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A GEF Initiative

Case Study

Documentation of planetGOLD Ecuador ASGM Financial Inclusion Interventions

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About the Authors

This report was authored 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 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
ASM	Artisanal and Small-scale Mining
ASGM	Artisanal and Small-scale Gold Mining
CEA	Certified Economic Agents
BCE	Central Bank of Ecuador
MAATE	Ministry of Environment, Water and Ecological Transition
MEM	Ministry of Energy and Mines
PNGQ	National Program for Environmentally Sound Management and Life Cycle Management of Chemicals
SME	Small and medium-sized enterprises
UNDP	United Nations Development Programme

1. Executive Summary

The purpose of this case study is to provide an update on the actions developed by the planetGOLD Ecuador project on the implementation of a mechanism that would allow greater formal finance access to artisanal and small-scale gold miners (ASGM) in the country. Such finance would enable their access to more productive and environmentally friendly mining processes. The financial inclusion component of the planetGOLD Ecuador project has been developed since 2019 and is part of the National Program for Environmentally Sound Management and Life Cycle Management of Chemicals (PNGQ), which is an initiative of the Ministry of Environment, Water and Ecological Transition (MAATE) and is supported by the United Nations Development Program (UNDP) and the Ministry of Energy and Mines.

As part of their efforts to promote financial inclusion, the planetGOLD Ecuador project analyzed the territorial situation related to the financial mechanisms to include the artisanal and small-scale mining (ASM) sector. This analysis identified the barriers and expectations related to ASGM access to formal financial services, highlighting the need to establish financial mechanisms to facilitate miners' access to credit for investment in fixed assets and working capital. As a result, consultations were held with Ecuadorian banks to evaluate the supply of specific financial products for the ASM sector, leading to the creation of a credit mechanism aimed at small and medium-sized enterprises (SMEs) within the mining sector.

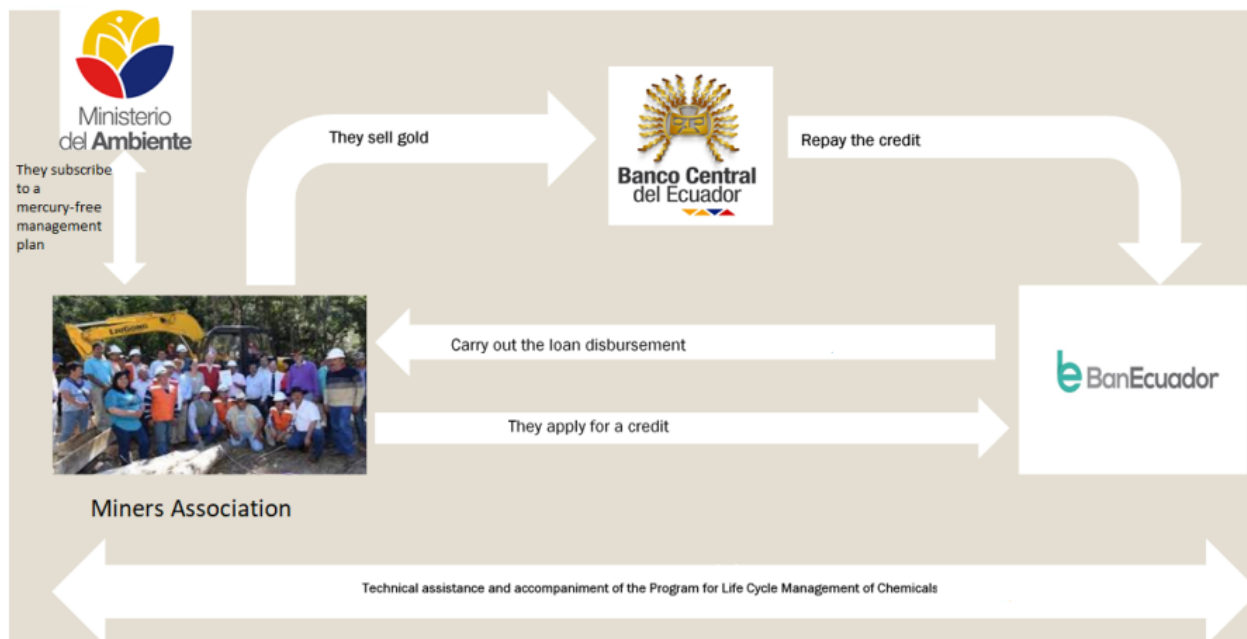


Illustration 1: Inclusive credit operation model for the ASGM sector.

Source: PNGQ.

