

# Industries focus on energy efficiency

The Tanga Cement factory. The Confederation of Tanzania Industries has urged manufacturers to improve energy efficiency to reduce production cost. PHOTO | FILE



**INDUSTRY.** Dr Nyantahe therefore urges manufacturing firms to carry out energy audits in order to identify loopholes and leakages in energy consumption

By Veneranda Sumila  
BusinessWeek Reporter

**Dar es Salaam.** Lack of reliable energy continues to affect dearly the manufacturing sector and stakeholders urge the private sector and the government to look on ways that can unlock the untapped energy potentials in the country.

In Tanzania, energy accounts for between 18 and 20 per cent of the cost of production in the manufacturing sector, something which increases production costs thus reducing the competitiveness of businesses both locally and internationally.

To some industries like cement and glassware, energy cost in production rises to around 40 per cent.

"This shows the extent to which energy costs impact on the competitiveness of local made products," Confederation of Tanzania Industries (CTI) chairman Samuel Nyantahe said.

In a bid to tackle the challenges of increased energy cost, Tanzania's industries are looking for better ways of using energy efficiency to reduce the cost of production.

By using energy efficiency it means companies will reduce the amount of energy required to provide products.

Dr Nyantahe therefore urges manufacturing firms to carry out energy audits in order to identify loopholes and leakages in energy consumption.

The energy audit, according to CTI is a tool that gives adequate knowledge of the existing energy consumption

profile, identifies factors affecting the energy consumption and brings up cost-effective energy saving opportunities.

According to CTI, experience from industries that have undertaken energy audits and later implemented energy efficiency measures show that on average an industry can save up to 40 per cent of its energy bill.

"This is a huge cost saving that can turn around the fortunes of an industrial firm," said Mr Nyantahe.

Dr Nyantahe revealed that the Royal Danish Government through Danida will fund fully the cost of energy audits to participating industries.

"The industries will however, contribute 15 per cent of the total cost of the audit to CTI to meet the cost of administering the programme."

For his part CTI director of policy and advocacy Hussein Kamote revealed that Danida has provided a

total of Sh1 billion to support the programme. In accordance with the CTI report on the challenges of unreliable energy supply to manufacturers, electricity cost accounts for between 15 to 40 per cent of the total cost of production which is higher than the best practice average of below 10 per cent.

"Due to higher energy costs, it is therefore important for firms to control and find measures to reduce it," said Mr Kamote.

He said that higher prices characterised by poor supply of power in the country and the region at large are a result of high dependency on large scale electricity plants and reducing the role of hydropower.

"The combination of both- with inadequate capacity has resulted into power rationing and periodic power cuts- thereby making our economies less competitive," said Mr Kamote.

Tanzania Private Sector Foundation chairman Reginald Mengi believes that energy is the heart and blood of any economy so it is very crucial for Tanzania to have reliable and affordable power for its economy to grow.

"With poor power supply featured by higher prices increases the cost of production in the private sector which in turn makes our businesses uncompetitive internationally," said Dr Mengi recently.

According to Dr Mengi the private sector across the region needs to come together and advocate for better policies that can enable them to exploit renewable energy opportunities in order to increase power generation.

"We are endowed with abundant renewable and non-renewable sources of energy. The region has abundant solar, wind, geothermal, biomass and hydropower which if optimally developed will easily meet all the energy needs of East Africa and allow for a substantial export of the surplus," said Dr Mengi.

"So as the private sector we need to tap such opportunities so as to increase power generation which in

## MORE INFORMATION: BUSINESS CLIMATE

Business leaders' perceptions survey of the investment climate in Tanzania has cited power as one of the leading factors that make it difficult for businesses to get on with running and growing their business.

The manufacturing sector has been recognized by the government as a driving force towards achieving the national development vision 2025 of Tanzania becoming a middle income country.

