

**Engagement with
Brazil, Russia, India, China and South Africa (BRICS):
An Alternative Development Cooperation Initiative?**



**Prepared by
Darlene K. Mutalemwa and Deo P. Mutalemwa**

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For more information and order copies of the review please contact;

Policy Forum

P.O. Box 38486

Dar Es Salaam

Tel: +255 22 2780200

Website: www.policyforum.or.tz

Email: info@policyforum.or.tz

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Abstract – Tanzania’s Engagement with the BRICS: Alternative Development Cooperation Initiative¹

The development cooperation landscape of Tanzania is changing with new emerging players; Brazil, Russia, India, China and South Africa, collectively known as BRICS. These new players which represent new opportunities, new resources and new terms of engagement and more importantly a conduit to economic growth, poverty alleviation and development, are building a challenge to western donors and entrepreneurs. This paper which is derived from reading diverse literature, contributes to analysis of the current interest of the BRICS- on Tanzania (and vice versa – Tanzania’s enthusiasm with these countries), by providing a perspective on increasing knowledge and understanding of BRICS’ role and impact in Tanzania, an East African and low-income nation. The paper tries to offer plausible answers to the following questions: What factors are driving BRICS’ engagement with Tanzania? Are some BRICS countries better partners (for Tanzania) than others? Is the evolving BRICS-Tanzania relationship in the field of aid, trade, investment and migration a durable factor in contributing to Tanzania’s development? Answering these questions requires looking in more detail at what the BRICS are actually delivering on the ground. The most striking finding to emerge from this study is that Tanzania’s engagement with the BRICS is characterized by both significant strengths and some lurking weaknesses that include but are not limited to the following: (i) Each of the countries that make up the BRICS is engaging with Tanzania in very different ways due to unique mind sets, interests, priorities and historical links. This suggests that it will take time before a common ground is found among the different members (and vis-a-vis Tanzania). (ii) BRICS are important donors, investors and trading partners as well as sources of project contractors for Tanzania. Tanzania is home to various communities of member countries of BRICS. Tanzania is also increasingly looking to the BRICS as a fount of examples to be emulated (iii) In many respects the more recent wave of arrivals of BRICS on the scene in Tanzania, carrying with them different discourse and practices rooted in their own recent development experiences, has opened up the development game and the room for manoeuvre by Tanzania has increased. The old, narrow conditions no longer apply, and the Government of Tanzania does not need to be constrained by the rules of Western development aid. Different players can be traded off against each other Yet engagement never comes with no strings attached, despite the warm-sounding rhetoric of ‘South-South cooperation’, that embraces ‘mutual benefit’ (iv) As the BRICS and Tanzania continue to deepen their relationships, systems and capacities to guide, monitor, evaluate and account for their activities have not been given appropriate priority and investment. The paper concludes with several recommendations with a view to presenting aspects that are of mutual benefit between BRICS and Tanzania, as the latter is yearning for fast development. Ultimately, it will depend on wise visionary national leadership and the strength of Tanzanian institutions to influence BRICS’ engagement for the benefit of Tanzanian people. BRICS (and for that matter any other foreign country) will not transform Tanzania: Tanzanians will transform Tanzania!

1 The views, findings, data, interpretation and conditions expressed in the study report are those of the authors and do not necessarily reflect the views of Policy Forum. We gratefully acknowledge comments from Semkae Kilonzo, Chambi Chachage and Nicholas Lekule.

1.0 Introduction

The acronym BRICS refers to a select group of five large developing countries: Brazil, Russia, India, China and South Africa². BRICS are distinguished by their demographic (see figure 1) and economic potential to rank among the world's largest and most influential economies in the 21st century (and by having a reasonable chance of realizing that potential). Although China and India lead the group, the emergence of China's role in Africa is perhaps the most hotly debated example of BRICS involvement in the developing world.

Brazil is extremely rich in resources such as coffee, soybeans, sugar cane, iron ore, and crude oil, with around 60 million hectares of arable land (just 7 per cent of its land area) but with an agricultural area of 31.2 per cent of the total land area. Russia is noted for its massive deposits of oil, natural gas, and minerals. India is a strong service provider with a rising manufacturing base, while China is seen as the manufacturing workshop of the world with a highly skilled workforce and relatively low wage costs. South Africa is the 26th largest economy in the world, with a GDP of US\$ 357 billion and is an important trading and investment gateway to a large part of Africa. It is a medium-sized country with a total land area of slightly more than 1.2 million sq. km and around 12 per cent arable land area. It is the world's largest producer of platinum and chromium and holds the world's largest known reserves of manganese, platinum group metals, chromium, vanadium, and alumino-silicates. South Africa generates 45 per cent of Africa's electricity and the South African power supplier provides the fourth cheapest electricity in the world³.

In terms of the World Economic Forum ranking on global competitiveness, China ranks 27 (out of 139 countries) in 2010–11, while the rest of the BRICS economies are placed at 51 (India), 54/139 (South Africa), 58/139 (Brazil), and 63/139 (Russia), respectively. The better rank of China can be attributed to its large market size (2/139), macroeconomic environment (4/139), and innovation (26/139). The ranks of various indicators of competitiveness suggest that the BRICS have strong and deep domestic markets⁴.

Although BRICS have not reached the level of industrialisation that characterizes traditional Development Assistance Committee (DAC) donors are still plagued by persistent inequality and poverty, they have increased their financial as well as technical assistance and established distinct ways and means of economic cooperation in several arenas, especially through South-South cooperation which emphasises principles of equality, solidarity, and mutual development and complementarity with low-income countries (LICs) such as Tanzania. The high level forums (HLF) on aid effectiveness in Paris (2005), Accra (2008) and Monterrey (2002) did not

2 The BRIC [Brazil, Russia, India and China] idea was first conceived in 2001 by Goldman Sachs as part of an economic modeling exercise to forecast global economic trends over the next half century; the acronym BRIC was first used in 2001 by Goldman Sachs in the Global Economics Paper No. 66, "The World Needs Better Economic BRICs". BRIC Foreign Ministers at their meeting in New York on 21st September 2010 agreed that South Africa may be invited to join BRIC. Accordingly, South Africa was invited to attend the 3rd BRICS Summit in Sanya, China on 14 April 2011. <http://www.bricsindia.in/about.html>, [accessed 05/02/2013]

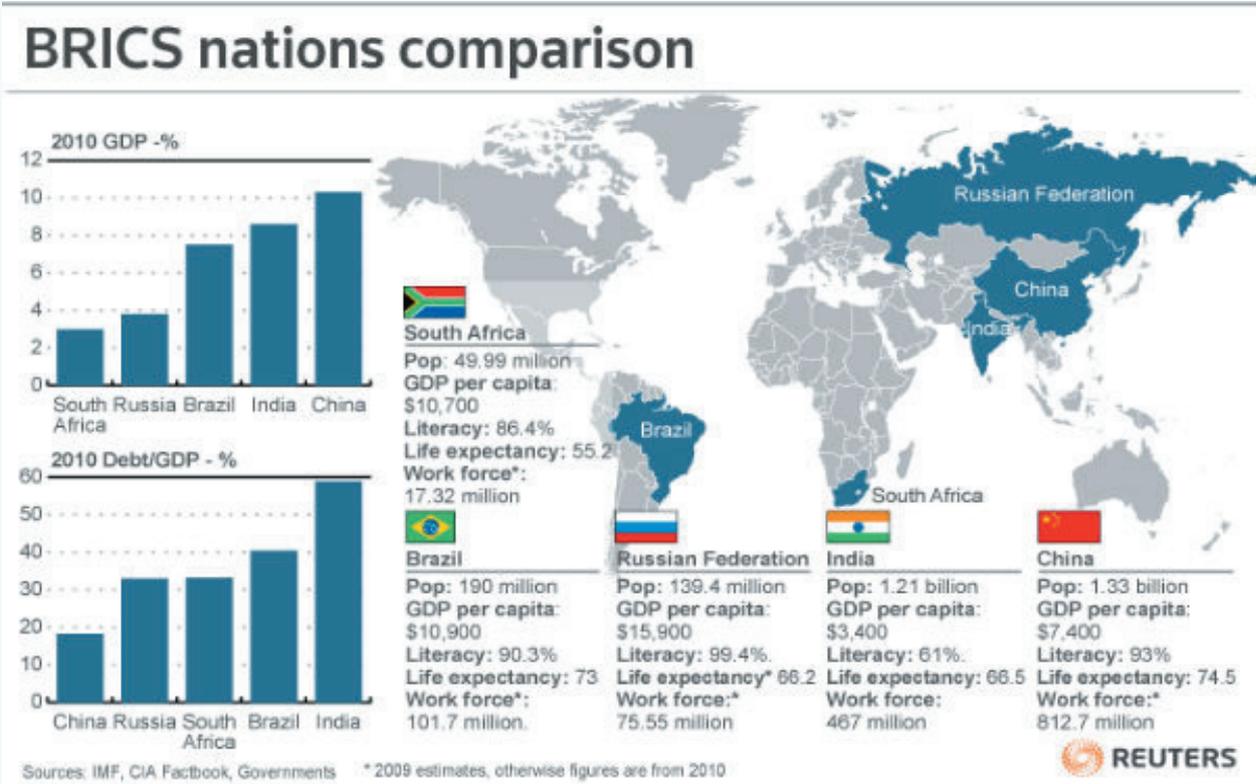
3 Government of India- Ministry of Finance (2012) The BRICS Report: A Study of Brazil, Russia, India, China and South Africa with special focus on synergies and complementarities. Oxford University Press: India

4 Ibid

overtly acknowledge BRICS' role as emerging donors, but the 2011 Busan HLF⁵ considered the BRICS as obvious catalysts for change in global development architecture⁶.

At the conclusion of their summit in Durban in March this year (2013), the leaders of the BRICS announced their intention to establish a new development bank aimed at mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. Such a bank could complement existing institutions and address gaps and challenges in critical sectors (Fifth BRICS Summit, 2013⁷).

Figure 1.1: Comparing Rates of Growth, Debt and Other Attributes among the BRICS



Source: Reproduced from Swingonski (2012)⁸

5 The Global Partnership for Effective Development Cooperation, established in Busan, South Korea in 2011, set the international standard on the principles of effective aid and good development to which all development actors should subscribe. These principles include: country leadership and ownership of development strategies; a focus on results that matter to the poor in developing countries; inclusive partnerships among development actors based on mutual trust; and transparency and accountability to one another. All development stakeholders – including traditional donors and emerging providers – must respect and uphold these key principles by fulfilling the promises they made at Busan. For this to happen, the Global Partnership will need to rely on strong vision, high-level political engagement and a robust but flexible global accountability mechanism.

