

CITIZEN 29/12/11 CT1 / POWER

Traders feel hit hard by chronic power outages

YEAR REVIEW. Many small businesses closed shop, others saw their incomes significantly reduced

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Dares Salaam. Tanzania has faced constant significant electricity shortages in the last two decades but this year was one of the worst. Serious power shortages started in 1992 and full-scale crises continued in 1994, 1997, 2000, 2006 and in late 2009

when consumers were subjected to power cuts of up to 14 hours. Like in past years the main cause of power shortages was persistent drought that highly reduced generation capacity of hydro-electricity dams.

The year started with a daily load shedding due to a power generation shortfall of about 200MW in the national grid. But the situation worsened in May when a 16-hour rationing was announced. Reduction in electricity production using gas

due to gas supply problems also increased the problem.

Load shedding disrupted production in factories and hit hard small businesses that depend on electricity such as electric welding, hairdressing salons, poultry-keeping (incubators), and beverage dispensers.

Some 50 industries temporarily suspended operations due to power crisis by October leaving more than 5,000 people jobless. According to the Confederation of Tanzania Industries power woes denied manufacturers about Sh31 billion in revenue.

Small businesses were also adversely affected by power shortages.

Reviewing the year small businesses owners told BusinessWeek that power problems led their businesses to the brink of collapsing. Some did close down as owners shifted to other kinds of trade which did not depend on power much. Those who survived saw their incomes significantly reduced making life even harder.

"Power supply reduced our production this year. We used

to make 13 to 15 big items per week but because of rationing we took two weeks to make the same number of items," says Muhidini Iddi, a welder at Tabata Kimanga area in the city.

Muhidini says delays in procuring items started to cause conflicts between him and his clients.

"I was taken to a police station for the first time this year due to power problems. A client pressured by deadlines thought I had taken his money without doing any work. It was only after I had proved that the work was going on that the Police released me," Muhidini says.

He narrates that as load shedding continued his business came to the brink of collapse in June.

"In June it was a time to pay the landlord and I had no money. Because of power woes I had not been able to save money for about three previous months. So I had to borrow from a friend and clear the rent. I had really reached the point of abandoning the business," he said.

Mohammed Manzi owns a tailoring mart in Magomeni Mapipa area in the city. For him 2011 was

a bad year for his business due to power ration. He only survived mainly because he does not pay rent on business premises.

Mr Manzi said his business that employs four other tailors used to make up to 30 garments per day but it reached a point that they failed to make even one the whole day due to power rationing.

"There were days that we had no power for more than 12 hours on a daily basis. We could come to work and just stare at each other. We have families; our children have to eat and go to school. And as you know the free world is no more, it was very bad because we started 'eating' our savings," he recounts.

Gasper Dimoso works in nozzle and injector pump garage, their working machines depends solely on electricity and thus it is the same song of hardship to them when the power is not there.

"With sufficient power we work on four to five big injector pumps, when it goes off we have to take them to other places with generators which is expensive and we end up with little in the pocket," he says

CHRONOLOGY: ELECTRICITY PROBLEMS IN 2011



January: Power woes emerged at the very dawn of 2011 and observed the nation went to darkness from January.

The government officials associated the problem with inadequate rainfalls in 2010 which resulted in low level of water in dams.

March: The then permanent secretary of the ministry of Minerals and Energy, David Jairo launches a committee to administer the power generation project in the Rufiji river basin which he said will ensure the country does not to face the likes of current power problems in the future. The

Stiegler's Gorge project is expected to generate 6000MW will be ready after five years and cost \$5 billion USD.

June: UK-based emer-



gency power supplier Aggreko wins a contract worth an estimated \$37 million to supply 100MW of emergency power for 12 months to TanESCO. The contract was set to salvage the ongoing critical power woes in Tanzania at the time. Previously Aggreko delivered 40MW of emergency power between 2006 and 2008 in Tanzania.



July: President Kikwete defends the minister for Minerals and Energy William Ngeleja over the calls for his resignation saying was nature to blame not Mr Ngeleja. Kikwete challenged those who blamed his subordinates to go to Mtera to see for themselves that there is no enough water to turn turbines.

The Confederation of Tanzania Industries released a report titled 'Challenges of Unreliable Electric Supply to Manufacturers in Tanzania', which among other things unveiled the setbacks facing industrialists in the country. The report

estimated that manufacturing firms following unreliable electricity supply alone encountered an income loss of Sh31 billion per year.

The Tanzania Revenue Authority (TRA) tells members of the Parliamentary Committee on Energy and Minerals in Dar es Salaam that the loss resulting from the power cuts could amount to a whopping Sh840 billion (\$553m) in unmet collection targets in the second half of the just ended fiscal year.



Members of Parliament left behind their political differences and unanimously withdraw the annual budget estimates for

the ministry of Energy and Minerals on the grounds that it doesn't clearly stipulate how it would combat inadequate power generation. Following the MP's extraordinary stand-point premier Mizengo Pinda was forced to rescue the situation and promised the government will incorporate their suggestion into new estimates which will take the needed measures to combat power woes.

October: After more than ten months of chronic power problems Tanzanians started to experience relief from late October following Aggreko's additional 100MW to national grid. Aggreko won a tender to generate power in June and since then they worked hard to ensure they serve in the required time.

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