Despite its low contribution of less than 10 per cent to the GDP, the manufacturing sector has enormous benefits to the economy of Tanzania, they include

- Contributing 20 per cent of total foreign exchange earnings
- Providing 11 per cent of formal employment
- Contributing about 35 per cent of total government revenue
- Forming basis for the advancement of science and technology

turn will help businesses access reliable and affordable power."

He urges the business community to take a chance and make contributions in tandem with efforts of partner states by developing medium level hydroelectricity plants and focus on other renewable energy systems.

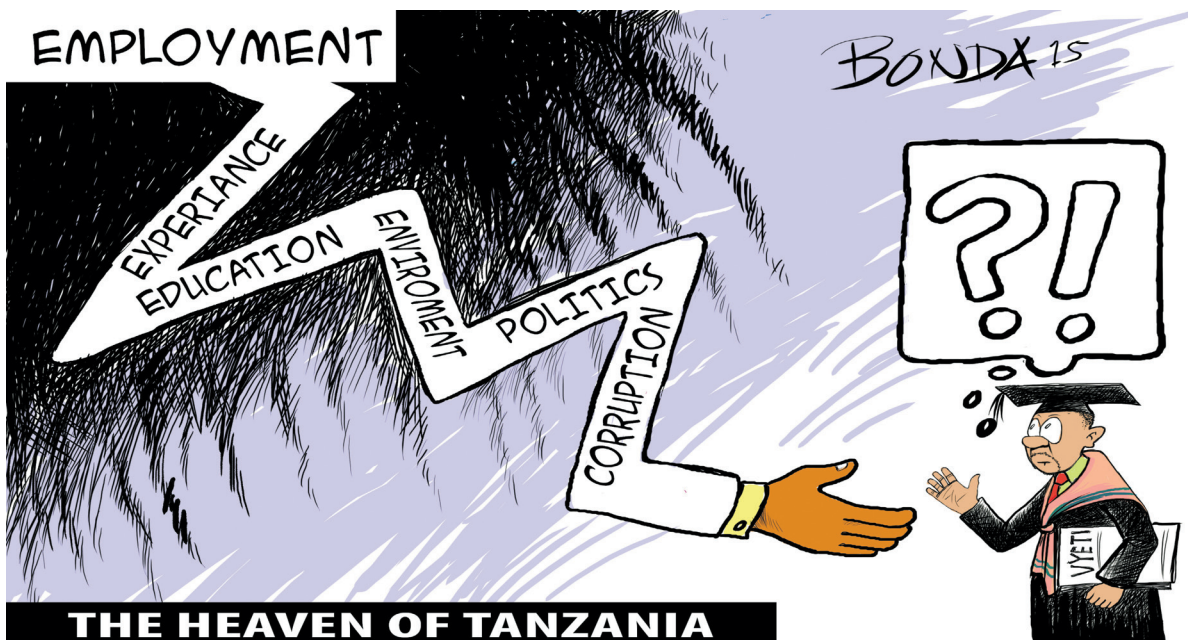
For a long time, provision of energy in the EA region has been lowest in the world, at an average of 42 per cent. In sub-Saharan Africa the average drops to 31 per cent and in rural areas the average is even worse at around 10 per cent.

"This is a factor that characterises low income levels and underdevelopment of sub-saharan Africa."

According to Mr Mosha the average price of electricity in East Africa is 5 to 10 per cent times higher than business competitors like Egypt.

"The business community in the EAC has the chance to make a contribution in tandem with efforts of partner states by developing medium level hydro-electricity plants, but more importantly in this era of climate change, by focusing on other renewable energy systems and where possible work on joint projects in order to realise our collective potential in renewable energy."

The Ease of Doing business page is back at The Citizen's Business Week, every Thursday. Its purpose is to support efforts in making doing business easy. For feedback SMS **0786240172**, winning 4 messages will get a reward of **10,000** airtime.



BEST-Dialogue



This page is sponsored by  
**BEST-AC and The Citizen**