



PROJECT:

UPGRADING THE DIAMOND VALUE CHAIN IN TANZANIA

The Mwanza Round Table on

Mining Public Private Partnership

For the Implementation of the Diamond Cutting and Polishing

Plant

A Shareholders' Dialogue Forum 2009

Venue: Lacairo Hotel, Mwanza, Tanzania

Date: 24 October 2009

Language: English

Round Table Africa

Letter of Invitation to Mwanza Mining Round Table

8 October 2009

Dear Participant

We hereby cordially extend to you our invitation to participate in the Mwanza Mining Round Table Workshop, being co-hosted by the Round Table Africa (RTA), the Eastern and Southern African Management Institute (ESAMI) and the Ministry of Energy and Minerals on the 24th of October 2009, in Mwanza, Tanzania. The purpose of this workshop is to explore ways and means of upgrading the competitiveness, value addition and local participation in the fast growing diamond sector in Tanzania. The Mwanza Chapter of Round Table Africa will focus on moulding and crystallising the implementation of the proposed diamond cutting and polishing project, as part of the upgrading strategy for the artisanal and small-scale (ASM) diamond miners' business value chain in Tanzania. The workshop will address the following attendant issues:

- Situational analysis of the diamond industry in terms of policy; regulation; local participation; empowerment of ASMs; projects; investment financing; products; opportunities for local sorting, cutting and polishing; export market segmentation, penetration and promotion; and sector development business models (foreign investment promotion versus business to business (B2B) between locals and foreigners, public private partnership (PPP) in establishing large cutting, polishing and manufacturing facilities within Tanzania.
- Capacity building of technical know-how, skills, mining project management and information building in the diamond sector in Tanzania
- Review of a model pilot projects for diamond sorting, cutting and polishing in Botswana, Namibia and Canada

The Round Table is being attended by representatives of small, medium and large scale diamond miners in Tanzania; Regional mining associations; officials from the Ministry of Energy and Minerals; leading Consultants and Researchers in diamond mining projects; and co-ordinators from RTA and ESAMI.

Round Table Africa will provide one day accommodation for those coming outside Mwanza. Morning and afternoon refreshments, lunch and a cocktail will be provided to all.

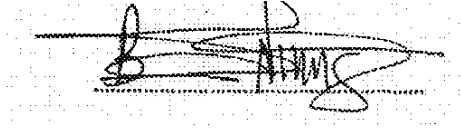
We look forward to your participation in building domestic capacity for diamond industry development for poverty eradication.



For Prof. Bonard Mwape

Director General

ESAMI



For Drs Diederik de Boer

Director

RTA/MSM

Ministry of Energy & Minerals

1.0: Workshop Overview

As a contribution towards the achievement of the Round Table Africa's mission of empowering African national governments and civil societies to take advantage of sustainable economic business opportunities and the realisation of the Tanzania poverty eradication strategy, this Stakeholders' Dialogue Forum has been organised *by Round Table Africa (RTA) under the auspices of the Ministry of Energy and Minerals* to discuss the available investment opportunities in the mining sector in general and in particular, the implementation of a cutting and polishing plant. The project aims at upgrading the artisanal and small-scale miners (ASM) activities within the global diamond value chain, increase performance efficiency, lower transaction costs, strengthen mutually beneficial vertical and horizontal linkages among all parties in the chain and increase the economic margins to ASM in Tanzania. The project has been identified as the immediate intervention entry point and as an appropriate strategy of upgrading the small scale miners' activities linking them to the global market.

1.1: Purpose of the Workshop

The **purpose** of the workshop is to bring together the stakeholders of the diamond industry to forge and crystallise the **project concept** right from inception to ensure that the interests and concerns of all parties are incorporated into the project design and to avoid conflict of interest that has, of recent, plagued the mining industry in the country. Understanding the role of the private sector in change facilitation is important in considering enabling environment for value chain upgrading. In private public partnerships the private sector must respond with a common agenda in order to effectively engage the government and society. The workshop will **focus** on the various components of the project namely; the project vision, mission, strategy and implementation targets, the project structure and ownership, the availability and supply of inputs to the plant, the pricing of the raw diamonds, the marketing of the processed diamonds, the link between the input suppliers and service providers and the applicable policies and incentives.

1.2: Workshop Objectives

The workshop will pursue the following salient objectives

- ❖ To discuss and clarify the national policies relating to the diamond industry and their implication for the implementation of the designed upgrading effort.
- ❖ To sensitise the participants about the aspirations of the Round Table Africa and its programmes for assisting the “bottom billion” of the developing countries to work themselves out of poverty.
- ❖ To raise awareness of the Value Chain Methodology for sustainable development and its social-economic impact in Tanzania and the SADC region.
- ❖ To gain knowledge about the on-going national initiatives and strategies for improved production and consolidation of the small- miners’ businesses in Tanzania.
- ❖ To lay down the modalities for launching a pilot project for diamond cutting and polishing through public/private partnerships or business to business (B2B) joint ventures and make recommendations for project implementation.
- ❖ To document the challenges and opportunities facing the small-scale diamond miners and generate ideas for future investment opportunities to be implemented through the mobilisation of international and local partnerships to improve the welfare of the mining communities in Tanzania.
- ❖ Suggest strategies and action plans for strengthening the support infrastructure and beneficiation in the diamond industry in particular and the mineral sector in general.

