

# TANZANIA CHAMBER OF MINES

NEWSLETTER  
NUMBER 19  
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## **HAPPY 8<sup>th</sup> BIRTHDAY TCM**

Eight years ago, November 1994 Tanzania Chamber of Mines came into existence. For a few who have served the Chamber since inception and tried

to maintain its legitimacy, relevance and credibility you are aware the challenges faced and the various important tasks that have been performed in response to those challenges. Some of the key activities that the Chamber has undertaken were reviewed in Newsletter Number 16.

It is encouraging to note that the Chamber has grown and is being recognized as a critical link between the industry and public as well as the government. This is reflected by an increase in the number of members to nearly fifty. The Chambers membership is drawn from various stakeholders comprising of individuals, medium sized multinational mineral exploration and mining companies as well as service providers to the mining industry. The main objective of formation of the Chamber was essentially to have an institution that would represent the common interest of those involved in a growing minerals industry as well as focal point for liaising with government and other stakeholders following the decision to evolve a private sector led minerals industry.

Those who are within the industry and are confronted with problems related to fiscal and policy issues, the Chamber has always worked in close collaboration with members in resolving them. The Chamber takes great pride in its membership and that without such collaborative action, the business climate in the mining sector would not have been the same.

As mineral exploration and mining activities are gaining tempo there will be new problems and challenges. It is hoped that, working together through the Chamber, solutions will be found.

It is time for mining industry players to say *HAPPY BIRTHDAY AND LONG LIVE TCM!!*

### **CHAMBER SOCIAL GET-TOGETHERS**

The Chamber has a tradition of organizing cocktail parties once every two months on the third Thursday of the month after Council meetings. The functions serve as a medium for exchanging views, discussing issues informally with other members, invited guests from public institutions and the business community. During the get-togethers presentations about members operations are made. During the last two get-togethers Geita Gold Mining Ltd and Stanley Mining Services both Chamber members made presentations. Presentation by Geita Gold Mining focused on reserves, gold production trends, environmental management and community development issues. Presentation by Stanley Mining Services focused on mineral exploration activities, occupational health and safety programmes and the ongoing safety training for all employees in their newly established training centre.

The Chamber would like to encourage members to attend the get-togethers.

### **RELATIONSHIP BETWEEN SMALL AND LARGE SCALE MINING IN TANZANIA.**

*Paper presented at the Miners Workshop at the climax of the Uhuru Torch on 13<sup>th</sup> October, 2002 in Tanga.*

The Miners' Workshop that was held in Tanga was organised by Tanzania Women Miners Association (TAWOMA) as one of the occasion to mark the climax of the **UHURU TORCH RACE FOR THE YEAR 2002.**

The Chamber was invited to the workshop to present a paper on *the Relationship between small scale and large-scale mining in Tanzania.*

The paper reviewed the relationship between the two sub-sectors in the recent past in Tanzania and pointed out what needs to be done in order to promote healthy co-existence and positive relationship between the two groups.

**We publish below the paper in verbatim.**

#### **INTRODUCTION**

This paper reviews the relationship between small-scale and large scale miners in the recent past in Tanzania and points out what needs to be done in order to promote healthy co-existence and positive relationships between the two groups.

Before I dwell into presentation of the paper, let me take this opportunity to say a few introductory remarks about the Chamber to those who may not be familiar with what the Chamber is all about.

The Chamber was formed eight years ago and its membership now is approaching fifty. Membership is drawn from various stakeholders comprising of some of the small-scale miners' associations, individuals, medium sized and multinational mineral exploration and mining companies as well as service providers to the mining industry. The main objective of formation of the Chamber was essentially to have an institution that would represent the common interest of those involved in a growing minerals industry as well as a focal point for liaising with government and other stakeholders following the decision to evolve a private sector –led minerals industry.