6 European Union (2012) The Role of BRICS in the Developing World . Policy Department Directorate General for External Policies of the Union: Brussels

7 <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>

8 Swingonski F (2012) Building BRICS of Foreign Aid : Newest Member of the Club. The Center for Global Prosperity. Available at <http://globalprosperity.wordpress.com/2012/11/12/building-brics-of-foreign-aid-newest-member-of-the-club/>, [Accessed 01/02/2013]

So what does the Tanzania-BRICS cooperation mean for Tanzania?

For Tanzania, engaging with BRICS represents new opportunities, new resources and new terms of engagement and more importantly a conduit to higher economic growth, poverty alleviation and development. Furthermore, the increased bargaining power of developing countries in multilateral negotiations, as reflected in the Doha negotiations of the World Trade Organisation, has been cited as another reason for cooperating with BRICS.

In addition, South-South cooperation has been couched in very attractive rhetoric for Africa, which greatly contributes to its appeal. To be specific, it rests on the principle that South-South cooperation, its agenda and development objectives should be set by countries of the South. It should not be driven by charity and power/dependency relationships. On the contrary, it claims to be based on the principles of equality, solidarity, the respect of national independence and ownership, mutual benefits (promoting win-win outcomes) and complementarity. The principle of non interference in domestic affairs is key, notably in terms of avoiding offering or force governance and policy recommendations, thus respecting the need for national solutions and appropriate policy space. Greater attention is given to partnership and exchanges of experiences, in particular through technical cooperation and knowledge transfer. South-South cooperation is often project-based, usually without conditionality in terms of governance, economic policy or reform process. It is often acknowledged as involving low transaction costs, with a rather fast delivery.

It is against this background that the paper seeks to generate and deepen knowledge on BRICS' role and impact in Tanzania, an East African and low-income nation. The paper tries to offer plausible answers to the following questions: (i) what factors are driving BRICS' engagement with Tanzania? (ii) Are some BRICS countries better cooperation partners (for Tanzania) than others? and (iii) Is the evolving BRICS-Tanzania relationship in the field of aid, trade, investment and migration a durable factor in contributing to Tanzania' development?

We look at each of the above cooperation areas in a relatively detailed summary below.

2.0 AID

Foreign aid has featured prominently in the development of African countries since the 1960s. Most of these African countries, especially in Sub Saharan Africa, have been largely dependent on foreign aid since independence. Tanzania is no exception to this reality.

BRICS are a group of donors that do not sit in the Organisation for Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC). Nonetheless, the group has gained great prominence and has generated much interest within the international development community. These donors are often referred to as 'new', 'emerging', 'non-traditional', 'non-Western' or 'non-DAC', but the labels applied to them simplify a very complex and diverse group.

The growth in the variety of providers of development assistance suggests that developing countries such as Tanzania can engage with advantage with the various partners (see Table 2.1). It is also leading to more choice and more finance, and developing country's governments welcome this. Furthermore, it is helping to strengthen the negotiating power of aid recipient

governments, and may make it more difficult for traditional donors to dominate in policy influence.

Table 2.1: Schematic Overview of BRICS and Traditional Donors' Engagement in Tanzania

	Sector	Modalities	Channels
BRICS	health, agriculture, education, , defence, infrastructure productive sector investment	flexible procedures, cost efficiency, and speedy project delivery timeframe,	bilateral relations; aid is tied to source in procurement and almost exclusively disbursed directly to the project (thus off-budget)
Traditional Donors	All sectors with preference for social sectors, Millennium Development Goals, trade liberalization, promotion of democracy and human rights, welfare and social protection	Traditional financial modalities include: General Budget Support, Project funds, Basket funds Importance of Paris/Accra/Busan Agenda are acknowledged; greater attention to capacity building, governance, transparency, involvement of non-state actors and accountability	The choice of which channel to use is determined by criteria including type of partner, context and the robustness of public financial arrangement systems. Partners include: Government systems ,Multilateral Organisations, Civil Society, public private partnerships to name just a few examples

Source: Compiled by the Authors (2013)

BRICs' philosophies for development financing differ from those of "traditional donors" (OECD-DAC members) in three significant ways (Mwase and Yang, 2013⁹): (i) BRIC engagement, with the exception of Russia, is founded on a model of mutual benefits. Most of the financing has been concentrated in the infrastructure sector to support productive activities. Russia, similar to traditional donors, has recently focused on social spending, seeing poverty reduction as the main objective of their ODA; (ii) Some BRICs, particularly China, tend to provide noncash financing for projects without attachment of policy conditionality. They view this as part of the principle of non-interference in internal affairs and as a means of circumventing corruption. In contrast, traditional donors view policy conditionality on institution building and governance as central to ensuring effective use of aid; and (iii) concepts of debt sustainability differ, with BRICs tending to focus on micro sustainability of individual projects while traditional donors pay greater attention to long-run country debt sustainability by taking into account macroeconomic factors. In addition, these BRICs do not attach conditions of governance, economic policy and systems performance, or institutional reforms to their cooperation. They also do not attach importance to harmonisation and coordination to improve aid effectiveness and efficiency as advocated in the Paris Declaration.

9 Mwase N and Yang Y (2012) "BRICs'Philosophies for Development Financing and Their Implications for LICs" IMF Working Papers 12/74, International Monetary Fund

It has been frequently remarked that BRICS' development financing has helped alleviate infrastructure bottlenecks and poverty reduction in low income countries albeit there is a general lack of comprehensive, meaningful, and timely statistics by both BRICs and recipient countries. On the other hand, some member countries of BRICS note that there has been an over-emphasis on "social projects" at the expense of building productive capacity and faster poverty reduction in the long run¹⁰.

China

"The Sino-Tanzanian Aid Relationship Tanzania and China enjoy profound brotherly friendship. The Tanzanian people will never forget the valuable support and generous assistance of China over the past decades" (President Kikwete in China 2006/06/23 cited in Sandvand (2007)¹¹).

Over recent years, China has increased its overseas development aid to low income countries and especially Sub-Saharan Africa. Available data – which is quite elusive ¹² – indicates that for example Chinese aid has over-taken traditional donors (Financial Times, 2011)¹³. The reason why China does not publish much details about the amounts of aid given to African countries, lies in three simple explanations (Davies Cited in Huse and Muyakwa, 2008¹⁴).

Firstly, China is still a developing country itself and therefore the Chinese population might object to China helping Africans instead of the poor people in China. Secondly, China feels that this might be sensitive information for recipient countries and they argue that it is up to African countries to decide if they wish to report on the volume of aid. Thirdly, China does not want African countries to compare the amounts of aid received among them. We feel that the fact that China in general is not an open society domestically in terms of publishing easily what the government does, this factor is probably a habit that has extended to its relations to aid relations with Africa. There is also another professed though arguable explanation by admirers of Chinese aid who claim that China wants to show Africa how better its aid is vis-a-vis Western aid.

Chinese overseas development assistance to Tanzania differs significantly from that of traditional donors. It is disbursed as project aid, technical assistance or as in-kind aid provided either as grant, interest-free loans payable over a relatively long period of time, or more recently, as low-interest loans. In the opinion of Bräutigam (2007) cited in Huse and Muyakwa (2008)¹⁵, Chinese projects are referred as 'proofs of competence'. The constant preference for project aid is a strategic choice – it is China's way of manifesting, or rather, materialising its presence in the country. Furthermore, it might also be that project aid is considered the most appropriate modality for China to make the most of its competencies and also working power,

10 *ibid*

11 Sandvand, H. (2007): *Friends and Interests. A Comparison of Chinese and Nordic Aid to Tanzania*, Ås: Norwegian University of Life Science

12 The exact amount of development assistance from China to Tanzania is thus hard to establish as data are not provided on a country basis and Chinese aid operates outside OECD—DAC aid modalities. Moreover, Tanzania's bilateral aid agreements with China are confidential, thus beyond public scrutiny. It needs to be pointed out that not being transparent about their aid; the Chinese government leaves herself open to accusations and misinterpretations.

13 For example, China outperformed the World Bank as the world's largest provider of overseas loans to developing countries through its China Development Bank and China Export-Import Bank amounting to at least US\$110 billion in 2009 and 2010.

14 Huse, M. D., and Muyakwa, S. L. (2008). *China in Africa: Lending, policy space and governance*. [Oslo, NOR]: Norwegian Campaign for Debt Cancellation and Norwegian Council for Africa.

15 *Ibid*.

cheap technology and competitive construction companies¹⁶. Chinese aid also introduces hitherto unknown products or Chinese brands in the recipient markets (Haroz, 2011¹⁷).

It has been argued that Chinese overseas development assistance to Tanzania is provided in response to expressed Tanzania's needs. For instance in 2006, Premier Wen Jiabao declared that; "the Chinese side will focus on agriculture, irrigation and infrastructure development in its economic and technological cooperation with Tanzania, so as to meet the needs of the Tanzanian side" (Xinhua 2006/06/24, cited in Sandvand 2007¹⁸).

Indeed, Chinese aid has a bias towards infrastructure projects (e.g. including in difficult terrains such as remote rural roads, bridges over deep escarpments and fast flowing rivers, and deep-sea ports) - which traditional Western aid donors may have been reluctant to fund (Lancaster, 2007¹⁹). This aid is valued by African governments for helping to dis-enclave economies such as in South-Western Tanzania regions opened up by the TAZARA (described below), thereby spurring economic growth and making businesses more competitive.

