Business/financial models to replicate/sustain adoption of new practices
FINANCING POSSIBILITIES - WB

😊 GEF grants through Implementing Agencies (if MC signed)
😊 World Bank loans
😊 ☑ South-South Knowledge Exchange
😊 Trust Funds (Korean/Nordic)
😊 GEF Small grants program for NGOs
😊 GEF Non-grant facility

Zambia/ Tanzania (WB loan + possible GEF)
Zimbabwe (possible standalone GEF)
Malawi (WB loan + no dialogue yet)
POVERTY TRAP OF ASGM

- Low levels of technology and poor geo-prospecting
- Unskilled labour and inability to invest
- Poverty: large numbers of miners exploiting limited resources
- Poor income
- Environmental damage, deteriorated quality of life and health
- Low recovery, low productivity
- Poverty exacerbation
TECHNOLOGY TRAP OF ASGM
Barriers to Technology Change

Lack of incentives for technological conversion

- Cultural barrier - behavioral change; awareness
- Technology barrier -
  - Lack of easy availability of appropriate, cost-effective technology
  - Inadequate Training and servicing outlets
  - Lack of access to a transparent market (tied to a sole sponsor)
  - Lack of sustained and wide-spread mechanisms to market available technology
- Capacity barrier – sustained training; skilled personnel
- Regulatory barrier – appropriate regulations and enforcement
- Financial barriers
**Financial Barriers**

- Limited sources of funding for technological change
  - Lack of financial system to support mining
  - Lack of trust of the financial system; perceived lack of accountability (willingness or ability to repay; migrant nature)
  - Smaller loans have higher transaction costs as a percentage of investment
  - Lack of information within banking sector and the portfolio benefits in terms of improving asset quality
- Constraints in accessing adequate and timely financing on competitive terms, particularly longer tenure loans
  - None or little access; complex or strict requirements
  - Lack of collateral
  - Enabling institutions and coordinating mechanisms
P OSSIBLE ALTERNATIVES

- Outside the financial system using donor funds: Not sustainable
  - Grants from NGOs and international donors
  - Revolving loan scheme by providing soft loans: From experience: recovery loans costs more resources than recovered

- Within the financial system
  - special loan guarantee /insurance
  - flexible payment schemes through risk guarantees
  - performance grants
  - equity payments
  - Certification (?)
**Some Examples**

- **Zimbabwe**: Authorized gold buying arm of Reserve Bank (Fidelity Printers) recommended to provide seed capital for a revolving loan fund.

- **South Africa**: Industrial Development Corporation provides 90% as commercial bank loans while the project (usually a cooperative) raises 10%.

- **Ghana**: Promoting development of rural banks capable of providing loans to miners at subsidized rates.

- **Tanzania**: World Bank partnering with Government, two gold mining companies and Association of small scale miners: improve working conditions and mining in sustainable ways using modern equipment; geological ground works; organizing miners; decrease environmental degradation; facilitate co-existence; no child labor; no mercury policies: Includes a Small Grants Program; attached to the EPP.

Need for creative, innovative and risk averse ideas with policy and support from Governments.