drought in 1997 and floods at the turn of the year, both linked to the El Nino weather phenomenon, had undermined agricultural production and would lead to slower growth in 1998.

Excessive state bureaucracy and poor infrastructure were also discouraging potential foreign investors, he said.

"This year (growth) may well be close to 3 percent ... maybe close to zero in per capita terms," he said. Population growth in Tanzania was about 2.8 percent a year, he added.

Harvests of coffee and cotton, Tanzania's two leading export crops, have been particularly badly hit by the inclement weather, undermining economic growth and the country's trade balance, analysts say.

On a more positive note, Brigish applauded the government's success in bringing down inflation and interest rates and in keeping a lid on fiscal policy.

"Progress on the macroeconomic side is really encouraging ... reflecting greater discipline within public finances," he said. "This is no mean achievement."

Headline inflation fell to 13.4 percent in March from 14.7 percent in February, according to Bank of Tanzania figures. On an underlying basis - excluding food prices which have been pushed up by the poor weather - inflation stood at just 6.1 percent in March, down from about 21 percent in mid-1998.

Brigish also gave a thumbs up to the government's privatisation programme, which he called "one of the better programmes in sub-Saharan Africa".

But those achievements have failed to translate into faster economic growth because bureaucracy and poor infrastructure have discouraged foreign investment.

"It takes on average 18 to 26 months to establish a business in Tanzania because of all the approvals required," Brigish said. "This is simply too long."

Poor road, rail and telecommunication networks were also exacting a high price on the economy, he said. He recommended the government push ahead with plans to privatise the state telephone company and improve roads.

Large parts of Dar es Salaam have been without water in the last week after floods destroyed a bridge and broke a key supply pipe. The water shortage is already having an impact on production, economists say.

Donors also complain that corruption holds back Tanzania's economic growth. In particular, they bemoan the government's failure to act on the recommendations of the 1997 Warioba commission report on corruption.

Another big challenge for Tanzania is to reduce its dependence on foreign aid, which accounts for about 15 percent of gross domestic product, or $1 billion a year. With rich countries cutting back on aid, the country had to move fast to make sure foreign investment filled the gap, Brigish said. -- Reuters
Stake in Tanzania Breweries up for grabs

BREWING State offers 10% of shares in one of county's most profitable companies

AFRICAN BUSINESS
Jangana to float 10% of brewery stake

INTERNATIONAL
Pleas for Road Funding Met With Skepticism

AFRICA

BUSINESS
Tanzanian brewer unveils growth plans

DAR ES SALAAM — Tanzania Breweries unveiled plans last week to expand production as part of a campaign to popularise a flotation on the Dar es Salaam bourse.

Brewery CE Danie Niemandt said the brewer planned to expand production in Dar es Salaam and the Lake Victoria port of Mwanza by 50%-60%.

Total production capacity is about 1.5 million hectolitres. The brewer estimates that Tanzanian consumer demand is close to 1.8 million hectolitres.

"At present, I think Tanzanians drink one beer bottle a week, we hope in three years, they will be taking three to four bottles a week," Niemandt said.

The Tanzanian government is unloading a 10% stake or 23 584 277 shares in Tanzania Breweries, in which South African Breweries (SAB) has a majority shareholding.

"There is interest but we’re off to a slow start," Sanjay Rughani, operations manager at sponsoring broker Exim Securities and Investments, said.

This is the second initial public offering for Tanzania’s young bourse and is part of a privatisation scheme. The proceeds go to the treasury office.

The offer opened on May 18 and will close on June 26. It is closed to foreigners in accordance with Tanzanian law.

Production in the new plants in Dar es Salaam and Mwanza will begin in August and September respectively.

Tanzania Breweries has grown since its privatisation in 1983 when the government sold off a 50% stake to SAB. Last year, the company recorded a profit of 18-billion Tanzanian shillings. — Reuters.
Tanzania sees slow growth for economy

SALAMAH — Tanzania expected a gradual economic recovery to take place this year after suffering from the effects of drought and then floods in 1997, a government minister said yesterday.

Nassoro M. Malocho, minister of state in the president's office, said the government forecast real gross domestic product growth of 8.6% in 1998, compared with 10.8% in 1997 (originally predicted at 5%) and 4.0% in 1996.

The minister was presenting the government’s economic survey report ahead of the 1999/2000 budget to be unveiled by Finance Minister Daniel Malala.

The agricultural sector, which accounts for roughly half of Tanzania's economy, grew by 10% in 1997 from 2.8% in 1996.

Malocho said the government was implementing measures to curb the growth of external debt, including requesting cancellation of some bilateral debts.

He also said the government would focus on repairing the country's infrastructure in the coming fiscal year, but said economic recovery would be slow.

"Our expectations for developments in 1999/2000 are not ambitious," Malocho said. "Our development targets have been trimmed to realistic levels in keeping with our ability as a nation to deliver." — Reuters.
Tanzanian shirt deal cancelled over report

BY LAWRENCE KILIMUKO
Star Foreign Service

Dar es Salaam – K-Mart/Wal-Mart, an American chain store, has cancelled a $2-million (R12-million) order of men’s shirts that were to be manufactured in Tanzania, citing human rights abuses mentioned in a US State Department report.

The company had signed a contract for 42,000 dozen woven men’s shirts to be manufactured by Gooyang of Dar es Salaam.

The Tanzanian government reacted to the cancellation by saying problems such as lack of medical care and inadequate space for prisoners were a result of economic difficulties rather than government policy.

“The US firm should therefore understand that the cancellation of trade links ... further exacerbates poverty,” the government said.

Gooyang will be forced to stop production by September, and 1,100 workers will lose their jobs, press reports have said.

Police brutality is one of many allegations made by Wal-Mart. A cited example is Chuki Athuman, a paralysed schoolboy who was shot by police and who is chained to his hospital bed.

Prisoners being paraded naked, sodomy, excessive floggings and lack of medical care are catalogued in the US report. Kibos prison in Dar es Salaam was built to hold 340 prisoners but holds 1,300.

But the government said in a statement: “Tanzania has one of the best records in the maintenance of human rights in Africa.”
Tanzania’s new VAT stirs fears

KAMPALA — Tanzania had introduced value-added tax (VAT) for the first time last week, and the government announced that it had increased the price of many consumer goods, including rice and sugar, as part of efforts to boost revenue. The VAT rate is based on the new price of 10 percent for all goods and services.

The increase was accompanied by an expected deterioration in the purchasing power of many consumers, including rice and sugar. In a letter to the president of Tanzania, the minister of commerce, industry, and trade, Mr. Mwanaiki, stated that the move was “necessary to ensure that the country’s economy is not undermined by high prices.”

Mr. Mwanaiki also noted that the new VAT rate was expected to generate increased tax revenue, but it was not clear how much. The government has estimated that the VAT rate would increase tax revenue by 5 percent, but it did not provide details on how this figure was calculated.

The increase in prices has raised concerns among many consumers, who have expressed worry that the new VAT rate would make imported goods more expensive. The government has defended the move, saying that it was necessary to ensure that the country’s economy is not undermined by high prices.

Mr. Mwanaiki also noted that the government had consulted with a number of stakeholders before deciding to introduce the VAT rate, including representatives from the private sector, consumer groups, and the Ministry of Finance. The government has also stated that it will closely monitor the impact of the new VAT rate on the economy and will make adjustments as necessary.

The government has also stated that the new VAT rate will be phased in over a period of two years, with the first phase beginning on January 1, 2019. The government has estimated that the new VAT rate will generate an additional $1 billion per year in tax revenue, which will be used to fund public sector projects.

The government has also stated that the new VAT rate will help to reduce the country’s fiscal deficit, which is currently estimated at 5 percent of GDP. The government has stated that it will use the new VAT rate to fund public sector projects and to reduce the fiscal deficit.

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Rwanda, Tanzania in private sector accord

FROM REUTERS

Dar es Salaam — The presidents of Rwanda and Tanzania yesterday urged the private sector in both countries to take the lead in economic development.

At a news conference in the Tanzanian capital, Rwandan President Pasteur Bizimungu said the two countries shared a common vision of a new Africa. He said the private sector played a key role in economic development while the state should focus on good governance.

"We are also convinced that one of the priorities is to improve economic infrastructure," Bizimungu said.

He was speaking at the end of a three-day official visit to Tanzania.

A joint communiqué issued by the two countries underscored the importance of peace, security and stability along their common border to encourage trade, which has fallen to its lowest level in five years.

Key to improving trade between the two countries would be the establishment of a dry port at Isaka in northwest Tanzania and the extension of Tanzania's central railway line into the Democratic Republic of the Congo and Uganda, the communiqué said.

"The railway line could be extended to eastern Democratic Republic of Congo and Uganda," it said. "They (the leaders) directed the relevant authorities to pursue its implementation as a regional project."

Recent rains severely damaged Tanzania's central railway line. Traders said it now took six to eight weeks to transport cargo from Dar es Salaam to Rwanda, compared with only a few days from Kenya's Mombasa port to Rwanda by road.
Treaty may hurt Tanzanian industry

AFRICA
Tanzania, SA in deal

TANZANIAN and South African trade and industry ministers signed an agreement establishing a joint finance company, the Tanzanian commerce and industry ministry said last week.

The ministry said in a statement that the agreement was signed by acting commerce and industry minister Kingunge Ngombe-Mwiri for Ziwes Financial Services and visiting South African Trade and Industry Minister Alec Erwin for African Harvest Ltd of South Africa.

Each of the two companies, which are currently engaged in capital markets, securities, risk management, merchant banking, private equity and corporate advertising, will hold 50 percent shares in the new venture, the statement said, without giving any figures.

However, African Harvest director Fred Robertson, a member of the South African businessmen's delegation led by Erwin, said his company would invest above R12 million.

South African companies have already invested in Tanzania's tourism, financial, aviation and industrial sectors, including taking over the giant Tanzania Breweries Ltd, previously owned by the government. --Safa-APP.
From Reuters

A UN mission finds Tanzania's food security status set for bumper crop year

A UN mission finds Tanzania's food security status set for bumper crop year

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Tanzania detains blast suspects

WASHINGTON — Tanzania has detained a number of suspects in the bombing of the US embassy in Dar es Salaam, a senior US state department official said yesterday.

The US official said twelve people were detained and another source close to the investigation said most of the suspects were believed to be Sudanese or Iraqi. Wilson Mwansa, the assistant police commissioner in Dar es Salaam, confirmed several suspects were arrested.

He said they were “connected to others”, but refused to elaborate.

Nearly simultaneous blasts at or near US embassies in Nairobi and Dar es Salaam, the capitals of Kenya and Tanzania, killed about 239 people on Friday.

“We have just gotten word that the government of Tanzania has announced that it has detained three groups of suspects. We don’t know the precise identity of those suspects or whether they will turn out to be an important lead in this investigation,” said Susan Rice, the assistant state secretary for African affairs.

Secretary of State Madeleine Albright was scheduled yesterday to address state department employees, devastated by the blasts that killed friends and colleagues.

Meanwhile, rescue operations at the site of the Nairobi bomb blast were suspended shortly after midday yesterday after rescue teams gave up hope of finding any more survivors in the rubble.

“It seems there’s no hope for any survivors living inside that,” Capt. Jean-Claude Marcuzzi from the 7th French army civil defence unit told Deutsche Presse-Agentur in Nairobi.

As he spoke, a 150-ton crane tore down chunks of concrete and slabs of rubble from the seven-storey Utundi Co-operative House tower block, next to the US embassy, which absorbed most of the blast on Friday.

Visible through the dust and rubble were occasional glimpses of human body parts as buried corpses were uncovered.

An Israeli rescue official said that if anybody was found alive, demolition operations would be suspended immediately.

The death toll in Nairobi is about 200.

As the hope of finding more survivors of the Nairobi bombing dimmed, investigators focused yesterday on finding clues to the terrorists at the blast site guarded by armed marines and hidden from view by black fabric.

