



planet**GOLD**

Making a world of difference
in small-scale gold mining.

A GEF Initiative

02 December 2020

Fundamentals of Access to Finance in ASGM

Firas Abbasi

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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



CONSERVATION
INTERNATIONAL





Introduction

The Artisanal And Small-Scale Gold Mining Industry (ASGM)

The Artisanal and Small-Scale Gold Mining Industry



20%

Of global annual
gold supply



\$35 b

Annual Revenue



90%

Of global gold mining
workforce



**100
million**

Rely on ASGM



Who needs financing?



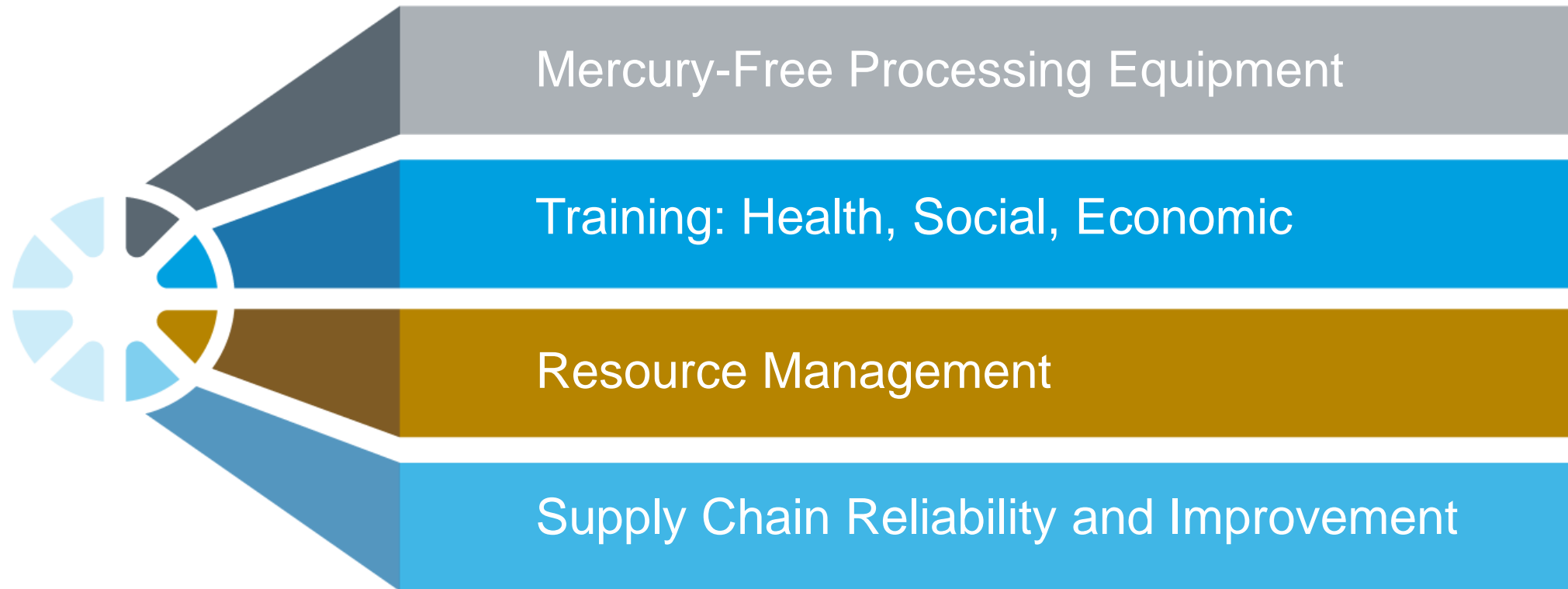
Source: AGC



Source: mashmining

Finance to Formalize and Professionalize

Leading to responsible operations



ASGM Finance – A Global Experience

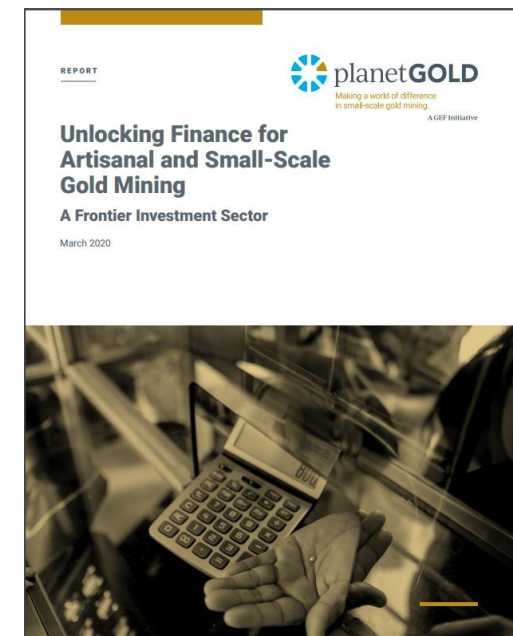
- ▶ Informal Finance
- ▶ Micro-Finance
- ▶ Private Capital

*Access to Finance:
Options for Artisanal and
Small-Scale Mining*

bit.ly/ASGMFinAccess

*Unlocking Finance for Artisanal and
Small-Scale Gold Mining: A Frontier
Investment Sector*

bit.ly/UnlockFinASGM





Barriers to Formal Finance

Barriers to:

Accessing Finance

- **Regulatory** (Legality, DD Requirements, Govt Support)
- **Business Readiness** (Financial Products, Experience)



Providing Finance

- **Headline Risk** (Reputational and ESG Risks)
- **High Due Diligence Costs**
- **Lack of Investable Projects**
- **Regulations**





Increasing Accessing to Formal Finance

Addressing the Barriers:

Developing Investment – Ready Projects

- Size
- Return
- Impact
- Security



Creating the Enabling Policy Environment


- Accelerate Formalization