1.3: Expected Output

- ❖ Declaration of the cutting and polishing plant as the immediate priority project for value chain intervention.
- ❖ A gap assessment of the ASM value chain performance in relation to similar value chains and best practices.
- ❖ A concluded project concept and design.

- ❖ A strategy and developed criteria for harnessing public private perspectives and local and foreign interests
- ❖ A roadmap for improving the business and policy environment for the successful implementation of the project.
- ❖ A draft outline of the business plan for launching the pilot project.
- ❖ A schedule for project implementation and performance indicators for monitoring the project.

2.0 Main Speakers

1. Hon. William Ngeleja, Minister of Energy and Minerals
2. Prof. Bonard Mwape, Director General ESAMI
3. Direst Diederik de Boer, Director, Round Table Africa
4. Mr. John Nayopa, Project Coordinator-Sustainable Management of Mineral Resources Project, Ministry of Energy and Mines
5. Mr Salim Salim, Assistant Commissioner Mineral Economics and Trade, ministry of Energy and Minerals¹
6. Mrs. Mulira, Eroni S.R, ESAMI Consultant and Researcher
7. Representative, Tanzania Chamber of Minerals and Energy
8. Mr. Bidongo Javan, Managing Director, JICL Consultant

3.0: Workshop Programme

WORKSHOP PROGRAMME		
Friday 23 October 2009		
Time	Activity	Resource Person
4.00-6.00 PM	Registration of Delegates	
Friday 24 October 2009		
8.30 – 9.00	Registration Continued	
	Session One: Chaired by Dr. D. P. Kafumu, Commissioner for Minerals	
9.00 – 9.30 am	Opening Speech: <i>“Tanzania National Mineral Policy and Poverty Eradication Strategy”</i>	Mr. William Ngeleje Minister of Energy and Mines
9.35 – 10.05 am	RTA Sustainable Development Strategy; Projects and Progress.	Diederik de Boer
10.25 – 10.45 am	Past and On-going Initiatives in the Mining Sector: Achievements and Challenges	Nayopa John M
10.50 – 11.00 am	Prospects and Challenges of the Small Scale Diamond Miners in Tanzania	Representative of the Chamber of Energy and Minerals
11.05 – 11.30am	Coffee/Tea Break	
	Session Two: Chaired by Diederik de Boer	
11.35 – 12.05 am	Research Proposal: Sustainable Small-Scale Miners Value Chain Upgrading Through Implementation of a Diamond Cutting and Polishing Plant in Tanzania	Mrs. Mulira Eroni S.R
12.10 – 12.30 am	Where Are the Diamonds?	Bidogo Javan
	Practices and initial requirements for setting up a diamond cutting and polishing plant	Mr. Salim Salim
12.35 – 1.00 am	Questions and Answers on Issues Arising from Sessions One and Two	

1.00 – 2.00 pm	Lunch Break	
2.00 – 3.00 pm	Group Work	
3.00 – 4.00 pm	Plenary: Group Presentations	
4.00 – 4.30 pm	Coffee/Tea Break (Refreshments)	
4.30 – 5.00	Forum Wrap-up	
5.05 – 5.30	Vote of Thanks/Closing	

4.0: Criteria for Participant Selection

Institutions and Individuals constituting clusters that are currently involved in diamond mining and related activities within the diamond supply and value chains.

5.0: Group Work

Groups will be formed on the basis of the participants' knowledge of the topic under discussion.

5.1 Topics for Group Discussion

Group A: Policy, legal and regulatory requirements

- ❖ Review and recommendation of policies and incentives necessary for successful project implementation of the polishing and cutting plant.
- ❖ Taxation policy and possible exemptions
- ❖ The marketing of the polished diamonds and exporting outside Tanzania.

Group B: Operational requirements

- ❖ Structure, ownership and management of the project (whether local investors, foreign investors joint venture, business-to-business, associations) and the role of Government and RTA.
- ❖ Reporting structure to ensure transparency and good governance practices: nature of documentation, auditing and report circulation.
- ❖ Environmental management
- ❖ Equipment and infrastructure availability

Group C: Financing and marketing arrangements

- ❖ Strategy for ASM to attract bank financing
- ❖ The procurement management system for the raw diamonds and pricing issues.

Group D: Sustainability requirements

- ❖ Community involvement and benefit structure, borrowing from the tourism model in Tanzania.
- ❖ Supply chain management: supply of raw diamonds and other inputs, services and labour to the project.