



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

A GEF Initiative

A photograph showing several people, mostly women, wearing blue bucket hats and grey long-sleeved shirts, working with long metal sluice boxes outdoors. They are using their hands to sift through a thick, yellowish slurry of water and sediment. One woman in the foreground is wearing an orange t-shirt and black rubber boots. The background shows lush green trees and foliage. The scene is set in a natural, outdoor environment.

# ENGAGING WITH ARTISANAL AND SMALL-SCALE GOLD MINING

A Short Guide for Commercial Banks

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## BACKGROUND

Artisanal and small-scale gold mining (ASGM) is an **important source of livelihood** for millions of people in the developing world who have few other income-generating alternatives. However, the sector is often associated with negative social and environmental impacts, including the use of mercury, a highly toxic metal. Given the widespread prevalence of ASGM, and its potential to support economic development, efforts are underway to bring miners into the formal economy and encourage more responsible practices that minimize negative environmental and social impacts.



\* Based on the 2024 average closing price of gold, assuming production of 500-600 tonnes per year  
Sources: Global Mercury Project, Global Mercury Assessment 2018, Artisanal Gold Council



## ASGM AND FINANCE

Most artisanal and small-scale gold miners, even those who are already formalized, are **unable to access commercial financing**. This lack of access to formal finance **holds back the sector's development** potential. Most ASGM operators have only limited access to financing through informal channels, with terms that often exceed those of commercial financing, keeping miners in a vicious **cycle of debt and production sharing**.

Nonetheless, the artisanal and small-scale mining sector, taken as a whole, is the second only to agriculture when measured by the number of people engaged in the sector. With rising global mineral demand, ASM is **set to grow, and formal finance cannot afford to overlook** this burgeoning market.

Recent notable examples of ASGM financing efforts by formal finance actors showcase that, with the right approach and risk management in place, **ASGM operators are bankable**. As individuals build a track record of repayment, they become lower-risk customers.

## WHAT ARE THE FINANCING NEEDS OF THE ASGM SECTOR?



**Mine Equipment:** Tools, advanced technologies, energy solutions and safety gear to enhance productivity in gold extraction and processing.



**Mine Infrastructure:** Infrastructure, water management, site preparation and environmental compliance to prepare mine sites for efficient, responsible operations.



**Labor and Workforce Support:** Training programs, fair compensation, health and safety, and employment security measures to attract skilled labor, reduce turnover, and empower workers to operate efficiently and safely.



**Land Reclamation:** Land infilling, revegetation, water quality management, and drainage, to restore ecological balance, rehabilitate land for future productive use, and conserve local biodiversity.



Photo: planetGOLD Burkina Faso



Photo: Dawn Po Quimque/  
planetGOLD Philippines



Photo: planetGOLD Burkina Faso

## BE A FIRST MOVER. HARNESS AN OVERLOOKED BUSINESS OPPORTUNITY.

- ▶ **Untapped market potential:** Engaging high-risk sectors offers banks an untapped market to expand market share, diversify revenue, and secure a first-mover advantage. Banks can onboard businesses and cooperatives while extending personal banking services to unbanked workers and their families.
- ▶ **Long-term relationship building:** Clients' risk decreases with a strong repayment record, and supporting the growth of mine operators can turn them into loyal, low-risk, profitable long-term customers.
- ▶ **Holistic growth:** ASGM operators are small- and medium-sized enterprises (SMEs) operating on a wide spectrum of formality and professionalism, and their financing needs are not unlike other SMEs in informal economies. Banks already active in other high-risk sectors can leverage their capacity-building efforts to drive holistic organizational growth in this sector.
- ▶ **Spillover effects:** Similarly, an approach designed for the ASGM sector can be applied to other SME-heavy sectors with similar risk and opportunity conditions.
- ▶ **Links to the SDGs:** Investing in more responsible ASGM operations can help meet the Sustainable Development Goals



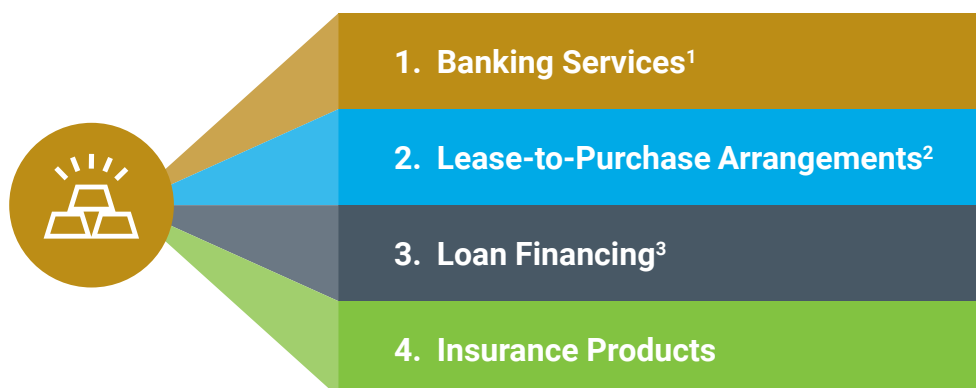
## HOW CAN YOU DE-RISK ENGAGEMENT WITH ASGM?

