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Documentation of planetGOLD Kenya ASGM Financial Inclusion Interventions

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About the Authors

This report was authored by David Sturmes-Verbeek and Candice Jumwa from The Impact Facility for Sustainable Mineral Communities (TIF) in the context of a consultancy led by TIF and supported by the Alliance for Responsible Mining (ARM) to document the finance models implemented by planetGOLD phase one countries in artisanal and small-scale gold mining (ASGM) communities, with a consideration of the gender aspects of the projects. Thank you to the planetGOLD country implementation teams for providing their input and sharing the resources relevant to the write-up of this report.



Established in 2018, TIF is a UK-registered charity with the mission of 'Turning Minerals Wealth into Community Prosperity.' With active programs across East and Central Africa, TIF has specialized in engaging and investing in professionalizing artisanal and small-scale mining communities. In East Africa, TIF takes an incentive-based and investment-led approach to SME development, leveraging blended finance and responding to the growing demand for responsibly produced metals and minerals from downstream users and the impact-investment community to effect an equipment lease-to-purchase program.

For more information, please visit: www.theimpactfacility.com.



Founded in 2004, ARM aims to establish responsible mineral supply chains. ARM envisions a legitimate, responsible, and profitable Artisanal and Small-scale Mining (ASM) sector that promotes inclusive and sustainable development in rural areas. ARM implements projects in Latin America, the Caribbean, Africa, and Asia, supporting 8,055 miners in adopting better mining practices. ARM's Sustainable Mines program facilitates collaboration towards a positive transformation of the ASM sector, offering a progressive route to responsible, profitable, and sustainable mining operations by adhering to ARM's Voluntary Sustainability Standards: the CRAFT Code and Fairmined.

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Abbreviations/Acronyms

Abbreviation/Acronym	Definition
ASGM	Artisanal and Small-scale Gold Mining
ASM	Artisanal and Small-Scale Mining
CRB	Credit Reference Bureau
GDP	Gross Domestic Product
MECCF	Ministry of Environment, Climate Change and Forestry
MENR	Ministry of Environment and Natural Resources
MoU	Memorandum of Understanding
NEMA	National Environment Management Authority
SMEP	Small and Micro Enterprise Programme
UNDP	United Nations Development Programme
ASM	Artisanal and Small-Scale Mining

1.0 Executive Summary

Incepted during a workshop held on the 10-11 November 2020, one of the objectives of the "Integrated Sound Management of Mercury in Kenya's ASGM (IMKA)", implemented by the Ministry of Environment Climate Change and Forestry (MECCF), in partnership with the United Nations Development Programme (UNDP), was to bridge the gap between Artisanal and Small-scale Gold Mining (ASGM) and formal finance by increasing the access of mining communities to finance to enable the procurement of mercury-free processing technologies.

The project chose to support 6 ASGM sites in Kakamega, Vihiga, Narok, and Migori counties in Kenya throughout the 5-year project. To address the miners' challenge in accessing formal finance, the planetGOLD Kenya project aimed to establish partnerships with finance entities, building their capacity to tailor financial products for ASGM. The project also worked with miners' cooperatives to develop loan applications for mercury-free processing equipment. The goal was to support the formalization and organization of six ASGM sites across the four counties, enhancing their business acumen and improving their capacity to apply for loans while liaising with formal finance institutions to create ASM-tailored products.

Although the baseline survey conducted by the project to assess the accessibility of financial products in the region identified three other formal banking institutions as ideal institutions to serve the beneficiaries with affordable and accessible financial products, the project ended up engaging with a local microfinance institution, SMEP Micro-Finance bank, as the key partner for the realization of its financial inclusion goals. Upon signing a partnership agreement with the bank, two ASM-centric products were developed - envisioned to provide asset-based and working capital to the miners.

However, the pilots of the products could not be rolled due to a lack of guarantee funds from the project to de-risk the bank's potential investment. As such, the second indicator under the financial inclusion component, the capacitation of 18 ASGM cooperatives (of which four are women-led) to apply for loans for mercury-free processing equipment/investments, could not be effected. While the project has not yet developed an operational financial mechanism, this document considers all the efforts put in place as of December 2023.

