

PRACTICAL ACTION
Consulting



Development Consultancy Services for Technology and Sustainable Livelihoods
Offices in Bangladesh / Kenya / Nepal / Peru / Sri Lanka / Sudan / UK / Zimbabwe



**Lessons learned
from
EU/MSDP**

**5 years
capacity
building for
the ASM sector
in Zambia**

Opinions expressed in this presentation are those of the author and do not necessarily reflect the views of the EU/MSDP or of other institutions the authors are affiliated with.

European Union / Mining Sector Diversification Programme



ZAMBIA



Funded by the European Development
Fund (EDF) under the SYSMIN
Programme

Overall Budget: € 30,000,000

Duration: 6 ½ Years

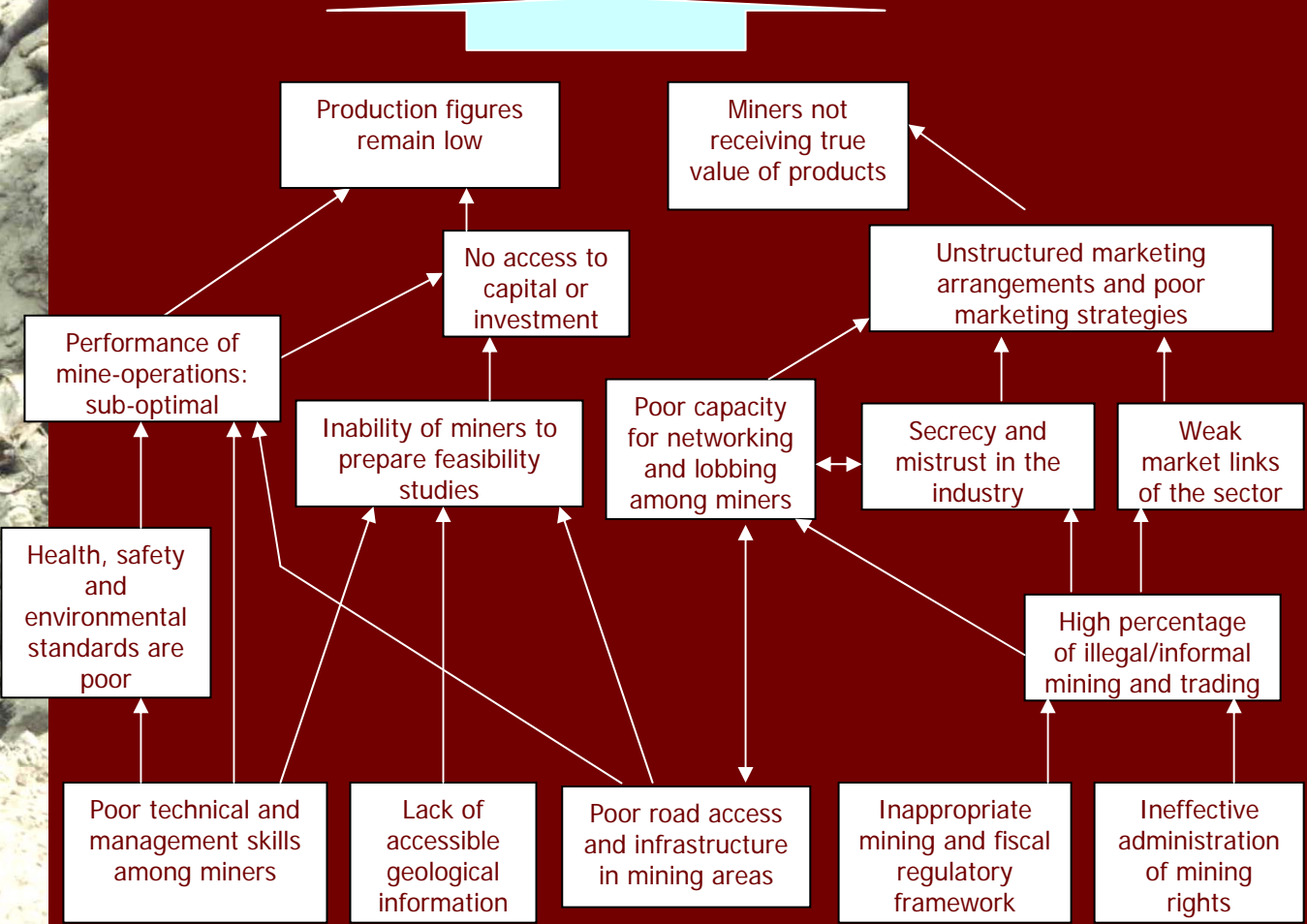
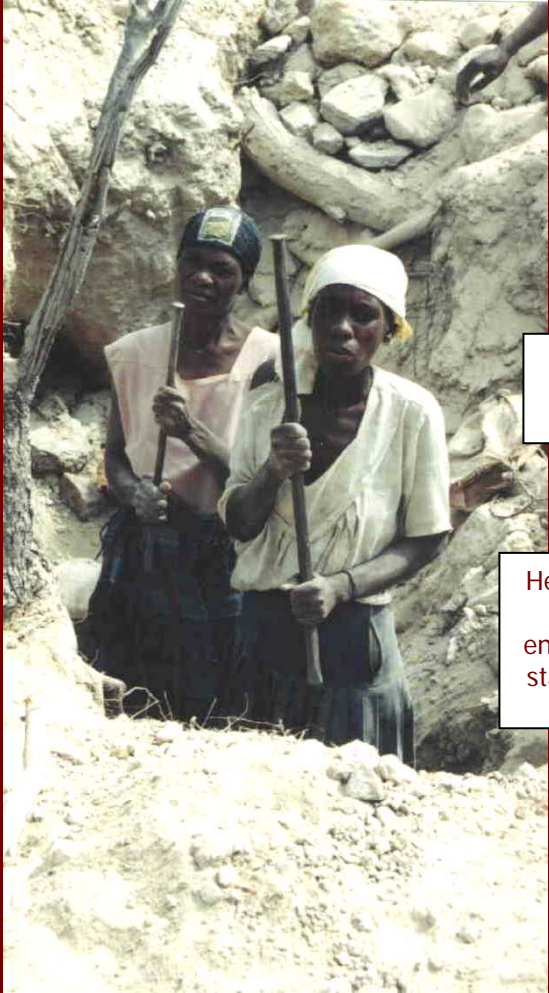