- Foreign Investment Regulation



Appropriate Financing – Sources & Mechanisms

- Objectives
- ASGM Needs
- Financing Types



Finance Source	Microfinance; Village level savings	Commercial banks	National Development Banks	Pre-financing from downstream gold buyers	Private capital (equity, debt or blend), including impact investing
Finance Objectives	Preservation of capital; modest returns at or below market rates	Competitive returns	Modest returns at or below market rates	Preservation of capital; potential repayment premium	Preservation of capital ("impact first") to competitive returns ("finance first")
Other Objectives	Support for livelihoods and poverty elimination; gender mainstreaming	For cooperative banks, mandate to support small business [may have more modest returns or below market rates]	Leveraging commercial capital with blended finance Development of economic sector within the country	Securing access to responsible sources of gold	Impact investors: Defined, measurable social impacts deriving directly from investments
Scale of ASGM Supported	\$500-10K (Artisanal scale)				
	\$10K – 50K (Individual small scale)				
		\$50K to 500k (community small-scale mining)			
		\$500k – 5M (medium-scale, bundled small-scale)			
		\$5-10M (larger operations e.g., centralized processing)			
 <p>Donor/philanthropic finance</p> <p>Can support other types of finance through blended finance; Can also support ASGM-sector building through technical assistance</p>					

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Improving Access to Finance in ASGM

Colombia

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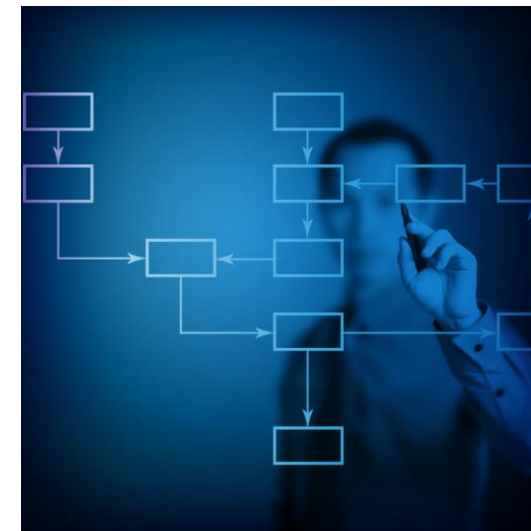


