



**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)

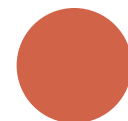
☹ GEF Small grants program for NGOs

☹ GEF Non-grant facility

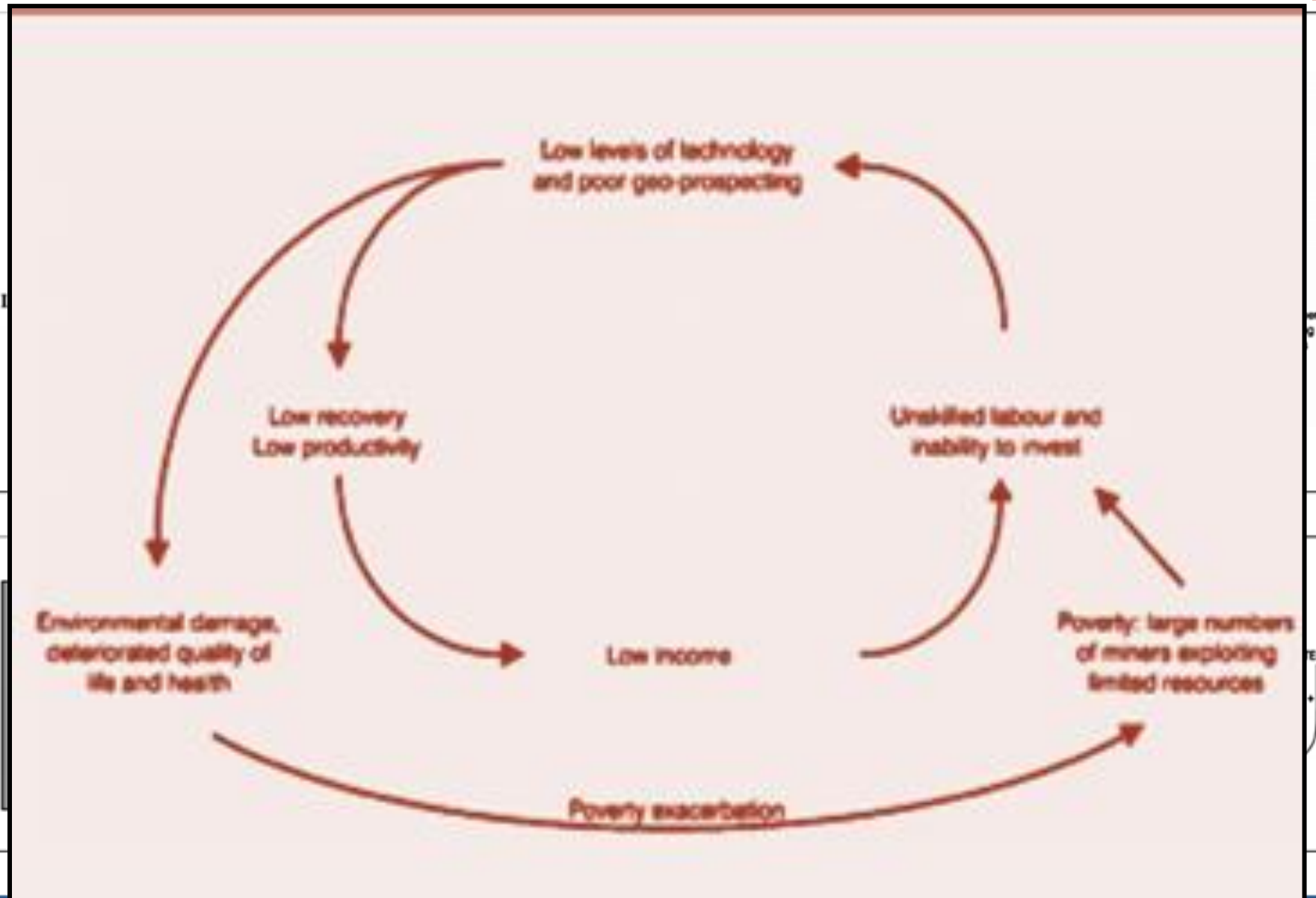
Zambia/ Tanzania (WB loan + possible GEF)