The provision of infrastructure is considered by Tanzania as significantly important. For instance, the Tanzanian National Strategy for Poverty Reduction, MKUKUTA reads: "In recognition of the need to improve the economic prospects of the productive sectors and social services, there is need to improve provision of physical infrastructure" (United Republic of Tanzania 2005: 8²⁰). Yet, China's provision of infrastructure is not unique to the Tanzanian case, given that Chinese aid supports agriculture, health and defence sectors as well as others for that matter. Hence in view of this multi-sector assistance, it would seem proper to ask whether China exclusively responds to the needs of the recipient-country, or whether they provide assistance within the areas for which they have particular interest and are particularly competent. Furthermore, while the MKUKUTA identifies three main sectors of improvement - growth (cluster I), improvement of quality of life and social well-being (Cluster III), and governance and accountability (Cluster III) , Chinese aid is limited to cluster I and II, with no assistance provided to governance and accountability, and General Budget Support (GBS) which is the Government of Tanzania's preferred aid modality. GBS is indeed not mentioned by the Chinese. As such, one critic argues that responding to the needs of recipient countries does not seem a proper characteristic of Chinese aid to Tanzania (Sandverg, 2007). Moshi and Mtui (2008:13) point out however that Tanzania is China's largest aid recipient country in Africa²¹ and it would not seem gracious to insist that Tanzania has been forced to receive the Chinese assistance it got.

It should come as no surprise then that the Chinese Government has given little emphasis on harmonising aid practices with the international donor community. In fact, with regard to Tanzania, there are no indications of Chinese aid practices and those of other international donors converging and no stated commitment by the Chinese leadership of aligning their aid

16 Sandvand, H. (2007): *Friends and Interests. A Comparison of Chinese and Nordic Aid to Tanzania*, Ås: Norwegian University of Life Science

17 Haroz D (2011) China in Africa: Symbiosis or Exploitation? *The Fletcher Forum of World Affairs*, Vol 25:2 Summer

18 Sandvand, H. (2007): *Friends and Interests. A Comparison of Chinese and Nordic Aid to Tanzania*, Ås: Norwegian University of Life Science

19 Lancaster, C (2007), *The Chinese Aid System*, Center for Global Development Essay , Available from <http://www.cgdev.org/content/publications/detail/13953>, [Accessed 25/05 2008]

20 United Republic of Tanzania (2005) National Strategy for Growth and Poverty Reduction(I). Vice President's Office : Dar-es-salaam

21 Moshi H and Mtui J (2008) *Scoping studies on Africa-China Economic Relations: The Case of Tanzania* , A Revised report submitted to AERC, Nairobi

with recipient country finance management systems. China is not a member of the OECD-DAC or Development Partners Group or PDG (the DAC equivalent in Tanzania). They have not signed the common MoU between the government of Tanzania and the DPs under the Joint Assistance Strategy for Tanzania (JAST), and they do not participate at consultative donor meetings or take any part in the JAST process at all. While China endorsed the Paris Declaration (and has as such committed itself to cooperate with other donors to harmonise its aid), it has been claimed that China probably did so in its capacity as a recipient, more than as a donor country (Sandberg, 2007).

China has had aid cooperation with Africa since the 1950s and 1960s, when China began establishing agricultural and health projects, and building factories in new African states that were emerging out of the colonial bondage.

For instance, in 1965 China agreed to finance and build the Ubongo Farm Implements Factory in Tanzania. With an initial production capacity of 1000 tons of farm tools, expanding to 2000 tons in 1980, by then the factory covered 85 per cent of the demand for hand tools in the country (Yu 1975 cited in Sandvand 2007). A few years later in 1970, the two countries agreed on the construction of the Mbarali State Farm. The farm was completed in 1977, comprising 8,000 acres of land, a farm tool repair shop, a rice-processing mill with an annual capacity of 8,000-10,000 tons of rice, a poultry farm of 50 000 chickens and a dairy farm of 100 cows. It reportedly achieved 'brilliant results' in the period of 1978-1984, with investment costs recovered in only six years (Ping 1999: 177 cited in Sandberg 2007). Indeed, Hutchinson (1975) cited in Sandvand (2007) claims that yet another reason for Tanzania's warm embrace of Chinese aid during the early years was due to President Nyerere's desire for progress in the rural sector – an area in which he believed Chinese technical assistance would be of particular value.

Another example is the TAZARA, Tanzania-Zambia railway, which is perhaps the most famous example of early Chinese lending. Built in 1964 by 50,000 Chinese engineers and skilled workers and costing around \$500 million²², it was the largest foreign aid project undertaken by China at that time. The project entailed the building of a 2000 km railway, connecting land-locked and apartheid antagonist Zambia from the copper-belt region in northern Zambia with the port in Dar-es-Salaam (Brautigam 2008²³). Nyerere and Kaunda, the then Presidents of Tanzania and Zambia respectively, both spoke highly of Tanzania-Zambia Railway, claiming it "a great contribution to the African people" and praising it as a "Road of Freedom" and a "Model of South-South Cooperation"(The People's Republic of China, 2000²⁴).

Another project was the construction of Tanzania National 60, 0000- seater sports stadium which was completed during the fourth quarter of 2007. It was constructed at a total cost of US\$ 43.5 million, with 53 percent of the cost financed by the Government of Tanzania and 47 percent (US\$20.5 million) financed through a soft loan from China(Moshi and Mtui, 2008). Interestingly, the Sino-Tanzanian relationship is maintained through frequent high-level visits by Chinese and Tanzanian leaders, and their repeated reference to the Sino-Tanzanian friendship has beneficial nostalgic impressions on both sides. For instance, during a visit to the Dar es Salaam national stadium in 2006, the Chinese Premier declared: "Let the Tanzanian National Stadium be a *monument of friendship* and cooperation towering aloft

22 This was a large sum for China, which was poorer than most African countries in the 1970s (Schiere et al (2011).

23 Brautigam, D (2008) *China's African Aid: Transatlantic Challenges*, GMF paper series, Available from; <http://www.gmfus.org/doc/Brautigam0410aFINAL.pdf>, [Accessed 25/05/2008]

24 <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18009.htm> [Accessed 02/02/2013]

in Tanzania like the Tanzania-Zambia Railway. Let it benefit the Tanzanian people and make greater contribution to the friendship between China and Tanzania” (China 2006/06/24, Italics added cited in Sandvandg, 2007).

In terms of social services, since 1968, China regularly dispatches medical teams from Shandong Province to Tanzania. Approximately 1000 medical workers by 2009 were sent to the country. The Chinese medical workers often share their knowledge by teaching local Tanzanian health practitioners Chinese medicine (Janson et al, 2009²⁵).

Of late, Chinese aid has been linked more to the natural resources sector. As the world’s biggest user of iron ore, China is actively scouting for potential sources in countries where it can strike a partnership for coal, iron ore and gas explorations. A project collaboration that began last year between China (Sichuan Hongda Co. Ltd which received funds from Chinese banks) and Tanzania (the state-run National Development Corporation-NDC) involves the construction of the Liganga iron ore mine and the Mchuchuma integrated coal mine. The latter will feed into a 600-megawatt (MW) thermal power station. Meanwhile a \$1 billion loan agreement (from China-Exim Bank has been arranged for building a major natural gas pipeline (532-kilometre long) from Mnazi Bay and Songo Songo island in southern Tanzania to the country’s commercial capital, Dar es Salaam (International Business Times, 2011²⁶).

Some analysts have commented that China provides foreign aid to Tanzania and other African countries without the policy conditionalities that typically accompany Western aid—on good human rights performance, strong free-market economic management, environmentally responsible policies and political openness on the part of recipient governments, the good governance benchmarks. The “non-conditionality” of Chinese aid was trumpeted again most recently at The Fifth Ministerial Conference of the Forum on China-Africa Cooperation in July 2012 held in Peking. On the other hand, the stated Chinese policy of non-interference has been criticized by NGOs and traditional donors because of its potentially negative implications for economic development and progress in governance (Tjønneland et al, 2006)).

India

As for India, concrete statistics of Indian aid to Tanzania are also difficult to get as India does not report its aid flows to the OECD-DAC. However, Tanzania has been one of the largest aid recipients of India’s bilateral Overseas Development Aid (ODA) outside South East Asia²⁷. India’s ODA to Tanzania is a mix of project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs incurred by the Indian government and even extend to defence²⁸.

In addition, an outstanding technical assistance project²⁹ has been noted in the form of establishment in 1973 and continued support of the now countrywide Small Industry

25 Jansson J, Burke C, Hon T (2009) Patterns of Chinese investment, Aid and Trade in Tanzania, Centre for Chinese Studies: University of Stellenbosch

26 The International Business Times(2011) China, Tanzania Set to Engage in \$3B Coal, Iron Ore Deal Available from: <http://au.ibtimes.com/articles/218660/20110923/china-enters-3-billion-coal-iron-deal-with-tanzania.htm> [Accessed 17/05/2012]

27 Bijoy C R (n.d) India: Transiting to a Global Donor Special Report on South-South Cooperation 2010, Available at http://www.realityofaid.org/userfiles/roareports/roareport_3ce2522270.pdf, accessed 20th December 2011

28 The Daily News (newspaper) of 3rd October 2012 on supply of vehicles to the Ministry of Defence and National Service

29 www.mea.gov.in/meaxpsite/foreignrelation/tanzania.pdf, [Accessed 12/11/2011]

Development Organisation (SIDO) in Tanzania by National Small Industries Corporation (NSIC) of India. Tanzania is also one of the largest beneficiaries of the ITEC/SCAAP³⁰ programme since 1966. Starting with 24 trainees annually, the number gradually increased to 120 per annum in 2009, and the total number of trainees now exceeds 1200. Tanzania is a major beneficiary of Indian scholarships and other educational assistance, which includes self-financing places in India's higher learning institutions. About five thousand Tanzanian students are estimated to be in India on a self-financed basis. Furthermore, two Indian funded projects are under implementation, namely: a Centre of Excellence in ICT by C-DAC; and the Pan-African e-network project by TCIL³¹.

A Line of Credit to Tanzania government has been provided by the government of India under agreement signed on 5th June 2009 for US\$ 40 million for financing the agriculture sector³². The Tanzanian Prime Minister Mr. Mizengo Pinda inaugurated the first consignment of 288 tractors in October 2010, out of the total of 1860 tractors. This is to support the Tanzania government's much publicised KILIMO KWANZA, a clarion call to revamp the agricultural sector and achieve a green revolution in Tanzania, whose concept has been borrowed from the Indian experience.

India's Prime Minister Manmohan Singh, three- day visit to Tanzania in May 2011, unveiled a handsome aid package for the nation. This included \$ 191 million in lines of credit, \$ 180 million for water supply projects in Tanzania, \$ 10 million for capacity building projects in the social & educational sectors and \$ 1 million for development. India and Tanzania have also signed a double taxation avoidance agreement to promote greater investment and a pact to promote small- scale industries, has also been signed (Chaudhury, 2011³³).

