

Case Study



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

A GEF Initiative

Documentation of planetGOLD Colombia ASGM Financial Inclusion Interventions

May 2024

Supported by:

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About the Authors

This report was drafted initially by the planetGOLD Colombia team in June 2023 before being updated and finalized by Cristian Arias, and Kamila Gómez, from the Alliance for Responsible Mining (ARM) in the context of a consultancy led by The Impact Facility for Sustainable Mineral Communities (TIF) 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 finalization of this report.



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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
AGROMIN	United Agromining Association for Mindalá
ANM	National Mining Agency
APR	Annual Percentage Rate
ARM	Alliance for Responsible Mining Foundation
ASM	Artisanal and Small-scale Mining
ASGM	Artisanal and Small-scale Gold Mining
ASOM	Association of Afro-descendant Women
CDT	Term Deposit Accounts
CFA	Cooperative Financier of Antioquia
CDPMM	Magdalena Medio Development and Peace Programme
Corcreser	Regional Service Center Corporation
DIAN	Colombian Tax and Customs National Authority
EAR	Effective Annual Interest Rate
FINAGRO	Fund for the financing of the agricultural sector
GACL	Local Savings and Credit Groups
LEC	Special Line of Credit
MME - MinMinas	Ministry of Mines and Energy
MPU	Mining Production Units
RUCOM	Unique Registry of Minerals Traders
RUT	Sole Tax Registry
SARLAFT	Anti-Money Laundering and Counterterrorism Financing
UNDP	United Nations Development Programme
VITAL	Livelihoods and Microfinance Corporation

Executive Summary

This case study shows the successful articulation of the Financial Inclusion component of the planetGOLD Colombia Program with key partners such as the Cooperativa Financiera de Antioquia (CFA) through the opening of various financial services and, in turn, with the Corporación de Medios de Vida y Microfinanzas (VITAL) in the implementation of community Savings and Credit Groups. Consequently, from both approaches, planetGOLD Colombia promoted the implementation of various innovative financial mechanisms to promote financial inclusion in the Artisanal and Small-scale Gold Mining (ASGM) sector in Colombia.

The financial inclusion component of the Program established a guarantee fund with CFA, dedicated exclusively to the ASGM sector. This fund provided crucial support to CFA, facilitating loans to small subsistence miners and small Mining Production Units (MPUs), improving miners' access to financing, especially in regions where traditional financial services are scarce. To the reporting date (February 2024), 49 loans have been granted to artisanal and small-scale miners under this mechanism. These loans amounted to USD 307,229 distributed among various beneficiaries, including Mining Production Units, the employees, and subsistence miners. In collaboration with VITAL, planetGOLD Colombia introduced Local Savings and Credit Groups (Grupos Locales de Ahorro y Crédito, GACL). These groups aimed to carry out savings quotas among members of various communities to facilitate loans among their members, promoting trust, collaboration, and women's empowerment. The GACLs managed around USD 55,000 in community-based management, with 1,193 members, 80% of whom were women.

Factors that have contributed to the project's effectiveness include outreach and training activities, the establishment of trust, and collaboration among stakeholders. Likewise, the government demonstrated significant interest in maintaining an enabling environment for ASM financial inclusion through regulatory frameworks and national strategies to which planetGOLD contributed. Nevertheless, challenges exist such as the widespread distrust between miners and financial institutions, the lack of direct banking services in mining municipalities, and the necessity of providing artisanal and small-scale miners with additional financial education tools.

1. Description of the Intervention

1.1.1 Background

The Colombian Government is highly proactive in taking measures to improve its Artisanal and Small-Scale Gold Mining (ASGM) sector. The sector's transformation is subject to successful efforts on formalization, as well as opening access to formal financing and formal markets for miners. Currently, around 63% of all operations are estimated to be informal, with no concessions or titles. This informality forces miners to sell gold through informal routes for less than 70% of its true value, which in turn prevents them from being able to invest in improving their practices. Miners often face challenges accessing formal finance because banks consider the sector high-risk for money laundering and financing armed groups. Artisanal and small-scale miners routinely access informal/illegal sources of financing that feature high-interest rates and other unfavorable conditions.