A financial product called "SME Credit: Promotes sustainable, responsible and legal mining" was created, starting with the signing of an inter-institutional cooperation agreement in October 2022 between different public sector actors to provide better access to credit for small-scale mining producers in Ecuador. As shown in the illustration above, the mechanism was established to offer ASGM clients of the Central Bank of Ecuador (BCE) access to financial services through

BanEcuador B.P.¹ This mechanism adapts the standard conditions of a credit model to suit the context of the ASM mining sector. The main objective of this initiative is to implement a credit system that benefits the Economic Agents² certified by the Central Bank of Ecuador and who are part of the planetGOLD Program. Subsequently, the goal is to extend this mechanism to include more artisanal and small-scale miners in the country. Recently, two loans for certified economic agents of USD 150,000 and USD 20,000 were granted by BanEcuador.

In addition, through work with other financial institutions to strengthen the link between financial entities and mining interest groups, the project contributed to the granting of a USD40,000 loan from a financial institution (cooperative) to a small-scale mining organization.

1.0 Description of the Intervention

1.0.1 Background

The formal financial inclusion level in Ecuador's artisanal and small-scale mining sector is very low, according to data from the National Survey on Employment, Unemployment and Underemployment (ENEMDU) in 2008.³ In rural areas, 32.4% of those surveyed have not carried out any transactions with financial entities. In the last quarter, 21.9% indicated that they had not applied for credit, and among those who did not, 58% argued that they did not need it, while 4% mentioned that they did not have the means to pay for it. Of those interviewed who applied for a loan, 78.6% were approved,⁴ but these were not explicitly loans for mining but instead were taken through consumer, pledge, and mortgage credit lines. Those not approved mainly lacked sufficient collateral.

In 2008, Ecuador carried out a nationwide survey on the sources of mercury emissions, identifying artisanal and small-scale gold mining (ASGM) as a substantial emitter. Additionally, the study "Development of a Financial Product to be Used in the Artisanal and Small-scale Gold Mining Sector - ASGM," prepared by the National Program for Environmentally Sound Management and Life Cycle Management of Chemicals (PNGQ) in 2019, determined that "*one of the biggest*

¹ BanEcuador B.P. is a public bank in Ecuador that offers financial services with special emphasis on family individual production and associative production units, production enterprises, trade community, small and medium production units and/or services, entrepreneurs.

² In order for ASGM miners to be considered as Certified Economic Agents, they must complete a registration process with the Central Bank of Ecuador. This process includes the completion of forms established by the entity, the presentation of documentation of the legality of the mining activity, accounting and financial information, among others. Information on the specific requirements can be found at: <https://www.bce.fin.ec/comercializacion-de-oro/compra-de-oro>

³ PNGQ. (2019, July). Development of a financial product to be used in the Artisanal and Small Scale Gold Mining sector - ASGM PRODUCT 3. Proposal for existing products that are viable to be strengthened and/or a new financial product for the ASGM sector. Available at: <https://www.planetgold.org/sites/default/files/2019-11/Product%203-Final%20TRAD.pdf>

⁴ The high percentage of loan approvals (78.6%) was due to the fact that the miners who applied did not link their application to mining activities. In this sense, loans were made in the consumer, pledge, and mortgage credit lines. In addition, loans were approved because the applicants had the necessary guarantees, evidence of their income and a good credit history.

problems of miners for the conversion to cleaner technologies is their low-income levels; and, in many cases, their informality, which makes it difficult for them to access formal financing.” Therefore, to address lack of access to finance, different potential finance mechanisms were contemplated, in consultation with the financial sector, public and private institutions, and other key actors.

1.0.2 General Approach and Main Intervention Activities

The financial product called "SME Credit: Promotes sustainable, responsible and legal mining," was a product of the Inter-institutional Cooperation Agreement signed in October 2022 between Banco Central del Ecuador, BanEcuador B.P, Ministry of Environment, Water and Ecological Transition and Ministry of Energy and Mines. The agreement established that the intervening parties would coordinate actions so that economic agents (e.g., miners) certified by the BCE can access preferential credit from BanEcuador, allowing ASGM to obtain the economic freedom to change mine infrastructure and acquire more environmentally responsible mining equipment.

The main activities developed within the framework of the financial product were as follows:

- Presentation of the product to miners.
- Financial education workshop carried out by financial entities allied to the project.
- Pre-qualification of customers and delivery of requirements by allied banks to customers interested in the product.
- Training for SME business officers in the zones (Ibarra and Loja) in order to inform them about the mining credit operation sheet, as well as the main guidelines of this agreement.
- Socialization of the product through the Central Bank to make it known to the economic agents qualified to trade gold with this actor.