Brazil

Brazil is reluctant to provide direct financial aid to African countries, preferring technical assistance, cooperation projects, training, guarantees, and other instruments to support the countries in question as well as Brazilian private and public partners (World Bank and Brazilian Institute of Applied Economic Research, 2011³⁴). Tanzania has received technical assistance in the following areas: training and skills development for health workers, post-harvest support for cashew nuts and horticulture, development of fish farming and fight against HIV/AIDS³⁵. The Brazilian government in Tanzania would most likely be supporting private Brazilian companies interested in investing in the production of soya, sugar cane, corn and cotton, based largely on their expertise in these agricultural products. In this regard, they have shown interest in participating in the Southern Agriculture Growth of Tanzania (SAGCOT) initiative³⁶.

30 mea.gov.in/mystart.php: ITEC/SCAAP denote India Technical Economic Cooperation (ITEC) and Special Commonwealth African Assistance Programme [Accessed 12/11/2011]

31 Ibid

32 Indian Embassy publications

33 Chaudhury D (2011) Boosting Ties: India Offers Millions but Tanzania Wants More. Available from <http://indiatoday.intoday.in/story/india-offers-millions-but-tanzania-wants-more-grants/1/139601.html> [Accessed 02/02/2013]

34 World Bank and Brazilian Institute of Applied Economic Research (2011) Bridging the Atlantic: Brazil and Sub-Saharan Africa South-South Cooperation Partnering for Growth. World Bank: Washington.

35 Ibid

36 SAGCOT is privately promoted but government supported agricultural investment programme encompassing several regions in the south and south west of the country, aimed at attracting large private capital investors to establish large agricultural farms to have impact on agricultural output and at the same time assist small farmers whenever possible.

South Africa

South African development assistance dates back to the apartheid period, where it was used by the regime to win friends among African countries. After the end of apartheid, the new government engaged in a foreign policy of "African Renaissance" creating stronger ties with the rest of the African continent. This led to the set-up in 2001 of the African Renaissance and International Cooperation Fund (ARF) which allocated grants and loans to other African countries. Faced with the growing disbursement of external aid and weaknesses in the management of the ARF, the South African government started in 2011 a central agency to manage South African development assistance named the South African Development Partnership Agency (SADPA)³⁷.

South Africa also channels its aid through multilateral development programmes, for instance through the AU, SADC, the African Development Bank (AfDB) or the World Bank³⁸. Here too it is difficult to provide exact figures of the overall volume of South African development assistance. Estimates point to yearly expenditures of between 100 million USD to 400 million USD for the period 2006 to 2010. In terms of geographic distribution patterns, South Africa's development assistance is primarily directed to the SADC³⁹ region and to the African continent more broadly⁴⁰.

Russia

Similar to other emerging donors, Russia is not open about its aid flows, and it does not adhere to the many norms and rules conceived by Western donors. So while Russia's official aid may be small, there is some evidence that Russia's influence in Africa is growing. As several African policy makers have pointed, Russia's approach is similar to China's - aid projects are tied to business projects, leading to difficulties to properly distinguish between aid and trade. Raw materials play a major role, and Russian state companies have recognized that African resources may help them increase global market share (Stuenkel, 2012)⁴¹.

Russia has written off debts worth more than \$20 billion advanced to African countries, largely through the framework of "debt for development" and increased its aid to the continent. A bilateral agreement with Tanzania for the swapping of debts for development has been signed to use the debt for financing development projects (Stahl, 2013)⁴².

3.0 TRADE

Sino-Tanzanian trade relations date back to 1964 when China established diplomatic relations with the country. The first Trade Agreement between the two countries was signed in February 1965 with subsequent agreements in 1984 (The Barter Trade Protocol), 1985 (Agreement on the Establishment of a Joint Economic and Trade Commission), and 1996 and 1997 (Framework Agreement for the Provision of an Interest-Subsidized Preferential Credit by China to Tanzania) (Sandvand 2007: 97).

37 Stahl A K (2012) Trilateral Cooperation between the European Union, China and Africa: What Prospects for South Africa. Discussion Paper. University of Stellenbosh: South Africa

38 Ibid

39 The SADC consists of: South Africa, Angola, Botswana, the DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Seychelles, Tanzania, Zambia and Zimbabwe.

40 Stahl A K (2012)

41 Stuenkel O. (2012) Russia Goes to Africa. <http://www.postwesternworld.com/2012/03/17/russia-goes-to-africa/> [Accessed 01/02/2013]

42 <http://www.africareview.com/Business---Finance/-/979184/1536944/-/5v6em0/-/index.html> [Accessed 01/02/2013]

According to a CCS report (2006: 51) cited in Sandvand (2007:97), "trade volumes have seen extraordinary growth since 1965". Rutaiwa and Mkwawa (2011) further opined that the economic and open market policies of the two countries have opened more trade and economic cooperation where trade between Tanzania and China has been growing very fast since 2004⁴³.

Table 3.1 reveals exports and imports from 2004-2010. In 2010, China ranked number one Tanzania's trading partner with the largest trade volume from the rest of other trading partners. The trade balance between the two countries remained in favour of China. China occupies about 7.5% share of the Tanzania's total export. Tanzania's import from China occupies about 6.0% share of the country's total import⁴⁴. To capitalise on the growing trade between China and Tanzania, Tanzanian financial institutions such as CRDB Bank, Exim Bank, EcoBank have recently (2013) launched each a single window—China Desk - with a view to supporting banking business for traders and investors of the two countries.

Table 3.1: Trade statistics between Tanzania and China (2004 - 2010 in million USD)

Year	2004	2005	2006	2007	2008	2009	2010
Exports to China	70.450	90.209	119.280	14.114	220.913	37.266	643.450
Imports from China	171.492	217.378	304.890	411.960	703.533	677.905	866.040

Source: Tanzania Revenue Authority Trade Statistics (2011) cited in Rutaiwa and Mkwawa (2011:433)

China's main exports to Tanzania are foodstuffs, motor vehicles, textiles, light industrial products, chemical products, mechanical equipment, electric appliances, electronic goods and steel. On the other hand, Tanzania's main exports to China are dry seafood, raw leather and logs, coarse copper, and wooden handicrafts (Kamndaya, 2010)⁴⁵ as well as sisal and cashewnuts. Other sources report that China is largely importing ores (mainly copper and precious metal ores, but also smaller quantities of niobium, tantalum, vanadium, zirconium and manganese), vegetable- and animal products from Tanzania (Jansson *et al*, 2009).

Timber trade is devoted special attention in this section of the paper for two chief reasons.

Firstly, over the past 15 years, China has become a dominant player in the global timber market. In 2009, it was the world's largest wood workshop, importing 28,059,700 cubic metres of logs— an increase of 177% compared with 1999. This rise in imports is a result of a combination of increasing domestic consumption, in a country which has limited forest resources, coupled with an ever-increasing demand in the US, Europe and elsewhere for low-cost wood products manufactured in China. In many of the countries from which China sources this timber, there is weak forest governance. Currently East Africa supplies China with only 5.49% of its timber needs. However, for Tanzania, China is an important export destination.

43 Rutaiwa J and Mkwawa A (2011) Empirical Analysis of China-Africa Economic and Trade Cooperation for Good or Bad: A Case of Tanzania *International Journal of Academic Research in Business and Social Sciences* October 2011, Vol. 1, No. 3

44 Ibid

45 Kamndaya S (2010) , Expert: China Hungry for African resources , *The Citizen* ,30 January, Available from <http://www.thecitizen.co.tz/newe.php?id=17113> [Accessed 17/05/2012]

Wood is exported as logs, limiting the opportunities for Tanzania to produce value added timber products and additional livelihood benefits to forest communities (WWF, 2011⁴⁶).

Secondly, China’s timber trade has become associated with unsustainable harvesting, illegal logging and the abuse of forest communities’ rights. There’s been growing pressure by the international community and within China by the government to look at how it can make timber trade sustainable⁴⁷, given the unprecedented surge of timber demand in China. In Tanzania alone, it is estimated that in 2005, 94% of timber was illegally harvested (ibid) and in this the allegation included Chinese involvement. One of the most attention-grabbing statistics in a report by TRAFFIC published in 2007 which documents alarming levels of corruption, illegal logging and exports of forest products from Tanzania, was a comparison between the legal exports of timber declared by Tanzania to China with the imports of timber from Tanzania declared by China. Analysis for the years 2003-2005 found that China imported 10 times more timber products from Tanzania than what appeared on Tanzania’s export records, suggesting Tanzania collected only 10% of the revenue that was due to it. This owes in part to the limited capability of Tanzania’s government (local and national) to implement and enforce forest laws. This has come at a cost to Tanzania: in 2005 the loss in revenue due to illegal logging was estimated at US\$58 million – the equivalent of 10,000 secondary school classrooms or the provision of mosquito nets to 11 million people – a quarter of the population⁴⁸.

Illegal activities that involve tax evasion not only occur in the forestry sector but it is also believed to occur in the wildlife sector. A detailed report authored by the Tanzania Elephant Protection Society revealed that the majority of tusks exported illegally from Tanzania end up in China due to huge demand for ivory in China (Kaijage,2013⁴⁹).

As for India, Tanzania’s major imports from India include mineral fuels, oils, iron & steel, pharmaceuticals, motor vehicles (including auto parts), articles of iron & steel, electrical machinery/ equipment, machinery/ appliances, plastic products including synthetic polymers, rubber items including tyres etc., cotton fabrics, apparel & clothing, cereals. Major exports to India include vegetables, pulses, cashew nuts, raw cotton, gemstones, cloves & other spices, wood and articles thereof, tanning/dyeing extract. Statistics capturing Indian trade with Tanzania is provided in the below table.