Coming back to the theme of my presentation. There is a whole range of definitions for small scale and large-scale-mining. In order to avoid using definitions that can complicate our discussions the distinction between small-scale and large scale- miners will be based on our mining legislation, the Mining Act, 1998. In this context small-scale mining, would mean mining being undertaken by primary license holders and the informal artisanal miners. Large-scale miners would mean companies, local and foreign, with special mining licenses, gemstone mining licenses and prospecting license holders.

There are few examples of collaborative partnerships between small-scale miners and large-scale operators in the mining sector. The relationship has frequently been one of conflict. The coexistence of large and small-scale mining activity in an area can create conflict over land. Small-scale operators are regarded as being synonymous to illegal mining,

and considered to have negative effects on the large operators day-to-day activities and surrounding communities. On the other hand, small-scale miners accuse the large operators of denying them access to potential mineral resources by tying up large tracts of land. Even where they operate illegally, small-scale miners often argue on the moral grounds of being dispossessed of their livelihoods. In a country like Tanzania, which is struggling to alleviate poverty from majority of the population, such arguments cannot be ignored. However, both parties should recognize that there is scope for mutually advantageous cooperation and that the two sub sectors have important socio-economic contribution to Tanzania. Whereas cooperation will ensure large operators a suitable mining environment, small-scale miners will benefit through facilitation of access to appropriate technology, training and markets.

### **Factors influencing positive relationship**

#### **Geological occurrence factors:**

Tanzania is abundantly rich in minerals such as: gemstones, diamond, gold, base metals and industrial minerals. These mineral occurrences are scattered throughout the country and the two sub sectors have different preferences to these minerals. The geology of Tanzania support the existence of the two sub-sectors therefore they will continue to exist. However, there are few big reserves that are ideal for large-scale operations and several small but rich reserves that are suitable for small and medium scale operations.

**Policy framework:**

The mining policy of Tanzania recognizes the existence of small-scale and large-scale miners and the need to promote them. In the recent years there have been change of government economic policies and effort to attract the private investment in the mining sector that resulted in increase of mining investment and number of large mine operators. The Government also supports small scale mining not only because of geological factors but because the sub sector is a source of livelihood for thousands of people and has the potential of curbing rural-urban migration, stimulating local processing and manufacturing industries and most important generating income and alleviating poverty. The sub- sector provides the alternative economic opportunity to the rural communities. Several programs have been organized to enable the small-scale sub-sector improve productivity and reduce negative impacts to the environment. The Government also welcomes large-scale investment in mining in order to attract capital and technology. In 1990 the Government embarked on creating a suitable environment for private sector participation in mining. A new mining code has been enacted; a taxation regime has been revised. The influx of foreign investors into the country has brought to surface the interactive issues between the small-scale mining and large-scale operators.

**Relationship of the two subsectors in recent years.**

In the mid 1980's state enterprises and artisanal miners were the only main players in the mining industry. Most large mining operations were state owned under STAMICO. Mineral

Markets of gold and gemstones produced by small-scale miners were provided by Tanzania Gemstone Industries and Bank of Tanzania. There were no major interactions and disputes between large and small-scale operators. Historical complications stemmed out from 1984 when an Arab company, DTT was given by the government most of the Lake Victoria Goldfields and existing claims were extinguished. DTT set up a system of buying gold through appointed persons who were referred to as sub-contractors.

In the 1990's junior companies were actively acquiring mining concessions and conducting exploration works. Some Junior Companies entered into Joint Venture and sometimes-sales agreement with small-scale miners with valid mining titles. This interaction made small-scale miners realize the importance of formalizing their mining operations by pegging their mining claims, submitting monthly returns and paying annual rents. Some companies such as AAPS in Tanga and Meremeta in the Lake Victoria Goldfields worked successfully with small-scale miners by providing mining equipment and expertise.

By early 2000 mineral production from large mines increased compared to the production of small-scale miners. Most potential areas for small-scale miners were under PL's or ML's on Mining Companies so they started to face problems of finding new claims. Active junior companies transferred their concessions or entered into exploration agreements with large mining companies.