Prudence Bushnell, the US ambassador to Kenya, lay a bouquet of roses at her wrecked embassy in central Nairobi yesterday. She described the carnage as “heart-breaking”.

About 12 Americans and at least 27 Kenyans were killed in Friday’s massive car bomb attack.

Bushnell was in a building close to the embassy when the bomb exploded. She suffered cuts to her lip, which had to be stitched and to her hands.

“There was blood everywhere ... a shoe here and there ... the banister was wet with blood,” and smoke was billowing up the stairwell, she said.

Rescue workers continued searching through the rubble of a collapsed four-storey building beside the embassy for two women who might still be alive. However hope is fading as neither woman has spoken since Sunday afternoon.

More than 4 800 people were injured in Nairobi, many of whom were cut by flying glass as windows blew in on buildings.

The government said the blast damaged 40 buildings so badly that it declared them out of bounds. — Sapa-APP.
South Africans rally to call to donate blood: 300 lives to be down to Kenya

Rescue workers continue to search for possible survivors of two blasts as death toll reaches 202

Tanzanian police arrest embassy bomb suspects
Attack will dent Tanzanian tourism

WAMBUI CHEGE

Dar es Salaam — Tanzania’s growing tourism sector would bear the economic brunt of the bomb blast that rocked the US embassy here last week, analysts said yesterday.

Friday’s explosion killed 10 people and injured about 75. A similar bomb targeting the US embassy in neighbouring Kenya killed at least 218 people and injured about 5,000 others.

“It is catastrophic to the people in Arusha,” said Emmanuel Mauheakiti, the chairman of Taurus Investments, a prominent shareholder in the Sheraton Hotel in Tanzania.

“Businessmen will still come to Dar es Salaam, but in the north I am afraid we are going to pay a heavy price.”

The northern Arusha region — the home of the world-famous Mount Kilimanjaro and the Ngorongoro game park — is Tanzania’s busiest tourist area.

Official figures from the Tanzania Tourism Board put provisional tourist arrivals at 369,000 last year, and officials forecast a rise to 400,000 this year. Tourist revenues reached $302 million last year, nearly 5 percent of gross domestic product.

But tourism industry officials say the sector is already struggling to meet its potential under the burden of heavy taxes, poor infrastructure and growing competition from other African destinations.

Its problems will be compounded by the blast, especially after the US state department warned its citizens on Friday not to travel to Kenya or Tanzania.

“About 25 percent of our tourist arrivals are Americans,” Mauheakiti said.

Colin Grenfell, a manager with Stanbic Bank Tanzania, said: “Tanzania’s country risk has grown. Foreigners will take a view that things are not as placid as they used to be.”

One Dar es Salaam hunter was said to have received cancellations from overseas clients within an hour of the attack.

Friday’s explosion was unprecedented, as Tanzania prides itself on its peaceful behaviour. The capital, Dar es Salaam, means haven of peace.

But a perception that the bomb was not targeted at Tanzanians could mean there will be no direct effect on overall investor confidence.

“This could have happened anywhere in the world. What I am really worried about is tourism,” one analyst said.

Njeri wa Mutond, a consultant with Pent Marwick, said: “Private businesses are at no worse risk than before. Tanzania was a soft target.”
Tanzanian bank staff want slow privatisation

DAR ES SALAAM — Employees of Tanzania's largest commercial banking group feared the government's privatisation plans for the bank would cost jobs and were not in the national interest.

Privatisation of the National Bank of Commerce (NBC) and the National Multi-Finance Bank has been high on the Tanzanian government's economic reform agenda.

But bank employees say that selling the bank outright will destroy the bank and run counter to national interests.

They also fear a foreign investor might acquire the bank at a throwaway price and close down many of its banks, 36 branches, which are spread across the country, in an effort to cut costs, raise efficiency and consolidate profits.

Instead of this, they want a gradual privatisation and claim they have the backing of many parliament members.

"We are not against privatisation, but it should be done gradually. What is happening will kill the bank," a senior bank manager said. "The changes have come too fast."

Originally created as a single bank in 1967, the NBC was part of sweeping Socialist policies when private enterprise was outlawed and nationalisation became a crucial password.

The NBC, as a state monopoly, ran an extensive network of branches throughout the country until the dismantling of the socialist system in the 1990s.

The Tanzanian government is currently looking for a strategic investor or a bank-led consortium of strategic investors to take up a 70% stake in the bank.

Bids were invited in August and the invitation closes on October 31.

The remaining 30% stake will be offered to the public through an initial offering on the Dar es Salaam stock exchange.

An NBC spokesman said privatisation was necessary to ensure the bank's future.

"To survive, we have to improve our services. People will have more choice, there will be good competition in the banking sector. We will also improve our technology," said Ngalimecha N'ghyoma.

"The biggest hurdle is to change our (people's) attitude towards privatisation. After many years of socialism, people don't really accept private ownership," Ngahyoma said.

The privatisation process only got under way after NBC was split in 1997 into two entities to pave way for a sale. At that time, the bank had $250m worth of bad debts. — Reuters.
Strong start for brewery shares


The stock traded between 560 shillings and a peak of 630 shillings compared with its initial offer price of 550 shillings. About 4550 shares were traded yesterday.

“I think this rise is sustainable... This is the most exciting day we have had since the market began in April,” said Manoj Shinde, investment manager at brokerage house Exim Securities & Investments.

Tanzania Breweries is the second company to list on the Tanzanian bourse after Tanzania Oxygen. The brewer’s stock received a boost from recent financial results, brokers said. It reported an after-tax profit of 6,235-billion shillings for the six-month period ended June 30, exceeding its earlier profit forecast of 6,53-billion shillings.

However, the brewer’s interim dividend slipped to 22 shillings a share from 23.9 shillings a share in the first half of last year.

The company produces four beer brands including the top-selling Safari lager, and also makes Castle lager, the main SA Breweries brand. Tanzania’s government began privatizing the company in 1999, selling half to SA Breweries. This was raised to a majority 55.5% in April.

The loss-making brewer began to turn around in 1998 and now has 80% of the the Tanzanian beer sector. It has forecast a profit of 24.3-billion shillings for the year, up from 18-billion shillings last year. — Reuters.
Cheap sugar imports flood Tanzania

DAR ES SALAAM — Cheap imports have severely undermined Tanzania’s sugar millers and may threaten privatisation of the sugar sector, industry officials said yesterday.

Francis Kibonde, managing director of the Sugar Development Corporation said the domestic market was saturated with cheap imports, preventing local millers from selling.

“We’ve been having a very serious sugar dumping problem in the country since the 1998/99 (July-March) milling season began,” Kibonde said.

Millers expected to produce 118,750 tons of sugar in 1998/99 — a 47% increase on the 80,848 tons produced in the previous year. Since July a total of 42,500 tons had been produced, but only 2,160 had so far been sold.

“We have about 147,752 tons of cheap sugar dumped and this is expected to stay in the market up to the end of the season,” Kibonde said.

Domestic consumption was estimated at 260,000 tons a year.

“Warehouses were stacked with unsold sugar, creating an additional storage problem for the millers,” Kibonde said.

“The bulk of this sugar in the warehouses is expected to carry over into the next year. Some of the companies are having serious cash-flow problems. They don’t even know if they will pay September salaries,” Kibonde said.

Sugar imports are subject to a tax of 30%. However, imported sugar is still $67 a ton cheaper than locally milled sugar, officials estimate.

Imported sugar is sold on the local market at between 14,500 and 16,000 Tanzanian shillings per ton for 60kg, while local millers sell at 17,500.

“We fear that since Kenya raised duty on their imports, sugar dumped in Kenya will find its way to Tanzania very fast,” Kibonde said.

Following a flood of cheap imports, Kenya increased dumping duties, taking the price of imports to about $702 a ton versus $601.5 for local produce.

The Tanzanian government was considering laws that would protect the local industry and encourage foreign investors to participate in the current privatisation programme. The legislation would include the introduction of a minimum dutyable value of $390 a ton on all sugar imports.

This year, the government sold its interests in two mills — Kilombero Sugar and Muhwa Sugar. SA’s Illovo Sugar now owns 75% of Kilombero while the Tanzania Sugar Industries took over the Muhwa factory. Tanzania Sugar contracted a Mauritian company to manage the factory.

“It’s very difficult because the new owners are not making money on their investments. The government’s privatisation programme is threatened and could be affected,” Kibonde said.

Two other factories in Moshi and Kagera are earmarked for privatisation in the 1998/99 (July-June) financial year. — Reuters.
Cango Caves team export expertise to Tanzania spectacular

Moses Mtetheleli Mackay
Staff Reporter

Experts at the Cango Caves are exporting their knowledge to Tanzania in a project they hope will enhance Africa as an eco-tourism destination.

The move to help with opening the Amboni Caves in Tanga province in Tanzania will be to the betterment of "our society and Africa as a whole," said Winston Coerecius, a director of the Oudshoorn Tourist Bureau.

"The four-man Oudshoorn delegation from the famous tourist attraction recently returned from Tanzania."

Mr Coerecius said that before visiting the site they had assessed photographs from Amboni. The initial aim of the project was to investigate whether a sustainable ecotourism development was feasible.

"He said the Cango Caves staff had a wealth of experience — not all of it favourable."

"It is with this experience that we approached Amboni."

"We don't want them to make the same mistakes we did in the Cango Caves."

In the past, the use of lighting systems that emitted heat had resulted in algae growth.

People had been allowed to touch stalactite and stalagmite formations and, as a result, they were damaged and broken.

Sixty years ago, there was no electricity in the Cango Caves and people had used candles.

Mr Coerecius said candles emitted wax smoke which was detrimental to caves and people tended to make smoke graffiti.

He said this should not happen in the Amboni caves.

"It would be better for the Amboni caves if torches are used if there is no electricity," he said.

"They had to look at a new way of showing caves to tourists."

Jan Smit, director of Cango Caves and Oudshoorn town clerk, said the environment surrounding the Amboni caves was underdeveloped and needed investors and private developers.

Infrastructure in the area needed to be upgraded.

"The project was initiated two years ago at the SA national travel symposium Indaba '97 when representatives of Tourcote in Tanzania approached the Cango Caves delegation for help."

Hein Gerstner, general manager at Cango Caves, said: "It has an incredible potential for tourism. But the infrastructure is not good. It should be addressed."

"We proposed that the people of Tanga village, near the caves, should be involved in promoting tourism in the area and should benefit from it."

He said the Cango Caves team members were keen to share their experience with the Tanga authorities and help with the development of Amboni caves.

The development of the caves would enhance Africa as a tourist destination.

Mr Gerstner said the team would now submit a research report on the Amboni Caves and motivate for their development.
Kenyan banking crisis hits Tanzania

Trust Bank, which has 15 branches countrywide and operations in Uganda, Tanzania and Pakistan, is being sued for 800 million shillings over a land deal payment it has yet to meet.

In a bid to prevent Trust Bank’s troubles from plaguing Tanzania, Tanzanian authorities took over Trust Bank Tanzania. “This measure is intended to prevent negative spillover effects of the (Central Bank of Kenya’s) action towards Trust Bank Kenya,” the Bank of Tanzania said.

The Bank of Uganda announced a week ago that it had closed the locally-owned International Credit Bank and suspended its board and MD. Although the International Credit Bank is not one of Uganda’s largest banks, it runs a system of prepayment cards that are widely used, say industry sources.

The banking crisis in Kenya has led to emergency talks between the central bank and 20 small commercial banks.

Of the 53 banks in Kenya, 35 are classified as small or medium-sized in a market dominated by British, American and Dutch banking subsidiaries.

Already businesses in Nairobi are declining to accept cheques from their clients that are drawn on small banks.

Cheeserem has appealed to depositors to stay calm and show restraint “following the recent loss of confidence in the banking industry.” He has advised small banks to merge or inject more capital to strengthen their financial base. New banking rules that become effective on January 1, 1998, will force small banks to do that.