1.0.3 Target Areas and Target Groups

The beneficiaries of the financial products are members of a legally recognized mining organizations/associations engaged in ASGM and who are “certified economic agents”, authorized to supply gold to the Central Bank of Ecuador. Therefore, potential beneficiaries must be included in the lists provided by the Central Bank to BanEcuador B.P. Economic agents authorized by the Central Bank of Ecuador interested in applying for a loan through the mechanism must demonstrate annual income in excess of USD100,000.

The loan amounts range from USD 5,000 to USD 500,000, and the mining organizations to be served fall under the following economic range:

- Productive SMEs: Individuals and legal entities with annual sales over USD 100,000 and up to USD1,000,000
- Productive Business: Individuals and legal entities with annual sales in excess of USD1,000,000 and up to USD5,000,000.

The target geographic location of the project's beneficiaries was miners in the Zaruma and Portovelo regions. However, the financial product could be extended nationwide to wherever there are BanEcuador B.P. offices. Credit will only be granted to recipients on the BCE's gold supplier list.

The criteria for qualification for the credits were separated into two: 1) the initial requirements that are required for any type of financial service request with BanEcuador B.P. and 2) additional special requirements related to the mining activity. The criteria are listed below.⁵

Initial requirements:

- Presentation of identity card and voting certificate.
- Completion of the basic services form.

Specific requirements:

- Certificate of Authorization of Economic Agent issued by the Central Bank of Ecuador (BCE).
- Gold trading agreement with the Central Bank of Ecuador.
- Mercury-free management plan.
- Technical assistance agreement with the National Chemicals Management Program (PNGQ).
- Business plan (if the credit exceeds USD 100,000).
- Express authorization of the economic agent to lift legal and financial information confidentiality limits in the commercialization process with the Central Bank.

1.0.4 Partners and Key Stakeholders

Central Bank of Ecuador:

According to Article 49 of the Mining Law, *"in the case of gold coming from small-scale and artisanal mining, the Central Bank of Ecuador will carry out its commercialization directly or through public and private economic agents previously authorized by the Bank."* As part of the project, the Central Bank is required to send BanEcuador the report of payment transactions made to the economic agents authorized to trade gold with the BCE and that have been beneficiaries of the credit, with the prior authorization of the economic agent.

BanEcuador B.P.:

BanEcuador is a financial entity that is part of the public financial sector, with its own legal personality and national jurisdiction, with autonomous assets, whose purpose is *"the exercise of financial activities previously authorized by the Superintendency of Banks and the provision of financial services of credit, savings and investment, under the criterion of financial intermediation of public and private resources, serving small businesses and associative companies in production sectors, mainly agribusiness, trade and services"*.

Under the project, BanEcuador is the financial institution providing credit to qualified miners in the project. The bank in charge of evaluating BCE's economic agents and determines their potential qualification as credit subjects and reports the value and conditions of the credit provided as defined by internal regulations as outlined in the cooperative agreement.

⁵ For more information on the requirements to access the "Fomento Minería" loan, available at:

<https://www.banecuador.fin.ec/credito-mineria/#::~:~:text=Monto%3A%20desde%20%245.000%20hasta%20%24500.000.semestral%2C%20annual%20o%20a%20vencimiento.>

Ministry of Environment, Water and Ecological Transition (MAATE).

MAATE oversees providing training and technical assistance through physical or digital media on environmental issues, best environmental practices, and the most efficient mining techniques applicable for use by economic agents certified to trade gold with the BCE and the beneficiaries of the credit granted by BanEcuador, in accordance with the Environmental Regulations for Mining Activities in Ecuador. It also reports to all parties in the consortium every six months on the assistance and training provided.

Ministry of Energy and Mines (MEM):

The Ministry of Energy and Mines, according to Article 6 of the Mining Law, is "*the governing and planning body of the mining sector. It is responsible for the application of policies, guidelines and plans applicable in the corresponding areas for the development of the sector*". As an integral part of the Financial Product, the MEM is in charge of providing access to updated information regarding mining rights granted to economic agents authorized to trade gold with the ECB, as well as evaluating results obtained from the assistance managed by MAATE.

