

**Welcome Remarks to the ATPS-Tanzania Workshop on
Foreign Direct Investments and Technology Capability Building
Thursday June 2, 2011, Regency Park Hotel, Dar es Salaam**

by

Dr. A. A. Komba, Chairman, ATPS-TZ Board of Directors

**Our Guest of Honour Dr. Consolata Ishebabi Director for Small and Medium Enterprises (SMEs), Ministry of Industry, Trade and Marketing
Session Chairman, Professor Samuel Wangwe, Executive Director, REPOA
Prof. Banji Oyeyinka, Director, UN-Habitat,
Dr. Bitrina Diyamett, Executive Director, ATPS-Tanzania
Distinguished Workshop Participants
Members of the Press
Ladies and Gentlemen**

Good Morning, Habarini za Asubuhi, Asalaam Aleikum

It gives me a great pleasure to welcome you all to this workshop on behalf of Board of Directors, Management and Staff of ATPS-Tanzania and the organizers of this one day workshop. I would like to join the Executive Director, Dr. Diyamett in thanking you all for making yourselves available for this workshop despite your tight schedules. Perhaps, it is reflection of the importance you give to the issue before us today, that is, Foreign Direct Investments, or FDIs, and Technology Capacity Building. It gives us at the ATPS-Tanzania a great solace to know that we are not alone in what we consider as critical area of national development.

**Guest of Honour
Workshop Participants
Ladies and Gentlemen**

As it has just been noted this workshop has been organized to specifically to discuss the role of FDIs in building national technological capacity. However, before I say something about that allow me, **Mr. Chairman**, to say some few words about the organization, ATPS-Tanzania. As the name suggests this is the organization which is committed to studying and researching policy issues related to science, technology and innovation (STI). I will talk more about STI later.

For nearly than three decades now ATPS has been operating in the country as part of larger Network of more than 20 countries in the Sub-Saharan Africa. The Network brings together researchers in academia and research organizations to discuss issues of mutual interest. It was established out of the concern that policy environment was constraining factor in sustainable scientific and technological progress in most African countries. Since 2001 the ATPS-Tanzania has been operating as the registered NGO working on science and technology policy issues in the country.

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In her remarks the Executive Director had dwelt at length on the role and the need for policy-informing research in the area of science, technology and innovation and it is my intention to repeat what has already been said, perhaps, too well. However, it must be pointed out (I stand to be corrected here) that ATPS-Tanzania is, perhaps, the only organization of its kind in Tanzania specializing in the field of science and technology policy research. As a member-based organization it has been undertaking research and disseminating results to stakeholders, including policymakers, through policy briefs, roundtable discussions and workshops like the one we are having today.

On this regard ATPS-Tanzania is collaborating with a number of public and private organizations or institutions such as Institute of Development Studies (IDS) and College of Engineering and Technology (CoET) at the University of Dar es Salaam, Commission for Science and Technology (COSTECH), REPOA, ESRF, Government Ministries and Departments, international development partners, to mention but a few. The long-term goal has always been to build capacity among researchers by imparting sufficient knowledge and skills necessary to effectively get engaged in the policy dialogue.

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I am very happy to report that ATPS-Tanzania is one among 24 research organizations in Africa participating in the Think Tank Initiative (TTI) being sponsored by a number of international organizations including International Development Research Centre, (IDRC) of Canada, Hewlett-Packard Company and Bill and Melinda Gates Foundation. The initiative is intended to build capacity among organizations researching public policy so that they provide inputs to the policy debates and/or discourses of national importance.

I am also happy to report that the recent survey undertaken by University of Pennsylvania of USA on the leading public policy research organizations in the world lists ATPS-Tanzania as among the Top 25 Think Tanks in the Sub-Saharan Africa. This is not a small achievement for our struggling organization.

Indeed, it is unfortunate to note that most African countries are lagging behind while others (industrialized and rapidly industrializing economies) have gone a long way in ensuring that the right policy environment is in place by investing in policy research. This is our humble request to the Government, through you, our **Guest of Honor** that we need to put more resources in this area to the benefit of next generation of decision-makers. Having said that allow me, Mr. Chairperson, to say few words on the theme of this workshop: FDIs and technology capacity building.

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Again, it is not my intention at all to bore you with details about the topic of the day. The timetable tells me that we have the whole day to talk about it. In fact, this very room is full of people who are better informed and experienced than myself to talk about the issue. All the same, allow me, **Mr. Chairman**, to say just few words.

As it will be made clear in the course of our discussions during the day that foreign direct investment is emerging as one critical area in the field of economic development in the 21st century. Countries all over are doing all they can to attract and retain FDIs. Indeed, the emerging evidence suggests that not a single country is left behind on this. Industrialized countries of North America, Europe and Japan; newly industrialized countries of East Asia; rapidly industrializing economies, the BRICS; and developing countries of all colours, are all in the business of attracting foreign investors, of course, with varying levels of success.

Perhaps, the logical question here is: what role do FDIs play in economic development in general, industrial development in particular? In other words, what are the benefits of FDIs? The available literature suggest litany of benefits to be accrued from the FDIs: job creation, access to capital and export markets, enhanced revenues to the governments and, more important, transfer of technology.

The second question, a million-dollar question, will be: what does it take for a country or economy such as Tanzania to make most out of FDIs? Put it differently, to what extent the Tanzanian economy, industries, firms and farms are building technological capabilities through FDIs? It is not my intention to preempt research findings to be presented and discussed later in the afternoon. But these are the questions begging for answers and answers we must provide. It is my hope, perhaps the hope of many in this room, that at the end of the day we will have a better understanding of what is really happening with FDIs we have been working so hard to lure often employing out-of-the-way incentives.

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Allow me, **Mr. Chairman**, to say one or two things on this regard. First, technology transfers through FDIs do not happen by accident. It is not something that fall from heaven like biblical manna. It is not simple as most people, including researchers and policymakers, would like to believe. Lessons emerging from a far tell us that it is the result of sustained, painstaking efforts by captains of industry, investors, research organizations and, more important, policymakers, to make it happen. In other words, there is no short-cut to building technological capabilities through FDIs.

Secondly, not all FDIs are the same when it comes to building technological capabilities in the host economy. For example, there is difference between investing in producing “potato chips” or “computer chips”. The former is a consumable with less demand on technology and skills needed to produce it. The later is more sophisticated product demanding equally sophisticated technology and skills. More important, however, are the spillovers to the rest of the economy.

The same goes for investments in engineering and capitals goods industries which do not attract much attention among foreign investors. Here I have in mind such investments as Kilimanjaro Machine Tools, Mang’ula Machine and Engineering Company and the like. The bottom line is that the kind of FDIs we are attracting will provide the answer of whether or not we are really in the business of technological capacity building.

Mr. Chairman

Workshop Participants

Ladies and Gentlemen

With these remarks, whether few or not, I now humbly request our **Guest of Honour, Dr. Consolata Ishebabi** to say some few words and then open our workshop.

Thank You All for Listening!