

**SPEECH BY HIS EXCELLENCY BENJAMIN WILLIAM MKAPA –  
THE THIRD PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA  
AND CHAIR OF THE SOUTH CENTRE AT A  
ROUNDTABLE DISCUSSION ON “DEVELOPMENT MEETS BUSINESS:  
REVISITING AFRICA’S RELATIONS WITH HER PARTNERS”**

**23<sup>rd</sup> May 2013, Hyatt Regency Hotel**

- **Hon. Abdallah Kigoda - Minister for Industry, Trade and Marketing;**
- **Other Honourable Ministers of the GOT present;**
- **Hon. Heidi Hautala - Finland’s Minister for International Development;**
- **Hon. Alexander Stubb - Finland’s Minister for European Affairs and Foreign Trade;**
- **Dr. Martin Khor - the Executive Director of the South Centre;**
- **Professor Joseph Semboja - Chief Executive Officer (CEO), UONGOZI Institute;**
- **Honourable Members of Parliament present;**
- **Excellencies, Ambassadors, High Commissioners and Other Members of the Diplomatic Corps present here;**
- **Distinguished Guests;**
- **Ladies and Gentlemen,**

I feel honoured and privileged by the invitation extended to me to open this Roundtable Discussion on *“Development Meets Business: Revisiting Africa’s Relations with Her Partners”* organised by the Institute of African Leadership for Sustainable Development – commonly known as UONGOZI Institute.

I commend the leadership and the entire management team of UONGOZI Institute for organizing these forums which enable us to share experiences and encourage debate, and in this particular case, discuss the possible way forward for international partnerships and initiatives to better support Africa’s developmental transformation.

I would like to state how pleased and encouraged I am to see such a broad range of participants from civil society, public and private organisations in attendance for this important and timely roundtable discussion. Let me take this opportunity to recognise the presence of representatives from the Finnish business community. Your attendance is testimony of the changing nature of cooperation between Africa and her partners that we are here to discuss today. This is also an opportunity for you to share experiences and expectations with your peers in the business community for mutual benefit.

### **Ladies and Gentlemen,**

I am a Retiree. But I am not the kind of Retiree who knows everything and has plenty of time to tell you all about it!! There isn’t the time, and I want very much to hear your assessment and views.

The advertisement heralding this round table meeting said the platform would revisit Africa’s Relations with her Partners, while its primary goal would be to contribute to a better understanding of and response to the evolving nature of cooperation between Africa and her partners, and the implications for policy and practice for all actors.

1. To start with the relationship between these parties is one of dependence. At the official level the dependence is mostly tilted in favour of Africa. Africa depends on its development partners for aid and budget support. At the business level, because Africa has at best infant industries with little value addition, the relationship is a one sided dependence. Business needs Africa’s raw resources. Developed country business partners need Africa for its manufacturing and export industries. Which is the mightier dependence?

2. The global economic landscape has changed in the last decade. But the change started in the middle of the last century. Prior to that the present day developed countries-especially Europe and America, "owned" the economies of the present day developing countries, including Africa. Their Businesses owned the raw materials and the markets of these countries. Walter Rodney's How Europe Under developed Africa should be a mandatory history and economics textbook in our colleges.
3. The independence of African countries in the second half of the last century saw the gradual diminution of this "ownership", leading to the growing penetration of such countries as China, India and other bigger non-aligned countries. A growing global economy needed a greater and wider resources base. The imploding demand for energy resources spotlighted the potential for investment in African countries, as did the hunger of the extractive industries in the developed countries. Because of the super-abundance of oil/gas and strategic mineral resources, Africa is now profiled as a New Investment Frontier.
4. The holiday economy deserves special mention. Africa's unspoilt nature, wildlife and pristine beaches are driving major investments in tourism. The abundance of arable land is attracting a growing interest investment in agricultural production to meet a global burgeoning food need.
5. This complex and rapidly unfolding scene in Africa calls for a critical re-examination of purpose, policy and promulgation and provision of the aspiration of Development and Partnership. What kind of Development? Under what conditions?
6. It is necessary to remind ourselves that the purpose and target of development is People, not Things. I get dismayed when I hear someone laud the "development" of Dar es Salaam citing the mushrooming skyscrapers as evidence! To claim strides in urban housing development there must be evidence of a mushrooming of estates of low cost housing- privately or publicly funded, owner-occupier, architecturally designed, well planned suburban growth. City roads clogged chock full of private cars cannot be evidence of urban "development" when there is no statutory public transport system! The basic welfare of the people must be the basic measure of

Development! In my view Development for poor countries means the eradication of ignorance, disease and food insecurity. ODA should be directed preponderantly on these targets, not the acquisition of modern sophisticated weaponry!!

