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Swedish bio-fuel firm now looks for investor

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A Swedish bio-fuel firm, Sekab AB, is looking for an investor to implement its projects that are threatened with closure due to the global financial crisis.

The firm's managing director, Mr Bjorn Edstrom, told The Citizen that the new investor would take over the entire company's operations.

Some of Sekab's major operations are in Tanzania where it planned to start producing 100 million litres of ethanol a year by 2012 at a cost of between \$200 million and \$300 million. However, the plans, including cultivating a 200-hectare farm to grow sugarcane seedlings in the outskirts of Dar es Salaam, have stalled due to financial problems.

There were also plans to extend the project to Rufiji delta and set up a plant to process 100,000 cubic metres of

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ethanol fuel a year.

Mr Edstrom denied reports in Swedish media that it had applied for rescue funding from Swedish International Development Agency (Sida).

The reports indicate the cash-strapped company has asked for Swedish Kronor 100 million (Approximately Sh15bn) funding from Sida to rescue its projects.

A Swedish publication- Development Today- revealed that SEKAB filed for the appeal at a meeting at Sida Headquarters in Stockholm a week ago through the then Sekab CEO, Mr Per Carstedt, and Ms Maria Stridsman of Sekab East Africa. Ms Stridsman is a former employee of Sida but left her post as Head of the company's Department for

Democracy and Social Development to work for Sekab last year.

However when reached for a comment by The Citizen, Mr Edstrom termed the reports untrue.

"SEKAB has not requested for money from SIDA. We have read the report in the Development Today but there is no truth in it," said Edstrom.

He added that Sekab would not apply for any assistance in the form of loans or guarantees. However he revealed that they were looking for someone to take Sekab's place in the projects.

"The meeting with Sida was one step in this direction," he said. He however said the firm was still in charge and had not forfeited its plans.

According to the reports quoting sources informed about the Sida meeting, Sekab wants Sida to look into the possibility of supporting the company's biofuel activities in Africa.

The appeal was for assistance in the form of loans or guarantees. The possibility of arranging something through Swedfund or other financing instruments was also mentioned.

Sekab's plans in the country to produce ethanol based on extensive sugarcane plantations have triggered extensive debate in the two countries.

Sida and the Norwegian aid agency, Norad, are supporting the Tanzanian government to develop a policy and legal framework to regulate the biofuel sector.

Mr Lars Liljeson, Head of the Division for Actor Driven Cooperation at Sida, who attended the meeting, was not ready to comment.