Given this context, the planetGOLD Colombia project has initiated a step-by-step strategy for financial inclusion of the ASGM sector in Colombia. Previously, the Ministry of Mines and Banco Agrario had established agreements offering credit to medium-sized mining companies, with the government subsidizing 3% of the interest for five years. However, these agreements were not tailored to the needs of the ASGM sector due to its high-risk nature. As a result, there is a pressing need to develop a new financing approach focused on enhancing the efficiency and sustainability of mining production and material extraction processes through the adoption of clean technologies.

1.1.2 General Approach and Main Intervention Activities

Like all planetGOLD projects, planetGOLD Colombia has aims to improve access to formal finance to enable miners to purchase mercury-free processing equipment and make other operational improvements to produce clean, responsible gold. To do so, the project first participated in the financial inclusion strategy led by the Ministry of Mines and Energy and other entities, where it contributed to shaping the content of the articles of Law 2177¹, which defined

¹ planetGOLD Colombia participated in the roundtable of financial Inclusion of the Minminas. The Vice Minister of Mines

rules for the Colombian mining sector to have access to the services of the Financial and Insurance System.² Next, the project conducted a comprehensive financial study in the regions of implementation of the project in three departments for 14 municipalities aimed to assess the overall availability of financial services.³

Subsequently, the project collaborated with the Cooperative Financier of Antioquia (CFA) to initiate a pilot for creating a finance mechanism that grants credits to miners, backed by a guarantee fund that includes incentives and guarantees⁴. Additionally, the project also implemented a method to develop Local Savings and Credit Groups (GACL) in select municipalities within the departments of Antioquia and Cauca. This initiative was carried out in partnership with the Livelihoods and Microfinance Corporation VITAL⁵. The objective was to extend financial services to rural communities facing challenges in accessing financial institutions.

1.1.3 Target Areas and Target Groups

The target areas comprised the municipalities of Buenos Aires, Suárez, Timbiquí, and Guapi in the Department of Cauca; Taraza, Cáceres, and Segovia in the Department of Antioquia; and Barranco de Loba, Hatillo de Loba, Tiquisio and Rio Viejo of the Department of Sur de Bolívar. The financial intervention's target groups included mining production units (MPU) along with their employees, associations and cooperatives, and subsistence miners in the ASGM sector. Additionally, cases, people around the mining environment, such as small suppliers of products

and Energy presented the contents of the strategy to the Vice Ministry of Finance and Public Credit, and later to the Senate of the Republic to the House of Representatives. The National Government through Law 2177, approved the recommendations provided.

² MME (2020). Financial Inclusion Strategy - Building confidence in the mining sector. Available in Spanish at: <https://drive.google.com/file/d/1WhLQx9tBjg3Lzd4TdiKIhgbcPiYWdFin/view>

³ Consultores, U. T.–M. (2020, December). Generate a study to evaluate the total supply of financial services available in 14 municipalities that are part of the planetGOLD Colombia Project (in the departments of Antioquia, Sur de Bolívar, Cauca and Nariño) including a gender approach.

Available in Spanish at: <https://drive.google.com/file/d/1RiEkKkYzEO4cGkpVwh7ZjE0RCMGqYAUk/view>

⁴ The pilot of the financial mechanism, to advance a strategy that allows the generation processes of financial inclusion, financial education and clean production for gold mining communities through the granting of financial products and services of the Financial Entity contracted in the South of Bolivar and Antioquia, Cooperativa Financiera de Antioquia CFA contract No. 47672.

Contract available in Spanish at: <https://drive.google.com/file/d/1n6l-o3SfvzWd-UCyh1nw6ZAdrwQToku3/view>

⁵ UNDP. (2022, December). Contract for the supply of goods and/or services between the United Nations Development Program and CORPORACIÓN MEDIOS DE VIDA Y MICROFINANZAS VITAL.

Contract available in Spanish at: <https://drive.google.com/file/d/1w37eicBr-ajWLOoKu0EJ0NKmIc7iBpRL/view>

and services for mining employees, were also engaged. The criteria used to select the target areas and groups correspond to the areas prioritized directly by the Colombian government with the support of local, municipal, and departmental partners, and generally represent areas with high rates of mercury use.