PROBLEM-TREE:

Positive impact of the sector towards sustainable livelihoods development: **marginal**



Employment opportunities: **poor** Export revenues: **low** Resource utilisation: **sub-optimal**



The EU/MSDP approach:

The EDF funding came in two independent lines:

1. **The EU/MSDP Technical Assistance Programme:**

managed by

- EU Delegation
- National Authorization Office (NAO)
- Programme Management Unit

Budget: € 12,000,000

Purpose: *“to create an enabling environment for the Non Traditional Mining Sector in Zambia”*

1. The EU/MSDP Technical Assistance Programme:

This should be achieved through:

- Technical assistance to miners, provided by mining and financial advisors, export promotion advisor and a gemologist/valuation expert
- Technical and Entrepreneurial Training Programmes
- Capacity Building with the Government and Ministry of Mines with includes
- Capacity of the Geological Survey, Geological Surveys, Lab-equipment etc.
- Modern computerized mining cadastre
- Capacity Building with the School of Mines
- Capacity Building with Mining Associations
- Pilot Projects to develop and introduce new ways forward
- National and international marketing initiatives
- Many other projects potentially improving the sector.



The EU/MSDP approach:

2. The European Investment Bank Credit Facility:

managed by

- European Investment Bank
- 8 Local Commercial Banks

Budget: € 18,000,000

Purpose: *“to provide easier access to credits to fund individual mines for equipment purchase and working capital” (with other words, providing financial resources for PRODUCTION.)*

2. The European Investment Bank Credit Facility:

This should be achieved through:

- Pre-Production Facility to co-fund bankable documents and feasibility studies (70% of the costs from EIB, 30% from the miner)
- EIB Credit Facility, administrated and approved by one of 8 local banks whereby the risk of the loans is shared: 75% EIB and 25% local banks.
- At a later stage a small loan facility was established, handled by Pride Zambia, a local small-credit organization.

Lessons Learned:

"HOW DID IT GO?"

The EU/MSDP Technical Assistance Programme:

Some Highlights:

KALOMO MINERS ASSOCIATION
IN PARTNERSHIP WITH MINING SECTOR
DIVERSIFICATION PROGRAMME
HOLDS A
TECHNICAL TRAINING WORKSHOP
VENUE: MPATIZYA MINING AREA
13 - 17 OCTOBER 2003