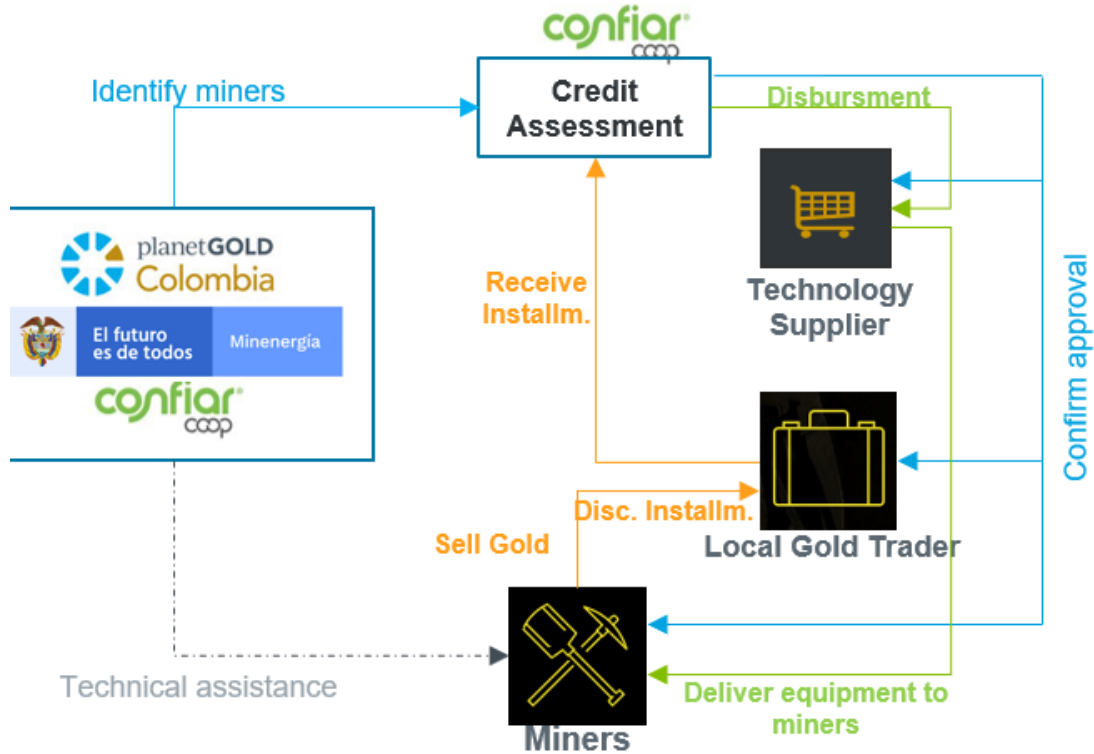
El futuro
es de todos

Gobierno
de Colombia

What have we done

1. Strategy Design with Banco Agrario and Cooperativa Confiar.
2. Integration and Unification of strategies with mining authority.
3. Strengthening the authority in financial inclusion processes.
4. First basic inclusion processes in territories – COVID19