1.1.4 Partners and Key Stakeholders

The partners involved in the financial intervention comprised public, private, banking, and other organizations. Public partners comprised the Ministry of Mines and Energy, the National Mining Agency (NMA), the Colombian Tax and Customs National Authority (DIAN) and the Government of Antioquia and the Government of Cauca. At the local level, the municipal mayors from Antioquia and Cauca also participated. Public financial institutions collaborating in the initiative included Cooperativa Financiera de Antioquia (CFA), Bancoldex, Banco Agrario, and FINAGRO. Private companies and organizations, such as VITAL Livelihood and Microfinance Corporation, Regional Service Center Corporation (Corcreser), NUTABE Foundation, Alliance for Responsible Mining Foundation (ARM), the Association of Afro-descendant Women (ASOM), and AGROMIN Miners Cooperative were also key partners.

1.1.6 Main Activities and Outputs/Achievements

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

The project began its financial strategy by conducting an initial evaluation of the macroeconomic environment and the financial sector in the targeted municipalities. The study identified the need to find potential allies in the financial sector to support the project's inclusion strategy.

A subsequent study further examined the existing financial offerings. Based on this study, the project concluded that (1) artisanal and small-scale mining is largely excluded from formal banking services, (2) very little information is available within the country for granting credit based on standard credit criteria, and (3) there is a very low development of the financial sector at the local level (municipalities). Barriers to financing for ASGM include stigmatization by banking entities, who link the ASGM sector to money laundering or terrorist financing, the sector's illegality, and lack of transparency on the origin of funds. On the miners' side, barriers include miners' low ability to pay and a lack of a culture of savings. The results obtained from this research provided

a clearer picture of the initial problems and guided the strategy to advance the processes of banking and financial inclusion support for the communities.

1.1.6.2 Financial education

In order to foster a deeper understanding of the ASGM sector, the project supported the creation of a "Financial Inclusion Strategy", which brings together different entities to articulate actions for financial inclusion issues in the mining sector. The Ministry of Mines and Energy (MME) leads and coordinates the regular and ad hoc meetings. To further raise awareness about ASGM among people in the financial sector, the CFA participated in a training session facilitated by the MME on ASGM sector issues, attended by 22 officials from different areas of the CFA.

To raise awareness and provide training on finance for artisanal and small-scale miners, the CFA offered training for small MPUs and subsistence miners. For the small MPUs, the training contained themes such as culture of savings, family economy, budget, credit, debt management, and financial negotiations. The CFA conducted five training sessions for employees and legal representatives of the MPUs, and a total of 72 people were trained (11 women and 61 men).

Forty-four financial workshops were held for subsistence miners, focusing on savings, credit, family budgeting, and financial and insurance services modules, resulting in a total of 509 participants trained (439 women and 70 men).

The project also promoted "Saving and Credit Groups" to explain financial issues and to help miners learn the principles of teamwork and cooperation. The GACL methodology provides practical financial education of savings, loans, and insurance. Participants learn by saving, taking loans from the savings, and contributing to a social fund that serves as insurance.

1.1.6.3 Description of the financial mechanisms supported

Developing standards for banking for the mining sector. As a key element of its financial inclusion initiative for ASGM, the project contributed to the development of a new financial inclusion strategy for the mining sector, called "Generating Confidence in the Mining Sector", led by the MME in 2021. This strategy led to the development of articles under Law 2177. Financial entities are required to include financial education programs and training for accessing financial products and services. Likewise, Colombian state entities such as the MME and the NMA must create financial training processes.

Developing a special line of credit for miners. Followed the development of the financial inclusion strategy, was the creation of the Special Line of Credit with a Subsidized Rate (LEC Minera), aimed at holders or beneficiaries of small-scale mining titles (or concessions), who request financing for

working capital for the extraction and commercialization of their minerals, or to improve their infrastructure, machinery, and equipment. The line offers an effective subsidy rate of 3% per year at the rate established by the bank that grants the credit for a maximum term of four years for credits up to USD 37,800.

