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ZANREC FACES AN UNEXPECTED AREA CHANGE IN THE NORTH A DISTRICT ON ZANZIBAR

STONETOWN, ZANZIBAR – MTI Investment subsidiary Zanrec Plastics Company has unexpectedly faced an area change of the dedicated collection areas in the North A district on Zanzibar, following a decision by the North A district council. As a result, Zanrec sees sales drop in the month of May.

Zanrec, founded by Swedish entrepreneurs in 2009 has a mission to create a zero-waste island. Each day, approximately the weight of a Boeing 747 is being dumped across the island. The waste is damaging to the environment and the health of the local population, and is also negative to tourism. In village clean-ups conducted by Zanrec, it was shown that for instance the occurrence of diphtheria was significantly reduced. Zanrec is currently working with over a hundred hotels on the island, primarily in the South District but also in the North A district. Zanrec is unique in that the waste is not only collected but also separated for recycling, and Zanrec will not take part in any illegal dumping activities on the island.

Background on tender

Towards the end of 2020, the North A district initiated a tender process for waste management in the North A district, which is divided into four areas: Matemwe, Pwani Mchangani, Nungwi and Kendwa. Zanrec was awarded the tender to work in the two areas of Matemwe and Pwani Mchangani starting October 2021, and the other two areas was awarded another local company. The change implied that Zanrec lost some long term hotel clients in two regions, like Zuri and Kendwa Rocks, but that it instead could focus and grow its presence in the other two areas. To support the growth, Zanrec has made significant investments into new trucks and also hired extra local staff to help manage operations.

Unexpected area change

Towards the end of April 2022, Zanrec was unexpectedly instructed to give up the Matemwe and Pwani Mchangani areas and instead to move to the heavily polluted Nungwi area. With May numbers out, it can now be concluded that this has caused Zanrec's sales to drop during the month of May, as it now had to start from scratch in a new area where the hotels and restaurants have little, if any, experience of responsible waste management, and where the resistance to paying appropriate fees for responsible waste management is high. The previous two areas Zanrec had been working on have now been awarded to two other actors of which one was not part of the tender process.

MTI Investment CEO Pontus Engstrom says: "The waste situation on Zanzibar is a ticking bomb, and the decision to remove Zanrec from the Matemwe and Pwani Mchangani areas now escalates the problem even further. We are seeking advice from lawyers and the national authorities on the legality of this area change. The dumping and burning of waste causes serious health concerns for the local population, the workers conducting the work, tourists and also the marine life. I applaud the Zanrec team for their endurance under these circumstances and am grateful for their new efforts in the new area in Nungwi."



Zanrec General Manager Justin Madho says: “There are many hotels on the island who support Zanrec and our vision of a zero-waste ecosystem, for better tourism. I hope Zanrec can strike a better waste handling agreement with the North A district in the upcoming July tender, and resume work in the previous areas with the hotels who are willing to have a more sustainable waste handling.”

Certified Adviser

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For additional information

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About MTI Investment SE

MTI Investment SE is a Nordic investment and venture building company, founded in 2014 by a team with extensive experience from emerging markets with the aim of investing in East African small and medium-sized enterprises (“SME”) with high value-adding potential. The Company is active in the expansive East African market, and by being a long-term and active owner, MTI Investment helps its portfolio companies grow faster and become more profitable. The Company invests primarily in innovative and scalable companies that have the potential for a significant positive impact on society.