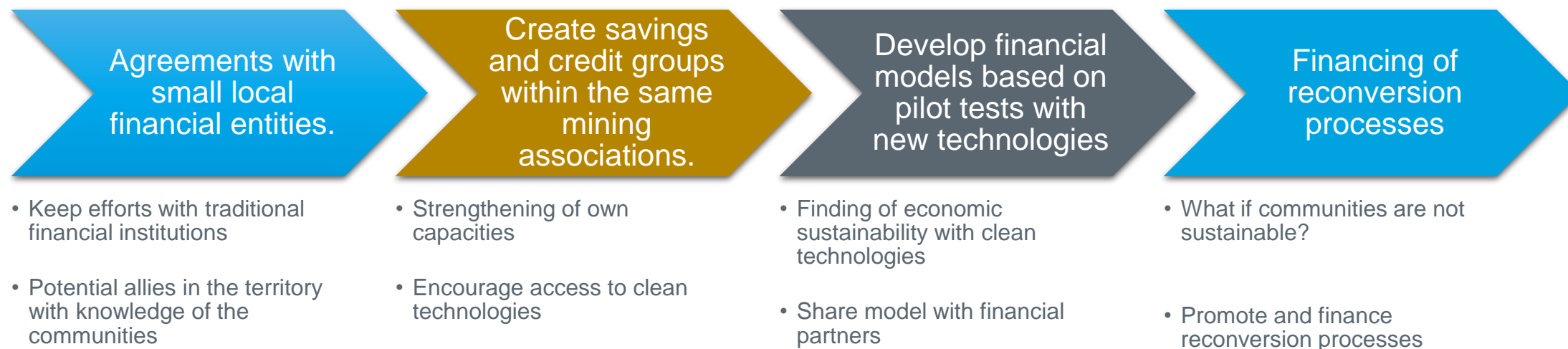




How the strategy / mechanism is being conceived

- ▶ Integrate as many actors in the commercial chain as possible.
- ▶ Collective selection of miners
- ▶ Guarantee a credit analysis methodology, adjusted to the sector
- ▶ Guarantee investment in clean technologies
- ▶ Guarantee commercial chain at fair prices
- ▶ Guarantee the recovery of the credit granted

What is coming next



A small miner who does not use mercury is a sustainable miner, who accesses the gold market and above all, who can access the financial sector as an entrepreneur, bringing sustainable and economic development for his community and trust and transparency to the sector



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El futuro es de todos

Gobierno de Colombia



02 December 2020

**POTENTIAL
ASGM ACCESS TO FINANCE
INDONESIA MODELS**

**GOLD-ISMIA
INDONESIA**

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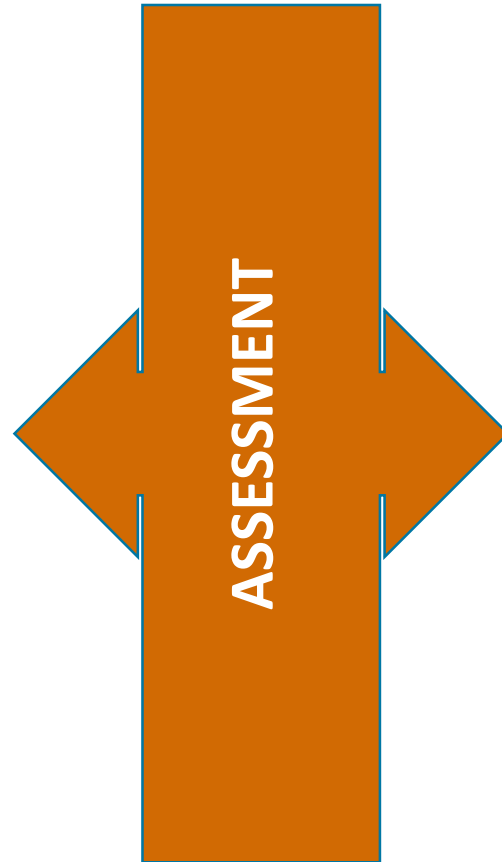
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Challenge of the ASGM Access to Finance

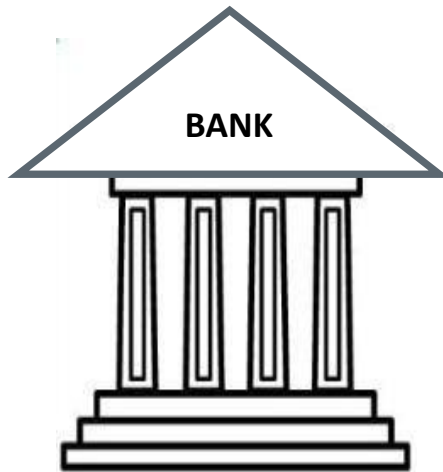


- ▶ Small-scale mining sector is not a priority sector to be financed by the Indonesia finance entities/banks
- ▶ Do not have enough knowledge and experiences in the ASGM financing scheme



- ▶ Legality issues
- ▶ Weakness in the business management
- ▶ In consistency of the gold production

ASGM Access to Finance MODELS - BANKING Financing Scheme



- Commercial Banks
- Sharia Banks

- Flexible loan re-payment
- Increase the role of Credit Insurance



The debtor is a member of a mining cooperative

- ▶ The Government of Indonesia (GoI) is supporting legal standing through regulation of Community Mining Area (WPR) and Community Mining Permit (IPR).
- ▶ Most of state banks are committed on financing for ASGM with condition: **proved legal documents first.**
- ▶ The banking financing scheme for financing the ASGM through State Banks: 1) supported by state credit insurance company and 2) lead to commit on flexibility of loan re-payment.
- ▶ The ASGM access to financing scheme for financial entities/banks would be supported with guideline from Indonesia Financial Service Authority (OJK)