1.1 Description of the Intervention

1.1.1 Background Relevant to the Intervention

Mining in Kenya has never been fully actualized; only in 2016 did Kenya create a ministry in charge of mining. Before then, mining was only a Ministry of Environment and Natural Resources (MENR) department. Currently, the State Department for Mining is one of the three departments under the Ministry of Mining, Blue Economy, and Maritime Affairs. The mining sector contributes 0.8% to the Kenyan GDP, and the country has ambitions to increase this to 10% by 2030.

According to a 2018 study¹ on the economic contribution of artisanal and small-scale mining in Kenya, about 140,000 people were directly engaged in artisanal and small-scale mining activities, while 800,000 were dependent on it. Despite the importance of artisanal mining in generating income for low-income groups, there have been reports on health, safety, and environmental concerns surrounding it. These include incidences of fatal accidents in various mining sites, particularly where gold mining occurs, and the use of mercury in gold mining processes. This has led to the sector's exclusion from formal finance, perpetuating the current issues.

Kenya's ASGM sector became regulated under Mining Act No. 12 of 2016, directing Counties to establish artisanal mining committees responsible for managing the granting, renewing and revoking of artisanal mining permits, maintaining a register of artisanal miners and fair trade. The lack of a legal framework before 2016 allowed unregistered ASGM operations to thrive.

Miners face critical barriers like technology constraints and limited financial access, hindering entry into formal credit markets. Weak cooperative structures struggle to pool capital for licenses, hindering bankability. Financial entities avoid ASGM loans due to perceived high risks and lack of expertise. Limited production records impede lenders from evaluating ASGM loan applications. Improving financial access is crucial for adopting safer technologies.

¹ Barreto, M.L., Schein, P., Hinton, II, Hruschka, F. (2018) Understanding the Economic Contribution of Small-scale Mining in East Africa'. Somerset, UK: Pact UK Project funded by the UK Department for International Development (DFID) through the Research for Evidence Division (RED)

1.1.2 General Approach and Main Intervention Activities

The project trained miners on record keeping and reporting (i.e., production tracking), supported the formation of mining cooperatives and trained financial institutions on economic modelling based on mine data to help develop bankable mine development models that will clarify risks, opportunities, and mercury-free processing plant payback periods.

To build women's capacity to access funding mechanisms, the project had the ambition to identify willing collaborators and develop a women-friendly grant framework and grant application training and assistance program. For example, groups of women who crush rock at a particular mine site could lease mechanical crushers that could vastly increase their productivity and free time while maintaining their traditional role and active participation in the mining community.

In partnership with financial institutions, government agencies, equipment manufacturers and distributors, and other mining service providers, the project aimed to develop novel financial mechanisms to assist miners in transitioning to mercury-free practices, such as revolving loans and equipment leasing.

An assessment of the accessibility of financial products to artisanal gold miners was conducted across the four counties - Migori, Vihiga, Narok, and Kakamega - and the baseline situation was documented. The baseline recommended two types of products for consideration in the sector: 1) Asset-Based Financing and 2) Working Capital Facility. The survey's main objective was to support the project to identify two financial service providers to partner with the project.

1.1.3 Target Areas and Target Groups

The project supports 6 ASGM sites in Kenya in the following four counties: Kakamega, Vihiga, Narok, and Migori Counties. Project beneficiaries: (130,000 inhabitants in the six project areas - 65,000 men and 65,000 women), which includes miners trained by the project (1,600) + government staff trained by the project (100) + those reached by the awareness raising campaign (54,600).

1.1.4 Partners and Key Stakeholders

The baseline report, completed in June 2022, highlighted that access to formal financing faces stringent collateral requirements, making ASGM communities prefer financing from informal institutions.