Piloting a financial mechanism with a guarantee fund.

The pilot financial mechanism consisted of the creation of a “Revolving Fund” that functions as a “guarantee or backup” for the Cooperativa Financiera de Antioquia (CFA), to grant loans to small subsistence miners and Small MPUs. The revolving fund covers the insurance claims for the installments or loans the miners do not pay⁶. The resources of the fund are used on a rotating basis to make it sustainable over time and support additional credits after the completion of the project. Features of the mechanism include:

1. The creation of the revolving fund within the CFA Financial Entity is exclusively for the ASGM sector. The planetGOLD Colombia project provides resources for the amount of USD 66,000⁷ as a guarantee for the bank, equivalent to two hundred and four million Colombian pesos (\$269,000,000).
2. The fund's purpose is to support and guarantee that the financial entity CFA includes in its policies and processes, the creation of lines of financial products and services for the ASGM sector in accordance with CFA policies and minimum requirements.
3. The resources of the fund are used to cover up to 30% of the amount of each loan disbursed to the ASGM sector as a guarantee or CFA's insurance.
4. In the event of non-payment of an installment more than 90 days late, the CFA may pay up to 30% of the value of the resources pledged or constituted for such obligation. Nonetheless, 100% of the obligations are expected to be provisioned⁸.

⁶ The fund functions as a backup for the financial institution so that it can grant the loan to the miners. It can cover losses or non-payments of the portfolio as insurance.

⁷ CFA. (2021, November). Revolving fund of the Master Agreement between Cooperativa Financiera de Antioquia (CFA) and the United Nations Development Program (UNDP).

Available in Spanish at:

<https://drive.google.com/file/d/1IKB27qS19ePkbqZHsdYDE8ufHsyn3iet/view>

⁸ In the event of non-payment of the loans covered by the guarantee instrument, the following steps are taken:

- (1) As of the 90th day of non-payment, all the collection mechanisms of the financial institution continue to be applied, and 30% of the capital owed is debited to the fund's account. Subsequently, other possible guarantees covering the debtor (unemployment insurance, life insurance, etc.) are applied to the remaining 70%.
- (2) According to the policies of the Colombian Financial Superintendency, CFA must provision 100% of the value of the debt, not only 70%. This provisioning is a standard practice required by Colombian Financial regulations,

- As part of the financial mechanism, CFA has used some of the resources allocated by the Colombian State from the Special Mining Credit Line (LEC Minera 2021⁹) to grant loans to small miners and Small Mining Production Units (MPU). The revolving fund has supported these two ways of allocating resources to grant loans to the ASGM sector.

Additionally, the account holder is granted life insurance - the beneficiaries are people of legal age to be determined by law - a funeral plan, and a financial lien tax exemption¹⁰.

Participating in the pilot required that the CFA modify its internal policies by creating a credit manual and private granting, as well as the SARLAFT (anti-money laundering and counterterrorism financing) model that allows for the evaluation of the mining sector in specific mining areas.

The project, together with CFA, identified 34 mining companies that potentially needed financial assistance from the project: 15 companies in the South of Bolívar, 15 companies in Northeast Antioqueño, and 4 companies in Bajo Cauca Antioqueño. In addition, 13 subsistence mining communities comprising more than 345 women dedicated to the activity of barequeo (panning) or scrap ore material were identified¹¹.

Miners' needs for financing were identified as follows.

<i>Small Mining Units</i>	<i>Subsistence Miners</i>
<i>Pumps, Extractors, Drills, Hoppers</i>	<i>Sluices, shovels, picks, and hoes</i>
<i>Conveyor belts, Compressors,</i>	
<i>Backhoes, Beneficiation plant, Water treatment plant</i>	

As an initial step in the financial inclusion strategy, savings and payroll accounts were opened for 22 Small Mining Production Units (MPU), 21 savings accounts for subsistence miners and 235 savings and payroll accounts for MPU employees, a total of 278 accounts open as of February

regardless of the existence of the guarantee fund. The provisioning is based on various factors such as risk, type of portfolio, and time of default, among others.