However, there were some disputes after some of the claim titleholders sold their areas to incoming large scale

miners. Within the sold the/surrendered claims, were operating pit-owners who also demanded payment/compensation. Other experiences include: The eviction of some 30,000-40,000 artisanal miners from the Bulyanhulu gold deposit who were illegally occupying the area. The deposit has turned into a major underground mine owned by Barrick Gold Corporation; Purchase of claims to pave way for a large scale mine at Lusu, Nzega; Optional agreements between exploration companies and claim holders to allow geological investigations; Special arrangement between Afrika Mashariki Gold Mine Ltd and former claim holders in Tarime district; Local companies rushing to peg claims in anticipation of compensation under the old Mining Act,1979.

**Opportunities to improve the co-existence between large scale and small scale mining subsectors.**

There are different approaches through which large-scale mining operators can cooperate with small-scale operators. Recent developments and experience from other mining countries indicate that the areas of cooperation can be categorized as: organizational, technical and economic cooperation. The following examples give some of the approaches that have been used in Africa and South America.

Successful examples of collaboration between large scale and small-scale miners exist. A collaborative approach, resulting in a successful relationship has been established at an Ingwe Colliery in South Africa (Report of the Regional MMSD Process). In promoting good relationship with their small-scale mining neighbors, Ingwe Coal Mining Company leased a small area that was

unsuitable for underground mining to a small scale mining company KUYASA. In addition, the company provided the miners with some bridging finance that is being repaid through a toll on production, provides technical assistance and managerial input, mining layout plans and environmental management capacity. KUYASA pays royalty to INGWE who is the owner of the mine lease.

**Chamber's intervention**

In recognition of imbalances that exist, the Chamber encourages its members to identify areas of possible cooperation among small scale and large scale mine operators with the end view of promoting harmonious coexistence. A project to achieve this objective has already started.

The following are some of the possible areas in which large-scale operators can assist the small-scale operators:-

- Providing affordable assaying services;
- Sharing geological and other technical information with small-scale miners;
- Providing practical training and technical advice;
- Helping to set up or sponsor small-scale central processing plants;
- Providing emergency assistance and mine rescue;
- Utilities and infrastructural support;
- Allowing small scale miners to extract small deposits within large scale licenses; and
- Initiating micro-finance schemes.

These kinds of interactions can improve the industry image, increase

productivity and reduce illegal mining activities.

## **CONCLUSIONS**

- The geology of Tanzania support the existence of the two sub-sectors both have important socio-economic contribution to the country. The two sub-sectors will continue to exist.
- The sub sectors operate in separate type of deposits using different approaches in exploration, mining development processing and market arrangements.
- The policy to develop the mining sector is in place as it recognizes the importance of the sub-sectors. However as the sector grows the policy need to be reviewed and spread the benefits to the communities around the mines.

*There are many opportunities for mutual benefits.*

## **NEWS FROM THE INDUSTRY**

### **INTERNATIONAL COUNCIL ON MINING AND METALS**

#### **ICMM TORONTO DECLARATION**

*On 15 May 2002 the ICMM Council adopted the ICMM Toronto Declaration that appears below. Following this decision, the Council directed its Secretary General, in conjunction with its Members and through consultation with its key constituencies, to develop a work program to implement this Declaration.*

The Tanzania Chamber of Mines is a member of ICMM through the Mining Industry Associations of Southern

Africa (MIASA) and represented by the South African Chamber of Mines in the ICMM Governing Council.

### **The Spirit of Toronto - An ICMM Perspective**

During the Global Mining Initiative Conference held on May 12-15, we participated in a dialogue, driven by a shared desire to enhance the contribution that mining and metals can make to social and economic development. Participants have, in our belief, discovered many shared values including the realisation:

- that successful mining and metals processing operations require the support of the communities in which they operate;
- that respect for these communities and a serious engagement with them is required to ensure that mining and metals processing are seen as beneficial for the community and the company;
- that successful companies will respect fundamental human rights, including workplace rights, and the need for a healthy and safe workplace; and
- that successful companies will accept their environmental stewardship responsibilities for their facility location.