Banks will be required to have a capitalisation of 44200 million shillings which most cannot raise on their own.

According to the governor, one of the problems with Trust Bank, owned by Ajay Shah, was over-expansion. “We have been warning them for some time. One of their problems was over-expansion and the other was spending. They have been on a spending spree.” He has indicated, however, that the Kenyan central bank will not “pump in money” to defend the shilling if it comes under pressure in the wake of turbulence in the banking industry.
Tanzania feels the pain of indifference

When Asian currencies collapsed last year, the International Monetary Fund (IMF) and the World Bank came to the rescue with multi-billion-dollar bailouts.

Since 1986, when Tanzania began implementing its IMF structural adjustment programme, the local currency, the shilling, has devalued by 150%, yet the country will not qualify for debt relief under the heavily indebted poor countries initiative (HIPC) until 2012.

Meanwhile, Tanzania, one of the world’s poorest countries with more than 60% of its population living below the $1-a-day poverty line, is spending $8 per person serving its $7.5-billion external debt. That compares with $3 per person on health.

Christopher Msakashe, executive director of the Tanzania Social and Economic Trust, an NGO, is angry. “If Asia can get help, why not us,” he said at the World Bank/IMF meetings last week.

HIPC was launched two years ago to provide a comprehensive framework for relieving the world’s poorest countries of unsustainable debt burdens. In this year’s IMF and World Bank meetings it was overshadowed by discussion of the global economic crisis. Nevertheless, three significant proposals made by Britain’s Chancellor of the Exchequer, Gordon Brown, and International Development Secretary, Clare Short, were agreed.

First, that 22 countries should be on track for debt relief by 2006. Second, that there should be a flexible framework in place by early 2009 to help countries ravaged by war. Third, that there should be a review of HIPC by the end of next year.

All this “was way beyond” what was agreed at last year’s meetings in Hong Kong, said Short.

Msakashe welcomed Britain’s efforts, but said other creditors lacked political will to offer meaningful debt relief. He was annoyed with the World Bank’s demand for repayment of loans for its own badly designed projects. Out of 26 agricultural projects, 13 have a negative rate of return, he said.

Andrew Simms, of Christian Aid, said: “Tanzania is paying for the World Bank’s own mistakes. The money is simply going round in circles.”
Government adds 20% excise tax to duties on imports

Tanzania moves to protect sugar industry

Shirley Jones
KWAZULU NATAL EDITOR

Durban — The Tanzanian government had added a 20 percent excise tax to duties on imported sugar, taking a stand against those undermining the local industry by dumping sugar in African markets, it emerged last week.

Graham Clark, Illovo Sugar’s operations director for Africa, said outside investors such as Illovo had seen the Tanzanian move as encouraging.

Clark said the government, which appeared to have an unavering resolve to court and push private investment, had lent an ear to the sugar industry’s lobby for protection of the domestic industry while it rehabilitated itself.

The duty structure was based on a minimum dutiable value of $30 a ton. This meant importers paid a standard duty on the minimum dutiable value before the new excise duty, plus 20 percent value-added tax.

Clark said that whereas in the past Tanzania’s duty structure had been lower than neighbouring countries, it was now comparable to other African countries, such as Kenya and Malawi.

The new agreement was in accordance with the General Agreement on Trade and Tariffs and World Trade Organisation commitments.

Reuters quoted Felician Busigara, the customs and excise commissioner at the Tanzanian Revenue Authority, as saying the new structure would run for a year and then be reviewed.

It would apply to sugar already on the high seas and in warehouses which had not yet been cleared at the port of Dar es Salaam.

Terry Pearsse, the general manager of Kilombero Sugar, said: “Our capacity to sell our sugar had really been affected by the cheap, dumped imports.”

Kilombero consists of two sugar estates and factories, and has a production capacity of 100,000 tons. Output at present is 30,000 tons. Illovo has a 55 percent stake in the company, while ED & F Man Sugar of London has a 20 percent shareholding.

Clark said in view of present low world prices, protection of Tanzania’s domestic market was crucial. When initially considering investing earlier this year, he said Illovo had made it clear protection was necessary if the investment was to prove viable.

Clark said the Tanzanian industry was relatively confident the new system would be adequately policed, especially in Dar es Salaam, the main port of entry. The government had also committed to watching the notorious Zanzibar route, an amorphous route for sugar into Africa.

The policing mechanism would include an understanding with industry, which would be on hand to advise authorities on dealing with illegal consignments.

Clark said not only Illovo but the entire Tanzanian sugar industry had lobbied the government for a duty increase. This was based on the fact that the sugar industry needed rehabilitation if it was to reach its full potential. To achieve this it needed breathing space and not a duty structure, which set it up as a magnet for unscrupulous importers looking for the best place to dump sugar.

Clark said the sugar industry would ultimately be a significant contributor to the Tanzanian economy and rural development.

He added it was pretty insignificant now, but had enormous potential.
Dispute delays Air Tanzania privatization

The issue of extending the runway to a length of 3,750 feet is a major concern for the government and Air Tanzania. The extension would allow the airline to accommodate longer aircraft and increase its capacity. However, the delay in privatizing Air Tanzania due to the runway extension has caused frustration among stakeholders. The government is said to be considering various options to expedite the privatization process, including inviting international investors. The privatization of Air Tanzania is expected to generate much-needed capital for the airline and improve its financial situation.
AFRICAN BEER WARS

GUINNESS SQUARES UP TO SAB

Guinness Breweries has positioned itself for a head-on confrontation with South African Breweries in Tanzania in a bid to gain market dominance.

Tanzania Breweries, in which SAB has a 46% shareholding, holds sway in the local market. But Guinness's parent company, the branded food and drinks group, Diageo, has served notice it wants a bigger slice of the action.

Guinness and SAB are already locked in a battle for control of Uganda's beer market, where Kenya Breweries, in which Guinness has a 46% stake, turned the tables on SAB, gaining the lead in beer sales. Previously, SAB had a dominant share of Uganda's market through its 40% stake in Nile Breweries (FM Focus October 9).

In Diageo's review of trading activities for the year ended June 30 1998, the directors report Guinness increasing its Tanzanian sales of the Guinness Foreign Extra Stout (FES) brand by 58%.

Guinness and Kenya Breweries will "step up" their activities in Tanzania with the opening later this year of a new US$30m brewery in Moshi, near Kilimanjaro. The brewery has annual capacity of 450,000 hectolitres.

"Once the new brewery starts to produce FES locally, the assault on the Tanzanian beer market will continue in earnest," Diageo directors say.

They describe Tanzania as one of the three fastest growing markets for Guinness. The other two are the US, where sales of Guinness rose 26% during financial 1998, and Chile, where Guinness introduced its product in April 1997.

Jabulani Simhakaire

FM 30/10/98
Tanzania party bosses come clean on assets

JOE KAMISHI
FOREIGN STATIONS

Dar es Salaam – Three senior Tanzanian government and party officials are the first to declare their personal wealth in response to President Benjamin Mkapa’s recent plea for transparency and accountability in the public sector.

Declarations by the secretary-general of the ruling Chama cha Mapinduzi (CMC), Phillip Munguia, and two regional commissioners came a week after Mr Mkapa – in a campaign to curb widespread official corruption – appealed to members of the party’s decision-making national executive committee to show the way and declare what they owned.

He said it was time for high-ranking government officials to show on which side they belonged – the side supporting his efforts to clean up the government or the side which defended corruption.

Mr Mkapa first issued the plea for financial transparency immediately after his election in 1995 and asked aides to follow suit.

But no one responded, even though he and his vice-president, Oman Ali Juma, went ahead and declared their assets, mainly bank accounts, farms and houses.

Mr Mkapa, who is gearing up for re-election in two years’ time, has been criss-crossing the country in the past few weeks, condemning corruption and challenging MPs and regional governments to expose culprits.

A few years ago, the government appointed a probe committee, called the Wairoba Commission, to investigate corruption.

Several top names in the government and CCM were mentioned, but in spite of calls for action, Mr Mkapa’s government has refused to prosecute them.

Instead, Mr Mkapa has sacked dozens of middle-level officials on allegations of irregular practices and warned that more will go.

The latest call to declare wealth was directed at senior party members, but some commentators have suggested it should be extended to all civil servants and that a mechanism be set up to verify declarations.

“The leaders must be required not only to declare what they own but also to account for it,” one said.
Tanzania in court over power plant

FROM REUTERS

Dar es Salaam — The Tanzanian government had decided to seek international arbitration over a $160 million power project which had been put on hold amid cost disputes with the supplier, officials said last week.

The Tanzania Electric Supply Company (Tanesco) has been locked in a row with Malaysian-backed Independent Power Supply (IPTL) over the project's cost. It will seek settlement at the International Centre for Investment Disputes in Washington.

Tanzania says the project should cost only $90 million and that the costs claimed by IPTL would force it to impose excessively high electricity tariffs.

"We've failed to agree on the most basic item — which is the power tariff," said Patrick Rutabonzibwa, the ministry of energy and minerals secretary.

The power project at Wazo Hill near Dar es Salaam is almost completed but was put on hold in April when Tanesco issued a notice of default to IPTL, accusing it of substituting the low-speed generators specified in the pre-purchase agreement with cheaper medium-speed generators.

Subsequent negotiations broke down after the government said IPTL had failed to justify other major project costs.

Rutabonzibwa said the state also had gone to court because IPTL had failed or refused to produce sufficient evidence on how it arrived at this cost.

IPTL has said its total cost was $160 million, but some analysts estimate the firm saved $40 million to $50 million with the engine substitution — a factor not reflected in IPTL's submission.
Pursue SA lead claims

Le raised as Swazis
'Reign of fear' is threatened

Mbabane — A group which claims responsibility for a bomb blast that killed a security guard and damaged the Swaziland deputy prime minister's office building in Mbabane has warned that more attacks will follow.

The group, which calls itself the Black Tigers, sent a fax to The Times of Swaziland newspaper, threatening to launch a reign of 'fear and terror' unless the 1973 royal decree banning political parties was reviewed.

The faxed message, splashed across the front page of the newspaper yesterday, threatened cabinet ministers, in particular Foreign Minister Albert Shabangu. So far the government has declined to comment except to say that police investigations into the recent bombings were continuing.

Meanwhile, in a related development, moves are underway to call an emergency meeting of Swaziland's parliament aimed at introducing tough anti-terrorism laws.

The speaker of the house of assembly, Mgwabhi Dlamini, said yesterday he had requested a meeting with the prime minister to ask for parliament to be reconvened.—Sapa.
Mbabane - More than 50% of people who tested HIV-positive in Swaziland were between the ages of 10 and 24, a report has revealed here.

The report was to mark World Aids Day on December 1, but was published in Mbabane on Monday, a correspondent reported.

Only 8% of those who tested positive said they or their partners used condoms regularly, and 37% admitted to never using condoms.

The report said 76% admitted having sex outside marriage and over half of those had sex with multiple partners.

Most of the infected students, aged between 15 and 18, were sent for tests by parents rather than volunteering. - Sapa
Tanzania looks forward to great mining

After decades of false starts, optimism is growing that the country offers fantastic prizes and the government will involve foreign investors, writes Mark Turner of the Financial Times

Production is expected to triple from five to 15 tons a year, and maybe more, recently inspiring a resource information unit in the Limpopo river. This interest is not a new phenomenon. Since the 1970s geologists have highlighted Tanzania's attractive geology, with the rich greenstone belts around Lake Victoria bearing a remarkable resemblance to the eastern goldfields of Western Australia and Canada.

What has changed is a recent turnaround by a government previously characterised by socialist self-reliance and a distrust of foreign interference. A new investment code exempts foreigners from import duty on equipment and sales tax, and crucially allows the repatriation of profits.

Continual battles over VAT, which increases drilling and analysis costs by 20%, have led to a strong war of words between government and the industry, but few doubt that in principle at least Tanzania is now open for business.