The baseline survey identified seven (7) formal commercial financial entities; Equity Bank (K) Ltd, Cooperative Bank of Kenya, Kenya Commercial Bank (KCB), Family Bank, Faulu Microfinance Bank, Kenya Women Microfinance Bank, and ABSA Bank. It ranked them based on their accessibility to render financial services to the ASGM sector.

Financial Services Provider	Equity Bank	KCB Bank	KWFT MFB	FAULU MFB	ABSA	Cooperative Bank	Family Bank
Enabler/Metric							
Accessibility of products	√	√	√	√	-	√	√
Credit facilities for informal sectors	√	√	√	√	-	√	√
Alternative Channels/Touch points	√	√	-	-	√	√	√
CBO Financial Products	√	-	√	√	√	√	-
Affordability of the Financial Services.	√	√	-	-	√	√	√
Awareness of ASGM Sector	√	√	√	-	-	-	-
Capacity for ASGM group's lending methodology	√	√	-	√	√	√	√
Score/7	7	6	4	4	3	6	5

Source: planetGOLD Kenya Baseline Survey

From this ranking, the survey identified Equity Bank Kenya, Co-operative Bank of Kenya and KCB Bank Kenya as the ideal entities to serve the ASGM sector in the target sites with affordable and accessible financial products. Despite this, upon further engagement with the mainstream banks listed here, the project realized that developing customized ASM financial products would take about (one) 1 year with the approval of the banks' boards. Such timelines didn't work best for the project, and planetGOLD Kenya opted for microfinance institutions which have branches and networks around the project sites; leading to the engagement with SMEP Microfinance Bank.

1.1.5 Main Activities and Outputs/Achievements

1.1.5.1 Status of ASGM financing prior to intervention and financial needs assessment

Artisanal and small-scale miners were not recognized in law in Kenya until the 2016 Mining Act came into force and was before then considered illegal. Artisanal

and small-scale gold mining in the country has existed for decades, some of which, especially in Migori County, occurred where old shut-down colonial mines once existed and others where large-scale exploration efforts have indicated the availability of the precious metal. Due to a lack of understanding of the complexity of the sector by formal finance instruments, artisanal miners have largely relied on the support of informal finances - family, friends, gold traders, and other investors - to finance their daily operations. The financial terms are often exorbitant and exploitative, trapping the miners in a cycle of poverty.

No formal financial products could serve the ASGM sector before 2016 because of the fact that ASGM was not legally recognised under Kenyan law. The sector is still considered a high-risk activity due to its association with hazardous working conditions, environmental degradation, and the government's lag in formalizing the sector. Financing products are available to individuals/cooperatives/associations for other livelihood sectors and are at times, diverted to ASGM. ASGM miners are not informed about the benefits of opening and operating bank accounts and putting aside part of their money from gold sales to savings in savings and cooperative societies.

The baseline assessment conducted before the start of the project indicated that over 90% of ASGM miners do not keep records on their mining operations - this includes keeping track of the daily ore volumes, mercury consumption, gold extracted and traded, and the proceeds from the gold sale. The study indicated that ASGM miners are not informed about the benefits of opening and operating bank accounts and putting aside part of their money from gold sales to savings in savings and cooperative societies.

1.1.5.2 Financial education:

The planetGOLD Kenya team created and published an ASGM training module handbook² in June 2022 that not only included business management components that include basic business knowledge and entrepreneurship, fundraising, budgeting and record-keeping but also an overview of the Kenyan ASGM legal and institutional framework

The project has trained 182 miners from Kakamega (men 30, women 15), Vihiga (12 men, 18 women), Migori (32 Men & 28 women), and Narok (27 men, 13 women) miners on

² planetGOLD Kenya (2022) Comprehensive Training module. Available at: <https://www.planetgold.org/sites/default/files/planetGOLD%20Kenya.%202022%20MOE%20ASGM%20RAINING%20MODULE.pdf>

basic financial management, including record keeping, business operations/ entrepreneurship and awareness on formal financing in the project sites identified in the project document.

