

Finance basic infrastructure before inviting foreign investors - Report

A Contractors Registration Board (CRB) delegation that conducted a study visit to three countries in South East Asia – among other things – to market opportunities available in the Tanzanian construction industry, was advised that although there was willingness in those countries to establish investment linkages with Tanzanian firms in the areas of infrastructure development, steel and gas industries, the best strategy to attract foreign investors in such projects was for the Government to first finance basic infrastructure development projects that will stimulate investor interest in specific areas, which will also confirm the government's commitment before embarking on luring potential investors in BoT projects, **The Contractor** has learnt.



The Tanzanian delegation with Assistant Minister, Ministry of Construction and Transportation Korea, Seo Jong Dae

According to a tour report that has been prepared by the delegation, this advice was given when the delegation visited South Korea from 11 to 12 September 2006, by the International Contractors Association of Korea (ICAK) - a 405-member association that was established in 1976 to represent the interest of Korean contractors in all matters relating to overseas construction projects.

The delegation that comprised the then Board Chairman, Dr. Eng. Malima Bundara the head of the delegation, Eng. Boniface Muhegi, the Registrar, Eng. Joseph Malongo the Assistant Registrar- Research and Development and Eng. Leonard Lucas, Zonal Manager Northern zone, toured the countries from 9 to 21 September 2006, in a quest to build the Board's corporate image as an exemplary Board by improving its performance in relation to its core functions of Registration, Regulation and Development of contractors. Specifically, the delegation sought to identify best practices in:

- Operations of the Default Point System (DPS)
- Enhancement and maintainance of the Projects Register
- Establishment of the CRB Excellence Awards Scheme

- Enhancement of the computerized Management Information System (MIS)
- Role of the Board in promotion / enforcement of quality aspects in the industry (as per proposed amendments of the Act)
- General understanding of the structure of the Construction Industries and the various Contractor Capacity Building initiatives

According to the report, the delegation also sought to market opportunities available in the Tanzanian construction industry specifically; The visit exposed the entourage to several initiatives undertaken by institutions in the three countries, which are worth emulating for the development of the Construction Industry in Tanzania.

We hereby produce an abridged summary, highlighting areas which would most likely be of immediate interest to Contractor Associations.

First, the delegation had an opportunity to visit the International Contractors Association of Korea (ICAK).

Established in 1976, ICAK has 405 members who are assisted by the association in exploring overseas market, development

projects, negotiating contracts as well as increasing cooperation and understanding between the Korean construction industry and other countries.

They expressed a willingness to establish investment linkage with Tanzanian firms in the areas of infrastructure development, steel and gas industries.

With the objective of representing the interests of Korean contractors in all matters relating to overseas construction projects and respective development activities, ICAK warned that projects of BoT nature need to be considered with caution since it was not guaranteed for the investor to get their Return on Investments (RoI) solely from toll fees.

Therefore it was indicated that the best strategy for the government to attract foreign investors in such projects, was for the government to finance some basic infrastructure development projects that could stimulate investor's interest in specific areas. Apart from stimulating investors interests, the move would also confirm the government's commitments before embarking on luring potential investors in BoT projects, the report says.

..Continued on page 11