7. In the early days of independence African countries' state partners extended to the young states development loans. Because African countries quickly became choked by a huge debt regime, the phenomenon of official state loans has largely ceased. Lately the impression has built up that African countries have been spoilt by ODA. The combination or misuse of aid and the curse of corruption, warn that the development aid will decrease. This is reinforced by the economic crisis facing most country aid givers. I personally believe such aid decline is good; because it will force African countries to make a reality of their often repeated policies of self-reliance. Besides it increases the degree of independence and dignity of statehood.
8. Against the background of diminishing official loans and official aid, the private sector, both internal and external, assumes an overwhelming role in promoting economic growth and development. State revenues alone cannot fund the investment necessary to achieve sizeable revenues to bear the cost of social development. It is recognized that genuine partnership can conduce to competitive growth, job creation and enhancement of national wealth. In some sectors the state will look to the private sector to embark on the ventures alone. In others it will go in partnership with the private sector. Indeed this latter is becoming the growing trend. It is called "Public Private Partnership (PPP).
9. This policy was reaffirmed recently by the Hon. Abdulrahman Kinana, Secretary General of the ruling Party, the CCM, in an address to CEOs-Roundtable. Recognizing that PPPs are characterized by the sharing of investment, risk, responsibility and reward between the partners, he stated that PPPs facilitate Government's intentions to expand and improve the provision of infrastructures and other social services for their citizens "provided they can appropriately combine the interests of the public and the private sectors."
10. But there are prerequisites for successful partnership. The first is acknowledgement that partners bring assets – land, financial capital, technology, experience etc – to the Partnership. No one is coming to the partnership for a free ride. The value of those assets must be equitably

determined, negotiations must not be forced and the form and terms of partnership contract must be mutually agreed. Not all investors are thieves and charlatans, and not all African states are failed states!!.

Additionally African negotiating teams need to do more by way of in-depth preparations. The Swahili saying advises: Don't join in a fight if you have no weapons. The projects they negotiate about are very complex indeed in modern times, involving new explorations of technology, contract law, centres of arbitration and adjudication, interlocked markets, financial permutations and corporate responsibilities. Their counterparts are well prepared, strengthened as they often are by innumerable think-tanks and in-house deliberations. The outcries one often hears about badly negotiated and signed contracts, or trade and investment agreements, are not always the product of the malevolence on the other side as the ignorance and misdirection on our part. This situation can surely be righted!

11. Secondly African countries need to improve their investment climate. The need to review periodically the administrative, commercial and judicial environment to make it easy for investment and business is incontestable. I can state this with considerable certainty, because I am co-chair of the Investment climate Facility for Africa, a by-product of the Report of the Commission for Africa of a few years ago, entitled 'Our Common Interest'. That Report found African countries wanting in facilitating local investible funds and foreign direct investment. It stressed that an improved investment climate is critical for job creation, income growth, and poverty reduction.

12. By building effective coalitions with governments and business we have at the ICF identified and implemented priority projects that drive the investment in African countries. As I speak to you we have approved 56 projects, completed 24 projects, partnered 17 governments in 32 countries over the last six years. To show you how much reform is required, we have focused on the following areas: Property rights and contract enforcement; Business registration and licensing, Taxation and Customs; Financial markets; Infrastructure facilitation; Labour markets; Competition, and Corruption and Crime.

13. Our traditional development partners have come from the North. But I have already made a fleeting reference to the interest of BRICS and countries of the South to augment their trade and investment interest in Africa. South-

South cooperation and partnership is an important dimension in Africa's quest for development. The Executive Director of the South Centre will address this issue more knowledgeably shortly, as I am sure he will touch on the role of the international financial and trade systems.

14. Finally, Partners embarking on negotiations must build and display respect and confidence in each other. No side should be patronizing. No side should be mendicant. Financial Capital is the accumulated savings of millions of people. Land and other natural resources are a people's patrimony. The interests of both sides must be harmonized and honoured.

15. In Africa's past, Development has always been good for Business. Now it is the turn of Business to be good for Development. Today's timely forum will be important for the future orientation of work in and for Africa. It behoves us to cooperate to address key development challenges for mutual benefit. A more prosperous, stable Africa, open to both North and South, is possible.

16. I now declare the Round Table discussions open, and Thank you for your attention.