1.1.5.3 Description of the type of financial mechanism(s) piloted

As part of its goal to establish financing lending arrangements for mercury-free processing equipment, the project aimed to make loans for the purchase of mercury-free processing equipment/investments accessible to legalized ASGM miners/cooperatives/ associations. An engagement with SMEP micro-finance led to the creation of a prototype product for ASM gold miners' financial access. The prototype could not be rolled out because it lacked a guarantee fund to de-risk SMEP Micro-Finance investment in the sector. However, the bank has other financial products for the SME sector that miners enjoy.

In addition, a grant worth \$500,000 (approximately KES 50 million at the time of project inception) was envisaged to be rolled out by the UNDP under the low-value grant policy but this has not yet been issued.

The two proposed products for ASGM.

The engagement with SMEP microfinance institution led to the conceptual creation of two products. Although the products did not get to the pilot stage, this section outlines the proposed structure and accessibility criteria as envisioned by the SMEP and the planetGOLD team.

Product 1: MADINI GROUP LOAN

Feature	Details
Product Name	MADINI GROUP LOAN – for individual group members.
Product aim	Designed to provide access to financial support to artisanal and small-scale miners to scale up mining activities, health and safety measures, and personal development in mining.
Loan Purpose	Finance working capital to individuals involved in gold-mining-related activities, facilitate acquisition of mining equipment/tools, machines, acquisition of mercury-free technologies and/or personal development etc
Value proposition	Financial inclusion of low-income earning populations Recognition of mining activities as viable economic activities

	<p>To improve the safety and health of artisanal and small-scale miners through acquisition of safety gears and adoption of mercury free-gold mining practices</p> <p>To promote gender equity among artisanal and small-scale miners</p> <p>Promoting a savings culture among miners</p> <p>Supporting community development by enhancing social integration</p> <p>Aggregation of miners into groups provides a channel through which mining interventions aimed at promoting better practices can easily be realized</p> <p>Leveraging on peer-pressure associated with group co-guarantee mechanism provides effective default risk mitigation</p>
Loan size	<p>Maximum limits</p> <p>First time borrowers – KES.20,000 to KES. 50,000</p> <p>Second-time borrowers – KES. 100,000</p> <p>Third-time borrowing depended on individual savings</p> <p>Maximum loan without tangible security KES 300,000</p> <p><i>Each subsequent loan shall be based on loan servicing history, graduation policy, and level of savings risk fund</i></p> <p><i>Loan amounts for purchase of assets which lack title documents can reach KES.500,000 max. Based on personal savings of 20%, equipment vendor paid directly by bank, and item forming part of the chattels.³</i></p>
Loan qualification criterion	<p>Minimum Personal savings of KES 4,000 for lending to occur.</p> <p>Loan amount is five times (5X) personal savings</p> <p>Weekly minimum saving of KES 200 minimum. Borrowers wishing to qualify for higher amounts can top up savings as long as group members approve.</p> <p>An individual member's loan amount shall not exceed total group savings</p> <p>Co-guarantee⁴ by all group members</p>
Loan term	<p>First loan – 6 months</p> <p>Second loan – 12 months</p> <p>Third loan – 12 to 18 months</p> <p>NB: The third loan of amounts above KES.300,000 to be repaid within 24 months</p>

³ Chattels are commonly defined as movable property. In the case of a house, this consists of items such as furniture, appliances jewelry, and other personal items.

⁴ Co-guaranteeing means that all members are responsible for all the loans disbursed to group members and they will follow up to ensure prompt and proper repayment.

Loan Repayment Frequency	Weekly
Loan interest	2% per month
Loan fees	Loan appraisal fees – 3% of loan amount deductible from approved loan Credit life insurance - 2% covering permanent disability and death CRB Report – KES 500 Per inquiry.
Collateral/Security	(Savings) collateral-20% Household chattels Funding starts at 5th week
	Group co-guarantee, borrower’s household chattels.
Product niche market	Artisanal and Small-scale gold miners
Geographical Area	Narok, Migori, Kakamega & Vihiga Counties
Branches	Migori, Kisii, Kisumu, Kakamega, Kaimosi and Narok Towns

Eligibility

Borrowers must be part of and recommended by the group vetting committee for lending. The group shall have been trained to adopt mercury-free technologies in gold processing and pledge to reduce or eliminate mercury use.