Small-scale and artisanal miners and miners' associations:

The beneficiaries of the financial product are formally organized miners (members of a legally recognized organization or association and/or Miners' Associations) who are suppliers of gold to the Central Bank of Ecuador. According to Law 45/2009, known as the Mining Law, artisanal mining is determined by a production extraction capacity of up to 10 tons per day of underground mining and 120 cubic meters per day of alluvial mining. In the case of small-scale mining, according to current regulations, their extraction is limited to up to 300 tons per day in underground mining and up to 1,000 tons per day in open-pit mining.

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

1.0.5.1 Scale of miners' financing needs and barriers to access.

From surveys conducted in some mining sites as part of the report "Development of a financial product to be used in the Artisanal and Small-scale Gold Mining Sector - ASM", it was determined that 48% of financial services are located at a considerable distance from miners, and miners tend to use mainly three bank agencies and savings and credit cooperatives. Similarly, 52% stated that they had never applied for a loan, and of those who did, 36% were approved. Among those who were not approved, the main reason was lack of collateral (36%), followed by lack of credit history (12%). In addition, 72% of those surveyed expressed their need to obtain financing, mainly for the purchase of machinery and tools (32%) and working capital (12%). Regarding barriers, it was noted that artisanal miners face significant obstacles when trying to access financing provided by these financial institutions. These challenges include: i) the informality of their activities, lacking a Single Taxpayer Registry (RUC) and Simplified Regime for Entrepreneurs and Popular Businesses (RIMPE); ii) the impossibility of proving their income, as they do not generate receipts or invoices; iii) being perceived as operating in a risky sector, resulting in the request for excessive collateral, usually of a mortgage nature; and iv) the lack of knowledge on how to prepare a feasibility proposal, investment or business plan.

1.0.5.2 Types of finance suitable for miners' needs.

Taking into consideration both the credit needs of ASGM miners, as well as the barriers they face as a result of the informality of the sector, in the report "Development of a financial product to be used in the Artisanal and Small-scale Gold Mining - ASM sector" it was considered that "the financial products that have the greatest feasibility of being used by the mining sector that wishes to formalize and/or carry out productive reconversion towards mercury-free production is the Inclusive Business Credit. The Inclusive Business Credit in Mining would aim to support with credit those individuals who are formally organized and/or ASGM Miners' Associations and who sell gold to the Central Bank of Ecuador (BCE)".

1.0.5.3 Financial education.

As part of the Inter-institutional Cooperation Agreement signed in October 2022, specific obligations were defined on the part of the financial actors in relation to strengthening financial education strategies. Therefore, one of BanEcuador B.P.'s contractual obligations was, among others, "to coordinate with the parties the necessary actions to strengthen the financial education programs that could be generated in favor of the BCE's economic agents". For its part, the Ministry of Energy and Mines has been mandated "to provide assistance and training on mining issues to economic agents authorized to trade gold with the BCE" and, on the part of the Ministry of Environment, Water and Ecological Transition, their job is *"to provide technical assistance and training through physical or digital media on environmental issues, best environmental practices and best available techniques applied to the sector to economic agents authorized to trade gold with the BCE, beneficiaries of the credit granted by BanEcuador."* However, to date, no concrete actions concerning financial education have been carried out for mining organizations within the framework of the inter-institutional agreement.

1.0.5.4 Description of the financial mechanism "SME Credit Promotes Sustainable, Responsible and Legal Mining".

Below are the main characteristics and conditions of the credit fund as stipulated in the framework of the Interinstitutional Cooperation Agreement and, in turn, governed within the framework of the regulations derived from the financial products in Ecuador, administered by BanEcuador.⁶

- **Target beneficiaries of the loan:** Economic agents (members of a legally recognized organization or association and/or Miners' Associations) authorized by the Central Bank of Ecuador to trade gold from small-scale and artisanal mining, and whose annual income exceeds USD 100,000.⁷
- **Economic sector to be served:** Production, Commerce and Services.
- **Segments to be served:**

⁶ More information on this is available at:

<https://www.banecuador.fin.ec/2023/05/22/creditos-para-una-mineria-legal-y-libre-de-mercurio/>

⁷ While it is true that the Interministerial Agreement seeks better access to credit for Ecuadorian ASGM, the financial product also allows other types of BCE Certified Economic Agents to access credit, specifically local and regional buyers of artisanal and small-scale gold.