Table 3.2: Indian Trade with Tanzania 2008-2010⁵⁰

	2008	2009	2010
India Export in US\$ (million)	859.73	772.87	895.01
India Import in US\$ (million)	171.82	187.58	226.19
Total	1031.55	960.45	1121.2

Source: Ministry of External Affairs, Government of India (2011)

46 WWF (2011) *China-Africa: Facilitating dialogue and engagement for sustainable trade and investment*, Available from: http://assets.wwf.org.uk/downloads/china_africa_poverty_environment.pdf, [Accessed 17/05/2012]; Milledge, S.A.H., Gelvas, I. K. and Ahrends, A. (2007). *Forestry, Governance and National Development: Lessons Learned from a Logging Boom in Southern Tanzania*. TRAFFIC East/Southern Africa /Tanzania Development Partners Group / Ministry of Natural Resources of Tourism, Dar es Salaam, Tanzania. [Accessed 17/05/2012];

47 WWF (2011) *China-Africa: Facilitating dialogue and engagement for sustainable trade and investment*, Available from: http://assets.wwf.org.uk/downloads/china_africa_poverty_environment.pdf, [Accessed 17/05/2012]

48 ibid

49 Kaijage F. (2013), *Dar’s Secret Poaching Report Implicates China*. 18th May. Available at <http://www.jpmedia.com/frontend/?l=54837>

50 www.mea.gov.in/meaxpsite/foreignrelation/tanzania.pdf, accessed 12th December 2011

Statistics have shown that, between 2004 and 2008, exports from Tanzania to Russia increased from TZS 1.41 billion to TZS 5.985 billion while, at the same time, Russian exports to Tanzania witnessed an increase from TZS 2.3 billion to TZS 87.82 billion. In the opinion of a former Minister of Industry and Trade, Dr Mary Nagu, this indicates that there is potential for trade between the two countries to grow to higher levels. However, Tanzania needs also to close the trade imbalance that grew from Sh866 million in 2004 to Sh81.8 billion in 2008 in favour of Russia⁵¹. Going by the data in Table -1, the trade imbalance does not seem to have abated after 2008.

As for South Africa, this is the third-largest exporter to Tanzania, with a market share of 9.63%. However, while South Africa's exports to Tanzania had dipped slightly from US\$500-million in 2009, SA's imports from Tanzania grew by almost 100%, from \$22-million in 2009 to \$44-million in 2010. Currently, South African exports to Tanzania consists predominantly of manufactured goods such as machinery, mechanical appliances, paper, rubber products, vehicles, iron, steel, services and technology. Imports from Tanzania are mainly gold, coffee, cashew nuts and cotton⁵².

Trade between Brazil and Africa increased from US\$2 billion in 2000 to US\$12 billion in 2010. There are still constraints in transport (both maritime and air), telecommunications and flow of information among others that contribute to keeping trade volumes limited. However, it is expected that this will change in the short and medium term as African economies continue to grow and as the Brazilian economy expands in tandem with its yearning for African natural resources. Brazilian firms have been present in Africa since the 1980s especially in Lusophone countries. Now, they are present in Anglophone and Francophone countries, investing in infrastructure, mining, oil and energy⁵³.

Incidentally, an interview between the Brazilian Ambassador in Tanzania and the Tanzanian Citizen newspaper⁵⁴ revealed that, trade between the two countries is very much lopsided in favour of Brazil. In 2011, it reached \$76 million. At the time of interview (01/07/ 2012), Tanzania exported goods (especially tobacco) worth a measly \$7,000 (roughly Sh11.2 million). On the other hand, imports from Brazil including sugar (!), motor vehicle spare parts and poultry(!) were worth \$20 million (Sh32 billion). Brazil also imports from other countries mundane items such as cloves, sisal and coconut oil which are also produced in Tanzania.

The trade relations between Tanzania and BRICS have both direct and indirect impact on the economy of the former. The direct impacts range from increased export volumes and prices of certain raw materials, to availability of products which are accessible in prices to a broad spectrum of consumers and thus improve their welfare. However, how such a phenomenon will impact on poverty remains controversial. Nonetheless, the growth of exports can impact positively in reducing poverty, if it translates into higher investment, higher capacity utilization, higher employment and expanded output. This will in turn result into an increase in per capita income. The debate over BRICS' imports into Tanzania is split. On the one hand, one analyst

51 <http://www.tanzaniainvest.com/industry-trade/news/347-improved-tanzania-trade-relations-with-russia-sought> [Accessed 01/02/2013]

52 Export figure for 2010 was not provided by the source. <http://www.southafrica.info/news/international/tanzania-200711.htm#.UQo6Lr-TxPI#ixzz2JXwHvV6U> [Accessed 01/02/2013]

53 World Bank and Brazilian Institute of Applied Economic Research (2011) Bridging the Atlantic : Brazil and Sub-Saharan Africa South-South Cooperation Partnering for Growth . World Bank: Washington.

54 Anonymous (2012) How TZ can Reduce Poverty. The Citizen (Tanzania). 1st July. Available at <http://www.thecitizen.co.tz/sunday-citizen/41-sunday-citizen-business/23649-how-tz-can-reduce-poverty.html> [Accessed 01/02/2013]

commented that observers often expressed blind trust in the principles of a free market: “if someone comes and shows you something that he wants to sell to you, you can decide if you want to buy it. That’s fine”⁵⁵. That’s a fair exchange. On the other hand, these imports present challenges to the Tanzania economy.

Swain writing for the UK Sunday Times in 2008 reported that the country’s only ‘flip flop’ sandal factory is dying. A few years ago, it employed some 3,000 people and sold flip-flops across the continent. Now it employs only 1,000. Its Lebanese manager complained that he cannot compete with cheap Chinese imports sold for less than cost price. The same author also alleged that there have been stories that the Chinese were shipping goods in diplomatic containers to the embassy in Dar es Salaam, avoiding customs and import duty, which could be merely a fictional story (Swain, 2008⁵⁶).

On the same related note, research carried out by Mashindano *et al* in 2007 indicates that China tops the list of countries which export counterfeit products to Tanzania. It is followed by India, U.A.E (Dubai) and Kenya. Counterfeit goods affect the economy in different ways. These include: loss of government revenue, loss of employment opportunities, health hazard (diseases and deaths), deepening of poverty, and unfair competition which tends to harm domestic manufacturing industry (Moshi and Mtui, 2008). Naturally the story of counterfeit Chinese goods entering the Tanzania market has been rejected by Chinese authorities. In March 2012, the Chinese Ambassador in Dar es Salaam refuted such stories and promised that his government will pursue the matter very vigorously (Masare, 2012).

The Tanzania government and various stakeholders have taken a number of measures to address the challenges of imports. These include but are not limited to the following: the regulatory authorities, like the Tanzania Foods and Drugs Authority (TFDA), Tanzania Revenue Authority (TRA) and the Tanzania Bureau of Standards (TBS), and the manufacturers’ association (CTI) have intensified advocacy efforts and scale-up campaigns against entry of sub-standard products in the local market. These efforts are being complimented by the initiatives to review laws and regulations which will empower the regulatory organs to more effectively curb the problem than the case is at present (Moshi and Mtui 2008).

4.0 INVESTMENTS

One of the increasingly important players in foreign direct investment (FDI) in Africa is China. China is one of the big five in foreign direct investing countries in Tanzania (see Table 4.1), but it is making substantial investments mainly in manufacturing, mining, civil construction, textile industries and agriculture. For example as reported by the Chinese Embassy (2008), as of the end of 2008, there were 224 Chinese investment projects in Tanzania in the following sectors: manufacturing (163), construction (21), tourism (11), transport (7), services (7), agriculture (6), natural resources (6) and telecommunication (3)⁵⁷. In 2010 the data from Tanzania Investment Center (TIC) shows that there were more than 300 Chinese companies registered in Tanzania, with total registered capital of about US\$868 million, investing in similar sectors as reported by the Embassy but adding tourism as well. Large construction works, especially roads, are dominated by Chinese companies.

Another noteworthy example is a honey processing factory (Honey King Limited) which was inaugurated in 2012 by the Tanzanian Prime Minister Mr Mizengo Pinda, has the capacity

55 Schroder R (2008) African Sociological Review 12, 1, 2008, pp.20-34

56 Swain, J (2008) *Africa, China’s New Frontier*, The Sunday Times, February 10, 2008, Available from <http://www.timesonline.co.uk/tol/news/world/africa/article3319909.ece>, [Accessed 25/05/2008]

57 http://www.tanzaniaembassy.org.cn:8081/index.php?option=com_k2&view=item&id=51:growing-and-thriving-together-china-and-tanzania&tmpl=component&print=1&lang=en

to process 10,000 metric tonnes of honey annually. It seeks to offer technical training to beekeepers so as to produce organic honey for American, European and Middle Eastern markets (Majaliwa, 2012)⁵⁸. This should not come as a surprise because China is one of the major producers of honey in the world⁵⁹.

Li *et al* (2010⁶⁰) investigated factors that contribute to the rapid growth of Chinese FDI in natural resource industries in Tanzania. Based on interviews with Chinese multinational enterprises (MNEs), their study revealed two key findings.

The first finding relates to the role of the home country government, meaning here that the Chinese government has been quite active in facilitating outward FDI of Chinese firms in two important ways. First, the Chinese government engages in building economic ties with the host country government (e.g., through economic forums and resource-backed loans i.e., African countries can use resources as a guarantee for loans for infrastructure projects in countries that have poor infrastructure systems) and in negotiating with the host country government for investment opportunities in natural resource industries. Second, the Chinese government provides direct, valuable assistance for its home country firms in natural resource industries that includes not only critical information on investment opportunities but also valuable financial backing and policy support for its firms that invest in Africa. These strategies help firms (which lack competitive advantages in technologies and brands) to compete with world class players. The study however cautions that Chinese MNEs should be aware that after obtaining financial and information support from the Chinese government, they need to return favours to the government by accepting governmental interference on firms' decisions⁶¹. However, this strategy, if used for too long, will increase the Chinese firms' dependence on government protection and will reduce their incentives to improve firm-product competitiveness and thus competitive advantages in international trade.

The second finding from the same study relates to leading Chinese companies in natural resource industries that typically propose multiple purpose projects in infrastructure, manufacturing, agro-based industries, health, and education in response to expressed Tanzania's needs. The leading natural resource companies are not capable to provide services in all sectors by themselves, so they typically ally with other firms and form a consortium. With the guidance and assistance of the Chinese government, Chinese firms have acted as a group to provide complementary products and services that satisfy multiple needs of Tanzanians.

As for India, according to data obtained from the Tanzania Investment Centre (TIC- Table 4.1) from 1990-2011, India is the leading investor among the BRICS group.