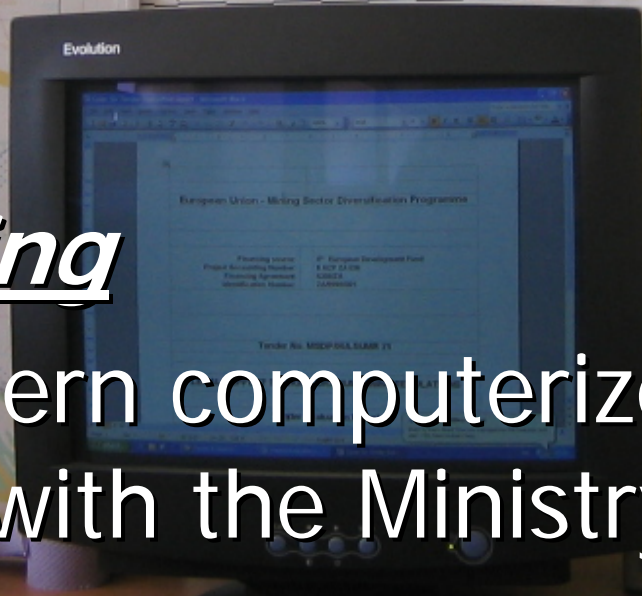
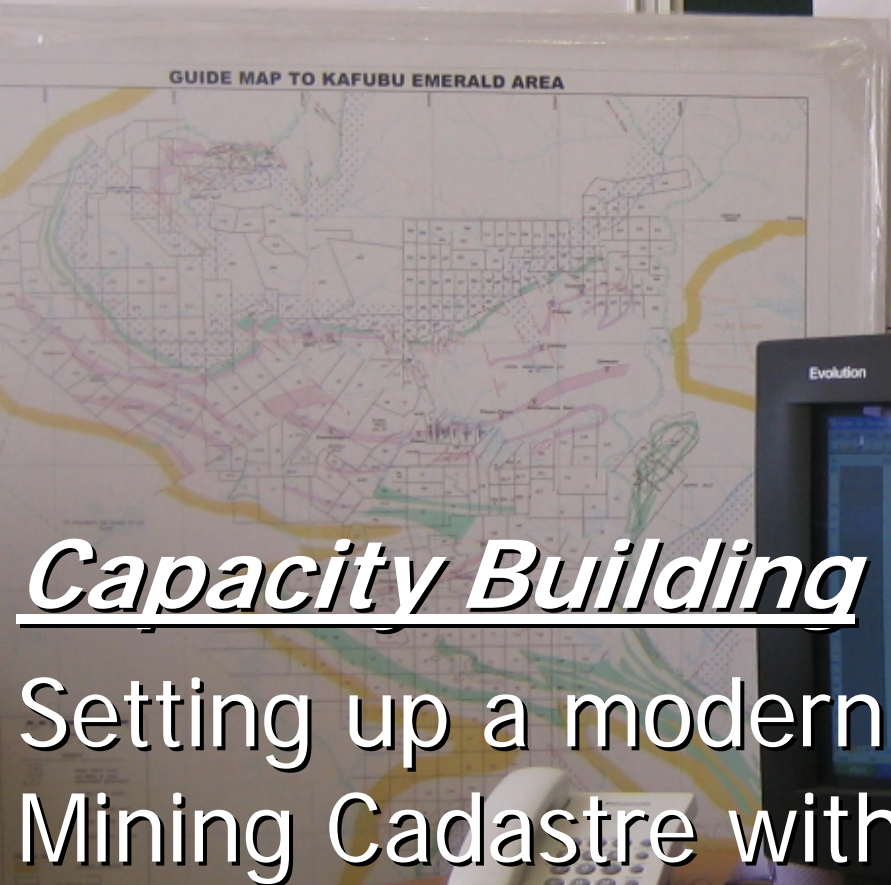
Training:

Close to 900 miners have been trained in various mining, business and marketing trainings countrywide



The EU/MSDP Technical Assistance Programme:

Some Highlights:



Capacity Building

Setting up a modern computerized Mining Cadastre with the Ministry of Mines

The EU/MSDP Technical Assistance Programme:

Some Highlights:

International Marketing:

Close to 100 miners have been sponsored to present their products at 10 international gemstone trade fairs in Bangkok, Hong Kong, China, India and the USA



The EU/MSDP Technical Assistance Programme:



Some Highlights:

Processing:

Pilot Projects

Mapatizya Mining Centre will provide the small-scale miners in Zambia's most important amethyst mining area with up-to-date processing and value-adding services to allow them to achieve the best value for their products



2. The European Investment Bank Credit Facility:

"What's about production?"
"What's about funding?"

Lessons from the programme:

■ Raising Expectations !

Wrong Expectations cause a large amount of trouble and frustrations

■ Upfront Information !

■ Objectives transparency !

Lessons from the programme:

- Banks having problems with miners and miners with banks.

Main reasons are:

- Banks are risk averse
- Banks want certainty
- Banks assessment ability
- Lack of track record
- Payment default
- Securing the loan



Thank you for your attention

