



CASE STUDY #4

Credit: Yayasan Tambuhak Sinta

GENDER EQUITY THROUGH ACCESS TO FINANCE: PAMUAN JAYA PANNERS COLLECTIVE INDONESIA

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INTRODUCTION

Indonesia's artisanal and small-scale gold mining (ASGM) sector is estimated to produce approximately US\$5 billion in gold each year. This economic activity is a vital source of income for some 300,000 artisanal gold miners and their families countrywide (McGrew 2016). However, as in many ASM communities across the world, women working in Indonesia's ASGM sector face many gender-specific challenges. These include unfair allocation of property rights and patriarchal social norms that can disadvantage them in pursuing ownership, education, enabling technologies, and secondary employment opportunities (CIRDI 2020).

Following a baseline study of ASGM in the village of Tewang Pejangan in Central Kalimantan Province as part of the CIRDI-led project *Capacity Building for Multi-level Governance of ASM in Indonesia*, a significant gap between women and men miners concerning access to and control of mining resources was found (CIRDI 2017). While traditional panning has been practiced by the indigenous Dayak people of the region for centuries, in the last 30 years ASGM in the village has become increasingly mechanized. The introduction of equipment, such as sluice boxes and hydraulic suction machines for gold processing, have increased productivity and incomes (Spiegel et al. 2018; CIRDI 2017). However, despite men benefiting from this technological upgrading, women miners in Tewang Pajangan have not. This is because women lack access to finance to purchase equipment and for skills training that would enable mechanization. Thus, they work solely as panners without the efficiency of machinery and make substantially less than their male counterparts (CIRDI 2017).

In late 2018, building on the collaboration with CIRDI, the NGO Yayasan Tamhah Sinta (YTS) developed a pilot project to address this gap by using a downstream buyer support model to enable access to finance for Pamuan Jaya Panners, a women panner collective in the village. This case study details the model and results to date. It makes clear the need to address gender-specific challenges as part of wider efforts to attain SDG8, especially target 8.3, which seeks the promotion of “development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.”

Access to finance: downstream buyer support model

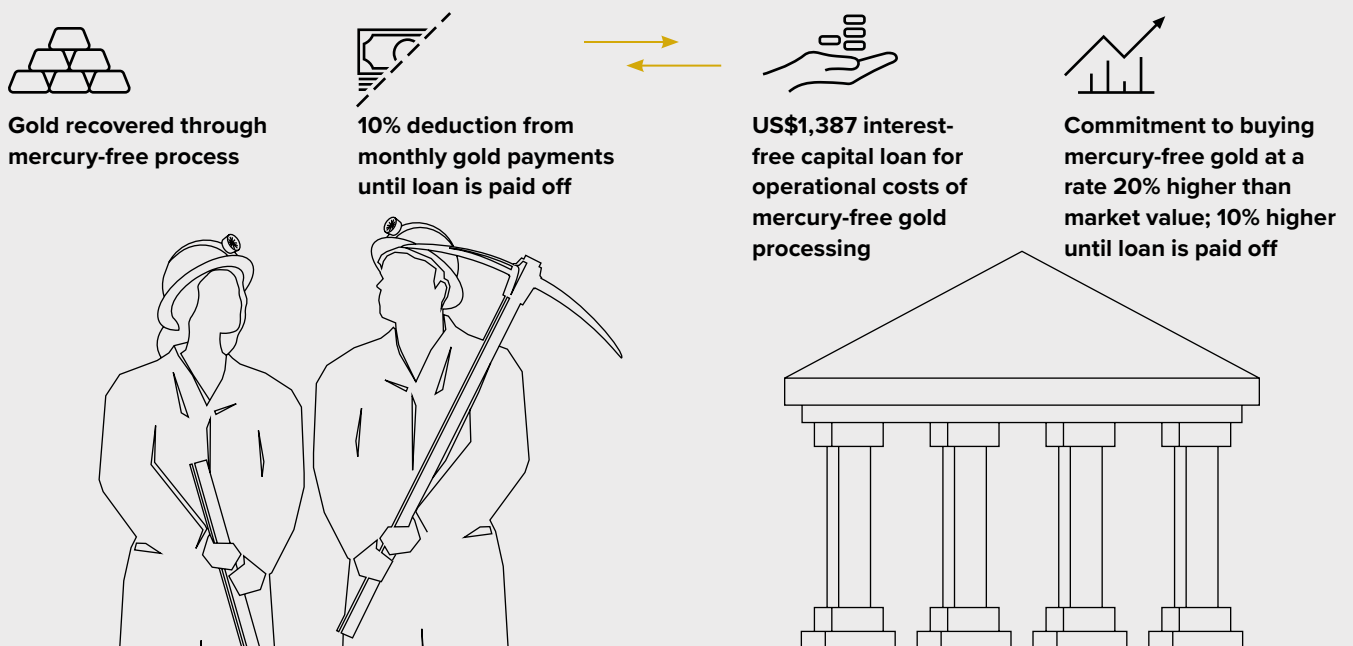
The goal of the project was to ensure that the Pamuan Jaya Panners were being paid fairly for their gold while simultaneously investing in sustainable, safe, and scalable business practices. Due to the instability, seasonality, and perceived illegality of ASGM work, financial institutions are generally