- Productive SMEs: Individuals and legal entities with annual sales between USD 100,000 - USD 1,000,000.
- Productive Business: Individuals and legal entities with annual sales between USD1,000,000 - USD5,000,000.
- **Amount of potential credits:** From USD5,000 - USD500,000.
- **Potential uses of the loan:**
 - Fixed assets.
 - Working capital.
- **Guarantees required to grant credit:**
 - For credit of up to USD 20,000, only a personal guarantor is required.
 - For credit above USD 20,001, a mortgage, pledge, and investment certificates are needed.
- **Payment term:**
 - 10 years for fixed-asset loans;
 - 3 years for working capital loans;
- **Grace Period:**
 - 3 years for fixed-asset loans;
 - 1 year for working capital loans.
- **Repayment period:** Different modalities can be defined: monthly, bimonthly, quarterly, semiannually, annually, and at maturity.
- **Interest rates:** 10.71%, although this may be subject to change by BanEcuador B.P. at the time the loan is granted.

This financial product is one of BanEcuador B.P.'s "Credit for SMEs" product types, whose structure was inspired by the credit framework defined by the bank for economic activities other than mining. It should be noted that 80% of the loans granted by BanEcuador are of the "microcredit" type, mainly to retail companies with an annual turnover of up to USD 5,000. Of this 80%, it is estimated that 63% are in the agricultural sector and are disbursed mainly to women. BanEcuador is not a recurrent provider of financial services to the mining sector. The credit requests submitted by miners are mainly related to investment in improving their facilities and acquiring transportation and logistics equipment, and the project also learned that the default rate of BanEcuador's current mining clients under other loan modalities before the SME loan is estimated at 19%. Finally, it should be noted that this new financial banking product seeks to take a first step towards the necessary innovation in comparison with other types of credit in Ecuador, as it seeks to stimulate the formalization and association of miner's entrepreneurship in the ASGM sector.

1.0.5.5 Due diligence

Each entity linked to the Interinstitutional Cooperation Agreement carries out an internal independent due diligence process. Initially, the Central Bank of Ecuador carries out the first due diligence review based on its internal procedure for compliance in the linking of mining counterparties, which cross-checks information and data from the ministries participating in the Agreement, in addition to the databases of other public entities such as the Internal Revenue Service (SRI), the National Public Procurement Service (SERCOOP), the Agency for Regulation and Control of Energy and Non-Renewable Natural Resources (ARCERNR), the National Directorate of Public Records (DINARPAD), the Superintendence of Companies, Securities and Insurance (SC), the Superintendence of Popular and Solidarity Economy and others, as a result of internal collaboration agreements. Subsequently, BanEcuador strengthens due diligence of the financial mechanism through its internal compliance process, especially evaluating the financial

performance, debt capacity, and liquidity of potential mining clients.

1.0.5.6 Socialization of mechanism

Prior to the signing of the Inter-institutional Cooperation Agreement that allowed the creation of the ASGM financial product, a discussion around the financial product proposal was held with 38 economic agents certified by the BCE (artisanal and small-scale miners with legal activity); of the aforementioned group, 21 agents carried out a pre-qualification exercise of credits to know in depth the requirements and the use of funds from the credits. Likewise, once the conditions and characteristics of the SME Credit for artisanal and small-scale miners materialized, it was socialized in a gradual and participatory manner by BanEcuador, with the support of the planetGOLD Ecuador project. Therefore, several dissemination workshops have been held to date, with 94 economic agents (30 women and 54 men) participating in the process.⁸

As part of the dissemination strategy for the financial product, a visit to exchange experiences of Central Banks of Ecuador and Colombia was carried out by the planetGOLD Colombia program in July 2023, in conjunction with the Banco de la República of Colombia, the Ministry of Mines and Energy of Colombia and other financial and civil society entities seeking to establish cooperation frameworks between both countries for the financial inclusion of ASGM in the region.

1.0.5.7 Performance of mechanism.

Since the beginning of the Interinstitutional Agreement in October 2022 till date, five (5) potential SME clients that meet the minimum revenue requirements of USD 100,000 p.a, have expressed interest in accessing credit from the mechanism but are yet to submit their applications. Another three (3) mining clients were also interested in accessing loan financing; however, their sales do not exceed USD 100,000 p.a., so they would only be eligible for microcredit from the bank, but outside of the financial mechanism facilitated by planetGOLD Ecuador. Finally, two (2) clients from the mining sector, although interested in receiving credit, are still obtaining the Certificate of Economic Agents authorized by the Central Bank of Ecuador, required to file an application. Recently, two loans for existing certified economic agents of USD 150,000 and USD 20,000 were granted by BanEcuador.

