



**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF MINERALS
MINING COMMISSION**



**A REPORT ON KIMBERLEY PROCESS CERTIFICATION
SCHEME FOR TANZANIA
YEAR 2018**

8 APRIL, 2019

DAR ES SALAAM, TANZANIA

1. INTRODUCTION

Tanzania has continued to monitor and control diamond production and trading to make sure that the Kimberley Process Certification Scheme (KPCS) principles and procedures are followed properly for the country to remain compliant.

Pursuant to the Administrative Decision on Procedures for Respecting confidentiality within the Kimberley Process (KP) adopted in November, 2010, Tanzania does not wish to identify any statement or element of this report as "KP ONLY". Thus, Tanzania requests that this report be published on the public-facing portion of the KP website.

2. INSTITUTIONAL FRAMEWORK

The Kimberley Process Office located in the Mining Commission, which is responsible for the implementation of KPCS activities, import and export of rough diamond; is under the authority of the Executive Secretary. The Mining Commission is working closely with the Tanzania Revenue Authority's Customs Department and the Police Force for strengthening our internal controls. The Kimberley Process Office forms a part of the Mineral Audit and Trade Department which is under the Director for Mineral Audit and Trade who is assisting the Executive Secretary in administering the KPCS activities.

The Mining Commission is an institution within the Ministry of Minerals. The Mining Commission offices are located at the University of Dodoma, P.O. Box 2292, DODOMA, TANZANIA and can be contacted through Telephone No.:+255 26 2320051 ,Facsimile: +255 26 2322282, and E-mail: tanzaniakpcs@tumemadini.go.tz. Prof. Shukrani E. Manya (Executive Secretary) is a contact person at the Mining Commission assisted by Eng. Siri Boga who is currently a focal point.

3. LEGAL FRAMEWORK

Tanzania has reformed its legal framework and fiscal regime to make a conducive environment for the Mining Sector. The reforms have resulted into an improved administration of the Sector and increased efficiency in monitoring and controlling minerals production and trading.

The Mining Act, 2010 has been amended to allow for monitoring of all mining and trading activities of all minerals except for Diamond Trading Regulations of 2003 which were not amended. The amendments of the Mining Act, 2010 done through the Written Laws (Miscellaneous Amendments) Act, 2017 and The Mining Regulations, 2018 which follow the Minerals Policy of 2009, focus at among others, the development of Artisanal and Small Scale Mining in Tanzania through formalization and provision of technical and financial support. The government of Tanzania recently reviewed taxes for small scale miners by removing some of the taxes in order to boost the involvement and contribution of the small scale miners in the economy as well as to curb mineral smuggling.

Penalties

Any person who contravenes any of the provision in Diamond trading regulation commits an offence and liable:

- a. In case of an individual to imprisonment for a term not exceeding five years or to a fine not exceeding US dollar twenty thousands (US\$ 20,000) or to both.
- b. In case of body corporate, to a fine not exceeding US dollar one hundred thousand (US\$ 100,000)
- c. Forfeiture his license and permanently be disqualified from prospecting, mining or dealing in diamond and other minerals.

4. EXPORT AND IMPORT REGIME

Before the issuance of Kimberley Process Certificate, the exporter of rough diamonds must submit a valid Dealer's license/Mining license which allows him to export minerals outside Tanzania. The Dealer's license indicates full address, type of minerals, the premises and signature of Executive Secretary. The exporter fills the application form to apply for a certificate which indicates license type, weight, value, source of diamonds to confirm that diamonds are conflict free, place of export and declaration of exporter by putting his signature, name and qualification.

During the reporting period, Tanzania did not import any shipment from other participants. On the other hand; the United Arab Emirates, Israel and Belgium were the major importers from Tanzania with 13, 12 and 11 numbers of KPC issued, respectively; which accounts for 69% of all KPC issued.

In 2018, Tanzania issued a total of 51 Kimberley Process Certificates with increase in production weight and value compared to 57 KPC issued in 2017.

All import and export records are stored in a computerized excel sheets indicating the name of exporter, KPC number, issuing date, carat weight, value, inspection and clearing fee and the royalty paid.

5. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION

The Written Laws (Miscellaneous Amendments) Act, 2017 and The Mining Regulations, 2018 emphasize the control and monitoring of diamond production, import and export. The legislature has improved monitoring in the sense of record keeping and control of diamond trading.

For strengthening internal controls, training for Small Scale miners and Mineral dealers were conducted in places where Diamond is found. The inspection of Large and Small Scale Mines and Dealers were also conducted to ensure compliance. The Mining

Commission still cooperates with other government organs and authorities to manage trafficking of diamonds resulting from conflicts.

