

# AFECCOR.

Implementing Community Savings Groups  
in the Artisanal Gold Sector

A group of women are gathered outdoors in front of a mud-brick wall. They are dressed in traditional African attire, including colorful headwraps and patterned clothing. Several women are holding yellow envelopes, suggesting a community meeting or a distribution of funds. The scene is brightly lit, and the women appear engaged and attentive.

## IMPACT

Transforming natural resource management  
Empowering communities

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IMPACT transforms how natural resources are managed in areas where security and human rights are at risk. We investigate and develop approaches for natural resources to improve security, development, and equality. We are an independent non-profit, collaborating with local partners for lasting change.

IMPACT developed and first implemented the AFECCOR project in March 2017 in Democratic Republic of Congo, with funding provided by the European Partnership for Responsible Minerals (EPRM). In 2021, the AFECCOR project was expanded to Burkina Faso as part of the Foundations for Peace project, funded by Global Affairs Canada. In 2022, AFECCOR began in Mali as part of a five-year project to support women in artisanal mining communities, known as the FEMA project.

The Foundations for Peace project has been implemented in collaboration with the Alliance for Responsible Mining.

IMPACT is grateful to Global Affairs Canada for supporting the research and writing of this report. The opinions expressed in this report are those of the author and individual participants. They do not necessarily reflect those of Global Affairs Canada or the Government of Canada.





The Artisanal Mining Women’s Empowerment Credit & Savings project, known by its French acronym AFECCOR, supports women and men in artisanal gold mining communities to access savings and credit. These communities often lack the most basic financial services, and many have no experience in savings or loans.

By having access to savings and credit, miners can invest in alternative livelihoods and income generating activities, save for emergencies, and decrease their reliance on informal credit networks.

Through the AFECCOR project, artisanal gold miners and community members establish Village Savings and Loans Associations (VSLAs). Members meet regularly to put money into their association’s savings and to loan their growing funds to members. The interest paid on the loans goes back into the communal pot so group members see their savings increase over time.

Accompanied by training on literacy or business skills, as well as dialogues on household finances for spouses, community savings groups like VSLAs build economic security and resilience in artisanal gold mining communities. By increasing community solidarity and women’s leadership, they serve as an entry point to local conflict resolution and promoting women’s empowerment. These groups can become the first stepping stone to formalization and a responsible gold trade.

IMPACT launched the first AFECCOR project in 2017 in northeastern Democratic Republic of Congo’s (DRC) Ituri Province. It was one

of the first case studies documenting the introduction of the VSLA model to artisanal gold communities. AFECCOR has since been expanded to Burkina Faso in 2021, supporting communities at five artisanal gold mine sites across Centre-Ouest and Centre-Nord as part of IMPACT’s Foundations for Peace project. In 2022, AFECCOR expanded to Mali as part of a five-year project to support women in artisanal mining communities, known as the FEMA project.

The introduction of VSLAs to artisanal gold mining communities is an integral strategy to any responsible sourcing project. It is a proven model to support financial inclusion and move towards formalization.

Our brochure, ***AFECCOR: Supporting Artisanal Gold Mining Communities to Access Savings and Credit***, introduces how the project works, including steps to savings and loans, as well as the results from DRC.

**READ MORE:**  
<https://bit.ly/AFECCORIntroEN>



# COMMUNITY SAVINGS GROUPS ARE A FIRST STEP TOWARDS FINANCIAL INCLUSION

There is an urgent need for financial services in artisanal gold mining communities.

Formal financing such as banks or microfinance institutions haven't reached most remote communities, and often avoid lending to actors in the artisanal gold sector. Many don't have access to bank accounts or loans. Women are even further disadvantaged.

The artisanal gold mining sector relies on pre-financing, which is cash that is advanced by buyers to exporters, and who then advance cash to other actors in the supply chain such as traders, cooperatives, and miners. For miners, pre-financing helps them pay for their basic needs such as food or housing while working to produce enough gold for sale. It also helps cover the costs of purchasing any mining related tools, such as equipment or fuel.

Instead of counting on banks for their pre-financing, community members and actors in gold mining rely on informal financing. Some may turn to family members to provide loans, but others receive financing from actors in the supply chain. Miners often pay back their financier using a percentage of the gold they have produced, leaving them at risk of receiving unfavourable terms and becoming heavily indebted to gold traders.

The use of informal financing is often a red flag for formal finance and market actors, preventing them from entering relationships with artisanal miners and traders.

This creates a cycle for miners and traders. By using informal lenders, they are prevented from accessing formal markets and financing, which in turn leaves them reliant on those very same informal lending sources.

This is where community savings groups come in.

VSLAs offer an alternate solution to informal financing, providing entry-level financial services to populations who have little-to-no experience with savings and loans. It serves as an effective first entry-point for financial inclusion of miners, allowing them to eventually access new forms of financing.