In addition to the mechanism described above, planetGOLD Ecuador has also worked with other financial institutions to strengthen the link between financial entities and mining interest groups. At the end of January 2024, a mining producer received USD 40,000 in microfinance credit, at an interest rate of 12.77% for five years, as working capital for their operations through the Cooperativa de Ahorro y Crédito Jardín Azuayo.⁹ The loan originated through support provided by the planetGOLD Ecuador project; however, it is not part of the Interministerial Agreement. It should

⁸ More information on this is available at: <https://www.banecuador.fin.ec/2023/05/22/creditos-para-una-mineria-legal-y-libre-de-mercurio/>

⁹ Information related to the credit granted is available in Spanish at: PNGQ. (2022, July). *Informe de socialización del producto financiero con Agentes Económicos del BCE, Cámaras y Asociaciones de Minería interesadas en acceder a este tipo de financiamiento.* <https://drive.google.com/file/d/1uybrKVM5m-RKk-wYpxBqXxRtB3MOB2V/view?usp=sharing>

be noted that the interest rate defined by the financial entity for the mining producer is part of its common portfolio for microcredits, i.e., it is not part of any scheme with differential conditions. Likewise, the credit granted originated before the signing of the Interinstitutional Cooperation Agreement.

1.0.6 Sustainability

One of the fundamental characteristics that contribute positively to the sustainability of the financial product is that it was created by taking advantage of BanEcuador B.P.'s existing legal framework and offer, which in turn makes it possible for it to be backed by the institution's own financing. Therefore, this type of loan is an active part of BanEcuador B.P.'s portfolio of differential services and is supported by a solid legal structure.¹⁰

In line with the above, the introduction of this financial product aimed at the ASGM sector will follow a gradual approach, starting with groups of miners whose formalization has been supported by the planetGOLD Ecuador Program before nationwide expansion. Therefore, this step-by-step approach will allow the evaluation of the results and the implementation of the necessary corrections in search of a sustainable financial product in the medium and long term.

The Inter-institutional Cooperation Agreement was signed for an initial duration of five years, subject to automatic extension, unless terminated by any of the parties involved. This fact allows the planetGOLD Ecuador project and other future initiatives and projects to leverage this cooperation framework to ASGM financial inclusion processes in the country with a consortium of key actors, leveraging their respective expertise and experience.

1.1 Cross-cutting Issues

1.1.1 Gender

Recognizing that current legislation does not address the needs of women working in ASGM, planetGOLD Ecuador and the above-mentioned Inter-Institutional Cooperation Agreement explicitly seek to address the inclusion of women and the most vulnerable people in the sector. To achieve this, diagnostic studies were conducted from the beginning of the project to anticipate the social, economic, and environmental conditions of individuals engaged in mineral selection in mine waste or artisanal mining. In this phase, it was identified that 96% of those engaged in these tasks are women, as they are socially assigned to the less valued and, therefore, less profitable tasks in the gold value chain due to their gender identity. This work is located geographically outside the mines and is not legally recognized, putting it at a disadvantage in the mineral market. Therefore, this activity is a subsistence activity.

One of the outcomes was the identification of alternative livelihoods related to the gold value chain. Accordingly, the consolidation of a group of women goldsmiths has been promoted, who

¹⁰ It should be clarified that the Interministerial Agreement establishes responsibilities of continuous coordination between the Central Bank of Ecuador and BanEcuador in the management of information of the potential beneficiaries of the credit mechanism, especially concerning the sales made by the actors, the payment dates of the minerals purchased and others, all with prior authorization by the Certified Economic Agents. However, the Central Bank of Ecuador is not responsible for the repayment of the credits.

want to add value to the gold extracted in their territory. They have been working to establish their own workshops and training in organizational aspects, and planetGOLD Ecuador has supported the women with business plan development to enable their formal market entry.

In terms of recognizing women's work in mining, the project developed guidelines for base recyclers, known as "jancheras,"¹¹ to be recognized. This facilitates their transition to formalization, thus establishing a solid foundation within financial inclusion mechanisms.

Despite the efforts made, there are still fears among women. This is because formalizing means taking on responsibilities such as invoicing, and unfortunately, there is a myth about the loss of social benefits from the state with invoicing. Under the Ministerial Agreement, there are still no formalized ASM women.

The aim is to continue promoting group association and formalization among women miners to mitigate their sales problems. Additionally, support has been provided for women to establish connections with beneficiation plants that own the tailings, allowing them to process their ore in these plants.

Regarding the mechanism designed by the Central Bank of Ecuador (BCE), it was found that there were shortcomings in the real possibility of buying from artisanal miners who can hardly accumulate a sufficient volume to deliver the mineral to the bank. Nevertheless, the BCE is very interested in building suitable strategies for women to access financial inclusion mechanisms properly.