ASGM Access to Finance Models - NON BANKING Financing Scheme



- Flexible loan re-payment
- Increase the role of Credit Insurance



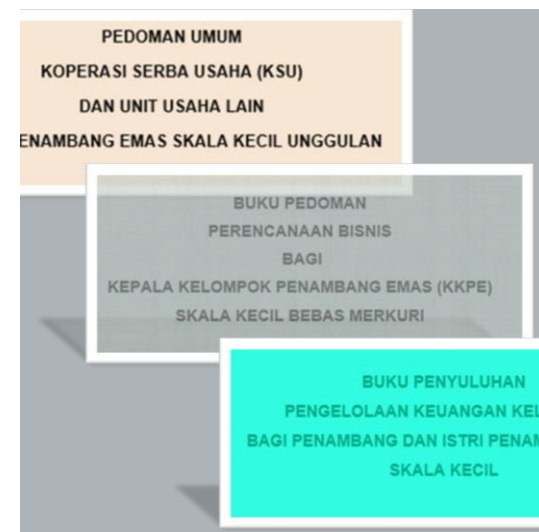
The debtor is a member of a mining cooperative

- LPDB (Revolving Fund Management Agency of Indonesia)
- PIP (Government Investment Unit of Indonesia)
- Cooperative

- ▶ The **LPDB** is the public services agency under Ministry of Cooperative and Small Scale Enterprises which it aim to support **the cooperatives** (including ASGM Cooperatives) with providing the financing/loan assistances.
- ▶ The **PIP** is the public services agency under Ministry of Finance which it aim to support the community (including ASGM) with providing **Ultra Micro Loan assistance**. PIP is collaboration with Pegadaian (Pawn Shop) for distribution the loan to the debtors (community). PIP is committed to support a loan to ASGM with proved legal documents and will Facilitate the flexibility on the loan re-payment.
- ▶ **Cooperative – Saving and Loan Unit**, is to support the loan assistance to the ASGM (as member of the cooperative) .
- ▶ Prefer to involve the state credit insurance company.

Enhancing the Capacity of the Cooperative and Individual GOLD Miners

- Developed guidebook on the business and financial management for the gold miners and gold mining cooperatives
- Conducted loan application training and assistance at all 6 project sites.
- Providing a consultant to each project site to train and assist miners for preparing loan
- Providing microgrant to the legal ASGM Cooperatives in project site for enhancing their capacity in management and business



Thank you.



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ACCESS TO FINANCE FOR ARTISANAL AND SMALL-SCALE MINING



Suzette McFaul
CEO
CleanGold Community
Solutions Ltd.

November 2020



Clean Gold
Community Solutions
SEF Canada Ltd.

CLEAN GOLD SOLUTIONS WAS BORN OUT THE NECESSITY TO PROVIDE:

- 1) Community support for economic development and diversification
- 2) Access to:
 - Business knowledge
 - Clean technology
 - Market
 - Funding
- 3) A better life

The answer
lies in
fostering
**ownership
program**
which
provides well-
being for all
stakeholders.

Artisanal and small-scale miners are part of the
entrepreneurial community

Our Unique model **incorporates community
programs**

This is about **economics of business**



“It has to be a true business model”

The model is unique and includes a joint partnership with the local miners.

1. BUSINESS BASED – KEY EXPERTS

- Business Team
- Technical Team
- Community Team

2. METHODOLOGY AND COMMERCIALIZATION

Technology using cyanide as opposed to mercury; recovers 90% of gold as opposed up to 40% of the gold. Setting up the entire sales process increases the end profits up 60%.

3. TRUE PARTNERSHIP

The SEF community model is what distinguishes this venture. The miners and community are partners, so the entire community has a vested interest in its success.