Other criteria include:

- a) Borrower must be an adult of 18 and above.
- b) Borrower must be involved in mining activities
- c) The individual must be willing to adhere to the group constitution and bylaws, including attending group meetings, contributing regular savings, guaranteeing other members within the group, and agreeing to weekly repayment of loans.
- d) Persons with demonstrable will and ability to repay the loans
- e) A group member must be able and willing to work easily with other group members.
- f) The group must develop cohesiveness, honesty, and mutual trust for co-guaranteeing loans.
- g) The beneficiary groups will have a vetting committee at the group level.

- h) During group meetings, a member (whether present or not) must contribute weekly savings and avail weekly loan installments if servicing a loan.
- i) In a group meeting, members must contribute to raising weekly installments for a loanee who fails to turn up for the meeting or avail loan installment amount.
- j) Weekly savings contribute to the group Security Fund (AKIBA) growth, and group members must have saved a predetermined amount of money before qualifying for loans. The AKIBA savings are loan collateral, and a member may not withdraw until all loans within the group are paid. However, in the unlikely event that a group member has to exit due to unavoidable circumstances (provided for in the constitution), a refund may be allowed, subject to approval by the group members.
- k) Group members may pass a resolution to have AKIBA savings for a defaulting member applied to clear or reduce their loan.
- l) Members of the same family shall not become members within the same group
- m) Group members as guarantors for loans have the right to attach (repossess and sell) a defaulting member's pledged household chattels to either repay/settle the defaulted loan or recover monies channeled to repay a member's defaulted loan.
- n) Initially, group members shall not all borrow at once. Lending shall be phased out – the first phase shall consist of not more than 50% of the group members. The period between the two phases shall be two months.
- o) A group member shall not be funded when a member is in arrears (late payment).

Product 2: MADINI CHAMA LOAN

Feature	Details
Product Name	MADINI CHAMA⁵ LOAN
Product aim	Designed to avail financial support to mining groups wishing to jointly invest to meet the chama's specific project needs
Value proposition	Supporting mining investment groups to achieve their financial goals Supporting mining groups to improve their operations through adoption of efficient processes and acquisition of mercury-free gold mining technologies Bettering the health and safety of ASGM. To promote gender equity by supporting women groups to build wealth generating vehicles

⁵ Chama - swahili word for a saving group

	<p>Promoting a savings culture</p> <p>Supporting community development by enhancing social integration</p> <p>Aggregation of miners into investment groups provides a channel through which mining interventions aimed at promoting better practices can easily be realized</p> <p>Embedded capacity building of chama members on financial literacy, borrowing and investments</p> <p>Channel for financial inclusion for low income earning populations</p> <p>Ease of access and flexibility to meet borrowers needs</p>
Loan purpose	<p>Asset Finance – To acquire motor vehicles (bodas, water bowsers, trucks etc), specialized mining equipment (for own mining or leasing)</p> <p>Property acquisition – leasing mining land, land purchase for income-generating</p> <p>Working capital – Backward or forward integration of mining activities e.g. installation of leaching plants, bulk purchasing of ore, setting up of laboratories, acquisition of new technologies like gold detectors, shaker tables, winches, crushing plants etc.</p>
Loan size	<p>Amounts range from KES. 50,000.00 to KES. 2,000,000.</p> <p>Chama members are eligible for up to 7 times their savings</p>
Requirements	<p>Be a registered Investment group (Chama)</p> <p>Have a banking history of at least six months from any financial institution;</p> <p>Chamas with accounts outside SMEP will need to move their account to SMEP before loan application.</p> <p>Regular/Monthly contributions by members are necessary for loan considerations – Chama must demonstrate at least three months of consistent member contributions</p> <p>Up to 80% of total group monthly contributions will be considered towards loan repayment while the remaining 20% of monthly contributions will go towards savings</p> <p>100% financing of the project needs as long as the value of the security given fully covers the loan amount</p> <p>Loan proceeds to be utilized for working capital, equipment or asset or property acquisition or construction</p> <p>To be funded, Chama to hold in lien savings equivalent to 15% of the loan amount throughout the loan period.</p>