- If the money owed is recovered, the 30% initially debited by CFA to the guarantee fund for loan capital is refunded in full to the fund's account.

⁹ FINAGRO. Special Line of Credit (LEC MINERA). Available in Spanish at: https://www.finagro.com.co/sites/default/files/2_lec-minera_0.pdf

¹⁰ The beneficiaries are people of legal age to be determined by law.

¹¹ CFA. (2022, January). Deliverable 2: Identification of mining groups, established needs and definition of technology and equipment to be financed. Available in Spanish at: https://drive.google.com/drive/u/0/folders/1Dx40P0WF47N5Jv_XizapYMYzH47jWEiW

2024¹². Additionally, seven Term Certificate Accounts (TCA)¹³ were opened, 4 for MPUs and 3 for MPU employees, totaling \$44,329,830 Colombian pesos (approximately USD 11,200).

Establishment of Savings and Loans Groups¹⁴.

As mentioned earlier, the project worked with the Corporación Medios de Vida y Microfinanzas (VITAL), to implement the methodology of local savings and credit groups (GACL). The methodology is based on the formation of self-managed community groups that save money through the purchase of shares and then use these savings as capital for loans for associates. Additionally, it also includes the creation of a social fund as a form of insurance to deal with calamities. The implementation of the methodology enabled access to communities in rural and remote areas where the offer of formal financial products and services does not normally reach, making the GACL an option to achieve the financial inclusion of these populations. A total of 80 groups were formed in the following municipalities:

Municipalities	Number of Groups
Cáceres	28
Guapi	21
Timbiquí	21
Caucasia	5
Taraza	5
Total Constituted Groups	80

¹² Once the linkage process with CFA has been satisfactorily completed, the institution provides its beneficiaries with a savings account. In addition, for some ASGM miners who have had a bank account opened, this was their first experience with this type of financial service.

CFA. (2024, January). Consolidation of the intervention carried out by CFA Cooperativa Financiera de Antioquia in the financial component of the planetGOLD Colombia project.

Available in Spanish at: <https://drive.google.com/file/d/16jB-oEf7fLmzN3f5qtDwjNouFpxsL1Ci/view>

¹³ A Term Certificate Account (TCA) is a document stating that you have left money in the bank for a certain period of time after which you will be able to get it back, together with the interest accrued in that period.

¹⁴ VITAL. Deliverable: Methodological design of activities and intervention strategy.

Available in Spanish at: https://drive.google.com/drive/u/0/folders/1f_gu9PyL2pKvoc4-As7mQVNDxF4XHzpX

1.1.6.4 Socialization of mechanisms

To support loan applications under the CFA financial mechanism, the project provided training and support to miners in developing a loan/investment application (including undertaking technical and financial feasibility studies). Applications were adjusted to reflect specific mining conditions¹⁵, and followed legal requirements and financial due diligence. To date, support for 62 loan applications has been granted, of which 49 were approved, the rest are pending. The criteria for miners to access the credit are as listed below:

- Passing a background check conducted by the financial institution.
- Result of consultation in the Unique Registry of Minerals Traders (RUCOM).
- Certificate of company existence and legal representation in the Chamber of Commerce, with objectives containing exploration and exploitation of deposits.
- The taxpayer's sole tax registry RUT must include mining as the primary economic activity.
- Identity document of the legal representative (Colombian ID).
- Certificate of shareholder composition.
- Financial statements (if it is newly incorporated).
- Income tax return.
- Report on the visit by CFA's commercial area of authorized mine owners and operators.

As part of the GACL methodology for forming savings and loans groups, participants received training on the following components:

- Internal regulations.
- Savings through the purchase of shares.
- Loan fund.
- Social fund.
- Equity distribution.

¹⁵ Deliverable 3: Development of linkage methodologies for mining companies and methodology with a gender approach for women workers in mining companies.