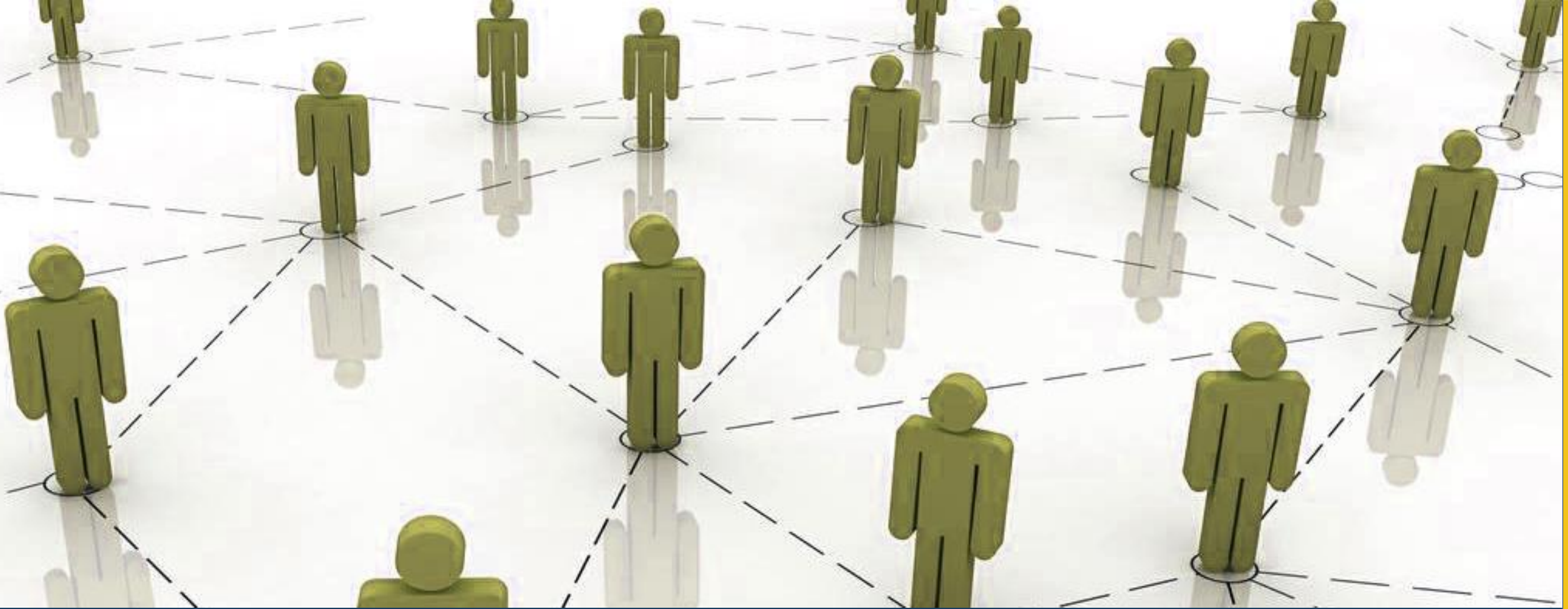


WHY US ?

- WE Are leaders in engaging community business projects; worldwide success
- WE Are better managed and are more forward-thinking than current gold processors; innovative unique model based on community direct investment
- WE Are better at anticipating and mitigating risk than current gold processors; experienced and researched
- WE Are focused on the long-term partnership business model; investment for the venture alone.

CLEANGOLD PROGRAM

- **Community**
- **Entrepreneurial Development**
- **Track record for trust**
- **Their project**



**THE POWER FOR IMPLEMENTATION LIES IN THE
COMMUNITY**

COMMUNITY INVESTMENT

HUMAN CAPITAL

- Management

IN-KIND DONATIONS

- Meeting places, refreshments, marketing, advertising, printing

VOLUNTEERS SOCIAL CAPITAL

- Resources, mentoring, guidance and advice

ENTREPRENEURS

- Passion capital

MINER BUY IN



Carta de interés
Zamora, 17 de septiembre de 2018

Atención:
SEF Canada Ltd. / Clean Gold Community Solutions Ltd
2004 1225 Richards Street
Vancouver, BC V6B 3G3

Estimada Sra. McFaul,

Una presentación de la metodología de diversificación económica entregada por SEF Canadá y la iniciativa Clean Gold Community Solutions (CGCS) sería bien recibida en nuestra comunidad. Estamos muy motivados para adoptar esta metodología, ya que se ha compartido en todo el mundo y con comunidades que tienen desafíos similares a los nuestros.