According to the Mining Act, 2010 and its amendments of 2017; it is prohibited to possess any mineral including rough diamond unless one has acquired a Mining Licence, Dealer Licence and/or Broker Licence. The Mining Commission keeps a computerized database for all holders of diamond Mining Licences, Dealer Licences and Broker Licences. As it has been mentioned above, the import and export records are stored in a computerized excel sheets.

Tanzania continues to communicate electronically with other KP participants through official email address and do reconciliation to other trading partners.

The licensed dealers who acquire rough diamonds from the mines come to the KPCS office for valuation and issuance of KPC, do pay for application fee, inspection and clearing fee and royalty to the government through the bank. The government collects the cash through its accounts. Tanzania was able to receive back most of its KP Certificates Confirmation Slips from its major trading partners.

For strengthening our internal controls, we have established the Ministry desk with competent staff at Tanzania main airports and ports to make sure that all mineral parcels exported from Tanzania are accompanied by KP certificates and royalty paid to the government. This has been enabling the government to monitor and control illegal diamond trading and smuggling.

6. ROUGH DIAMOND STATISTICS

Tanzania submitted and published a complete statistical data to the KPCS website for the year 2018. According to the data submitted Tanzania has not traded with any non-participant. In 2018, Tanzania produced and exported a total of **383,391.15 carats** of rough diamonds valued at **96,066,728.21 USD** from Large, Medium and Small Scale producers (see Table 1 below).

This year, the production weight has increased by **29%** compared to that produced in 2017. This was mainly due to the increase of production at the major Diamond Mine in Tanzania called Williamson Diamond Limited (WDL). WDL installed a new ball mill which subsequently helped the liberation of small sized diamond with a size of 1mm and below. WDL (Williamson Diamond Limited) mine exported **369,257.41 carats** valued at **94,072,823.90 USD** out of the total export which contributed to about **96%** of total export by volume. However, El-Hillal Minerals, the medium scale diamond produced **7,070.25 carats** and valued **1,101,781.72 USD** of diamonds which accounts for **2%** of total exported by volume and the remaining **2%** has been contributed by small-scale producers.

Tanzania has met all of the statistical reporting requirements in accordance with Annex III of the Kimberley Process Certification Scheme document.

7. IMPLEMENTATION OF RECOMMENDATIONS OF THE KIMBERLEY PROCESS REVIEW VISIT/REVIEW MISSION

Tanzania is continuing with the implementation of all recommendations of the 2016 KP Review Visit, including licensing of small scale miners, enforcement of internal controls, record keeping and others.

8. INFRINGEMENTS AND COOPERATION WITH RESPECT TO ENFORCEMENT

Tanzania has always cooperated with her trading partners by sending emails confirming export prior to arrival of shipment and reconciliation of export data with trading partners.

9. MISCELLANEOUS

The KPCS activities are implemented by the Government Officials within the Mining Commission appointed by the Executive Secretary to oversee and monitor the diamond production and trading activities as required by the diamond trading regulations and KPCS rules and procedures.

The office of the Kimberley Process has two (2) Focal Points including: the Executive Secretary and Assistant to the Executive Secretary on KPCS activity. It comprises of three (3) signatories authorized by the Executive Secretary to issue Kimberley Process Certificates including him.

Table 1. EXPORT FOR 2018

COUNTRY	WEIGHT(CARATS)	VALUE(USD)
BELGIUM	369,257.41	94,072,823.90
BOTSWANA	31.00	13,719.67
USA	1,958.72	202,911.31
TURKEY	25.01	4,561.07
ARMENIA	12.55	3,888.37
UK	2.17	490.66
INDIA	3,539.87	419,558.93
ISRAEL	517.02	230,592.84
U.A.E	3,452.80	349,334.88
CHINA	105.61	31787.27
TOTAL	383,391.15	96,066,728.21

Table 2. EXPORT FOR FIVE YEARS

period	Export			Import			KPC Counts
	Volume, cts	Value, US\$	US\$/cts	Volume, cts	Value, US\$	US\$/cts	TOTAL
2014	254,954.72	80,826,159.00	\$317.02	0.00	\$0.00	\$0.00	73
2015	216,909.52	58,768,313.84	\$270.93	144.74	\$25,000	\$172.72	52
2016	241,668.86	86,628,688.63	\$358.46	0.00	\$0.00	\$0.00	64
2017	298,126.99	79,416,709.46	\$266.39	0.00	\$0.00	\$0.00	57
2018	383,391.15	96,066,728.21	\$250.57	0.00	\$ 0.00	\$0.00	51

Source: Kimberley Process Certification Scheme website