Annex 3 is available in Spanish at: <https://drive.google.com/drive/u/0/folders/1csKnxYA-mLAl6G00MkBryIHm5tsXu85y>

1.1.6.5 Performance of Mechanism

Under the financial mechanism carried out by CFA, as of February 2024, a total of 49 loans have been granted to artisanal and small-scale miners linked to the planetGOLD Colombia project, which is equivalent to USD 307,229 distributed as follows:¹⁶

- 34 loans have been disbursed under the project to MPUs and subsistence miners, for a total amount of 1,104.850 million Colombian pesos, equivalent to approximately USD 284,755.
- 15 loans have been disbursed to individual workers of MPUs linked to the project, for a total of 87,200,000 pesos, approximately USD 22,474 (13 were for men, 2 for women).

Interest rates in the Colombian financial sector for the year 2023 have been high due to the country's inflationary pressures, the devaluation of the Colombian Peso also affects the credit profile or risk associated with the ASGM sector for financial institutions. When granting loans to subsistence miners and MPUs, the CFA Financial Cooperative adapted to market rates, to provide an average of rates.

Average Interest Rate applied by CFA for the ASGM Sector	
November 2022	17,41 APR
December 2022	21,05 APR
January 2023	22,81 APR
February 2023	25,39 APR
March 2023	28,98 APR
April 2023	35,32 APR
May 2023	37,11 APR
June 2023	40,34 APR

¹⁶ CFA. (2024, January). Consolidation of the intervention carried out by CFA Cooperativa Financiera de Antioquia in the financial component of the planetGOLD Colombia project. Available in Spanish at: <https://drive.google.com/file/d/16jB-oEf7fLmzN3f5qtDwjNouFpxsL1Ci/view>

The table above shows the average interest rates on CFA's loans, showing a rising trend, the last row indicates the latest published rate as of June 2023. Regarding the savings and loan mechanism, 1,193 people participated, of whom about 80% were women (948 participants). The high participation of women emphasizes the importance that the methodology has had in the economic and social inclusion of women, who have seen in the groups the opportunity to access financial products and services for the strengthening of their productive units.

The communities managed to save more than USD 55,000. This significant amount allowed members to not only invest in their productive units but to also cater to their unsatisfied basic household needs. Another important aspect is the value mobilized in the Social Fund, which amounted to more than USD 5,000. This fund serves as insurance for the methodology designated by the GACL to address calamities.

The GACL provided loans worth USD 25,000 dollars. The minimum amount lent was USD 20, and the maximum was USD 900. Nearly 300 people made use of the loans. On average, the loans were close to USD 100 dollars, and provided at very favorable interest rates of less than 3% per month, which allows those who use this product to access a source of formal financing, reducing the reliance on informal lenders known as “drop by drop” that typically serve medium and small mining. The value of the loans depends on the savings capacity of the group members since they can borrow up to three times the amount they have saved. Finally, the GACL strategy made it possible to reach especially disadvantaged groups, including women and young people, the latter representing approximately 30% of the beneficiaries.

1.1.7 Sustainability

PlanetGOLD Colombia has made efforts to ensure continuity after the project ends. Trust relationships have been established between partner financial institutions and the miners, with the expectation that this will progressively lead to attracting more miners to the credit system. Additionally, the government has shown interest in maintaining the favorable environment, institutional framework, and regulatory infrastructure for ASGM financial inclusion. This is evidenced by the national financial inclusion strategy and the regulatory framework for the National Policy on Subsistence Mining published by the Ministry of Mines in 2022.

The financial inclusion strategy demonstrated by the project serves as a model for other formal financial institutions. The project will introduce the strategy to these financial cooperatives to encourage them to open financial product lines for ASGM. The project will maintain its

collaboration with government entities, particularly the Ministry of Mines to expand ASGM financial inclusion to other Departments not included in this project but integral to the ASGM Sector. The revolving fund, which supports the credits granted to miners to the CFA Financial Cooperative, will remain operational after the completion of the project, covering future quotas or claims. The remaining balance will not be returned to the project, ensuring that it remains available over time to address miner's needs.

