

DARUBINI

Chinese Investment in Tanzania's Small-Scale Mining: The Challenge of Technical Support and Regulatory Oversight



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Introduction

Chinese investments in Africa's mineral sector have expanded rapidly in recent years, driven by China's increased resource demand. The continent's abundant mineral reserves and the risk-taking entrepreneurial culture among Chinese investors seeking high-reward opportunities. Between the early 2000s and 2015, the number of Chinese mining companies in Africa grew 25-fold. Additionally, China has become Africa's leading bilateral lender, offering alternative financing avenues for infrastructure, mining, and energy projects.

To address concerns about ethical practices, the China Chamber of Commerce of Metals, Minerals, and Chemicals Importers and Exporters (CCCME) introduced voluntary Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains in 2015. These guidelines encourage responsible investments, sustainable practices, and ethical mineral sourcing abroad. Since then, there have been ongoing revisions and awareness efforts aimed at guiding Chinese companies in their international operations.

However, despite these regulatory strides, Chinese involvement in Africa's artisanal and small-scale mining (ASM) sector has been met with growing controversy. ASM is a key source of livelihood for millions, with many African countries reserving ASM licenses exclusively for their citizens. In Tanzania, small-scale mining is estimated to employ more than 1.2 million people and contributes 40% of the mining revenues collected by the Mining Commission.

The growing presence of Chinese investors in small-scale gold mining has introduced governance challenges. Initially entering as traders or processors, many have transitioned into production by partnering with local miners through financial and technical support, raising concerns about regulatory loopholes and oversight, exploitation of local miners, and the broader implications of foreign dominance in the sector.

This edition of DARUBINI examines the technical support landscape in small-scale mining, exploring its regulatory, human rights, and socio-economic dimensions. It also features community perspectives on how these foreign investments impact small-scale miners, local communities, and government policies.

The Growing Influence of Chinese Investors in Small-scale Mining

While technical assistance agreements with foreign investors were initially meant to enhance ASM mining capacity, concerns have grown that they have instead facilitated foreign dominance in the sector. Over the past decade, reports suggest that Chinese investors have gained control over a growing number of small-scale mining operations in Tanzania, especially in gold-rich regions such as Geita, Shinyanga, Chunya and Mara. Many of these investors have arguably leveraged agreements intended to provide capital, machinery, and technical expertise to instead bypass regulations and secure operational control through proxy arrangements. This raises significant concerns about their long-term impact on Tanzania's mining sector, particularly when local mines become entangled in exploitative arrangements that strip them of both earnings and autonomy. Moreover, these arrangements exist in a legal grey zone, increasing risks of negative socio-economic, human rights, and environmental impacts.

Legal Framework Governing Technical Support in Mining

Section 2 of the Mining Act restricts small-scale mining operations exclusively to Tanzanians holding a Primary Mining License (PML). However, recognizing the technological and capital constraints faced by local miners, the 2010 Mining Act (Section 3 [CAP. 123 R.E. 2019]), introduced provisions allowing them to contract foreign investors to bring in advanced technology and financial resources. This approval is granted by the Mining Commission and is contingent on the Resident Mines Officer in the respective region confirming that the required expertise is unavailable within Tanzania.

Labor and Environmental Impact of Foreign Control over Small-Scale Mining

The influx of Chinese investors into Tanzania's small-scale mining sector has led to socio-economic concerns. In Mwakitolyo local miners have been displaced from their mining sites due to aggressive takeovers by foreign-controlled operations, resulting in the loss of their primary source of income. Tensions have escalated due to local frustrations over unfair agreements and shrinking mining opportunities, culminating in violent clashes such as the recent confrontation at the Mwakitolyo Number 5 mine at the end of 2024.

Additionally, human rights violations and environmental degradation have become pressing issues. In Geita, some Chinese-controlled mines have been linked to severe water contamination, with residents reporting poisoned wells due to unchecked chemical runoff. Other reported challenges include poor labor conditions, safety concerns due to language barriers, and substandard precautions such as blasting while workers remain underground posing serious risks to miners. Unlike large-scale mining companies that are subject to stringent environmental regulations, many foreign-led small-scale operations function with minimal oversight, endangering nearby communities.

Community Voices on Technical Support in Small-Scale Mining Parliamentary Perspectives: Economic Gains vs. Local Interests

Recent parliamentary sessions on the contentious issue of growing Chinese involvement in Tanzania's small-scale mining sector have centred on balancing economic benefits with protecting local miners' rights and national resource sovereignty. During a February 2024 Parliamentary session, Hon. Jumanne Kishimba, Member of Parliament for Kahama town, remarked:

Some Chinese investors amongst others continue to buy small-scale mines from local owners, and I have no issue with that. However, Mr. Chairman, this is a new and pressing concern. We've all noticed that when a Chinese investor acquires a productive mine—one that employs 10,000 to 20,000 people and produces over 20 kg of gold per month—the government and local councils benefit from taxes. Yet, these contracts don't specify production requirements. What if the new owner decides to halt production? What would happen to towns like Geita, Kahama, and Singida? This is a serious issue because it could lead to their economic collapse."

