TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

PRESENTED AT
THE SOUTH - SOUTH EXCHANGE PROGRAMME UNDER WORLD BANK

HOSTED BY:
LIBERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (LEITI)

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The Status of Artisanal and Small-Scale Miners (ASM) Formalization and Government Initiatives
Summary

- Introduction
- Categories and operation structure of ASM
- ASM products and potential value addition transformation
- ASM challenges
- Government Initiatives and Strategies
- Remarks / Wayforward
Introduction

What is ASM?

- Globally no widely accepted definition
- Country specific depending on policy, practice and legal framework
- But in general, it is part of the mining sector mainly done by the nationals carried out as a means of livelihood or as a business enterprise in legal or illegally manner
  - In Tanzania we have gone further to define it in the Mining Act, 2010 as those who have been granted PML and their capital is less than US$100,000
  
- Who are ASM and why important?
Categories and Operation Structure of ASM

- Licensed ASM (formalized?)
- Unlicensed ASM (not formalized?)
  - Those living in the communities that have a long tradition of small scale mining activities (*does it as a hobby or part time job* after harvesting period)
  - Those who rush to new discoveries (or shifting from one site to another)
The map shows Mining Administrative zonal areas and a number of PML issued on each zone.
## ASM products and potential value addition transformation

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Potential Value Addition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Gold</td>
<td>Jewelry, coins and medals</td>
</tr>
<tr>
<td><strong>2</strong> Gemstones (tanzanite, diamonds, ruby and other precious gemstones)</td>
<td>Cutting and polishing (lapidary) and jewelry</td>
</tr>
<tr>
<td>Low quality gemstones and low value rocks /art-stones</td>
<td>Tumbling, beads, carvings, stone trees</td>
</tr>
<tr>
<td>Industrial Minerals</td>
<td>High grade lime for gold processing, ceramics, paints etc</td>
</tr>
<tr>
<td>Dimension stones</td>
<td>Wall decoration, tiles, slabs and cobsles</td>
</tr>
<tr>
<td>Coal</td>
<td>Coke</td>
</tr>
</tbody>
</table>
## ASM Challenges and Policy Action

### Challenges

- Weak managerial and technical skills > poor organization
- Lack of capital;
- Poor access to markets and support services,
- Lack of training
- Inadequate infrastructures (electricity, water, roads);
- Lack of new prospective open mining ground
- Labour-intensive, poor tools, low rates of recovery (<60%)
- High environmental damages and social unrest, low standards of safety and health.
- Conflict with LSM

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### Policy action or intervention

<table>
<thead>
<tr>
<th>Action</th>
<th>CG</th>
<th>RLG</th>
<th>LSM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognitions and measures to encourage their growth</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Training and entrepreneurship develop</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Incentive to legitimize</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Facilitate availability of inputs for their operations</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Providing information e.g. geological and training and law enforcement</td>
<td>Y</td>
<td>Y</td>
<td>Y/N</td>
</tr>
<tr>
<td>Putting in place infrastructure</td>
<td>Y</td>
<td>N</td>
<td>Y/N</td>
</tr>
<tr>
<td>Provision of land which is sub-optimal for LSM and</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Facilitate transfer of technology.</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Financing or credit scheme and marketing information</td>
<td>Y</td>
<td>Y</td>
<td>N/Y</td>
</tr>
<tr>
<td>Incentive for value addition</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
</tbody>
</table>
Government Initiatives and Strategies

- The Mining Policy 2009 and Mining Act 2010 recognize and address their concerns by:
  - Making their operation rules and regulation less stringent compared to LSM
  - Demarcating new areas special form ASM only
  - Establishing a unit under the Department of Minerals specifically to deals with ASM’s development issues
Government Initiatives and Strategies Cont./-

- Provision of training in small scale mining areas
  - Over 132 were trained before 2010
  - Between 2011 – to present about 300 were trained
  - In next financial year 2012/13 the program will continue
Government Initiatives and Strategies
Cont.

Facilitating availability of inputs

Unsafe winch

Safe winch
Government Initiatives and Strategies......

- Established a task force to prepare strategies that addresses ASM’s problems and action plan to implement them its members are drawn from the following institution
  - Ministry of Energy and Minerals (member)
  - STAMICO (chair)
  - Geological Survey of Tanzania (member)
  - University of Dar es Salaam (member)
  - Mineral Resources Institute (member)
  - Tanzania Mineral Auditing Agency (member)
  - Tanzania Diamond Sorting Organisation (member)
  - Dar es Salaam Institute of Technology (member)
  - Tanzania Investment Bank (member)
  - Vocational Education of Tanzania (member)
  - Small Industry Development Organisation (member)

The task force is looking into many options, and are still designing them. One which is worth reporting here is a revolving fund scheme through Tanzania Investment Bank.
ASM and EITI Reporting

- Artisanal miners are believed to sell products to dealers (Gold and gemstones);
- Second TEITI report scoping study identified few dealers (below materiality threshold) in gemstones and gold;
- Small Scale Miners are expected to be included in future reports;
Remarks / Wayforward

• All the stakeholders need to understand that in the absence of alternative livelihood for ASM, means that will continue to be a long term activity and hence should be allowed to grow and improve;

• Focus then should be to help them acquire business entrepreneurship acumen, this will lead them to be more organised than they are now; and

• Once ASM are organised will stay in one place and this will minimise the type of conflicts witnessed now against LSM