Loan term	Up to KES.300,000 – 18 months Above KES. 300,000 and below KES. 1,000,000 – 24 months Above KES. 1M and below KES. 2,000,000 – Up to 36 months
Loan repayment frequency	Monthly
Loan interest	20% per annum
Loan fees	Loan appraisal fees – 3% of loan amount deductible from approved loan Credit life insurance - waived CRB Report – KES.500 per inquiry
Security	The loans can be secured through the asset being financed or an individual member/s can provide to guarantee/s with their assets in favor of the Investment group/chama. . Charge over land and motor vehicles logbooks.
Product niche market	Artisanal and Small-Scale Gold Miners
Geographical Area	Narok, Migori, Kakamega & Vihiga Counties
Branches	Migori, Kisii, Kisumu, Kakamega, Kaimosi and Narok Towns.

Product risk evaluation

The project considered the following risks and outlined the following risk mitigation efforts:

RISK MATRIX	
Risk	Mitigation
Regulatory risk	<u>Product design</u> Product development process involved consultation and input from target population through field visits and interviews. The products created are not entirely new but a tweak of existing products to accommodate the unique needs of the niche market.

	<p><u>Product research</u> Product research was undertaken by the planetGOLD Kenya project prior to the lending proposition</p> <p><u>Product approval</u> The product was envisioned to be launched on a pilot basis as the project sought formal approval from the regulator.</p> <p><u>Data protection & disclosures</u> SMEP takes responsibility to only use the borrower information for lending purposes. All loan related costs shall be explicitly disclosed to borrowers for informed decision-making.</p>
Legal & environmental risk	<p>Enactment of the Mining Act of 2016 alongside policy framework</p> <p>Licensing by NEMA and State Department for Mining and Ministry of Environment Climate Change & Forestry</p> <p>Dealing with groups recommended by the project partners (planetGOLD Kenya)</p>
Default risk & sustainability	<p>Training and capacity building of groups on business management, borrowing and investments</p> <p>Financing income generating ventures</p> <p>Dealing with vetted, established groups/chamas.</p> <p>De-risking of the portfolio through the saving risk fund.</p>
Marketing risk	<p>Bank officers, especially from identified branches, to be trained to effectively market and sell the product</p>

The key characteristics of the prototype - across both products outlined above - include the following elements:

- Formulate guidelines for operations (group constitution) with clear policy guidelines.
- Groups are to be formalized by registration and submission of their by-laws.
- Members must have an economic activity
- Weekly group meetings for the members
- Compulsory regular savings
- Each group shall have a credit committee within their group that approves loans to members.
- Lending is both group and individual and relies on co-guaranteeing

- Memberships of between 5 to 15 people per group.
- Financial training shall be effected for six weeks prior to lending and group operationalization. The training covers business skills, business management, and succession (i.e., basic financial skills)
- After six weeks of training (and saving in the case of the Madini Group Loan), the group members are eligible for lending

The concerns raised by the planetGOLD team during discussions with the SMEP team led to a discussion on the creation of a moratorium on the period within which the borrowers can repay the loan owing to the dynamics in the sector, i.e., leaching periods, operationalization of new shafts, etc. There were also discussions on whether to cluster the different borrowers (e.g., laborers, service providers, land owners, gold traders) or have different products for the diverse group of borrowers.

However, the products SMEP Micro Finance Bank developed in partnership with planetGOLD Kenya, were not rolled out for lack of guarantee funds. As such, the second indicator under the financial inclusion component, the capacitation of 18 ASGM cooperatives (of which four are women-led) to apply for loans for mercury-free processing equipment/investments, could not be effected.

Loans issued to the miners engaged, and in the sector as a whole, are obtained indirectly using other avenues. Miners can access mobile banking loans and other formal finance products, leveraging their other entrepreneurial activities, to enhance their operations; however, the project cannot accurately track the amount of money accessed.