As for opportunities, it was identified that financial products could be used by women miners to create or strengthen their complementary or alternative livelihood options. This could be achieved through BanEcuador's Entrepreneurship Credit to start economic activities outside the mine and improve their economic autonomy.

1.1.2 Vulnerable Groups

One of the notable results of the project's Gender Strategy is the recognition of *jancheras* as a working population, which is a starting point for improving their conditions within the mining industry. Women miners are a focus of interest to the project due to their levels of vulnerability marked by the situations to which they are exposed at a social level. Examples are mercury use, lack of access to fair prices, double workdays due to care activities, and others. For that reason, *jancheras* associations are a potential door to closing gaps and financial inclusion.

1.2 Findings, Observations, Lessons Learned

¹¹ *Jancheras*: Manual collection and processing of minerals discarded by small mines that may contain small amounts of precious metals.

1.2.1 Project Highlights

It is important to note the efforts made by planetGOLD Ecuador in evaluating and mapping the different financial services offered by a large part of the financial sector, especially in the program's intervention areas, which are also of great relevance in ASGM mining activity in the country. These efforts served as the basis for the subsequent search for strategic alliances and collaboration with entities in the financial sector, as well as with other key actors in the ASGM supply chain in the country. The result was, on the one hand, the materialization of the interinstitutional cooperation agreement and, on the other hand, the consolidation of a financial product for the sector.

The creation of an inter-institutional cooperation at the public level in the country is key in taking advantage of the different knowledge and specific experiences of each one in the consortium parties. Each of the entities provides accurate and timely information, for example, the Ministry of Energy and Mines on the status of legality and compliance of ASGM mining organizations in the process of linking with the Central Bank of Ecuador; likewise, the support that the Central Bank provides to the other entities on the processes of due diligence and background checks to allow BanEcuador to act accordingly when faced with credit requests from ASGM miners who sell to the Central Bank. Consequently, the Interinstitutional Agreement encourages each entity to contribute knowledge to the ASGM marketing and credit mechanism, taking advantage of their complementary experiences.¹²

1.2.2 Suitability of Intervention Design

While it is true that the strategy undertaken by the planetGOLD Ecuador Project achieved the support of key strategic actors for the creation of a new ASGM financial product, it should be noted that the suitability of the financial product is yet to be evaluated since the roll-out of potential credits in favor of ASGM mining actors is still yet to be done to date. For the time being, the financial product is heavily protected thanks to the Inter-Institutional Cooperation Agreement, but it's only until the practical execution of the product can its competency and efficiency be evaluated.

1.2.3 Specific Factors for Success

- Gathering information from primary sources of financing for the mining sector made it possible to learn about the real needs and difficulties experienced by artisanal and small-scale miners in obtaining formal financing.
- An extensive analysis of the banking sector's offering to ASGM operators led to the identification of a suitable banking partner.
- Integration of Ecuadorian ASGM characteristics in the credit analysis of the financial product without having to modify or change the structure of current credit programs.
- Leverage collaboration between various institutions to take advantage of their specific roles and experiences, contributing with strategic information on the legality compliance of mining activities, the status of environmental requirements, due diligence of production and marketing operations, and others.

¹² The Central Bank of Ecuador will carry out the corresponding disbursement to its supplier for the purchase of gold, thus making the transfer of funds to the client's account at BanEcuador B.P., according to the payment date established in the credit operation granted to the client. The BCE will inform BanEcuador B.P. about the completion of the transfer.

1.2.4 (Potential) Factors for Failures

It is necessary to overcome the existing barriers in the current credit mechanism, especially with regard to the minimum purchasing amount of 50 grams of gold required by the BCE to engage an Economic Agent, since this complicates the possibility of access to credit for artisanal miners with lower production volumes, as well as the need of shortening payment times to miners selling to BCE.

Credit allocation should be started with the miners the program supports in their formalization process. Likewise, verifying whether these miners are included in the list of those authorized to sell gold to the BCE is necessary in addition to formalization. If they are not, it is suggested to provide them with support so that they can comply with these requirements.

The financial product needs to be improved by providing technical assistance to miners regarding mercury-free mining and sustainable natural resource management. In addition, it is essential to strengthen their skills through financial education, which will enable them to develop business plans that they can present when applying for credit from BanEcuador. Similarly, it is necessary for the mechanism to have differential access that adapts to the needs and scope of women miners.