Golden Pride, a joint venture between Resourceful Resources and Samax Gold, produced its first gold ingot at the end of November, and is expected to produce 150,000 oz a year at $210 an ounce. Far enough below world prices of $300 to be viable. Optimism over the project and other Samax holdings recently prompted Ghana's Ashanti Goldfields to buy the Canadian company outright.

Ashanti CE Sam Jonah said this year that subsequent consolidation would open the way to one of the biggest gold mines on the continent with an output of about 400,000 troy ounces a year, at a cost of $190 an ounce.

Other companies, still concerned about gold prices, are playing a game of wait-and-see, and it will not be clear until next year whether this year's activity will be replicated.

Nevertheless, few doubt that the potential is there — it appears more a matter of when, rather than whether, Tanzania's minerals will be exploited.

Sutton Resources' Bulyanhulu project is well advanced and contains an estimated 7.2 million ounces of gold, while Tanganyika Gold boasts a prospect with resources of more than 750,000 ounces. Anglo American's Butwana is estimated to contain 1 million ounces. Its Nyamulagira Hill reserves could exceed 2 million ounces.

"This prospect looks destined to come on stream in the next five years," said chairman Julian Ogilvie-Thomson in June.

Recent speculation that Anglo American was losing interest has been quashed, while word has spread that Australian miner Delta is looking for new investments.

Samuel Lwakatare, chairman of the Tanzania Chamber of Mines, is optimistic.

"We are headed for a turning point where previously the mining sector was dominated by exploitation. The country could produce 26 tons a year by 2001 - 10% of gross domestic product (GDP).

That would be a profound turnaround from the current situation, where Tanzania's gold mining is dominated by thousands of artisanal diggers, who produce only seven tons a year and account for just 2% of the country's GDP.

Dar es Salaam hopes also to boost this sector with Meremeta, a recent joint venture involving the Tanzania military, which will organ-

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Note: The text provided is a snapshot of the article and may not include all the details or context. The information is based on the visible text and does not include any graphical or tabular data.
Tanzania’s parastatal pension fund stops loans until advised

James Macharia

NAIROBI — Tanzania’s Parastatal Pension Fund, at the centre of controversy over loans it made to prominent politicians, has stopped lending to individuals and hired Price Waterhouse Coopers consultants to advise it on future investments.

Contributors complained recently that the fund was lending money to people who did not have collateral and were not contributors. They claimed that some of the recipients used political influence to secure the loans.

Last week the fund found itself in trouble when, only a day after fund director-general David Matala declared that it was not lending to politicians and powerful people, Prime Minster Frederick Sumaye admitted publicly that he had borrowed $74,626 from the fund early this year to construct a house.

Sumaye was declaring his property as part of an initiative by leaders to declare their wealth and list their assets. The admission contradicted the denial in June by his press secretary, Jacob Tesho, that Sumaye had borrowed money from the fund.

The fund was created to take contributions from employees of state-owned firms and ordinary workers. Politicians and government officials do not contribute to the fund.
TANZANIA - GENERAL

1999
Dar es Salaam — Tanzania, weighed down by a foreign debt of $8 billion, had accumulated $266 million in foreign reserves during the year to November, the Bank of Tanzania said in its bi-annual report released on Wednesday.

The reserves were sufficient to finance 23½ weeks of import requirements — a significant improvement over the previous year, when only $92 million, or the equivalent of 16½ weeks of imports, was in the exchequer.

The bank said the target was to achieve 24 weeks of import requirements by June if donor resources would be available. "Short of that, the bank will be forced to run down its reserves," said Daudi Ballali, the bank's governor.

The country, suffering a severe famine in 19 regions, has appealed to donors for $100 million to fill its grain deficit. The government will meet with the Donors Consultative Group to discuss the fate of $237 million pending. This forms part of a three-year $940 million package under the enhanced structural adjustment programme.

The country has generally been given a fair rating by the International Monetary Fund and the World Bank on the conduct of its economic affairs, but donors said they would like to see faster privatization of state-owned corporations and a curb on corruption in the public sector.

— Independent Foreign Service
SA likely to send maize to Tanzania

From Reuters

Dar es Salaam — Traders see South Africa as a likely source of maize to fill an import tender launched by Tanzania yesterday. Asked what the source of the imports would be, one senior trader said: "South Africa, I would imagine. That's the only country I know that would be able to meet that demand. It's also easier to manage with freight."

The trader said he had imported 4,400 tons of maize of his own at a price of $170 a ton from South Africa and did not believe any bids would vary significantly from that figure.

The Tanzanian government invited bids yesterday to supply a total of 75,000 tons of grade one white maize to alleviate a food shortage.

Maize production from the short rainy season between October and December is expected to fall by 60 percent as a result of reduced rainfall, United Nations agencies said earlier this month.

Yesterday's invitation for the supply of the maize was contained in two tender documents from the Tanzanian Central Tender Board. The deadline for bids to supply 50,000 tons was March 10, while bids for the supply of 25,000 tons have to be submitted by February 18.
Tanzania firm probes meter fraud

The power supply company recently uncovered fraud at several points where licensed agents sell tokens to the 45,862 clients who use the meters.

Some agents have tampered with the automatic vending machines to dispense tokens for a certain amount but reflect a lower figure for accounting purposes, the difference going to the chests.

Tanesco public relations manager Daniel Mshana said the initial findings showed that the former Roshcon employees, all Tanzanians, may have taught meter sales agents how to bypass the metering system as well as to steal from the token vending machines.

Tanesco has instituted tougher controls at vending points while it considers changing the technology to replace prepayment tokens.

The company has suspended the three agencies in connection with the swindle.

Mshana said Tanesco was considering using plastic smart cards to replace permanently the disposable tokens.
GOLD Incentives attract investors

Quartet of new mines for Tanzania

JOE KHAMIS

Dar es Salaam — Tanzania expects to become the second largest mining country in Africa after South Africa when four modern gold mines are commissioned in the next two years, said Benjamin Mkapa, the president of Tanzania, recently.

He was opening the Golden Prime mine owned by two companies, Resolute Tanzania and Sumex, in the central part of the country. Officials describe the mine as world class, with a deposit of 2.7 million ounces of gold, equivalent to 64 metric tons.

The mine is expected to produce 5.4 tons of gold a year, worth $60 million at current world prices.

Three other gold mines are under construction in various parts of the country.

The Ballykulu mine in Kahama district in northern Tanzania is being developed by Sullivan Resources of Canada. When the mine becomes operational, it will produce 300,000 ounces of gold a year.

The third mine is in Geita, also in the north. It is owned jointly by Ashanti Goldmines and the Golden Pride Mine. It will be the second largest mine in Africa when it is completed in the next 18 months.

The fourth mine being constructed is the Afrika Mashariki Mines, owned by an Australian company in the Mara region, north of the country.

President Mkapa said by the year 2001, the total annual gold production would amount to 31 tons, which is worth more than $777 million.

Robert Pett, the chairman of Resolute Company, told the president that his firm was committed to making the mine the "most successful project in this part of the world".

He said the company planned to use modern mining and process-technologies to achieve large-scale production.

The mining boom in Tanzania is a result of the new Mining Act passed last year which offered more attractive incentives to investors in the mining sector.

A report in a recent issue of Business Africa magazine said spending on non-ferrous minerals in Tanzania reached $77.7 million last year.

This represented 13 percent of the continent’s total prospecting budget and a higher sum than in either South Africa or Ghana, the other two principal gold mining countries.

Tanzania was one of the world’s largest producers of gold and diamonds, but the sector was run down under socialist policies that closed the profitable mines. This left the industry in the hands of artisanal miners who did not use modern equipment, only primitive tools.

President Mkapa has declared mining to be the country’s most important sector. A year ago he met top mining executives from around the world in the northern town of Arusha to promote the sector — Independent

Foreign Service

In gearing to become a mining power, non-ferrous spending hit $58m in 1998
REST OF AFRICA

Big investors shun Tanzania

Bureaucracy, investment climate cause loss of two multimillion-dollar ventures

James Macharia

NAIROBI — Government bureaucracy and an unpredictable investment climate have led to the loss of at least two multimillion-dollar ventures and discouraged many other investors from coming to Tanzania.

In 1992, the Hyundai automobile company of South Korea took its money to Botswana, where it set up a factory after encountering a hostile investment atmosphere in Tanzania.

The executive director of the Tanzania Investment Centre, Samuel Sitta, said last week: “Hyundai intended to secure an industrial licence but ended up getting frustrated and took its investment to Gaborone.” Another potential investor, a Middle Eastern farmer who wanted 10,000 hectares of land to grow mangoes, was denied the land by local authorities. He was forced to import mangoes from India for his juice factory in the Middle East.

“The investment centre receives many complaints from investors about conservative and outdated rules and laws pertaining to entry into Tanzania,” Sitta said. He cited a recent incident involving an official of SA Breweries, the majority shareholder in Tanzania Breweries, who was held up for hours at Dar-es-Salam airport because he did not have a yellow fever vaccination certificate.

“If we continue entertaining such hindrances to investment, Tanzania’s economic reforms are unlikely to yield the desired objective of making the private sector the engine of economic growth,” said Sitta.

There are many potential local and foreign investors registered with the investment centre who have still not been licensed. Investors seeking a trading licence in Tanzania must pass through the ministries of home affairs, trade and industry, legal and constitutional affairs, and lands and settlements. They must also pass through the local authorities, the planning commission, the prime minister’s office and the Tanzania revenue authority.

“What we need is to have these institutions harmonise to erase the fortress mentality each of them has towards investors.”

According to the investment centre, more than 1,086 commercial ventures with total capital of $3.4bn have been established since 1990. The investments have generated about 175,000 job opportunities, but Sitta says the figure could be higher if efforts are made to create a more investor-friendly atmosphere.

Several big companies are still steering clear of Tanzania such as detergent manufacturer Unilever, which has invested heavily in Kenya, and beer producer Heineken, which has invested in Rwanda and Burundi.
Tanzanian court holds up Abasa's takeover of bank

REST OF AFRICA

4/19/1999

James Mekhrete

Business Day, Wednesday, February 24, 1999
Tobacco row may affect output

JAMES MACHARIA

NAIROBI — A protracted row between Tanzanian tobacco farmers and major merchant companies has raised fears that the country's output could be slashed.

The merchant companies normally buy the tobacco crop from farmers and then process it for sale on the international markets.

The row was triggered when three major US-owned tobacco dealers — Universal Leaf, Dimond International and Standard Commercial — suspended the supply of inputs to farmers because farmers failed to repay them in the agreed manner.

Companies supply inputs on credit to farmers on the understanding that farmers will deliver their entire crop to the companies. Companies then deduct input costs and pay the balance back to farmers.

Although most big dealers have resumed supplying inputs, officials say the damage has already been done. They warn that a drop-off in planting raises the issue of how farmers will be able to repay the money they owe to companies.

The row is expected to lead to a sharp fall in production in the key tobacco-growing areas of Tabora and Iringa. The resumption of supplies by the companies after the intervention of the Tanzania Tobacco Board, which regulates the industry, did little to improve the situation coming almost a month after the farmers normally plant their crop.

The production of tobacco, Tanzania's most lucrative cash crop, has been growing steadily over the past three years. Output doubled to 51,994 tons in the 1986/87 season, but fell 27% to 37,726 tons last year due to the 1997 El Niño rains.

Projections for the 1998/99 crop stand at only 36,000 tons, partly because of the row between farmers and merchant companies and because of poor weather.

Tobacco board officials and farmers agree that liberalisation of the sector, without the rules of engagement being clearly spelt out, lies at the heart of the crisis.

Some farmers are pointed in their accusations against tobacco companies. A large-scale farmer in the Ululuma area in Tabora region, Juma Magono, claims the three tobacco merchant companies have been dishonest — contributing to the crisis by buying from farmers who have contracted their supplies to another company.