1.1.5.4 Socialization of mechanism

As part of assessing the financial products accessibility to the artisanal gold miners and organizations process, the existing miner groups and mining associations have also been made aware of the mining formalization plans in Kenya and the preferred non-use of mercury in ASGM.

The project mapped out eighty-two (82) groups spread out in the four counties and trained forty eight (48) groups on cooperatives formation and operations. This has led to the registration of nineteen (19) cooperatives (three of which are women-led). Five (5) of the cooperatives are fully registered, and fourteen (14) are awaiting issuance of certificates under the state Department for Cooperatives. The 82 groups engaged include four(4) groups in Kakamega (Mwangaza Mining CBO, Muungano Mines Group, Rosterman Gold Dust Group), nineteen (19) groups at Iholomani, six (6) groups in Vihiga, seventeen (17)groups in Migori, twelve (12) groups in Masara, ten (10) groups in Kehancha and fourteen (14) groups in Narok.

1.1.5.5 Performance of mechanism

One new partnership with SMEP Micro Finance Bank was established and subsequently, two financial products were developed, but the bank required guarantee funds (derisking mechanism) to roll out the products. This is a challenge since the project does not provide resources for a guarantee fund.

1.1.6 Sustainability

No further action in the establishment of financial products will be undertaken due to the lack of guarantee funds to de-risk the investment by SMEP Microfinance Bank.

1.2 Findings, Observations, Lessons Learned,

1.2.1 Project Highlights

- The creation of a training manual⁶ that was leveraged for the miner training to socialize business acumen among the project beneficiaries is a major achievement for the project. The document can be used by other projects with similar objectives to professionalize the sector.
- Engagement with and the creation of an MoU with SMEP microfinance bank demonstrated the willingness of the formal finance sector to engage with the sector.
- Support in cooperative organization and social registration that led to the creation of nineteen (19) miner cooperatives, three of which are women-led.

1.2.2 Specific Factors for Success

- The operationalization of the country's ASM committees in the target counties of Kakamega, Vihiga, Narok, and Migori Counties eased the way for the miners' formalization.
- Opening regional mining offices, with government representatives in the form of Regional Mining Officers and Mining Inspectors, brought government services closer to the people.

⁶ planetGOLD Kenya (2022) Comprehensive Training module. Available at: <https://www.planetgold.org/sites/default/files/planetGOLD%20Kenya.%202022%20MOE%20ASGM%20RAINING%20MODULE.pdf>

- Political goodwill and the appreciation of the role artisanal mining plays in economic development in the countries engaged.
- The creation of a training manual, available for use by the miners with record-keeping templates and other appropriate resources, encouraged the professionalization of the ASM operations, one step closer to the formalization of their operations that may lead to access to formal finance.