To give expression to these values will take dedicated and focused action on our part. We cannot achieve this alone. Progress towards sustainable development will be the product of continuing engagement with government and civil society. This engagement, which will have to occur at all levels of our industry, will at times involve trade-offs and difficult choices.

These three days in Toronto provided a context of partnership in which continuing engagement can realise a future for the mining, metals and minerals sector that offers clear and important benefits for all.

**ICMM recognizes that:**

- The MMSD Report and the process on which it was based, including the regional programs, have elevated and informed the debate leading to a way forward for the sector.
- Decisive and principled leadership is required at this critical time.
- Accountability, transparency, and credible reporting are essential.
- Its Members, in satisfying their obligations to shareholders, must do business in a manner that merits the trust and respect of key constituencies, including the communities in which they operate.
- Constructive and value-adding engagement among constituencies at the local, national, and global levels is essential.
- Its Members must move beyond a regulatory-compliance-based mindset to effectively manage the complex trade-offs of economic, environmental, and social issues.
- The industry requires additional capacity to be effective in advancing sustainable development.
- The roles and responsibilities of the diverse parties comprising governments, civil society, and business are different and must be respected.
- Artisanal, small-scale mining and orphan site legacy issues are important and complex. However, they are beyond the capacity of ICMM to resolve. Governments and international agencies should

assume the lead role in addressing them.

**ICMM will:**

- Expand the current ICMM Sustainable Development Charter to include appropriate areas recommended in the MMSD Report.
- Develop best-practice protocols that encourage third-party verification and public reporting.
- Engage in constructive dialogue with key constituencies.
- Assist Members in understanding the concepts and application of sustainable development.
- Together with the World Bank and others, seek to enhance effective community development management tools and systems.
- Promote the concept of integrated materials management throughout the minerals value chain wherever relevant.
- Promote sound science-based regulatory and material-choice decisions that encourage market access and the safe use, reuse and recycling of metals and minerals.
- Create an emergency response regional register for the global mining, metals and minerals industry.
- In partnership with IUCN-The World Conservation Union and others, seek to resolve the questions associated with protected areas and mining.

**UPCOMING EVENTS**

***INTERNATIONAL SEMINAR ON  
"MINING TECHNOLOGY AND  
MANAGEMENT FOR BUSINESS  
EXCELLENCE" MTM-2002***

*15-16 November, 2002*

**Venue:** New Delhi, India  
**Organizers:** Mining Engineers' association of India and Federation of Indian Mineral Industries.  
**Contact:** Mr. C. L. V. R Anjaneyulu  
**Secretary General**  
**Mining Engineers' Association of India**  
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- 15<sup>th</sup> Conference of International Committee on Automation in Mining and quarrying on the theme '**the Present state of Automation in Opencast and Underground Mining.**'
- Plenary Scientific Session of the International Bureau Strata Mechanics on the theme '**Geo-mechanics in the 21<sup>st</sup> Century.**'

**Venue:** Pragati Maidan, New Delhi, India

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C-60, Nizamuddin East,  
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**INDIA STONEMART 2003**  
**31 JANUARY-4 FEBRUARY, 2003**

**Venue:** Jaipur, India  
**Organizers:** The Confederation of Indian Industry (CII) and Centre for Development of Stones (CDOS)

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**19<sup>th</sup> WORLD MINING CONGRESS**  
**AND EXPO 2003 05 NOVEMBER, 2003**

The 19<sup>th</sup> World Mining Congress is being organized at New Delhi on the '**Mining in the 21<sup>st</sup> Century.**' Concurrently at the same venue, the following international events will also be held.