"Dealers appointed by the companies are dealing directly with the farmers instead of going through co-operative societies. They are discouraging farmers from selling their crops to the companies which gave them inputs in the first place."

However, field officials appointed by the merchant companies accuse the farmers of dishonesty. They claim the farmers enter into contracts with one company and then choose to sell their crop to another, resulting in farmers owing billions of shillings to some companies.

"Nobody forces the farmers to sell their crops. It is a case of willingness, seller, willing-buyer, even if it turns out they are selling to the wrong buyer," one official says.

Dimond MD Kevin Stainton admits the tobacco marketing situation is "chaotic."

"We have all played a part in creating the chaos. But with two other tobacco-buying companies, we are seeking a solution to the problem," he says.

The crisis has affected both the small peasant farmers and the large-scale farmers, who fall under the umbrella of the Southern Highland Tobacco Growing Association. The association includes seven large-scale Greek farmers, who have been growing the crop in the Iringa area for many years.

Farmers are adamant that they are forced to sell their crops elsewhere as they would otherwise receive such poor returns. They claim merchant companies are finding it easier to deal with individual farmers than with the co-operative societies they normally use to channel inputs through to farmers.

However, the merchant companies say they cannot be blamed for low tobacco prices, which are set by the Tanzania Tobacco Council in accordance with international marketing conditions.
Drought expected to continue

Tharaka Nithi, Kenya - The government has appealed to farmers to adopt drought-resistant crops and practices to reduce the impact of the ongoing drought in the region. The government has been working with international partners to provide emergency relief assistance to affected communities. However, the situation remains challenging, and there is a need for continued support. The drought is expected to continue for the foreseeable future, highlighting the need for long-term solutions to address the root causes of the issue.
Where school is a luxury

Tanzania faces food shortages, yet it may not qualify for help with loan repayments, writes Charlotte Denny

Angela Migeo is in his final year at Lusala Primary School in the Lusala district of southern Tanzania. Children start their education later here and, like most of his leaving class, Migeo is aged 15.

His main ambition in life is to move on to the local government secondary school by passing an exam. Last year only 10 out of 70 in the year group were accepted.

But for Migeo, the biggest hurdle is the cost of education. His father is too poor to pay his primary school fees of 3,000 Tanzanian shillings per year (about $5), let alone the $100 a-year fees for a secondary school education.

Schools used to be free in Tanzania but in 1993, at the instigation of the International Monetary Fund (IMF), the government introduced education and health fees to cut its huge budget deficit.

Government finances are under pressure because of Tanzania’s foreign debt. It owes $8 billion to its international creditors — $26 billion for every man, woman and child in the country. The government must spend nine times as much on debt repayments as on basic health care and four times as much on debt as on primary education.

Since the government was forced to cut back on spending, school buildings have fallen into disrepair and there are shortages of equipment.

A recent Oxfam report estimated that, on average, there was one desk per seven pupils and each textbook was shared by four children. Classes of more than 50 pupils are not uncommon.

At Lusala school the children are comparatively lucky. The parents built the school themselves in the days when the government still provided free roofs. There are seven classrooms for 450 pupils, and almost every child has a desk.

But the introduction of fees has made the school affordable for some. The headmaster, Matano Ngwila, estimates that one in four children in his area are not in school because their parents cannot afford the fees. Some pupils attend school even though their parents cannot pay. The school cultivates and sells its own coffee crop to cover the shortfall.

Others like Angels pay their own way. Since the age of 12 he has supported himself by working on his own tiny field. He now pays his own school fees and those of his brother, and buys exercise books and pens.

Last year he made a profit of around 10,000 shillings ($15) from his bean crop. After paying two sets of school fees he had just 4,000 shillings left to feed and clothe himself. His school uniform is torn and he goes barefoot.

The government hopes that some of the country’s $1 billion in budget savings each year will relieve such poverty. But the country’s foreign debt is not cleared. It is a necessary first step, says Simon Lemege, Tanzania’s chief economist. Poverty alleviation through the World Bank’s Heavy Handed Initiative is the next in line. Tanzania should be the fifth country to qualify for debt relief.

The main lenders — Western governments and World Bank — have agreed to write off up to 50% of the £9.5bn for developing countries with unsustainable debts. Tanzania should be the next in line for relief.

"Poverty areas are not sustainable and sustainable poverty areas make it difficult for people to get out of poverty," says the IMF.

"The criteria are strictly defined. A country must have a 25% budget deficit and 40% of the population must be living below the poverty line. Tanzania’s GDP is 4% and its population is estimated to be 40% in poverty. Tanzanian authorities — and the government of the day — should have planned this because the debt relief will be released only if it is sustainable.

According to World Bank, the economic age of Tanzania is in a row. Household production is not included in national accounts so the fact that millions are living in poverty is not reflected in the GDP. It is a necessary first step, says Simon Lemege, Tanzania’s chief economist. Poverty alleviation through the World Bank’s Heavy Handed Initiative is the next in line. Tanzania should be the fifth country to qualify for debt relief. According to World Bank, the economic age of Tanzania is in a row.
Severe restrictions imposed on foreigners

Tanzania in move to save local business

Joe Khamisi

Dar es Salaam — Foreigners will no longer be allowed to run petty businesses in Tanzania as from May 1, in what the authorities say is a move to safeguard the interests of Tanzanians in a liberalised economy.

A government statement earlier this week listed 13 enterprises which foreigners could run with 30 percent local participation only and 24 types of businesses to be reserved for Tanzanians.

The government lamented that local people were facing difficulties in securing jobs in the public and private sectors: “Even business undertakings which Tanzanians could run have been monopolised by foreigners.”

Foreigners will have to seek local partnerships in running consultancy services, cargo handling, catering services, publishing and printing, as well as pharmacies. Other businesses include supermarkets, goldsmelting and running petrol and filling stations.

However, they will be barred from running furniture shops, radio repairing, rearing of chickens and selling of eggs, running small hotels and restaurants, beauty clinics and tailoring.

Recently, former president Julius Nyerere complained that many Tanzanian university graduates were unemployed and said measures were needed to rectify the situation.

Foreigners of Asian descent and nationals of neighbouring countries are prominent in small business enterprises in the country. The government said this trend was increasing poverty among Tanzanians and fuelling criminal incidents in the society.

In a related move, the Tanzanian Industrial sector has stepped up its opposition to the East African Co-operation Treaty (EACT) agreed to a year ago by the leaders of Kenya, Uganda and Tanzania, on the grounds that the arrangement, meant to broaden the scope of regional integration, would be “suicidal” to the country’s development.

The three countries entered into a loose economic union three years ago. The planned treaty is intended to give the EACT a legal standing to integrate all sectors of the economy with intentions for an eventual political federation of east Africa.

But three months before the signing of the treaty by Presidents Benjamin Mkapa of Tanzania, Daniel arap Moi of Kenya and Yoweri Museveni of Uganda, Tanzanians are asking for more time to review the document.

Tanzania industrialists complain there were too many disparities in the trade and industrial sectors of the two countries, claiming the arrangement would benefit Kenya more than Tanzania and Uganda.

Once the treaty is signed, all tariff and non-tariff barriers would be removed to facilitate interregional trade, a move Tanzanians say could result in a huge revenue loss.

Kenya exports to Tanzania are more than 10 times those of Tanzania to Kenya.

Tanzania also claims to be losing huge amounts of money in revenue from goods smuggled into the country from its northern neighbour. — Independent Foreign Service
EU slaps ban on fish imports

BRUSSELS — The European Commission confirmed yesterday it would ban fish imports from three African countries — Kenya, Uganda and Tanzania — for an unspecified time, over fears of pesticide contamination.

"The ban should take effect on Monday and follows a proposal from European Union veterinary experts," said a commission official. The 15-nation bloc imported only small quantities of fish from the three nations, he said.

Tanzania said on Wednesday it would appeal against the ban, saying it was unfair and threatened the country's economy. — Reuter.
Tanzania gears up for gold production

Last year, the country attracted R335-million in exploration spending, representing 13% of Africa's prospecting budget.

Despite lingering bureaucratic delays, Tanzania is set to become a leading gold producer as a string of world-class mining projects come online before the end of next year.

Last year, the country attracted R355-million in exploration spending, the highest on the continent, representing 13% of the total prospecting budget for Africa as a whole.

The man widely credited for orchestrating the gold bonanza, Minister for Minerals and Energy Abdullah Omari Kagoda said: "That speaks a lot for the potential of gold in Tanzania. I am confident that with further improvements in the regime governing the mining sector in the country, we shall see even better achievements."

The executive secretary of the Tanzania Chamber of Mines, Emmanuel Jengo, is even more emphatic: "This is only the beginning. Many companies are now involved in exploration for gold."

Currently, four major gold-mining ventures, worth a total of R3.3-billion, are in various stages of development in northern and western Tanzania.

Canadian, Ghanaian, Australian and South African companies are exploring for gold in various areas.

"We expect annual gold production from these mines to reach at least 31 tons by the year 2001, and the amount to go up substantially as new reserves are discovered," Kagoda said.

"We have the potential, and the government is serious and committed to building confidence with investors. It's a win-win situation."

Projects will assist local miners

Last month president Benjamin Mkapa opened Golden Pride, the country's first modern commercial gold mine owned 50% each by Ashanti Goldfields and Resolute, with estimated reserves of 2.7 million ounces (about 67 tons) of gold.

Initially the open-pit mine in Tabora in western Tanzania is expected to yield 180 000 ounces (5 800kg) annually.

When it is completed next year, Bulanyahulu mine, under development by Canada's Sutton Resources, is expected to yield at least 300 000 ounces a year. Sutton has identified reserves of 9 million ounces.

Bill Bali, local head of Kahama Mining Corporation, says comprehensive reforms in Tanzania's mining sector have boosted investor confidence. Among these is a simplified investment approval procedure, with a favourable regulatory framework and a competitive package of fiscal incentives for mining investments.

There is also an easily accessible and systematically archived geological and mineral resource database. Opportunities exist to acquire state-owned mining enterprises.

But several executives from international mining companies are concerned about protracted delays by bureaucrats in processing forms and claims.

Ashanti Goldfields will soon begin a 16-month project to build the second-largest gold mine on the continent outside SA in the northern Geita District.

Commissioner for Mineral Resources Gray Mwakalukwa said the Geita mine has reserves estimated at 6.4 million ounces and is expected to produce 450 000 ounces a year.

A mine in Turime District in northern Tanzania, run by Australia's Afrika Mashariki Gold Mines Limited, is scheduled to begin production of 140 000 ounces annually next year.

Mwakalukwa said Tanzania's under-exploited gold-studded geological formations extend over 800 000sq km.

Artisanal gold miners, who until recently were the only serious exploiters have not been forgotten, he said.

The government has set up Mereneta Limited to buy gold from artisanal miners at competitive world prices and to supply them with modern tools, through credit or rental, to raise efficiency.

"Although the company is not directly involved in gold mining, its assistance to artisanal miners is expected to boost their gold production quite substantially," he said.

Infrastructure improvement is the principal benefit expected from Tanzania's gold rush.

In Bulanyahulu, Sutton Resources plans to build a 90km pipeline to take water from Lake Victoria to northwestern Tanzania to 15 draw points for local communities. Other expected benefits are social services like schools and hospitals, community development funds and the stimulation of commercial activities. - Saps-AP
Tanzanian women demand equality

Outdated laws still discriminate heavily against women, writes Asha Mnzavas from Dar es Salaam

Tanzanian activists are urging the government to abolish a law that forces women who marry refugees from other countries to stay with them in refugee camps. Men who marry refugees are free to live where they want.

Parliamentarians have added their voices to the protests. But the government maintains that the law reflects traditions of the society.

"It is natural in our society that a woman must follow the husband," said William Lukwui, deputy minister for Labour and Youth Development.

Roda Kahatumo, the secretary general of women's affairs in the ruling CCM party, says the law has led to gender segregation.