Zimbabwe (possible standalone GEF)

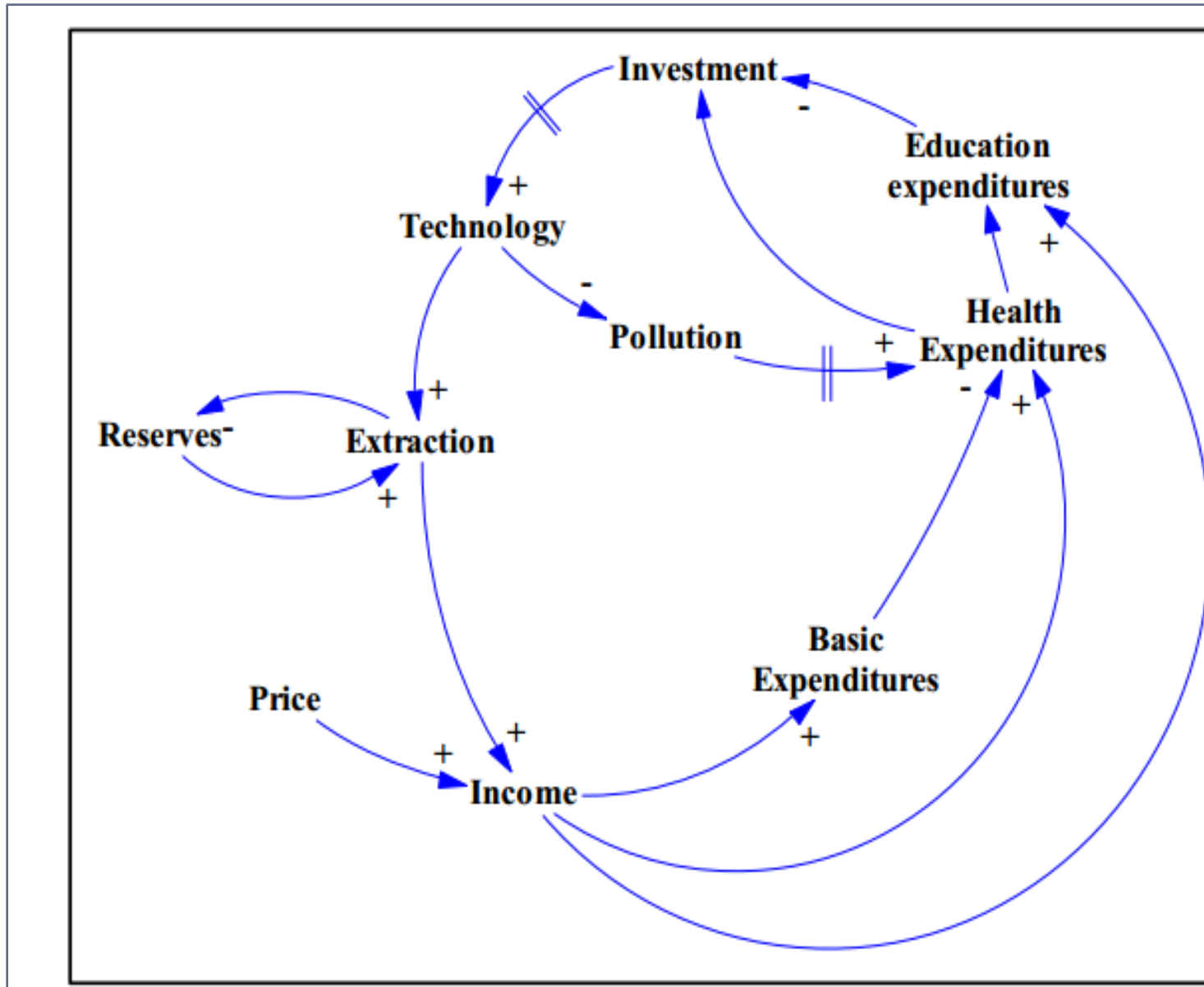
Malawi (WB loan + no dialogue yet)



POVERTY TRAP OF ASGM



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



POSSIBLE 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