The Savings and Credit Groups methodology is recognized in Colombia and internationally as a sustainable mechanism over time. The members manage the formation and governance of these savings groups, eliminating the need for technical assistance. Notably, the implementation of Local Savings and Credit Groups within the framework of the planetGOLD project was partly because public policy in Colombia and international cooperators have been promoting group saving projects since 2008¹⁷ as a fundamental piece to achieve the financial inclusion of vulnerable populations in rural and dispersed rural areas.

2 Cross-cutting Issues

2.1.1 Gender

In the framework of its partnership with the CFA, the project aims to have at least 20% of the loans through the financial mechanism go to women miners. To do so, the project has worked through initiatives such as the Women in Mining Network. This network is made up of 17 nodes in Antioquia, Cauca and Sur de Bolívar, and comprises over 240 women miners. The objective is to provide financial education tools with a gender component and improve access to economic opportunities that support the development of local economies. The existence of the Women in Mining Network is likely to have a positive impact on gender-related issues by providing a platform for women in the ASGM sector to organize and formalize themselves, strengthening their capabilities at the individual and group levels.

The implementation of Local Savings and Credit Groups seeks to contribute to several of the

¹⁷ Opportunities Banking. Financial Education Program - Group Methodology - Pilot Local Savings and Loan Groups. Available in Spanish at: <https://www.bancadelasoportunidades.gov.co/index.php/es/programas/programa-de-educacion-financiera-metodologia-grupal-piloto-grupos-de-ahorro-y-credito#:~:text=La%20Metodolog%C3%ADa%20se,Dominicana%20y%20Ecuador>

Sustainable Development Goals, highlighting SDG 1 (End of poverty), SDG 5 (Gender equality), and SDG 10 (Reduction of inequalities). The model was promoted through different women's organizations existing in the territories related to the ASGM supply chain. Because women have historically used associative schemes as aid mechanisms for the promotion of their activities, the use of this methodology strengthens the community processes that women carry out in the territories.

3 Findings, observations, lessons learned

3.1.1 Project Highlights

The project has successfully facilitated collaboration between two distinct and initially hesitant groups by employing the following strategies:

- Sensitization and training of both the ASGM sector and educating the finance sector about ASGM.
- Supporting miners to formalize as to meet the Colombian standard required for access to banking services.
- The creation of a credit line for miners, in cooperation with the CFA, incorporated a guarantee mechanism and incentives to encourage compliance with loan requirements.
- Mobilizing substantial funds through savings, insurance, and loans by applying a local savings and loan program. Through this method, it was possible to reach the most remote areas within the intervention municipalities, where formal financial inclusion is typically limited due to accessibility challenges for traditional financial entities.
- The savings and loan method has notably contributed to the economic and social inclusion of women, with approximately 80% of participants in savings groups being women, while youth represent nearly 30% of members.

The financial inclusion work associated with the project can serve as a case study to bring the two sectors closer and allow for the financial inclusion of miners in the medium- to long term.

3.1.2 Suitability of Intervention Design

The intervention approach was based on the assumptions that existing financial mechanisms promoted by the MME, Banco Agrario, and Finagro (Fund for the financing of the agricultural sector), among others, would be interested in adapting their financial products to make them accessible to the ASGM sector. However, the reality showed that a new mechanism needed to be created, boosted by the mobilization of capital by the Ministry of Mines in the post-pandemic context. The design also anticipated the use of a guarantee mechanism to de-risk the mechanism, and this, in fact, was a successful approach.

Collaborating with established groups was also a successful element of project design. The implementation of the GACL method allowed the project to identify and connect with grassroots community organizations that are key strategic allies to reach the target population. The project carried out joint work with the Renacer Negro and Rio Guajui community councils, the Matamba and Guaza Women's Network, and the Nutabe Foundation, which were strategic allies for the identification of leaders in the territories, which legitimated the work from the outset of the intervention. Additionally, several mining organizations were reached with whom the project was socialized, explaining its scope and the methodology to be implemented, managing to link the target population.

3.1.3 Specific Factors for Success

The effectiveness of the PlanetGOLD Colombia intervention on financial inclusion can be attributed to several factors. Firstly, the design of the intervention was based on a prior reality check/initial evaluation of the sector, which ensured that the program was tailored to the specific needs of small-scale gold miners in Colombia. This helped to ensure that the financial products and services developed by the project were relevant and useful to the target population.