"Refugees live in camps with restricted freedom. It is unfair to force a woman to go there by virtue of her marriage. If I have a better place to live with my husband, why should I be condemned to a camp? Why should a man get a better treatment in this matter?"

Kahatumo says that activists are finding it difficult to get unfair laws scrapped as gender discrimination is entrenched in most people. And parliament has only 45 women out of a total of 275 members.

Elizbeth Kasembu, a leader of the opposition Civic United Front, says that the law is hypocritical.

"Such a law is yet another example of how Tanzanian laws degrade women and lack gender fairness."

She says it effectively makes Tanzanian women refugees in their own country. By forcing the wife to join her husband in a camp, the law actually turns any children into refugees as well.

The Marriage Act of 1971 is heavily biased in favour of men.

For example, a male civil servant can ask for his wife, if she is also employed by the government, to be transferred with him.

No such concession is given to women.

"The marriage law and of course, the refugee act, perpetuate the idea that women are always dependent on men, even when the husband is unproductive as in the case of a refugee who stays id lie in a camp," says Teresa Rajiige, a sociologist from the Institute of Social Welfare.

The 1992 Citizenship Act stipulates giving citizenship to children of a Tanzanian father married to a foreigner, but not if a Tanzanian woman is married to a foreigner.

"The law reduces women to second class citizens whose rights are inferior to those granted to men," says Peter Rubungi, an expert on law of the University of Dar es Salaam.

He says the Act violates Article 15(1) of the constitution, which advocates equality before the law, and contravenes the Bill of Rights introduced in 1994.

The minister for women's affairs, Mary Nagu, agrees that the laws are outdated, and points out that Tanzania is a signatory of the Convention on the Elimination of all forms of Discrimination Against Women (Cedaw).

"We have forwarded our recommendation on the need to review the Marriage Act to the Ministry of Justice and Constitutional Affairs. However, because of a shortage of finance and personnel, the revision is yet to be made," she said.

Among other changes being sought in the law are raising the marriage age for women from 15 to 18 years, making sure that widows and divorcees get a fair share of household assets, criminalising wife beating, and providing for care of children after divorce.

"It is not that we are doing nothing. Women in the government are trying to address the plight of women," says Nagu.

"Only we are very few, and we are overshadowed by male dominance." - Star Foreign Service
Business curbs cause concern in Tanzania

Nairobi — Tanzania's business community has expressed some concerns about a government move to stop foreigners conducting certain types of business.

Many locals commend the sentiment behind the move, but doubt local entrepreneurs can fill the vacuum because they do not have enough capital.

With effect from May 1, only Tanzanians will be permitted to run category A businesses, such as retail and wholesale, small hotels (up to 20 rooms) and restaurants, auctioneering and brokerage outfits and bureaux de change.

Among others, beauty and hair salons, tailoring shops, poultry farming, carpentry, painting, cobblering, milling, fish retailing, bakeries, laundries, radio repairs, vegetable and charcoal selling, cobblering, watch and iron repairs and selling stationery will be restricted to Tanzanians.

Businesses in category B, in which foreigners will be allowed to go into 50/50 partnership with Tanzanian nationals, include catering services, printing and publishing, pharmacies, cinemas, supermarkets and jewellery shops.

Charles Mzena, chairman of the Dar-es-Salam Chamber of Commerce, said: "Its a good intentions notwithstanding, the government is being unrealistic in expecting Tanzanians to have the financial capability to invest in serious businesses."

The majority of Tanzanians not in formal employment are petty traders and hawkers, or commission agents for Tanzanians of Asian origin.

"We should identify what type of Tanzanians the government is talking about; is it the majority hawkers, who live by selling cheap products, or those few business entrepreneurs who have more than three passports at their disposal," Mzena said in a veiled reference to Asian entrepreneurs.

As in Kenya, Asian businessmen control much of the industry, wholesale and retail sectors. They employ Africans of various nationalities. In recent times, a growing wave of resentment against the Asians has grown.

In Kenya, more than 100 Indian immigrants were arrested and deported in January to mollify Kenyans angered by loss of jobs to illegal aliens.

Uganda has only recently begun to welcome back Asians sent away in the 70s by dictators Idi Amin.

Ihman Mikutamba, chairman of consulting firm NewTech International, said: "The plan is too ambitious. There is a lot of background work to be done before indigenous Tanzanians are able to fully undertake business enterprises."

"It is not enough for the government to declare a positive move for its citizens," said Mikutamba. "It should see to it that the locals are capable of participating in economic activities."

He cited lack of credit finance for small entrepreneurs with inadequate or no collateral as being some of the major factors stifling the development of entrepreneurship.

"If the government wants to help its people, then it should identify ways to empower them financially."
Tricky Tanzanians kill off SA export

JOE KHAMISI

Dar es Salaam - South African-made electricity control meters introduced by the state-owned Tanzania Electric Supply Company (Tanesco) four years ago to streamline billing procedures have fallen victim to organised fraudsters.

Installation has been stopped as a result. A total of 45,000 meters, popularly known in Tanzania as Luku, have been installed in residential and commercial buildings in mainland Tanzania since 1996, when a South African company, Rushville Construction, bidding as Rushcon, won a $11.5 million tender from Tanesco.

But William Magambo, a senior Tanesco official, has announced that, following massive tampering, no more meters will be installed.

He said only 1,500 additional meters would be brought in as stand-by replacements for defective ones. Tanesco says it had lost billions of shillings from the racket, which appeared to link consumers, some company employees and Luku card vendors and agents.

The suspension decision was taken after Rushcon and Tanesco experts stumbled on a syndicate that specialised in tampering with meters to reduce readings. Officials became suspicious after receipts from some vendors and consumers dropped substantially.

Electricity supply to scores of suspected consumers has been disconnected, and at least a dozen vending stations closed down. A senior company audit official has also been arrested.

Tanesco officials were said to be angered that the meters seemed not to be tamper-proof. Fresh efforts were in hand to find other brands that were not easy to tamper with, they said. - Independent Foreign Service
Tanzania is one of the world's poorest nations. But it has not qualified for inclusion in the heavily indebted poor countries' programme, which offers substantial relief to countries with a track record of economic reforms. This is likely to change, donor representatives say, because of significant progress that Tanzania has made in its macroeconomic policies.

The economy has stabilised, the inflation rate has dropped to about 9 percent and the growth rate is an improved 3.3 percent, which is expected to reach 5 percent in two years.

The once-depressed tourism sector is back again as the country's leading foreign exchange earner, and the agriculture and mining sectors are coming alive with multibillion-dollar projects by South African, Australian and Canadian investors.

In addition, the government has announced measures to tighten the grip on corruption and increase revenue collection through the elimination of loopholes in existing regulations.

These actions were enough to win the confidence of donors who at mid-month approved a $1 billion package for the country's development needs. – Independent Foreign Service
Tanzania lauds IMF scheme

Experts urged to apply their skills to microeconomic aspects of the economy

DAR ES SALAAM — Confederation of Tanzania Industrialists vice-chairman Ravi Chande has given rare praise to the International Monetary Fund (IMF) and World Bank programmes, which he says have succeeded in bringing macroeconomic stability to the country.

In an interview on Tanzania’s economy, Chande said: “When we talk of macroeconomic stability we are talking of the inflation, exchange and interest rates.

“All of these are much more stable than they were three years ago…”

“We have liberalised the economy, we have followed the programme of privatisation and have reduced the role of the government in the economy.

“We have pushed the private sector to become the engine of economic growth. In short, what the IMF has done is to deliver us a market economy.”

Chande conceded there was a shortage of money in the economy, and said this was caused by tight fiscal and monetary policies and that reduced government spending had contributed to the situation.

He also conceded there was rising unemployment in both the public and private sectors. More than 700,000 youths came on to the job market in Tanzania each year, and the economy could only absorb 30,000.

“Most of our output has also decreased, in part because of outdated machinery and unstable weather patterns in the last few years. In addition, Tanzania did not have widespread irrigation in its agricultural sector. Chande said.

Negative growth

“We also have negative export growth because of a lack of an effective policy to promote exports. We are short of micro-finance for budding entrepreneurs and we believe the commercial banks should provide this.”

Although Tanzania had a low inflation rate, it also had a low growth rate because of poor demand. Hence Tanzania was in a recession, according to Chande.

He said that while IMF experts had done a good job with the macroeconomics, they had not lent their skills to the micro aspects of the economy. “The IMF prescriptions, as you know, are the same for all member countries. It is difficult for an organisation which deals with more than 150 countries to give correct solutions for each country, because it may not have the market knowledge of every country and its players. So some of the prescriptions are not solutions for Tanzania. Tanzania might be the only country in Africa where the government’s budget was done in co-operation with the private sector.

The next budget, Chande said, should stimulate demand for locally manufactured goods which would stimulate capacity, reduce prices and stimulate job creation.

“The bulk of the government budget has gone into debt servicing and salaries, and Tanzania needs to improve its revenue collection to offset this.” He said there was substantial tax evasion and unwarranted tax exemptions. Chande said it was clear the ratio of revenue to the gross domestic product should rise from 12% to 30%, and this would happen only if imported goods were replaced by locally manufactured substitutes.

He also proposed improved tax incentives for investors and for exporters. He said these measures would get Tanzania out of its recession within three years.

Tanzania had a per capita income of $250 and needed to grow at more than 10% per annum, Chande said. — APA.
Zanzibar aims to sell key industries to private sector

ZANZIBAR — Development Minister Ali Juma Shamluna said at the weekend that Zanzibar’s government is finalising plans to privatise key sectors of this Indian Ocean island economy.

Communications, electricity, harbours, airport facilities and the government-owned sugar factory would soon be privatised, he said.

The Madhivani group, an international company with interests in Uganda, Kenya and India, is close to completing agreement to take over the Mahonda sugar factory, he said. The factory was developed and operated by a Chinese government-backed team in the 1970s and 1980s.

Finance Minister Amina Salim Ali is due to present the government’s annual budget on Thursday.

Budget Commissioner Juma wa Juma said the government would strengthen tax collection and work to control spending more effectively.

Juma said Zanzibar was budgeting for a resumption of foreign aid.

Donor nations suspended aid after the island’s 1995 elections because of allegations that Zanzibar President Salmin Amour had manipulated the results.

An agreement to end four years of political stalemate is expected soon following exploratory talks with the opposition, which has been boycotting the island’s parliament.

Zanzibar is part of Tanzania, but is largely autonomous, with its own parliament and government. — Reuter.
Tanzania's growth defies weather

WAMBUI CHEGE

Dodoma, Tanzania - Tanzania’s economy would grow at an accelerated rate after sustaining years of bad weather that had devastated agriculture, the government said yesterday.

Droughts and then floods linked to the El Niño weather phenomenon had battered the important sector, and the failure of the short rains in the last quarter of 1998 caused food shortages in many parts of the country.

Nevertheless, the economy grew at a real rate of 4 percent in 1998, up from 3.3 percent in 1997. Nassoro Malocho, the minister of state for planning in the president’s office, told parliament in a pre-budget presentation.

"Despite the food shortage experienced, the performance of the economy in 1998 was satisfactory," Malocho said.

"The fact that the economy registered an average annual GDP (gross domestic product) growth of 3.8 percent over the past three years despite adverse weather conditions is an indication the economy is poised to sustain its higher GDP growth rate."

He said the economy would grow by a real 4.5 percent in 1999 and 6 percent in 2000.

Tanzania used its estimated 1999 growth as the basis for its 1999/2000 budget, which was presented to parliament yesterday by Daniel Vona, the finance minister.

The agricultural sector contributes half of the nation’s GDP, employs 80 percent of the labour force and accounts for 75 percent of foreign exchange earnings. It grew by 3.7 percent in 1998, down from 5.2 percent in 1997 and 7.6 percent in 1996.

Malocho said the tourism, mining and energy sectors made “significant contributions” to growth in 1998.