unwilling to provide capital loans to ASGM miners. As a result, miners in Tewang Pajangan borrow from capital investors or “miner bosses,” usually on loan repayment conditions that mined gold will be exclusively sold to the lending investor (CIRDI 2017; Vovia, Paul and Nijhawan 2020). Debt is then repaid from the sale of the gold obtained. This mechanism often causes losses for miners due to unequal power relations and a high rate of dependence on the investors who sometimes, as a condition of the loan, buy gold at a lower price than market-value (CIRDI 2017; Vovia, Paul and Nijhawan 2020).

To develop a workable access-to-finance model, the project partnered with Gardens of the Sun, a gold buyer and jewelry company in Bali committed to buying responsibly mined gold at a premium price. Gardens of the Sun has developed their own responsible sourcing principles that include commitments to traceability, continuous improvement, artisan support (including artisanal and small-scale miners), and purchasing mercury-free, panned gold (Gardens of the Sun 2020). Through active consultation with Pamuan Jaya Panners, Gardens of the Sun, and other relevant stakeholders, a mutually beneficial financing model was agreed upon.

As per the project’s downstream buyer support model (Figure 15), Gardens of the Sun offered to buy gold recovered through a mercury-free process at a rate 20 percent higher than local market value (Vovia, Paul and Nijhawan 2020). They also provided an interest-free capital loan amounting to US\$1,387 to the collective at the outset to cover the operational costs of equipment needed for mercury-free gold processing (ibid). Terms of repayment were set at a 10 percent deduction from the gold payment every month. Pamuan Jaya Panners were trained in administration, finance, and mercury-free gold processing, and kept a log of gold smelting techniques used (ensuring they were mercury-free), gold prices, sales, and revenues. To ensure accountability and the collective’s ability to manage finances independently, YTS and Gardens of the Sun developed a simple, transparent mechanism for shipping and paying for the gold. Monitoring was conducted through monthly “site” visits to Tewang Pajangan and regular check-ins with both the producers and the buyer (Vovia, Paul and Nijhawan 2020).

FIGURE 15. Buyer Support Model



The results

Within a year of the pilot's launch, the Pamuan Jaya Panners collective had paid off their initial loan and accrued group capital totaling US\$1,650 (as reported by YTS). Also, in the first year as news spread of the group's success, the collective grew from 10 to 25 women panners. The profit from the premium price obtained by the collective was used to buy gold, pay taxes, and cover operational costs. Recently, the collective requested and received an additional capital loan that will enable them to scale up their membership and production. The collective has also begun discussions on the possibility of developing a savings and credit cooperative that would allow members to develop businesses outside of the ASM sector (Vovia, Paul and Nijhawan 2020).

Looking ahead

The Tewang Pajangan case study, while context-specific, provides an illustrative example of how access to finance can have a positive ripple effect on poverty, gender inequity, and human and environmental health in mining-dependent communities. Local ownership over partnership-driven initiatives can spearhead innovation and entrepreneurship at the community level and provide pathways into alternative livelihoods, making access to finance a worthy consideration for policymakers and development organizations committed to achieving SDG8 of decent work for all.

ACKNOWLEDGEMENTS

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