Engaging with the ASGM sector is often perceived as high-risk due to challenges such as informality, volatility, and reputational concerns. However, there are effective strategies to mitigate these risks and unlock opportunities in this sector:

- ▶ **Get familiar with the sector to better understand true credit risks:** Despite limited formal data, banks can focus on studying informal indicators, such as:
  - ▶ Patterns in cash flows and seasonality
  - ▶ Sector-specific risks and local market conditions
  - ▶ Indirect measures of success and sustainability
- ▶ **Leverage partnerships:** Collaborating with governments, civil society organizations, and international initiatives focused on formalizing the ASGM sector can help de-risk engagement. Aligning with these efforts not only minimizes reputational risks but can also convey a reputational advantage.
- ▶ **Develop robust risk mitigation strategies:** As with other SMEs in informal economies, tools can be developed to manage risks effectively:
  - ▶ Adapt specialized due diligence frameworks and enhanced data monitoring processes.
  - ▶ Apply stringent onboarding and ongoing monitoring practices tailored to ASM-specific risks.
  - ▶ Learn from existing examples of successful engagement in similar sectors.

Over time, these insights enable the creation of more accurate credit risk profiles and better-informed financial products.

## ENGAGEMENT OPPORTUNITIES FOR COMMERCIAL BANKS



<sup>1</sup> GDIAM Colombia Financial Access Case Study. Available at: [bit.ly/3EMQgpT](https://bit.ly/3EMQgpT)

<sup>2</sup> The Impact Facility's ASGM Access to Finance Model: Equipment Lease-to-Purchase Case Study. Available at: [bit.ly/3XaUfCV](https://bit.ly/3XaUfCV)

<sup>3</sup> Documentation of planetGOLD Colombia, Peru, Ecuador and Burkina Faso ASGM Financial Inclusion Interventions, and FADev Tanzania Case Study. All available at: [bit.ly/pGFinanceAnalysis](https://bit.ly/pGFinanceAnalysis)

## ADOPTING A GRADUAL APPROACH TO FINANCIAL INCLUSION

A phased engagement strategy can help banks progressively reduce risks while supporting ASGM actors:

**STEP 1**  Provide basic access to bank accounts to encourage formal financial participation.

**STEP 2**  Use transaction data to build detailed credit risk profiles.

**STEP 3**  Develop trust-based relationships with ASGM clients.

**STEP 4**  Introduce tailored financial products, including access to credit, based on the insights gained.

By combining these strategies, banks can navigate the challenges of working with the ASGM sector, reduce risks, and unlock opportunities for both financial inclusion and business growth.

## ASGM INVESTMENT CONSIDERATIONS<sup>4</sup>



<sup>4</sup> planetGOLD. 2024. ASGM for Financiers: A Guide to Evaluating ASGM Projects. Available at: [bit.ly/4gKnpQo](https://bit.ly/4gKnpQo)

# PIONEERING FINANCIAL INCLUSION OF THE ASGM SECTOR: BIBLIOGRAPHY

## Issue Brief

This publication reviews past experiences with delivering financial and allied services to ASGM and examines existing barriers to attracting formal finance and investment in the sector. It concludes with recommended interventions for governments, donors and other allies to help improve ASGM's access to formal finance in the future.

Available at: [bit.ly/FinASGM](https://bit.ly/FinASGM)



## Cross-country Analysis

The comparative analysis detailed in this document draws learnings from efforts undertaken by nine planetGOLD countries participating in the first phase of the programme, by highlighting similarities and differences between different geographic and regulatory environments. This analysis draws on detailed case studies of these countries' experiences. Available at: [bit.ly/pGFinReport](https://bit.ly/pGFinReport)



## ASGM for Financiers: A Guide to Evaluating ASGM Projects

This presentation deck and accompanying instructor guide are intended to introduce the basics of artisanal and small-scale gold mining to potential financiers and investors, with the aim of encouraging more private investment in the sector.

Slide deck:

[bit.ly/3Q7nJxE](https://bit.ly/3Q7nJxE)

Instructor guide:

[bit.ly/4hpR2Yv](https://bit.ly/4hpR2Yv)



## Advancing the SDGs through Investment in ASGM

With proper education and investment, artisanal and small-scale gold mining presents a tremendous opportunity to contribute to the United Nations Sustainable Development Goals. Learn how 12 of the 17 SDGs overlap with the development of a more responsible ASGM sector, demonstrating the real—and often unrecognized—prospect for the deployment of socially responsible investing and impact investment.

Available at: [bit.ly/ASGM-SDGs](https://bit.ly/ASGM-SDGs)



## Analysis of Financial Access Interventions for the ASGM Sector

Multiple resources on this landing page present a detailed cross-programmatic analysis of efforts to improve financial inclusion for artisanal and small-scale gold miners (ASGM), highlighting experiences from the first phase of planetGOLD projects in nine countries, as well as lessons from other non-planetGOLD interventions, showcasing diverse approaches in varying geographic and regulatory contexts. The report features case studies from countries like Burkina Faso, Colombia, Ecuador, Guyana, Indonesia, Kenya, Mongolia, Peru and the Philippines, exploring innovative financial mechanisms. The cross-programme analysis provides actionable insights to enhance ASGM's financial access globally.

Visit the webpage for more information: [bit.ly/pGFinanceAnalysis](https://bit.ly/pGFinanceAnalysis)





## ABOUT PLANETGOLD

The Global Environment Facility-supported planetGOLD programme works in partnership with governments, the private sector, and ASGM communities to significantly improve the production practices and work environment of artisanal and small-scale miners around the globe. By working to close the financing gap, supporting formalization, raising awareness, and connecting mining communities with mercury-free technology and formal markets, the programme aims to demonstrate a pathway to cleaner and more efficient small-scale gold mining practices that benefit everyone, from mine to market.

To learn more, visit [planetGOLD.org](https://planetGOLD.org)



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