Tanzania is one of the world’s poorest countries, with average income estimated at just over $300 a person a year. Over the last three years the government has embarked on a series of economic reforms sponsored by the International Monetary Fund. — Reuters
Outlook improves for Tanzania

DODOMA — Tanzania's economy is set to grow at an accelerated rate after sustaining years of bad weather that devastated agriculture, the government said yesterday.

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Tanzania uses its estimate for growth in 1999 as the basis for its 1999/2000 budget, which was presented to parliament yesterday.

Malocho identified agriculture, mining, tourism and manufacturing as key areas to accelerate growth. — Reuter
Tanzania appeals to World Bank for speedier debt relief

Dar es Salaam – Benjamin Mkapa, the president of Tanzania, had appealed to the World Bank for speedier debt relief under the bank's highly indebted poor countries (HIPC) initiative, newspapers reported at the weekend.

"Tanzania should be considered for debt relief after implementing economic reforms successfully in the past three years," Mkapa said during talks with Zhang Shongnan, the visiting World Bank managing director.

"It will now be very difficult to continue tightening our belts for three more years to qualify for debt relief under the HIPC initiative," the state-owned Daily News quoted Mkapa as having told Zhang. Zhang is on a four-day tour of Tanzania to inspect projects funded by the bank.

The HIPC initiative enables poor countries with good policy records over a six-year monitoring period to escape from unsustainable debt and focus on development and reducing poverty.

Mkapa said social services such as health, education and water supply have been adversely affected by the country's debt servicing obligations.

The government spends one-third of its monthly revenue of between $77.5 million and $84.6 million on debt servicing, and about one-third on civil service salaries. The remainder is spent thinly on other operations and social services.

Zhang commended Tanzania, one of the world's poorest countries, for its solid economic performance over the past three years, with growth steadily above 3.5 percent and inflation at about 8 percent, down from 39 percent in 1985.
Tanzanian outcry over arms trade
Tanzania to sell off 35% of state-owned telecoms

Dar es Salaam - Tanzania's privatisation commission invited bids yesterday for a 35 percent stake in Tanzania Telecommunications (TTCL), the state-owned telecoms operator.

The invitation, carried in a newspaper advertisement, invited bids from telecommunications operators acting alone or in a consortium with one or more financial investors. The closing date for bids was set for July 31.

TTCL officials said that after the 35 percent stake was sold to the strategic investor, another 14 percent would be sold to TTCL employees and the Tanzanian public by the end of the year.

Eventually the government would reduce its remaining 51 percent stake to a minority holding, according to officials.

"The government aims to sell (more) shares - but at a higher price," said Issa Sentawa, a TTCL public relations officer.

TTCL is the east African country's largest telephone operator.

The company was granted a licence to operate a cellular phone network yesterday. The service is expected to begin operating by the end of December.

"Today, we have received our licence for a mobile phone operator. Now we are stronger than ever before. This will add to making our total package attractive," Sentawa said.

Tanzania has one of the lowest rates of telephone exposure in the world, with an estimated seven lines per 100,000 people.
Thousands of refugees held in Tanzania crackdown
Zambia, Tanzania join fight against gold sales

Zambia and Tanzania have joined an SA-led delegation to Europe next week to demand a halt to central bank gold sales which threaten thousands of jobs and economies in Africa.

SA and other gold-producing nations are reeling from low bullion prices after Tuesday’s UK auction of 25 tons of its reserves, the first in a programme to dispose of more than 400 tons.

A delegation of SA ministers, mine owners and union leaders was due in London today to press for an immediate end to the UK gold sales, but the mission was postponed at the weekend to give SA time to rally other African gold producers to the cause.

Minerals and Energy Minister Phumzile Mlambo-Ngcuka said: “Zambia and Tanzania confirmed their commitment to participate in the planned overseas mission.” Zambia is chair of the mining committee of the 14-member Southern African Development Community, while Tanzania is an emerging gold producer.

Mlambo-Ngcuka sent her deputy minister to Ghana and Mali, two gold producing countries in west Africa, to seek their support for the European mission.

The delegation will also seek to block the proposed sale of 10-million ounces of International Monetary Fund (IMF) gold to help finance debt relief for poorer countries. Critics say the IMF plan will further depress gold prices and negate the benefit of debt relief for Third World nations that produce gold.

Since the UK announced its gold auctions, six SA mines have set plans to fire over 11 000 mineworkers. Gauteng mine East Rand Proprietary Mines (ERP) was placed in provisional liquidation last week, threatening to put 5 000 miners out of work at a time when SA’s unemployment rate is nearly 40%.

Job losses in SA’s mining industry will hit the economies of neighbouring countries like Mozambique, Lesotho and Swaziland, which contribute about 40% of the mine workforce.

Sapa reports that the Mine Workers’ Union warned yesterday that apart from the economic implications of closing ERP, an ecological catastrophe was inevitable if government revoked its monthly R1.7m subsidy to the mine to purify toxic water.

Union spokesman Fred Bond said an underground dam five times the size of the Vaal Dam was poisoned with pollutant oxides from underground mining. “Should this dam overflow ... it will flow into the Blesbok River. ‘This will cause toxification of the drinking water of millions of people in Gauteng,' Bond said.

When polluted water drained into the river in the early 1990s, pollution destroyed bird, fish and plant life. ERP pension chief Jan Groenewald said the workers would get their pension benefits.—Reuters.
Malignant rates arouse anger
Tanzanian troops round up refugees.

Claire Pickard-Cambridge

LONDON — Tens of thousands of refugees have been rounded up by the Tanzanian army and confined to camps for the past year amid growing regional tension, says Human Rights Watch.

The international organisation has released a report alleging the Tanzanian army separated the refugees — some had lived in Tanzania for more than two decades — from their families and stripped them of their belongings in an indiscriminate response to security risks from outside the country.

The Tanzanian army conducted sweeps over the past two years in mainly the western part of the country on grounds that this was necessary to protect Tanzanian citizens living near the country's border with Burundi. The Burundian government has alleged that Burundian rebels based in Tanzania are engaged in arms trafficking and cross-border incursions. The Burundian government threatened to act if the Tanzanian government did not.

With little or no notice the Tanzanian army swept through villages close to the Burundian and Rwandan borders apprehending thousands of refugees from their homes in the government-provided settlements and farms and sending them to large refugee camps.

Human Rights Watch's report calls on the Tanzanian government to restore the long-standing refugees to their old settlements and to seek alternative means to address valid security concerns that do not violate national and international law.

Tanzania and Zambia have historically been among the more welcoming refugee hosts worldwide and have large, long-standing refugee populations from many African neighbours.

Tanzania has provided safety to thousands of African refugees for many decades, going far as to offer land for settlement, integration, and even citizenship at times. However, the influx of refugees since 1994 — and the attendant crime and insecurity caused by militants among the refugees, economic strain and environmental degradation — have resulted in a growing hostility towards refugees in Tanzania.

"Unfortunately," says the report, "some of the policies being adopted by Tanzania are undermining refugee protection in violation of international law and reversing the long and generous asylum tradition that Tanzania has been so well-respected for."

The report suggests the Tanzanian government increase police patrols at the borders, relocate refugee camps and settlements further from the border and prosecute individuals responsible for criminal acts.

Human Rights Watch calls on the international community to provide greater financial and logistical support to the Tanzanian government to enable it to adopt alternative security measures.
Tanzania loses millions through EU fish ban

From AP 20/7/99 (318)

Arusha - Tanzania has lost $11.7 million since the European Union (EU) banned fish imports from the east African country in March because of the use of poison by fishermen.

Zakia Meghji, natural resources and tourism minister, said the fishing industry around Lake Victoria had shrunk 40 percent as a result of the ban, the state-owned Daily News reported.

The EU ban includes Uganda and Kenya, which share Lake Victoria with Tanzania. Tanzania has the largest share of the lake.

Meghji said the east African nations were intensifying patrols on Lake Victoria to ensure poison fishing did not take place, and they were also trying to get the EU to lift the ban.

It is illegal in the three countries to use certain types of nets, poison or explosives for fishing, but fishermen in search of an easy catch get away with the practices.
Absa to take up
Tanzanian bank

J. KHUMISI

Dar es Salaam: Absa, South Africa’s largest commercial banking group, yesterday signed a memorandum of understanding with the Tanzanian government for the acquisition of a 70% stake in the National Bank of Commerce (NBC), Tanzania’s largest bank.

The memorandum was signed by Jean Brown, an Absa group executive director, and John Rubambe, the executive chairman of Tanzania’s Parastatal Sector Reform Commission (PSRC). An Absa spokesman in Johannesburg said the purchase remained subject to due diligence and regulatory approval.

Absa beat four other bidders, including the local subsidiary of Standard Bank Investment Corporation, to win the bid last February. But the process of acquiring control of NBC was delayed by a court injunction by the Tanzania Union of Industrial and Commercial Workers.

The union had wanted to sign an agreement guaranteeing job security for some 1,000 bank employees. But Absa refused, saying it could not be a signatory to any agreement in which the union was also a signatory.

This led to a six-month stalemate, which angered the government and prompted Frederick Sumaye, the prime minister, to admonish the union for its delaying tactics. He said President Benjamin Mkapa was “losing patience” in the matter.

Yesterday’s conclusion of the memorandum means the bank’s privatisation process can continue even though bank employees were taking the matter to the Appeals Court. Sources at PSRC said Absa would take control of the bank on August 2, allowing it to completely restructure the bank and bring in fresh expertise and new technology.

Rubambe said the decision to sell majority shares in NBC showed the government’s commitment to restructuring the financial sector to promote efficient mobilisation and allocation of savings.

Independent Foreign Service
Hopes are high as Tanzania frees its phone lines

LUDGER KASUMUNI

Dar es Salaam - Tanzanian customers have voiced their hopes for improved services at lower prices as a result of the government's continuing privatisation of telecommunications.

Tabu Hassan, a resident of Dar es Salaam, said privatisation would bring more dealers because phones were no longer considered a luxury.

"Let the government continue to allow more firms to enter the phone market. I believe the prices will come down in the near future," Hassan said.

He and other customers welcomed the decision to sell shares of the Tanzania Telecommunications Company Limited (TTCL), a parastatal that has had a monopoly in the telephone market for at least two decades.

The government announced recently that it had to attract more foreign and local investors to buy TTCL shares.

John Rubambwe, the executive chairman of the Parastatal Sector Reform Commission (PSRC), said the government was looking for potential buyers worldwide.

"We expect considerable interest from investors," Rubambwe said, adding that "there is superb potential for a private telecom company here and TTCL will become that company".

Data from TTCL show it has only 127,000 telephone lines connecting its customers, while the market potential is more than 80 times that. The existing TTCL capacity is only 2 percent of the potential market of about 6 million customers.

The Confederation of Tanzania Industries, an association of industrialists, said TTCL's high charges added to their ever-increasing operating costs.

According to TTCL price regulations, a one-minute inland telephone call costs $1.50 while a similar call to Zimbabwe is $6 and to Europe the price jumps to more than $10.

Many people believe more competition, especially from cellular phones, can easily halve these charges.

Mashaka Chimoto, a project consultant, said privatisation would also improve the notoriously poor service.

Under the privatisation programme, the PSRC said the winning bidder would get 35 percent of TTCL shares to take management control through government regulations.

The privatisation move coincides with a decision by TTCL to form a subsidiary called Celnat Mobile to run cellphone services from early next year. - Independent Foreign Service
Tanzania’s Comesa exit irks members

**FROM AFP**

Dar es Salaam - A year of words continued to pass in east Africa over Tanzania’s intention to leave the regional Common Market for Eastern and Southern Africa (Comesa), reports said yesterday.

1600 Shams, the Tanzanian Industry and commerce minister, said on Tuesday that the country would quit the 21-member Comesa because it was not ready for competition. Other members believe this view does not justify the threatened pullout.

"Tanzania has got to reconstruct its economy instead of clinging to the proliferation of regional integration, from which it imports a lot, and does not export," Shams said.