58 Majaliwa M (2012) Chinese Factory Opened. Daily News online. <http://dailynews.co.tz/index.php/local-news/6063-chinese-honey-factory-opened> [Accessed 01/02/2013]

59 http://www.vsjf.org/assets/files/Agriculture/Strat_Plan/3.3_Honey%20Production_11.11.pdf [Accessed 01/02/2013]

60 Li A, Newenham-Kahindi A and Shapiro D. M (2010) Foreign Direct Investment in Natural Resource Industries in Africa: Chinese versus Western Models Working paper at Jack Austin Center for Asia Pacific Business Studies, Simon Fraser University, Available from http://business.sfu.ca/jack-austin-centre/wp-content/uploads/2011/09/Working-paper-China_investment_in_Africa.pdf [Accessed 17/05/2012]

61 After receiving resources and support from the government, firms are obliged to reciprocate the favour by allowing governmental access to the firms

Table 4.1: Tanzania Investment Center: Projects registration for ten leading countries for 1990-2011

Rank	Country	Projects	Jobs	Value (Million. USD)
1	UK	925	254131	2039.87
2	Netherland	159	14174	1895.78
3	India	305	42905	1546.56
4	Kenya	428	48942	1425.56
5	Chinese	373	60329	1027.84
6	USA	194	40360	858.10
7	South Africa	191	17228	647.09
8	Canadian	177	24045	481.85
9	Germany	140	14114	284.99
10	Oman	34	1565.05	217.76
65	Russia	24	979	25.69

Source: Tanzania Investment Center (2012)

N.B. Brazilian firms have not registered their investments with TIC.

Tanzania's attractiveness to both domestic and foreign investors is affected by the unfriendly business climate. In 2011, Tanzania dropped two places (from 125 in the previous year to 127) in annual worldwide ranking of Doing Business. Further assessment showed that Tanzania ranking in Doing Business hasn't been consistent with reforms that are ongoing. In spite of this, the country often ranks lower compared to other countries in the region particularly Rwanda, Kenya and Uganda (World Bank and International Monetary Fund, 2012⁶²) and it therefore discourages potential investors in the country. Reasons for such lower ranking have been linked with bureaucracy inefficiencies in starting business, dealing with licenses, environment for competing fairly, employment of workers, registering property, getting credit, protecting investors, paying taxes, trading across the border, enforcing contracts, women in society, coping with food security and addressing climate change. Furthermore, the unstable power supply has been denounced by many industrial operators, a factor that is not lost in assessing the country's competitiveness for investors.

Notwithstanding these challenges, India is an important partner in Tanzanian agriculture for the following reasons:

Firstly, Tanzania needs the Green Revolution which has been the cornerstone of India's agricultural achievement, transforming the country from one of food deficiency to self sufficiency.

Secondly, Indian private sector investments have traditionally focused on countries where the Indian diaspora has a significant presence⁶³. Nonetheless, this approach is rapidly shifting, as they are now increasingly seeking investments in non-Anglophone African countries. An example is Export Trading Group whose headquarters is in Dar-es-Salaam, Tanzania⁶⁴. The Group's main activities revolve around agriculture although group investments⁶⁵ also cover information technology, mining, leisure, forestry, transport and port infrastructure.

62 World Bank and International Monetary Fund (2012) *Doing Business in the East Africa Community 2012*, Washington

63 Indian investments or investment with Indian interests is used and referred liberally here and onwards as investments from (i) non-resident Indians who are Indian citizens holding Indian passports and residing in Tanzania (ii) Tanzanians of Indian origin who were once citizens of India or whose spouses, parents, grandparents or great grandparents were once citizens of India.

64 Interview held with ETG officials, December 2010.

65 Eight countries in Western Africa, countries in Eastern, Southern, the horn of Africa, India, UAE

Thirdly and related to the above, enterprise surveys in Sub-Saharan Africa revealed that Indian entrepreneurial networks are woven together with strands of information, shared contacts, sometimes finance (credit or investment), and a degree of trust (frequently backed up by group-based sanctions). Worded differently, they have played an invaluable role in the growth of the African private sector by bringing into the country, better skills, financial resources, and networking channels (Brautigham, 2003⁶⁶).

Lastly, the below table shows a list of selected registered agricultural projects in Tanzania with “Indian interests” for 1990-2007⁶⁷. It also shows that there are a number of Indian firms, which have invested in the often-foreign shunned sector of agriculture and use significant amount of raw materials directly from the agricultural produce.

Table 4.2: Selected Tanzania Investment Centre’s Registered Agriculture Projects with “Indian Interests” Including Agro Processing Activities for 1990-2007⁶⁸

Project name	Farming Activities	No of Employees	Investment Worth (USD Million)
Arusha Farms Ltd.	Sisal Estate	407	0.54
Tan Farms Ltd.	Sisal Estate	385	0.37
Tanagri Ltd.	Paw paw Farming	15	0.74
The Bombay Burmah Trad. Corp.	Tea Farming	147	0.39
Mayambe and Digoma Farms Ltd.	Mixed Farming	85	0.02
Tanzania Plantations Ltd.	Agricultural crops & Dairy	197	0.38
Euro Vistaa (T) Ltd	Commercial farming	450	27.77
Mega Cashewnuts & Allied Plant.	Cashewnuts plantations	205	1.80
Agro processing activities			
Coastal Millers Ltd	Grain Millers	30	2.57
Sun Cape	Edible Oil	70	2.44
NSK (T) Ltd.	Edible Oil	73	1.51
Nipha Pamba Engineering Co. Ltd.	Ginnery	86	5.07
Nipha Pamba Ltd.	Ginnery	59	2.13
M. A. Kharafi (T) Ltd.	Cashewnut Processing	100	1.75
Mega Cashewnuts & Allied Plant.	Cashewnut Processing	223	8.47
Bidco Tanzania Ltd	Oil Refinery Plant	500	3.33
Olam Tanzania Ltd	Cashewnut Processing	3730	10.15
Bake Food International Ltd	Biscuits Manufacturing	200	1.16
Indo-African Essential Oils	Essential Oil Extraction	120	2.59
Mount Meru Seeds Ltd	Seed Processing Plant	52	1.41

Source: Tanzania Investment Centre (2010)

66 Brautigham D (2003) Local Entrepreneurship in South East Asia and Sub-Saharan Africa: Networks and Linkages to Global Economy in Asia and Africa in the Global economy (Eds, Aryeetey E, E Court, J., Nissanke, M and Weder, B) United Nations University Press, New York, pp 106-127 ; Ramachandran V and Shah M.K. (1998) Minority Entrepreneurs and Firm performance in Sub-Saharan Africa, World Bank, RPED Paper no. 86

67 Only those processed through the Tanzania Investment Centre are benefitting from special investment incentives

68 Mutalemwa, D K. and Mutalemwa, D P. (2011) Engaging Tanzania *Africa Quarterly*. Volume 51 no3-4. p. 94-101.

With Tanzania's proclaimed KILIMO KWANZA, a renewed call for higher and robust efforts to revamp agriculture, a number of additional areas for investments by Indian or joint ventures are being planned. One area is the cashewnut processing industry in Tanzania, which had seen active operation in the 1970s when over 25 factories had been established as public enterprises, some with machinery imported from India. The collapse of the parastatal regime in Tanzania in the mid 1980s and early 1990s left most of these factories in poor state or unoperational. Since privatization in the last decade, the intention has been to start and even rehabilitate the processing factories, where the use of Indian technology has been sought. Now, over 40% of Tanzania's production of cashew nut is shipped raw mostly to the Indian market, with small amounts to Kenya and Pakistan (UNIDO, 2011, UNCTAD/WTO 2002⁶⁹). There it is processed under mostly labour intensive technology to kernels and re-exported to large brand reprocessors and distributors in the industrialized countries⁷⁰, thus generating substantial value addition and employment outside Tanzania.

The above notwithstanding, the renaissance and boldness of Indian economic power is now manifested in Tanzania, by among others gigantic investments, by the Kamal Group of India, with its ongoing plans to spend 327 billion shillings (\$213 million) to establish a steel mill in Tanzania⁷¹. This facility, the biggest in East Africa, will have the capacity to produce 700,000 metric tons of metal per annum.

As for the other BRICS countries, according to the chairman of the Chinese Business Chamber, Tanzania will attract more investment from China if it addresses insecurity and improves its infrastructures (Masare, 2012)⁷².

With regards to South African investments, they have been rising gradually since the end of apartheid in 1994. According to Table-4.1 above South Africa ranked number 7 in the volume registered investments by TIC in 2012, valued at US\$858.10. Overall, South Africa investments in Tanzania include aviation services (e.g. South African Airways); manufacturing (e.g. SAB Miller Tanzania Breweries) banking and financial services (e.g. Stanbic Bank); retail (e.g. Shoprite, the Game, Steers); telecommunications (e.g. Vodacom), media and broadcasting (e.g. Multichoice); tourism and leisure (e.g. Protea, Southern Sun) to name just a few examples.

Notwithstanding this record, a top official of the Tanzanian Investment Centre, whose job it is to promote foreign investment, did not hide his sentiments when he went on record as saying:

"Both Tanzanians and South African investors should be careful because we are in a situation where working styles in South Africa could be translated as harassment in Tanzania....Most South African investors are white. When anything happens at a working place, Tanzanian workers are reminded of (apartheid) South Africa. I think we need to educate our people and investors should spare a little time to study Tanzanian culture. (Rwambali et al. 2000, cited in Schroder, 2008).

69 UNIDO (2011). Tanzania's Cashew Value Chain: A diagnostic. United Nations Industrial Development Organization (UNIDO). Vienna, Austria; UNCTAD/WTO (2002). Assessment of the Situation and Development Prospects for the Cashew Nut Sector www.unctad.info/upload/Infocomm/Docs/cashew/tanzania.pdf, [Accessed 03/04/2013]

70 African Agribusiness and Agro-Industry Development Initiative

71 Sources: Indian High Commission

72 The Chairman said "In the last three years, there have been a series of robbery incidents which targeted Chinese investors, including a woman who was killed last October. We think the government should consider this seriously to improve the business environment for Chinese and other investors in the country. He also added that narrow roads, which are always jammed with cars, were also a challenge to Chinese investors as they slow business transactions.