Hon. Kishimba was concerned that these investments could lead to a decrease in employment and production and called for contractual provisions to ensure investors continue to produce at certain levels and avoid economic stagnation. His statement reflects a broader shift among some legislators who prioritize increased local government revenues over regulatory oversight and Tanzanian ownership of ASM.

Small-Scale Miners Protest Over Inadequate Compensation

At the Shilalo gold mine site in Misungwi district, Mwanza, 32 small-scale miners protested a TZS 2 million compensation offer from a Chinese investor following its takeover of operations under a so-called technical support agreement. These miners, who had been operating at the site since its discovery in 2017, argue that the compensation is grossly inadequate, especially given their claim of having invested TZS 800 million in developing the mine before its formalization in 2022. The Citizen reported that the concerns over transparency and fair treatment have escalated tensions, with the spokesperson for the small-scale miners, Ms. Bwire, lamenting:

"Chinese investors promised to negotiate with us after their analysis, but they have already started to work with new equipment and excluded us from the discussions."

Similarly, miner Anthony Mandoro emphasized the need for government intervention to ensure fair treatment, asserting:

"We are not against compensation, but we want the contract to be transparent. We are ready to leave, if necessary, but we expect our fair share."

In Chamwino, Dodoma, a conflict erupted at the Handali mining site when tensions over a technical assistance agreement with a Chinese investor escalated, resulting in one Tanzanian small-scale miner getting injured. Mr. Nassoro Asenga, Secretary of Dodoma's Small-Scale Miners Association, voiced local concerns:

“We have no problem with investment, but our major concern is ensuring that the agreements are made in a way that benefits both parties.”

In response to the incidents, the Tanzanian government suspended activities at the Handali mining site. This case highlights the ongoing struggle between foreign investors and local miners, as well as the risks involved when technical support regulations are not well monitored.

Government Response and the Future of Small-Scale Mining

In response to growing concerns, the Tanzanian government is taking steps to better regulate foreign involvement in small-scale mining. In February 2025, the Minister for Minerals, Mr. Anthony Mavunde, stated:

It makes no sense for a foreigner to conduct mining activities using small-scale mining license under the guise of providing technical support, while local miners see no real benefits in terms of technology or capital.”

The government has started a technical support regulation review for curbing exploitative technical assistance agreements and strengthening oversight mechanisms. The review intends to see how these regulations will strike a balance between attracting much-needed investment and ensuring that the ASM sector remains Tanzanian-led with proper oversight.

Meanwhile, the government is scaling up oversight by issuing warnings to PML holders against allowing foreign nationals to operate without proper authorization, revoking licenses where investors are found violating the 2010 Mining Act, and increasing inspections.



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Conclusion

To ensure that technical support enhances local mining capacity without undermining Tanzanian participation, strong regulatory enforcement and greater transparency are essential. The Ministry of Minerals, through STAMICO, should accelerate efforts to empower PML holders by expanding training programs and improving access to finance and modern mining technology. Additionally, Resident Mines Offices must strengthen enforcement by rigorously monitoring technical support agreements to prevent exploitation and unfair practices.

As Tanzania's small-scale mining sector continues to evolve, closing governance loopholes will be crucial in ensuring equitable resource distribution. The ASM sector stands at a crossroads, and the effectiveness of regulation and enforcement will determine whether local miners are empowered or pushed to the margins of the industry.

News in Brief

1. Foreigners banned in small-scale mining ([Daily News](#))
2. Chinese investor's takeover of small-scale mining in Tanzania raises concerns over employment, revenue loss, and the environment ([The Chanzo](#))
3. Tanzania strengthens regulations on small-scale mining: no more unauthorized foreign involvement in Tanzania ([The Ministry of Minerals](#))
4. How Chinese Investors Are Outperforming Westerners in Tanzania's Artisanal and Small-Scale Mining Sector ([Tanzania Mining Digest](#))
5. Tanzania small-scale miners protest extremely low compensation from Chinese Investors ([The Citizen](#))
6. Mavunde formed a team to deal with previous deputy minister conflicts on small-scale miners ([Mwananchi](#))
7. Minister Mavunde imposes strict requirements of technical support for investors ([Jamii Forums](#))
8. Minister Mavunde intervenes in the foreigner injured issue in the Handali Chamwino mine ([The Ministry of Minerals](#))