He said Tanzania would not bow easily to pullout of Comesa, because its objectives of area tariffs, the promotion of goods and services, and a single market were the same as those in the Southern African Development Community (SADC) and the East African Community (EAC), of which it would remain a member.

But an informed source at the Comesa secretariat, who requested anonymity said: "Tanzania’s contribution to the Comesa budget is $300,000 a year, but it gets twice the benefits. The contribution is a puny and no reason for Tanzania to quit." The source said Tanzania had so far received $10 million from Comesa’s PSTA Bank and benefited from Comesa’s insurance scheme and its planned guarantee facility for investors.

The Comesa market was estimated at $60 billion, compared with SADC’s $90 billion, Comesa sources said.

They believed that although South Africa was involved in Tanzania’s National Bank of Commerce and in securities and gold mining, new investments would not be sustained because the South African economy would soon be engulfed in internal insecurity issues.

The SADC’s gross domestic product (GDP) stands at $200 billion, of which South Africa makes up $120 billion, whereas Comesa’s is $175 billion, with no one country representing more than 20 percent.

"Tanzania, having put the flying into the first one Comesa source risk,"

According to International Monetary Fund (IMF) statistics, Comesa trade was more than doubled from $1.5 billion in 1989 to $2.3 billion in 1995, during which Tanzania’s trade with Comesa members increased by 23.6 percent yearly from $205 million in 1989 to $524 million in 1995.

Tanzania’s exports to Comesa member states also grew from $15 million in 1991 to $70 million in 1995 and on increase of 26 percent.

Trade figures for January to June 1995 indicated that the major export destinations for Tanzanian goods were Kenya, Zimbabwe, Uganda, Malawi, the Democratic Republic of Congo, Mauritius, Gabon, Sweden, Ethiopia, Sudan, Djibouti, the Comores, Mozambique, the Seychelles, Swaziland, Madagascar, Namibia and Angola.

The Comesa source warned that Tanzania was still operating under the "Ojamaa socialist mentality" and still resisted Narehol for the 1960 Comesa Agreement, under which Kenya would develop engineering industries, while Uganda would develop textiles and Tanzania rubber.

Shortly after the accord, Firestone, the rubber company arrived in Kenya, which had a market economy planing Tanzania because it considered the atmosphere in the country not conducive to its interests.

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**Absa team to assess Tanzanian bank**

**Jan Kuun**

Dar es Salaam - Absa, which last month signed a memorandum of understanding with Tanzania to buy the National Bank of Commerce (NBOC), has brought in 11 senior South African executives to conduct a critical assessment of the institution before signing a final joint venture agreement with the government.

The executives are part of a 25-strong team from Absa expected to take over the running of the bank under Gerhard Jordan as the managing director.

The initial team would spend about 26 weeks assessing the bank’s management and operational policies, assets and liabilities, according to John Rambo, the chairman of the Presidential Permanent Secretary Reform Committee, which oversees privatization of state corporations.

Absa won a bid to buy 70 percent of the shares in NBOC, the country’s largest banking institution. The remaining 30 percent share owned by the government will be bought through the Dar es Salaam stock exchange after the bank has demonstrated a track record of profitability.

Rambo said this exercise was likely to take place three years after the signing of the joint venture agreement.

A circular sent by the treasury directs NBOC to collect all outstanding loans and accumulate interest from borrowers as part of the handling-over exercise.

The bank has put the amount owing to borrowers at $4 billion Tanzania shilling (about $228.4 million), while total debts were recorded at more than $160 billion Tanzania shilling.

Local NBC workers have been invited to cooperate fully with the new management - Independent Foreign Service
Tanzania to stop tax holiday

JAMES MACHARIA
and CLAIRE PICKARD-CAMBRIDGE

NAIROBI — Tanzania plans to abolish the tax holiday enjoyed by investors in the banking sector, a move that will affect several foreign banks.

Finance Minister Daniel Yona said recently government had already reduced tax holidays from five years to two years — an apparent response to pressure from the International Monetary Fund (IMF) and other donors.

"Banks that have benefited from the tax holiday since the enactment of the Banking and Financial Institutions Act of 1991 include Standard Chartered, Stanbic Bank, Kenya Commercial Bank and the International Bank of Malaysia. SA's Absa Group was appointed to manage the state-owned bank — the National Bank of Commerce (NBC) — from August 2 following the signing of a memorandum of understanding in July. The government is expected to sell 70% of its shares, but full privatisation has not taken place yet.

Absa corporate financial consultant Alex Schafrath says that in terms of the memorandum of understanding, Absa intends to acquire the 70% stake in the bank, subject to certain conditions.

Schafrath says at the time of the negotiations with NBC, Absa was aware that the tax holiday would be scrapped. Yona has said that NBC cannot benefit from the two-year holiday because it is not a new venture.

Absa has a team in place in Tanzania to manage the 34-branch commercial bank which has its headquarters in Dar es Salaam.

Schafrath says technology in the Tanzanian banking arena is fairly backward, but and "we will ensure NBC catches up fairly quickly to bring it up to international standards." He describes Tanzania's climate as fairly open to investors who are prepared to contribute to the economy.

Earlier in the decade Tanzania found it virtually impossible to attract private investors without generous incentives.
Tanzania to buy back $623m in debt

FROM DOW JONES

Paris - Tanzania launched a World Bank-backed deal yesterday to buy back a total of $593 million in commercial debt.

Under the deal, Tanzania would buy back $324.6 million in principal debt at just 12c in the dollar, wiping out a further $268.5 million in accrued interest.

Raphael Mollol, Tanzania's permanent secretary to treasury, said he hoped the commercial debt restructuring deal would help the east African country regain some of its credit worthiness and buoy confidence among foreign investors.

Without support for the deal, he said, capital inflows would not be enough to finance investment and growth in Tanzania "despite government efforts to pursue structural reforms and maintain sound macroeconomic policies on a sustained basis."

World Bank officials, backing the deal, said yesterday they were happy with the progress of economic reforms in Tanzania, which they said should pave the way for further debt relief from the international community in the coming years.

Financing for the buyback deal would come from a $402.6 million grant from the World Bank. Of the total, $192.2 million was being provided by the bank directly, just over $14 million by the German government and the remaining $67.7 million by the Swiss government.

The Tanzanian government called on creditors to take part in a "debt for development" scheme, under which they would contribute the money they received from the buyback deal to development projects in the country.

The World Bank said the commercial debt represented "arrears accumulated in the 1970s and 1980s when Tanzania failed to meet some of its external payment obligations due to foreign exchange problems."

Tanzania is the eighteenth country to benefit from such an operation, as part of the World Bank's debt reduction facility designed to help out Third World countries pursuing reform programmes supported by the bank and the International Monetary Fund (IMF).

The Tanzanian government's financial advisers said they had assurances that most of the country's commercial creditors would take part in the restructuring, which was scheduled for completion in January next year.

Weighed down by total external debts of $8 billion, Tanzania is on track to qualify for further relief next year under the Joint World Bank and IMF debt initiative known as heavily indebted poor countries initiative.

Mollol said negotiations with the World Bank and the IMF on a new policy framework paper mapping out structural reforms and economic benchmarks for the next three years should be completed by early next year.

Tanzania has been on track with the IMF for the past three years but still needs to push through key structural reforms.
Tanzania’s inflation reaches 20-year lows

DAR ES SALAAM — Inflation in Tanzania fell to an annual 7.7% in June, its lowest in 20 years, the central bank said on Tuesday.

In its annual economic report, the Bank of Tanzania also said the Gross Domestic Product (GDP) for mainland Tanzania grew 4% last year, compared with 3.3% in 1997.

The mainland and the Indian Ocean island of Zanzibar, form the Republic of Tanzania.

In other key indicators, the mining sector grew 27.4% for the year ending in June, compared with 17.1% the year before. The industrial sector increased 8% compared with 5.1%.

Growth in agriculture, which produces the largest share of Tanzania’s GDP, dipped to 1.9% from 2.4%. The report blamed poor weather conditions.

Tanzania’s overall balance of payments also worsened, recording a deficit of $572.8m, from $518.9m the previous year.

The trade deficit widened to $444.9m from $444.0m.

Debt service amounted to $310.6m, a decrease of 1.7% from $315.9m paid in the preceding financial year.

At the household level, real per capita income on the mainland grew at a rate of 1.2%, compared with a rate of 0.5% in 1997. — DowJones.
IMF denies provision pressue

IMF down 13.8% trade deficit Tansania's
Taxing job for top dog

The South African Revenue Service has been going through changes recently, many of which can be attributed to a new man at the top, writes Sharon Chetty.

Pravin Gordhan working in institutions such as the South African Revenue Service is necessary to contribute to overall socio-economic development.

They have had the invidious task of acting as enforcers of laws against defaulters while trying to improve their services. Already there are changes and Gordhan says there is "now a new level of service - staff are courteous and there's a willingness to walk the extra mile".

"The SARS is not an automaton ... it is dynamic and susceptible to change," he says.

Gordhan says the Government's mission is to create a public administration sensitive to the development needs of the country and tax collection is a crucial part of this.

The recent action against Metro Cash and Carry showed that the SARS was "friendly yet tough" and "created new respect both for tax and the obligation to pay tax".

While the tax base is still small in terms of volumes of money, the largest numbers are still ordinary workers who contribute through SIT and PAYE.

There are now concerted efforts to broaden the tax base and through education programmes, which will include schools, the SARS hopes to convince the public of the need for taxation.

"If the democratic Government is to survive, we need to start tackling these attitudes. People realise the need for services; they have to start accepting that the money must come from somewhere."

Innovative steps have included the taxation of the earnings from the Sanlam and Old Mutual demutualisation, something which had not been done before, he says.

More efforts are also being made to clamp down on counterfeit goods - a consignment of fake designer clothes was confiscated by police recently - and to beef up customs services.

With a free trade protocol likely to come into effect early next year in the Southern African Development Community region, the SARS has been having ongoing talks with neighbouring countries on how to improve on the policing of and collection of customs.

Talks have been held with the various tax associations to work out ways of getting those in the industry into the tax net.

Already such negotiations with a group in Johannesburg has yielded a pledge of R15 million, which, despite being a relatively small amount, is seen as progress.

Similar efforts are being made with other small businesses and their needs are being considered, like the fact that it is cumbersome to fill in 65 forms a year.

There has also been action against boxers who win handily but do not pay taxes and soccer players are likely to be next in line.

Gordhan says that "the aim is not to make tax into an impossible burden".

The Government is committed to reforming the tax system, as cuts made by the Finance Ministry already show, he says.

Eventually there are likely to be far-reaching changes, such as simpler tax forms - like in the United States and Britain - which individuals will be able to understand and fill in easily without expert help.
Taking fiscal policy out of politicians' greedy hands

Central bank independence should be extended to the fiscal, analysts say

The government would still determine the size of the welfare state and the structure of the tax system. It would also set a broad long-term goal for the budget deficit. The independent fiscal authority would then have discretion to increase or cut interest rates across the board within a narrow band of, say, a percentage point either side of existing rates. If it felt the economy was overheating, it could raise taxes; if a recession loomed, it could cut them.

This would ease the burden on monetary policy. Fiscal policy would always employ a tighter fiscal policy. Suppose, for example, that in the autumn of last year, when there were fears that global financial turmoil would drag the US economy into recession, policymakers had responded by cutting taxes, rather than cutting interest rates. They would have reason to be confident that the economy for fiscal imbalances would look less serious. The cut in interest rates last year, which has now been reversed, raised share prices and encouraged households and firms to borrow more and save less. The bigger these imbalances became, the more painful it will be to unwind them. In an economy already displaying signs of financial excess, a tax cut delivered by an independent fiscal authority might have been safer than looser monetary policy.

The idea of an independent fiscal authority deserves serious consideration. It may seem radical and unpalatable but that, remember, is what many governments once said of demands to make central banks independent.