Nosotros los mineros y personas de la comunidad de Zamora Chinchipe, nos gustaría iniciar un programa de Desarrollo Empresarial e implementar la iniciativa CGCS. Estamos solicitando su asistencia y apoyo para poder lograr dicho objetivo en nuestra comunidad.

Nuestra intención es comprometernos con el desarrollo y el bienestar futuro de este proyecto. Nos comprometemos a asumir un alto nivel de propiedad y a trabajar e invertir tiempo y energía para avanzar en el proyecto, con una gran responsabilidad ambiental y social.

Creemos que este es un proyecto muy importante ya que es un esfuerzo combinado que nos permitirá mejorar nuestras capacidades y habilidades. También nos ayudará a capitalizar los recursos que se encuentran dentro de nuestra comunidad.

Sinceramente,

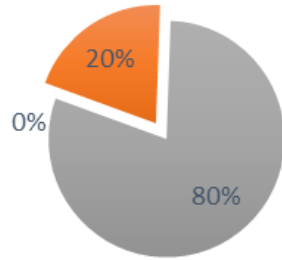
Miembros:

Nº.	NOMBRES.	Nº. CEDULA:	COMUNIDAD:	FIRMA:
1	Dalton Augusto Humberto Urquiza	1900718378	Río Blanco	[Firma]
2	Manuel De Jesús Tapan Tapan	1102722672	Río Blanco	[Firma]
3	Humberto Guillermo Cecilia Cevallos	1105783342	Chirapinea	[Firma]
4	Jose Aurelio Mam Ojala	1800292168	Paguisha	[Firma]
5	Ricardo Leonel Torres Ochoa	1900745777	Paguisha	[Firma]
6	Luis Francisco Paya Cayllus	1900205616	Paguisha	[Firma]
7	Yhoni Glorin Yllaganga Ciles	1300244411	Paguisha	[Firma]
8	Angel Sebastian Ochoa Lora	1900324223	Chirapinea	[Firma]
9	Rojard Alpacare Samsen	1900323116-9	Chirapinea	[Firma]
10	Maria Mercedes Ojala	1300244258?	Chirapinea	[Firma]
11	Lorena Vera	1900753103	Paguisha	[Firma]
12	Sernando Javier Cabello Gallegos	1106053570	San Jorge	[Firma]
13	ANA MARÍA TOCO TAMBAY	0105697777	LOS ESCUADROS	[Firma]
14	Rosa María Espinoza Camacho	1500652676	Los Encuentros	[Firma]
15	Higuel Angel Jimenez Goona	0702754227	Jardín del Condor	[Firma]

Miners
20% for
Ore

Profit from Operations

Clean Gold



- Tonnes fed into Plant
- Cost of Raw Ore from miners 20%

Miners
50%

Profit Sharing

Clean Gold
50%

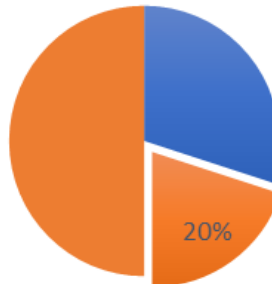


- Operating Costs (management, losses, community foundation, capital costs)
- After Tax Net Profit Split 50%

Miners
20% for Ore
50% profits

Profit from Business

Clean Gold



INVESTORS PAID OUT FIRST FROM
SPLIT WITH BALLOON AND
ONGOING ROYALTY



ALTERNATIVE LIVELIHOODS

STEPS FOR FINANCING PROJECTS

01

Clean Gold develops a community relationship

02

Miners buy in

03

Clean Gold owned plant with miners is identified

04

Arrangement for equipment financing for the processing plant

05

The processing plant pays miners CGCS pays investors

PROCESSING PLANT



PROOF OF CONCEPT

ABILITY TO COMPETE / RIGHT TO WIN

- Our competitive edge lies in the social license to operate, winning community, suppliers, political forces.