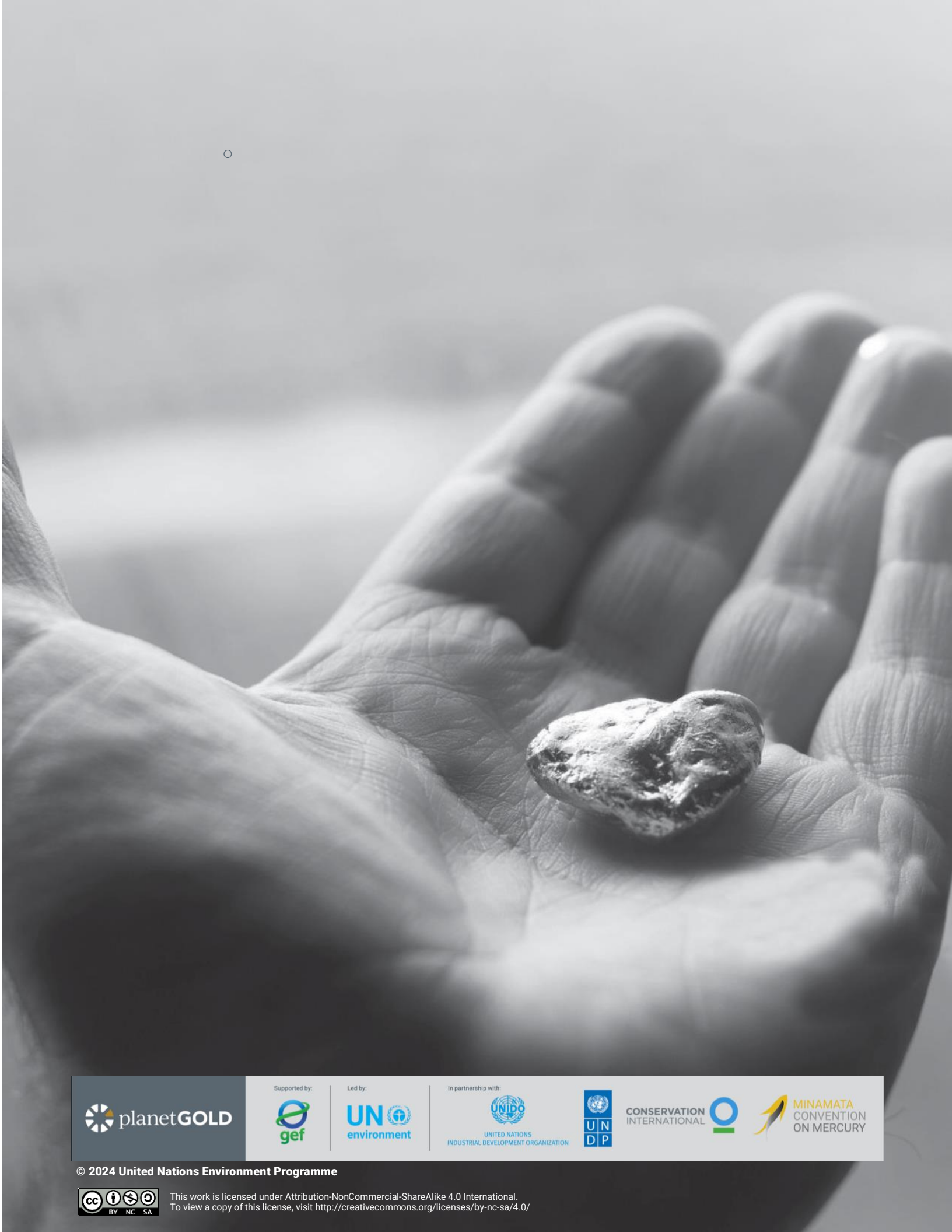
1.2.5 Recommendations for Future Interventions

The need for greater ownership of the financial inclusion components by public entities, such as the Ministry of the Environment and the Vice Ministry of Mines, is crucial to ensure the success and continuity of this process. These institutions play an essential role in the formalization of BanEcuador B.P.'s financial product to provide continuity to initiatives and programs related to the mining sector. Close coordination between these public entities and BanEcuador B.P. will make it possible to address the challenges and opportunities of the sector more comprehensively, thus promoting a more effective and sustainable approach for the benefit of mining communities and the environment.

In terms of gender, it is recommended that the mechanism be tailored to be more accessible to women miners and that associations of women miners continue to be encouraged. It has been demonstrated that these organizational structures have fostered formalization and financial inclusion, contributing to women's economic autonomy by building and implementing alternative livelihoods to mining, which is an interest of the "jancheras."

Annex: Documents Reviewed

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