

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



**A REPORT ON KIMBERLEY PROCESS
CERTIFICATION SCHEME FOR TANZANIA
YEAR 2017**



19 MARCH, 2018

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 compliance.

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 situated in the Ministry of Minerals, which is responsible for the implementation of KPCS, import and export of rough diamond; is under the authority of the Commissioner for Minerals. The Commissioner for Minerals is working closely with the Tanzania Revenue Authority’s Customs Department and the Police Force for strengthening our internal control. The Kimberley Process Office forms a part of the Mineral Economics and Trade Section which is under the Assistant Commissioner for Minerals assisting the Commissioner for Minerals in administering the KPCS activities. Tanzania is currently in the process of establishing the Mining Commission and all KPCS activities will be under the Commission.

The Ministry of Energy and Minerals has been split into two: the Ministry of Energy and Ministry of Minerals. The Ministry of Minerals offices are located at Kikuyu Avenue, P.O BOX 422, 40744 DODOMA, TANZANIA., Telephone No.: +255262322017, Fax: +255262320148 and E-mail: tanzaniakpcs@madini.go.tz

Prof. Shukrani E. Manya (Commissioner for Minerals) is a contact person at the Ministry assisted by Eng. Siri Kondo Boga who is currently a focal point.

3. LEGAL FRAMEWORK

Tanzania has reformed its legal framework and fiscal regime to make a conducive environment in 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 and its regulations controlling mining and trading activities of all minerals have been amended except that of Diamond Trading Regulations of 2003. The new Written Laws (Miscellaneous Amendments) Act, 2017 and The Mining Regulations, 2018 which follow the enactment of 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.

Penalties

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

- a. In case of 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 Certificate, the exporter of rough diamond 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 respective Zonal Mines officer. The exporter fills the application form to apply for certificate with the form indicating license type, weight, value, source of diamond to confirm that diamond 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 European Union, the United Arab Emirates and the United State of America were the major importers from Tanzania with 16, 13 and 13 numbers of KPC issued respectively which accounts for 74% of all the KPC issued.

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.

In 2017, Tanzania issued a total of 57 Kimberley Process Certificates with increase in production weight and decrease in production value compared to 64 KPC in 2016.

5. SYSTEM OF INTERNAL CONTROLS AND INDUSTRY SELF-REGULATION

The new 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 Ministry still cooperates with other government organs 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 Ministry 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.

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 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.

The Ministry of Minerals has been moved to Dodoma from Dar es Salaam city; therefore the new laboratory for diamond valuation will be established in Dodoma.

6. ROUGH DIAMOND STATISTICS

Tanzania submitted and published a complete statistical data to the KPCS website for the year 2017. According to the data submitted Tanzania has not traded with any non-participant. In 2017, Tanzania produced and exported a total of **298,126.99 carats** of rough diamonds and valued at **79,416,709.46 USD** from Large, Medium and Small Scale producers (see Table 1 below).

This year, the production weight has increased by 19% compared to that produced in 2016. This was mainly caused by 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 **277,626.61 carats** and valued **77,046,349.35 USD** out of the total export which contributed to about 93% of total export by volume. However, El-

Hillal Minerals, the medium scale diamond producer produced **4,400.63 carats** and valued **996,187.10 USD** of diamonds which accounts for 2% of total exported by volume and the remaining 5% 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 Ministry of Minerals appointed by the Commissioner for Minerals 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 three (3) Focal Points including: the Commissioner for Minerals, The Assistant Commissioner for Mineral Economics and Trade Section, and Assistant to the Commissioner for Minerals on KPCS activity who is also signatory to KPCS. It comprises of four (4) signatories authorized by the Commissioner for Minerals to issue Kimberley Process Certificates including him.

Table 1. EXPORT FOR 2017

	Exports		
Participant	Volume, cts	Value, US\$	KPC Counts
Armenia	162.82	\$55,862.40	2
Canada	6.83	\$5,757.00	1
European Union	287,297.09	\$77,217,661.15	16
India	396.58	\$60,019.85	2
Israel	230.53	\$336,534.77	7
Korea, Republic of	6.81	\$2,740.62	1
South Africa	17.51	\$23,704.88	1
Turkey	1.86	\$448.91	1
United Arab Emirates	8,884.59	\$1,322,710.35	13
United States of America	1,122.37	\$391,269.53	13
Total	298,126.99	\$79,416,709.46	57

Source: Kimberley Process Certification Scheme website

Table 2. EXPORT FOR FIVE YEARS

	Export			Import			KPC Counts
period	Volume, cts	Value, US\$	US\$/cts	Volume, cts	Value, US\$	US\$/cts	TOTAL
2013	178,747.36	45,929,787.74	\$256.95	0.00	\$0.00	\$0.00	81
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

Source: Kimberley Process Certification Scheme website