VALUE PROPOSITION

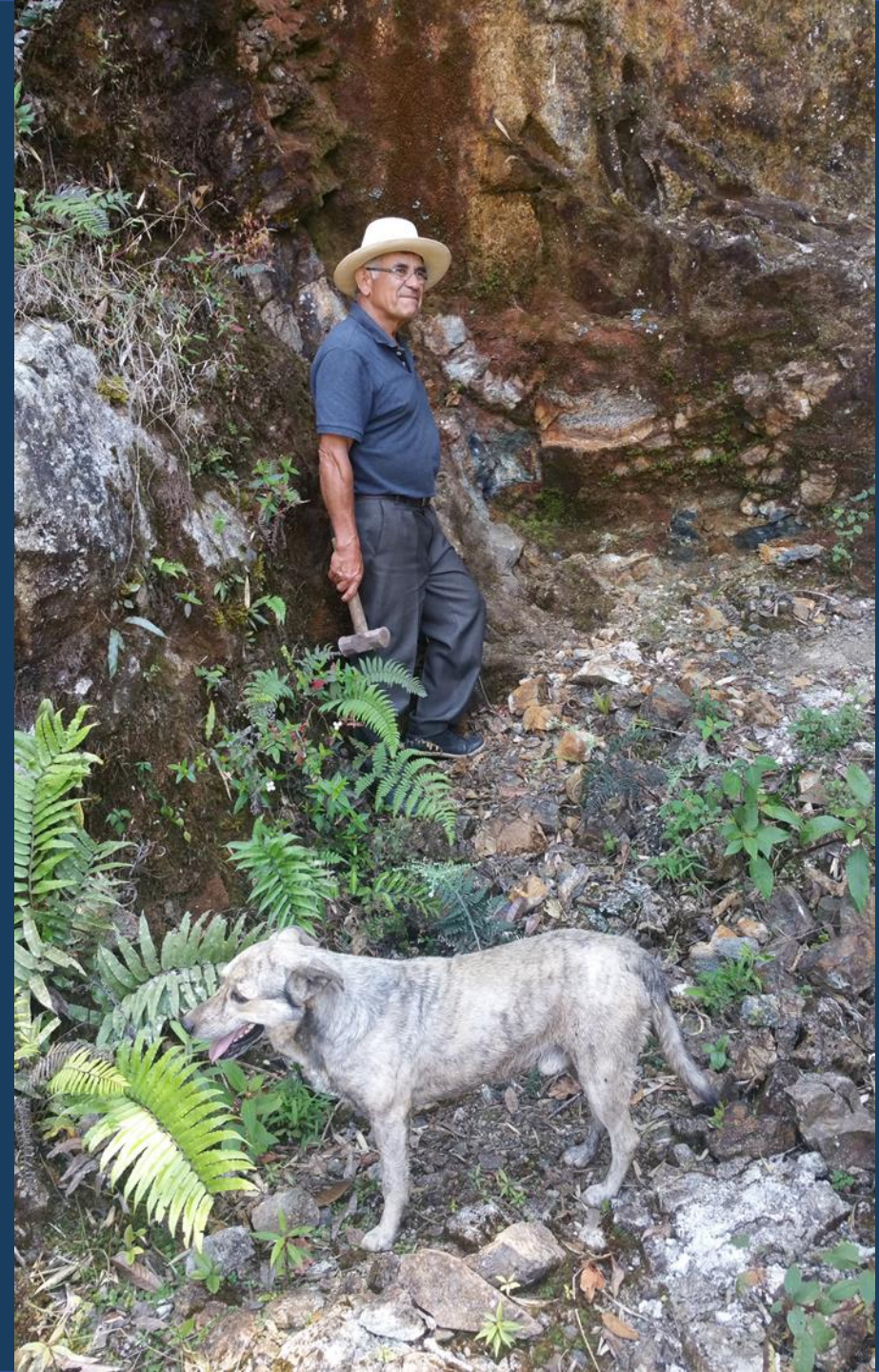
- We have history in our model, which includes the social, economic and environmental benefits to all shareholders. This places us in a unique position to minimize risks and provide sustainable outcomes.

PATH TO PROFITABILITY

- There is a short cycle to profitability. From funding to producing Clean Gold within 8 months.

EXIT STRATEGY

- Target capital & bonus interest return is 18-36 months. 15% profit participation can be monetized .***



THANK YOU

Suzette McFaul

CEO

suzette@sefcleangold.com



Clean Gold
Community Solutions

SEF Canada Ltd.

#MakeMercuryHistory