

FINANCIAL INCLUSION: CURRENT STATUS OF CREDIT AND FINANCIAL AFFAIRS OF MUNICIPALITIES IN COLOMBIA

Financial inclusion for sustainable investments is a key element in the GEF-GOLD initiative in Colombia. Small-scale mining and artisanal mining are foremost excluded from Formal Banking. Very little information is available within the country for granting credit criteria.

In late 2016 Colombia recorded 309 active loans for approximately USD \$61 million (207,260 million of Colombian pesos) for the mining sector in the extraction of metals. This represents 0.11% of the total value of loans placed and recorded by the Department of the Treasury in Colombia (Superintendencia Financiera de Colombia). Being distributed through 5 Financial Entities, among more than 30 existing currently monitored by this department.

Main Cities to Target

11 cities of 3 States in Colombia have been picked to be prioritized:

- Antioquia -including Segovia, Tarazá, Cáceres, probably San Roque and Frontino.
- Cauca -Buenos Aires, Suarez, Tímiquí, Guapi.
- Bolívar -Tiquisio, Rio Viejo, Barranco de Loba, Hatillo de Loba.

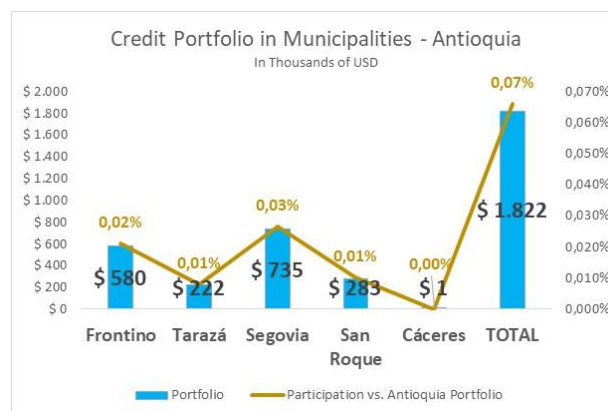
We were unable to find information to determine the current credit status for the mining sector. However, we can see the general situation of Financial Inclusion in these municipalities as of March 31, 2019.

Source of Information and Graphics: Department of the Treasury in Colombia (Superintendencia

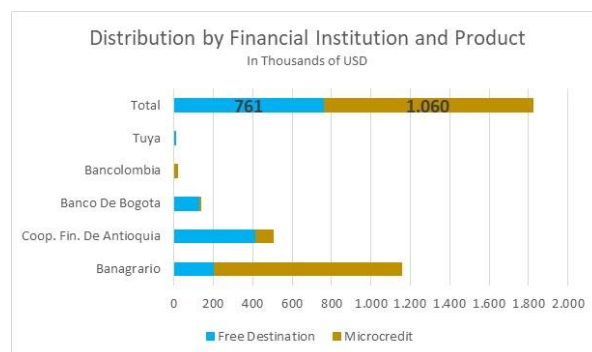
Financiera de Colombia). Financial Inclusion Report. March 2019

Antioquia

- The loan portfolio placed in Segovia, Taraza, Cáceres, Frontino and San Roque account for USD \$ 1.8 million -0.07% of the total loan portfolio in the State of Antioquia granted by entities supervised by the Department of Treasury.

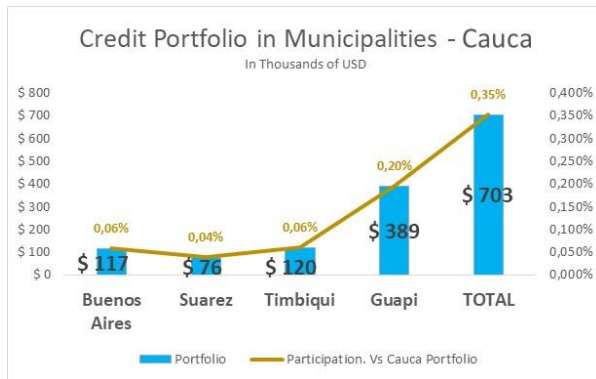


- Only 5 entities have portfolios in the municipalities to be prioritized in the project (41% is unrestricted).

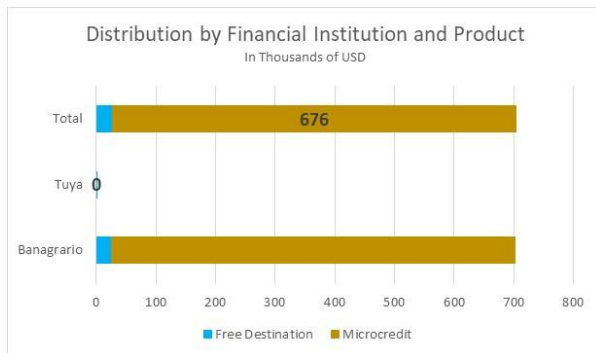


Cauca

- ▶ The loan portfolio placed in Buenos Aires, Suárez, Timbiquí and Guapi account for USD \$ 703,000.
- ▶ This represents 0.35% of the portfolio in the State of Cauca.



- ▶ Banco Agrario is the only banking institution that grants sustainable investment loans in these cities in the State of Cauca.



Bolívar

- ▶ *There is no portfolio for sustainable investment loans* in the municipalities of Bolívar.

Gender Equality and Financial Inclusion

In Antioquia there has been a smaller female inclusion when granting loans.



The trend in Cauca is similar to certain extent, the participation of women in credit granting is still inferior from male participation.



In the municipalities of Antioquia, the number of credits granted to Women represents 37% of the placements, while in Cauca it represents 48%.

Intervention Strategies

Taking into account the information above, the intervention strategies to increase Financial Inclusion is focused on:



Generation of agreements with Associations that bring together Financial Entities -such as Asobancaria and Asomicrofin- to promote knowledge of sustainable investments in the mining sector and its best practices.



Given the low depth of the financial sector in the municipalities, agreements will be sought with entities not regulated by the Department of Treasury -such as Local Financial Cooperatives- that can give faster results and tailored to the needs of miners within the region.



Strong focus on **Communication Processes**, from the Financial Sector to the miners -through their associations- and vice versa.