

TANZANIA

Contemporary Tanzania is truly a land of burgeoning opportunity. The government of President Benjamin Mkapa – elected in late 1995 – has breathed new life into a stable country bursting with natural resources and potential but saddled by the legacy of its failed post-independence adherence to socialism.

Tanzania is a large country with eight neighbours, straddling the divide between Eastern and Southern Africa. It belongs to SADC while its EAC partners, Kenya and Uganda, do not. Its tourism potential, already important, remains vastly underdeveloped, while its decades dormant mining sector is just now springing to life. Although Tanzania remains one of the poorest countries in the world, with very low per capita income and high population growth, it offers longstanding political stability including two peaceful presidential transitions within the last twelve years. As well, levels of crime and violence are very low. All this despite widespread poverty and an assortment of ethnic backgrounds that appear to cause problems in other African states. Most agree this stability is the most positive legacy of President Julius Nyerere's years in office.

The current government wants to build on these strengths by growing the economy through liberalization, privatization, bureaucratic reform, and foreign investment. Infrastructure redevelopment – especially roads, highways, water filtration and distribution, telecom, and energy – is a key part of this process.

Tanzania's main port at Dar es Salaam conveniently sits along the sea-lanes from Europe, the Arabian Peninsula, and Asia to the Cape of Good Hope, acting as a gateway to many of the landlocked countries of the region. It is an old port needing some modernization – recent dredging to allow 40,000 tonne ships access at any tide is a start – but a performance contract with the government has energized the Tanzania Harbours Authority. Well-worn rail and road links exist from the port to neighbouring countries but generally require refurbishing. While the building of the new capital, Dodoma, proceeds, Dar es Salaam, Arusha, and Mwanza continue to experience rapid growth including major construction projects ranging from office towers to hotel redevelopment. These strains on services and



The port of Dar es Salaam: gateway to the region

transportation facilities give further incentive to tackle infrastructure projects creatively, with BOOT options considered across a number of sectors.

"Canada's reputation in Tanzania is exemplary," says Prime Minister Frederick Sumaye, citing Canada's long-term commitment to development assistance and training, and, more recently, Canadian business efforts in mining and energy. Historically, the strong Canadian link included a large CIDA program, military training (especially air force training related to Canadian-supplied aircraft), university training of Tanzanian students in Canada, and close ties through the Commonwealth. The current trend of increasing Canadian private sector involvement not only builds on this close relationship but also strengthens it.

Investment Promotion, Incentives, & Privatization

There was a time in Tanzania when "business" and "foreign investment" were dirty words. Bureaucrats developed a deep-seated mistrust of private sector initiative. Today, "business" is no longer out, and "foreign investment" is definitely in: even former President Nyerere – the father of African socialism – has repented the past and accepted the new economic direction. The last to be converted remain some of the front-line bureaucrats, worried about jobs as their grip on the economy is loosened.

Between 1992 (when IFI assistance was halted) and 1996, Tanzania sought to convince the World Bank, the IMF, and donors that it was taking the necessary steps to eliminate corruption and bureaucratic inertia while