1.2.3 (Potential) Factors for Failures

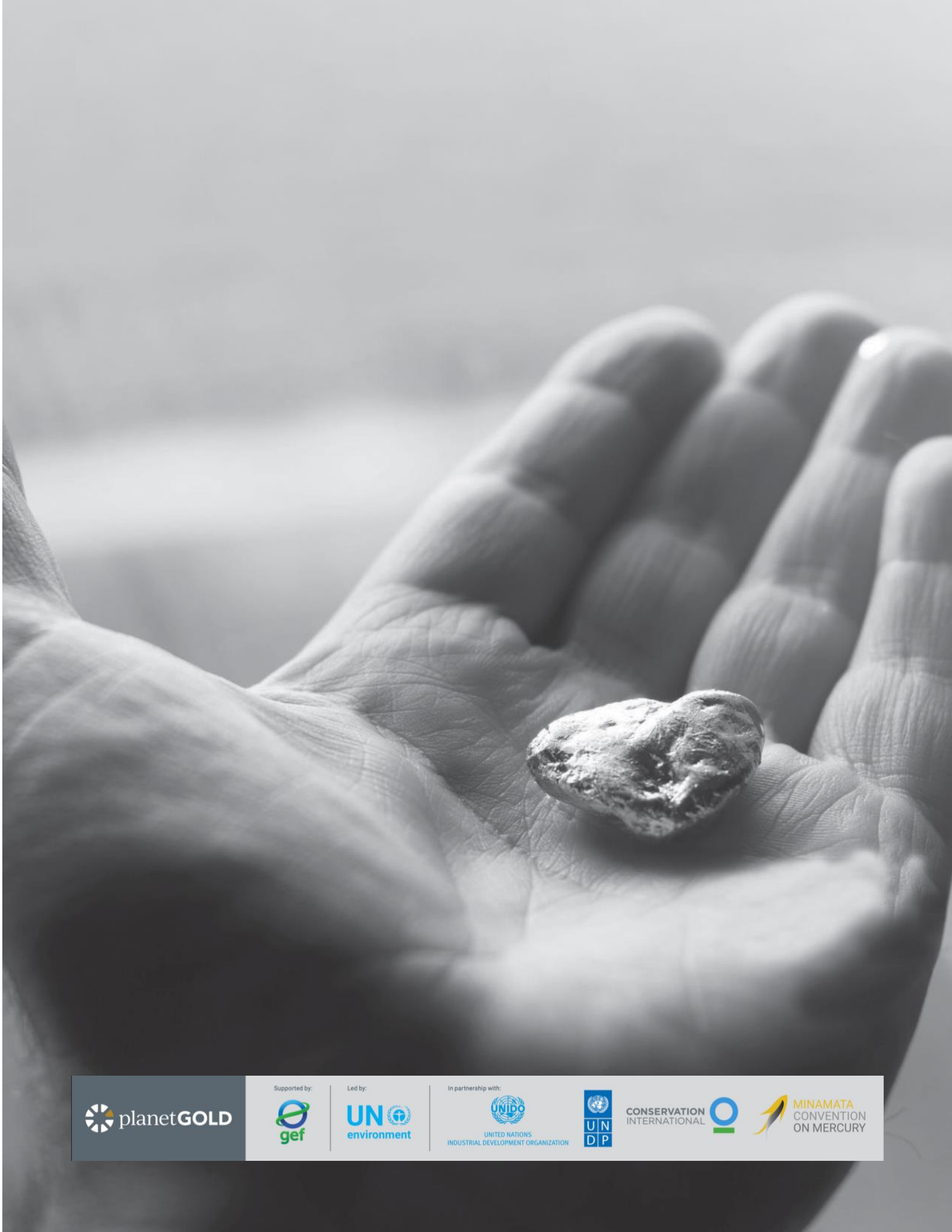
- Lack of a guarantee fund included in the project budget to de-risk formal financiers willing to invest in the sector.
- The onset of the COVID-19 pandemic delayed a lot of the interventions scheduled, as travel restrictions grounded project implementation in the target counties, as they all exist in the Western part of Kenya, and the project office is located in the capital city, Nairobi, located in the Central part of the country.
- Although lifted in October 2023, the Licensing moratorium, effected in 2019 by the Mining Ministry, delayed the formalization of the ASM sector. This was exacerbated by the national government's slow operationalization of the country's ASM country committees, responsible for providing licenses to ASM, which has delayed formalization efforts of the project.

1.2.4 Recommendations for Future Interventions

- Include a guarantee fund in future projects to mitigate investment risks from formal finance institutions. SMEP Microfinance may have been able to offer some loans to the cooperatives but required a financial cushion to break even in the complex new environment.
- Have provisions to incorporate regulators like Central banks in projects that touch on formal financing to provide room for ease of implementation.

1.3 Annex: Documents Reviewed

1. planetGOLD Kenya (2023) Project Implementation Report
2. planetGOLD Kenya, Original Project Documents
3. Product profile and eligibility requirements - Madini Loans
4. SMEP meeting minutes on the proposed prototype
5. Group selection report
6. Baseline survey for the selection of two finance entities to partner with the project and to assess accessibility of their financial products.



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