Among the outstanding South African investments in Tanzania, the South African supermarket chain, Shoprite, which entered Tanzania in 2000, deserves special mention. It has been excoriated for sourcing locally grown products from outside the country:

"[South African] investment ... does not benefit Tanzanians; that everything should come from South Africa – that is not investment at all. In most cases they have come to kill our businesses. Even when a business woman wants to sell tomatoes, she can't do so because tomatoes have already been imported from South Africa. Through such investment, they are trying to fool us. In the beginning we thought they had come to Tanzania to cooperate with us in the selling of our goods so that they would benefit us. Only to realize that they had come to establish shops and sell goods from their country, not even wanting to look at domestic produce. That isn't friendship at all. It is like someone coming to practice segregation in your own country. When someone comes to your own country and doesn't even want to look at your goods, it's like he's insulting you. And that's not investment. It's humiliation." (Development worker 1, focus group cited in Schroder, 2008⁷³)

The government of Tanzania has for a long time provided a wide range of tax incentives with the aim of attracting and retaining greater levels of FDIs into the country. However, there has been increasing concern that the biggest source of outside investment for BRICS is a tax haven⁷⁴, often referred to offshore financial centres. The use of tax havens is not illegal, but the secrecy afforded to transactions in these low- tax jurisdictions and entities established there, allows vast amounts of money to be hidden from public scrutiny, and enables wealthy companies and individuals to avoid and evade paying taxes and then bringing it home dressed up as foreign direct investments . A research commissioned by Interfaith Standing Committee on Economic Justice and the Integrity of Creation in Tanzania revealed that many of the largest companies operating in Tanzania use tax havens in their corporate structures e.g. Vodacom and SAB Miller Tanzania Breweries⁷⁵ implying loss of tax revenue.

Notwithstanding these challenges, BRICS are an important source of Foreign Direct Investments (FDIs) which is attributed to various positive impacts on the economy. These include *inter alia* the following (Moshi and Mtui, 2008:18): (i) capital formation through availability of investible financial resources; (ii) Technology transfer, in the form of technology-embodying products such as machinery, equipment and tools, and technical skills such as management and organizational expertise, marketing etc.; (iii) Access to export markets e.g. Tanzania Friendship Textile Mills (URAFIKI) which is jointly owned by China and Tanzania, exporting a significant proportion of its products; enhanced local competition which increases the welfare of the people through product availability, quality improvement, and reduced prices; (iv) Employment and revenue generation, thus contributing to reduction of income poverty and boosting government budget.

73 Schroder R (2008) African Sociological Review 12, 1, 2008, pp.20-34

74 There is no precise definition of a tax haven. The OECD initially defined the following features of tax havens: no or low taxes, lack of effective exchange of information, lack of transparency and no requirement of substantial activity

75 Tanzania Episcopal Conference, National Muslim Council of Tanzania and Christian Council of Tanzania (2012) The One Billion dollar Question: How can Tanzania Stop Losing So Much Tax Revenue.

5.0 MIGRATION

In the 19th century, most immigrants flocking to East Africa of the type of businessmen, explorers, missionaries and soldiers, came from Western Europe. Beyond these groups, in East Africa and Tanzania in particular Indian immigrants were possibly the largest group. But they were mainly indentured labourers on the railways in Kenya, and mid and low ranking colonial civil servants.

Several possible reasons explain motives for the Chinese to emigrate to Tanzania and other African countries to start businesses (Rodrick, 2007⁷⁶). First, culture: Chinese are naturally highly entrepreneurial and are therefore able to see and take advantage of even small businessmen opportunities which the locals are likely to seize. Second, networks: there has been a boom in Chinese investment in African minerals and other natural resources. This is attracting other types of Chinese economic activities into the region (spill-over and coattail riding investments). Third, selection: those individuals who decide to leave China in quest for economic opportunities in Africa are likely to be far more entrepreneurial and risk-taking than the average Chinese (and also the average African). Lastly, familiarity: Chinese entrepreneurs have considerable experience on how to run businesses in murky and even corrupt/less legal environments. They are able to capitalize on this skill in the African context, which has many of the resembling characteristics. The spill-over phenomenon has peculiar features for the Chinese skilled workers brought from China for infrastructure construction works: significant numbers do not go back on completion of initial contracts as they secure locally funded construction contracts often by winning tenders through open competition because of low prices and diligence at work (Centre for Chinese studies, 2006⁷⁷). Or they use their acquired familiarity with local business conditions to plunge into other business ventures that are not necessarily related to construction works.

Mung (2008) cited in Arsene (2010⁷⁸) identified three types of Chinese migrants coming to Africa: temporary migrants working on government-financed projects or projects commissioned to large Chinese companies (building infrastructure, public buildings, national stadiums, airports etc); transit migrants who work in Africa temporarily but wish to eventually settle in Europe or North America; and small scale adventurous entrepreneurs coming to Africa often independent of the Chinese state.

With regard to this last type of migrant, one Chinese migrant whose family moved to Tanzania in 2008 explained that he and his family decided to set up a car repair garage as they knew that:

"Tanzania has no limitation on driving after drinking, which causes more accidents; and more accidents bring us more business. Even though we are new here, our garage is full of cars everyday; sometimes even there is not enough space for us to park our own car. The traffic conditions in Tanzania are very bad. Tanzanians don't have the skills and techniques to repair cars by themselves. That is why there are many Chinese-run garages...almost all the Chinese garages are doing good business. There are just too many cars to be repaired!"(Karugia, 2011⁷⁹)

76 Rodrick, Dani (2007) *Chinese Entrepreneurs in Africa*, http://rodrik.typepad.com/dani_rodriks_weblog/2007/08/chinese-entrepr.html, [accessed 12/12/ 2011]

77 Centre for Chinese Studies (2006) *China's Interest and Activity in Africa's Construction and Infrastructure Sectors*. Stellenbosch University: South Africa.

78 Arsene C (2010) *Chinese Coming to Africa: Competition, Cooperation, Interactions and Interdependency-Lessons from Tanzania*; BA Thesis(Hons) University of Chicago:Chicago.

79 Karugia N J (2011). *The Chinese in Tanzania: Migrants and Investors*, in *Duke East Asia Nexus Journal*, Duke University, Durham.

Chinese migrants whether legal or illegal, work in agriculture, trade and construction, and are doing everything from developing giant state-financed infrastructure projects, building roads and railways, to smaller enterprises selling consumer goods, vehicle repair shops, etc... and they compete directly with Tanzanian entrepreneurs. Indeed, a survey conducted in 2009 by Dar-es-Salaam regional authorities established that most Chinese entrepreneurs were engaged in businesses other than those shown in their Tanzania Investment Center certificates. A number of them rub shoulders with locals (in Dar-es-Salaam such as in market/bazaar areas of Kariakoo, Sinza, and Manzese,) selling shoes, sandals, and cheap clothes. But most of these goods are said to be produced locally in backyards (Kamndaya 2010.⁸⁰)

A recent study conducted in Dar-es-Salaam by Arsene (2010)⁸¹ on perceptions Tanzanians have about Chinese immigrants revealed the following interesting findings:

Many residents of Dar es Salaam generally saw the Chinese immigrants as hard-working, well-intentioned people (411/500 answers); who live in similar conditions as they themselves do (399/500); and who have a working knowledge of the business structures and African markets (368/500). Other local respondents also stressed that Chinese immigrants "live a hard and simple life, just like the rest of us" (393/500); "Not luxurious like the white men" (119/500); or "Chinese workers in Dar es Salaam were more disciplined than many of our brothers and sisters" (78/500). A significant portion of the respondents (267/500) also noted their appreciation for the fact that Chinese immigrants stay together and that they are very helpful to each other. Some respondents noted their interest in the Chinese immigrants' "spirit of togetherness," (57/500), their "love and respect for fellow Chinese" (61/500), or the availability of the Chinese settled in the city to help the newcomers learn some words in Swahili (112/500). Another reason that some of the locals appreciate the immigrant is related to the Chinese people's spirit of frugality (329/500): "Some will live on a bottle of water a day in order to save money," said one respondent. "They will wear a pair of shoes until it is completely worn out," added another. "They will spend the money wisely, not like my husband who wastes half of his salary on alcohol the day he gets paid." (A surprising 101 respondents discussed their approval of Chinese people's capacity to save money by not spending it on alcohol; 87 percent of the people mentioning this issue were women).

Despite the above generally positive remarks about the Chinese workers, there have been increased anti-Chinese sentiments in some African countries including Tanzania and these may have to do with a Chinese saying: 'One Chinese is a dragon, many Chinese are bugs'. Large numbers of Chinese, in competition with local businesses and with one another, tend to lead to increased anti-Chinese sentiments, increases in both petty crime and more violent crimes against the Chinese, and increased corruption and extortion, especially as some successful Chinese become flashy with their money, and particularly in circumstances where the majority of the host community remains unemployed or underemployed (Park, 2009). The above account is almost a replica of what happened to the Indian immigrants to East Africa, after the construction of the railway project through Kenya to Uganda at the dawn of the 20th century.

80 Kamndaya S (2010) , Expert: China Hungry for African resources , *The Citizen* ,30 January, Available from <http://www.thecitizen.co.tz/newe.php?id=17113> [Accessed 17/05/2012]

81 Arsene C (2010) Chinese Coming to Africa: Competition, Cooperation, Interactions and Interdependency- Lessons from Tanzania; BA Thesis(Hons) University of Chicago:Chicago.

6.0 KEY FINDINGS AND MAIN MESSAGES

Tanzania's engagement with BRICS is characterised by both significant strengths and some lurking weaknesses, namely:

- ◆ Each of the countries that make up the BRICS is engaging with Tanzania in very different ways due to unique mindsets, interests, priorities and historical links. This suggests that it will take time before a common ground is found among the different members (and vis-a-vis Tanzania).
- ◆ BRICS are important donors, investors and trading partners as well as sources of project contractors for Tanzania. Tanzania is also increasingly looking to the BRICS as a fount of examples to be emulated –e.g. whether in large-scale commercial farming or in boosting small farmers' productivity that have characterised the Indian Green revolution.
- ◆ The asymmetry between member countries of BRICS has called into question the notion of mutual benefits. Despite the concerns with legitimacy and accountability, the debate on poverty and inequality is integral to any engagement with the BRICS given its focus on growth and infrastructure (e.g. China). BRICS-led aid and investment activities have had a significant bearing on the issues such as the exploitation of natural resources, land grabs, agriculture and food security – not just in Tanzania, but also in Latin America, Asia and Eastern Europe where members have economic and political interests.
- ◆ For Tanzania, where poverty, aid dependency, food insecurity, poor infrastructure, the lack of productive capacity and the transfer and affordability of technology remain challenges, the role of BRICS can be viewed as an opportunity to enhance cooperation with members of BRICS grouping, playing a significant role in the economic and social development of Tanzania.
- ◆ In many respects the more recent wave of arrivals of BRICS on the scene in Tanzania⁸², carrying with them different discourse and practices rooted in their own recent development experiences, has opened up the development game and the room for manoeuvre by Tanzania has increased. The old, narrow conditions no longer apply, and the Government of Tanzania does not need to be constrained by the rules of Western development aid. Different players can be traded off against each other: western donors for welfare and social protection, China for large-scale infrastructural development, India for agricultural technology transfer and micro and small enterprise promotion experiences, for example. Yet engagement never comes with no strings attached. Despite the warm-sounding rhetoric of 'South-South cooperation' that embraces 'mutual benefit'.
- ◆ China is the giant in BRICS and not surprisingly the most dominant partner with Tanzania. Some view China's role as the most dominant partner in the association as a blessing, while others view it as a typical self-interest seeking party. China is offering a surprising bargain to Tanzania. This bargain says: your country has ample riches, but you're not using them to your advantage. You can leverage what you have and what we want and use these resources to secure finance to build infrastructure projects you believe to be necessary for your country's modernisation. Whatever the view of China

82 This phrase is used here as India and China are not really new in dealing with Tanzania.

may be, China does not seem to have any intention of backing down and is seeking to intensify its role in Tanzania.