Secondly, the development of a guarantee fund with financial contributions from the project was crucial in promoting financial inclusion. This fund provided a safety net for lenders, which encouraged them to provide credit to small-scale gold miners who might not otherwise have been able to access finance.

Thirdly, partnerships with financial institutions were key to the success of the program. By working closely with relevant financial institutions such as Bancoldex, FINAGRO, and the financial superintendency, and notably through the creation of a guaranteed line of credit for ASGM with

the Financial Cooperative (CFA), the project was able to develop a financial mechanism well-suited to the needs of small-scale miners.

Fourthly, the program benefited from governmental backing via the national strategy on financial inclusion (working together with the Ministry of Mines) and, critically, the allocation of capital specifically to support ASM. This support helped to create an enabling environment for financial inclusion in the small-scale gold mining sector, which facilitated the implementation.

Outreach and capacity-building activities have been important in raising awareness of the program and promoting the uptake of financial services. These activities helped to build trust and confidence among small-scale miners and encouraged them to take advantage of the financial products and services offered by the project.

Effectiveness can also be attributed to management aspects of the project. Organizations that participated in the project, such as the CFA and VITAL, had clearly defined products and deliverables with disbursement schedules. Further, hiring and training the teams of the offices in the main headquarters of each entity and the people in the field of each of the territories was a fundamental aspect of having local installed capacity. Ongoing feedback and support based on project reporting also strengthened the project.

Finally, through the methodology of using Local Savings and Credit Groups as a community bank, the project helped facilitate finance to an underserved community with increased trust, collaboration, commitment, and women's empowerment.

3.1.4 (Potential) Factors for Failures

The planetGOLD Colombia intervention on financial inclusion foreseen several challenges, including the general distrust between small-scale miners and financial institutions and the lack of knowledge of the mining sector by financiers. The project focused on the education of both small-scale miners and financial entities to address these barriers. Most of the subsistence mining in Colombia is informal, this implies that there is no traceability of the purchase and sale operation, in turn limiting access to banking services.

The project found that the scarcity of direct channels for banking services was another significant challenge. Municipalities, where mining activities were performed had no financial institution branches or customer care points of contact. One of the main challenges remains the stigmatization of the mining activity, how it is extracted, the techniques used, and the origin of

resources. The project confirmed that informality and lack of access to formal finance remain highly prevalent in ASGM and are barriers to financial inclusion. According to the characterizations carried out by CFA, as part of their work to identify access to financial products for ASGM, it was found that only 16% have credit experience, and 84% have never had a link with the formal financial sector.

Most women in the mining sector have informal jobs in subsistence mining, and additionally, a high percentage of subsistence miners identified by the project consider that they are victims of the armed conflict. Because subsistence miners are not formalized, they are not registered with the National Mining Agency.

In some cases, the miners do not continue with the processes to link to formal finance because they cannot attend training due to issues with transportation cost, they do not have childcare, or they overlap with work schedules or activities at home. Educating miners on the importance of legally showing their income and financial practices and allowing the traceability of income derived from their gold production and extraction is still needed.

The project also faced practical challenges to success. The project originally proposed Banco Agrario's participation as an ally for the financial inclusion strategy; however, due to the COVID-19 pandemic, the entity adopted a series of measures to support, mitigate, and alleviate the economic impact generated at the national level for other sectors of the economy, which meant that their participation in the financial inclusion efforts did not occur as expected.

3.1.5 Recommendations for Future Interventions

The national government, state entities, and financial entities, especially public or mixed banks, must be aligned and work together on financial inclusion in order to strengthen and create lines of credit for the small-scale mining sector.

Given the results presented by the savings and credit group methodology, this methodology is recommended for new projects that aim to work with vulnerable communities as it has proven to be an effective mechanism to socialize financial education and effect economic and social inclusion, especially to women and the youth.

Banking entities must create more training and enhance their capacity-building efforts for small and subsistence miners on how to fill out credit request documents, considering that most of these people have not participated in primary and secondary educational studies.

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