- ◆ As much as Tanzania is celebrating BRICS as an alternative to traditional trade partners from the developed West, the trade patterns between Tanzania and the BRICS mirror those between Tanzania and advanced industrialised economies, with Tanzania being a source of raw materials for BRICS nations and an export market for BRICS manufactured goods. In addition, trade between some BRICS and Tanzania involves tax evasion in the forestry sector but it is also believed to occur in wildlife sector and other sectors. They deprive Tanzania of the much needed tax revenue.
- ◆ Tanzania is among the beneficiaries of the surge in FDIs from BRICS states which comes in various forms and sources ranging from individual private entrepreneurs to state-owned enterprises. While natural resources and infrastructure sectors are the most sought after investments by the BRICS, the number of private projects in other sectors is growing. Although, the government of Tanzania has for a long time been providing a wide range of tax incentives with the aim of attracting and retaining greater levels of FDIs into the country, there has been increasing concern that the continued use of tax incentives to attract investors from BRICS states undermines the ability of Tanzania to raise tax revenues which would lift her out of poverty and make her less dependent on external aid.
- ◆ In the absence of a clear framework to guide BRICS-Tanzania cooperation, moral and political pressure have not been sufficiently mobilised as the policies currently adopted by the BRICS-Tanzania cooperation are not coherent with existing national and international agreements in relation to aid, trade, investment, migration, poverty, governance issues. At the country level in Tanzania, there is (to our knowledge) no evidence of the BRICS countries harmonizing their actions in these areas. BRICS also do not collaborate through formalized development partner 'groups' in Tanzania. Members of these groups mainly interact or negotiate on a bilateral basis or at the international level on trade, investment, etc.
- ◆ The Busan High-Level Forum represents the newest global agreement that is encouraging more countries to follow clear principles associated with the global aid effectiveness framework, particularly 'emerging donors'. The challenge remains in devising a mechanism under which all non-DPG members (i.e. BRICS) individually can support the principles of Tanzania's development cooperation agenda.
- ◆ Tanzania is home to various communities of member countries of BRICS. Tanzania's response to migration from China has been varied. There are opinions that the Chinese are welcomed, but at certain times, they are treated with resentment and occasionally subject to violence.
- ◆ As the BRICS and Tanzania continue to deepen their relationships, systems and capacities to guide, monitor, evaluate and account for their activities have not been given appropriate priority and investment to ensure desired outcomes. There is too often a lack of transparency and information on Southern cooperation, the terms and conditions associated with the engagement which can undermine monitoring and evaluation. For example, having comprehensive, timely and comparable information on how much is being spent on what and by whom is essential for meaningful policy planning, decision-making and learning. Lack of transparency about aid resources

makes it difficult to see the full picture and thus being able to change decisions about 'orphan' or 'darling' areas – where aid flows disproportionately to a particular sector, region, or ministry even when national planning by the beneficiary country would suggest otherwise. Evaluation of achievements and development impact of activities undertaken that characterise the OECD-DAC group, has not received adequate attention suggesting that if South-South cooperation is to be based on learning from mutual sharing of experience, proper monitoring and evaluation of these experiences must take place in an open and transparent manner to ensure that the right lessons are learnt.

7.0 CONCLUDING REMARKS

BRICS are important donors, investors and trading partners as well as source of project contractors for Tanzania. BRICS' expanding and deepening ties with Tanzania present the country with a significant opportunity for growth and economic transformation. For example, China and India have recently become economically strong enough to significantly increase their presence as donors of overseas development aid (ODA), a situation evoking both fear and interest among established aid actors.

Ultimately, it will depend on wise visionary national leadership and the strength of Tanzanian institutions to influence BRICS' engagement for the benefit of Tanzanian people. BRICS (and for that matter any other foreign country) will not transform Tanzania: Tanzanians will transform Tanzania! Of course, external assistance and goodwill would be immensely useful, but they cannot replace Tanzania's self determined efforts. Notwithstanding this uphill task, we propose the following recommendations:

1. Up to date information and comprehensive analysis of BRICS' engagement with and impact on Tanzania and other African countries are limited in terms of both quantity and quality. Nor do we know how the BRICS authorities themselves assess such issues. Without information, parliamentarians and citizens can't hold government leaders into account i.e. public resources can't be properly managed and accounted for. These can be addressed by (i) encouraging and supporting greater engagement between researchers and policymakers from Tanzania and the BRICS countries (ii) improving high level Tanzanian experts' understanding of BRICS' policies by expanding joint academic work with BRICS scholars and (iii) pointing out that the Freedom of Information Act must be put in place so that the Tanzanian public has the right to question and access information about all borrowing, trade and investment agreements, as well as aid flow from both new and old partners, before and after the agreements are signed.
2. Related to the above, BRICS states need to be more active and transparent – in dialogue with Tanzania, and in the multilateral system – in presenting how it wants to contribute to Tanzania's development and the reduction of poverty clearly articulated in MKUKUTA. BRICS may have to clarify more on how its vision for increased South-South co-operation will translate into better opportunities for Tanzania and reduction in poverty. It is thus important for the government of Tanzania to engage with BRICS in its consideration of development cooperation policies, to ensure that aid is effective and complements, rather than competes with aid from traditional donors. It is also

important that the BRICS states pay increasing attention to the implications of its assistance on governance issues and on their FDIs.

3. Engagement of BRICS is becoming more and more important in Tanzania but their presence has not been felt in dialogue mechanisms. Given that BRICS have local offices in Tanzania, they should be engaged at country-level annual discussion fora (e.g. DPG, GBS Review, Annual Poverty Policy Week, MKUKUTA and MKUZA working groups, etc.) or associated informally as much as is possible in the Development Partners Group framework. This will help in drawing them closer to alignment with country systems and policies.
4. BRICS' scramble for natural resources in Tanzania may lead to its more disregard good governance principles (e.g. corruption but there is no evidence in the opinion of Tjønneland *et al* - 2006 - to conclude that Chinese firms are more or less corrupt than others⁸³). China and more or less other emerging countries -to our current knowledge- have not offered much assistance and support to strengthen institutions' capacities and regulatory frameworks in Tanzania. This contrasts sharply with assistance from traditional donor countries which have emphasised such issues.
5. The private sector, rather than government ministries, is increasingly assuming the role of the engine of economic exchange between and within economies. The arrival of entrepreneurs and firms from BRICS could revitalise the Tanzanian economy, but this needs the right policies, and encouraging investments into the right industries. Tanzania should continue to insist on the employment of skilled Tanzanian workers on projects receiving foreign finance⁸⁴ and encourage forms of investment that transfer the skills, technology and know-how that enhance competitiveness.
6. An increasing number of migrants from BRICS are choosing to travel long distances to various African countries. The immigration issue is likely to develop into a bothersome sore if not properly handled by hosting governments in Africa. In recent years, African populations, because of slow opportunities opening for personal improvements, have started being intolerant to new immigrants that prosper more than the locals. Migrants add salt to injury when many flout laws and are arrogant to their hosts. Thus, there is a need for embassies of BRICS in Tanzania to increase awareness and understanding to their diaspora on the "dos" and "don'ts" in the host environment.
7. Related to the above, it is crucial for BRICS' governments to 'know their diaspora'. Countries that know their diaspora well are in a better place to engage them. A 'know its diaspora' exercise for meaningful investments in Tanzania could involve data collection on the diaspora and extensive listening exercises to understand what the diaspora has to offer, what it is willing to offer and what it expects from the "mother" government in turn. It is therefore crucial to acknowledge the diversity of diaspora agendas, interests and strategies.

83 Tjønneland, Brandtzoeg, Kolas & le Pere: 'China in Africa: Implications for Norwegian Foreign and Development Policies'. Norwegian Ministry of Foreign Affairs & Norad 2006. www.cmi.no/publications/file/?2438=china-in-africa-implications-for-norwegian

84 The government intends to restrict Chinese firms from providing supportive services to Liganga-Mchuchuma Power Project with a view to allowing Tanzanians to benefit more from the project (Tarimo, 2012) "Liganga-Mchuchuma Power project to Benefit Tanzania" 17th May ; *The Guardian* Available from: <http://www.ipppmedia.com/frontend/index.php?!=41643> [Accessed 17/05/2012]

8. With respect to bilateral trade imbalances, this needs to be addressed with vigorous measures so as to scale up Tanzanian exports to BRICS. For example, the proper forum would be the formal regular consultations on implementation of the Joint Economic and Trade Commission (August 1985) between China and Tanzania that should set up performance indicators and should be supported with practical measures for joint efforts in promoting specific export areas.
9. And lastly (this is connected with bullet point one above to a large extent), Tanzanian institutions vested with powers to coordinate aid, trade and investments should be more forceful in gathering comprehensive data on their respective areas of relationship with the BRICS countries. The Ministry of Finance has for instance developed a tool called AMP (Aid Management Platform) for the aid matters.



Plot 14, Sembeti Road
Off Old Bagamoyo Road,
Mikocheni B, P.O. Box 38486
Tel: +255 22 2780200
www.policyforum.or.tz