In *Financing the Unbanked: How Community Savings Groups Can Create Pathways for Legal Artisanal Gold in Burkina Faso*, IMPACT explores the artisanal gold mining sector, access to financing, and how these relate to formalization and efforts to end illicit trade.

READ MORE:  
<https://bit.ly/FinancingTheUnbanked>



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**54** groups in Burkina Faso saved over **\$131,000** USD during AFECCOR's first financial cycle.

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# BUSTING THE MYTH THAT COMMUNITY SAVINGS WONT WORK IN ARTISANAL MINING COMMUNITIES

VLSAs can be found in rural regions all around the world and go by many names such as *tontines*, *susus*, merry-go-rounds, or *xitiques*.

The core idea of VSLAs is that they change the approach of financial inclusion from debt to savings and rely on existing trust relationships amongst peers in communities. It is based on building financial assets and skills through communal savings to address the needs of the poorest members of these groups.

VSLAs are a type of community savings group that are locally driven, self-managed, and highly profitable. Most members are risk-averse, wanting to stabilize household cash flow. VSLAs are an effective method of helping the poorest households in the group manage money more efficiently and stay out of debt.

Although widely implemented by large international organizations which have made savings groups a central pillar of their financial inclusion work in rural, informal sectors, VSLAs have not yet been widely implemented across artisanal mining communities. IMPACT was one of the first organizations to introduce the VSLA model to the artisanal mining sector through its AFECCOR project.<sup>1</sup>

VSLA projects are built upon a foundation of trust, responsibility, and ties to the community—encouraging each groups' members to believe that the money they put into the communal pot will be kept safe and returned, as well as encouraging them to pay back any loans they take.

In developing AFECCOR, IMPACT assessed a number of assumptions about artisanal mining communities to ensure the success of a VSLA model.

## **Miners don't have a steady income to contribute to weekly savings:**

While miners have irregular income and often may not have income from mining during a rainy season or when searching for a gold vein, they often already have other income generating activities. In fact, in both Burkina Faso and DRC, IMPACT found that artisanal miners have higher incomes than other community members thanks to existing alternative livelihoods.



I was a member in a VSLA and a volunteer. I received training in how to support the community and to be a successful entrepreneur. I first borrowed 50,000 CFA (\$82 USD) to invest in my husband's petrol business. When I realized that I was successful, I took another loan for 50,000 CFA. We became profitable and within three months, we've been able to repay the loans and have enough funds to continue with the business.

**WOMAN, CENTRE-NORD**

<sup>1</sup> Victoria Reichel, "Financial inclusion for women and men in artisanal gold mining communities: A case study from the Democratic Republic of the Congo," *The Extractive Industries and Society*, 7, no.2, April 2020, <https://doi.org/10.1016/j.exis.2019.05.003>.



Furaha is an artisanal gold miner in Democratic Republic of Congo. She shares how access to loans allowed her to invest in her business—a restaurant at the mine site—to ensure she has stable income over the year.



**WATCH NOW:**

<https://bit.ly/AFECCORMeetFuraha>

### **Miners aren't from the community and so there won't be enough pre-built trust:**

While miners do move between communities and there can be high rates of migrants especially in conflict-affected communities, it was less than expected. For example, in the two regions in Burkina Faso, 80 percent of the miners were born in the area they currently live in. This was similar to DRC, despite conflict in surrounding regions. When forming VSLAs, members were able to self-select their own groups based on pre-existing trust, often along community or family ties, as well as ethnic or religious lines.

### **Miners move between mine sites too often which will result in dropouts within VSLAs:**

It's true that miners can move between mine sites depending where there are higher gold yields. However, dropout rates in both countries were low, averaging no more than 10 percent. In DRC and Burkina Faso, most VSLAs held their weekly meetings in villages and a few VSLAs were set up at mine sites or mining camps for their residents.

### **Miners won't be able to contribute to weekly savings or pay back loans:**

Despite it being the most lucrative income in the region, due to the precarious nature of the artisanal gold mining sector, some may doubt the ability of miners to participate in savings and loans. However, the success of AFECCOR has disproven any doubt—with weekly contributions in both DRC and Burkina Faso. In addition, all loans were paid back in Burkina Faso, and only one group in DRC had a loan default.

IMPACT's article in the peer-reviewed academic journal, *The Extractives Industries and Society*, fully explores the role of community savings in the artisanal mining context and how to integrate financial inclusion into formalization.



**READ MORE:**

<https://bit.ly/AFECCORAcademicPaper>

- Note: Data from Burkina Faso based on baseline collected in January 2022 which surveyed 207 men and 299 women from mining communities in Centre-Ouest and Centre-Nord, as well as endline in December 2022 which surveyed 270 women and 184 men. Data from DRC based on baseline collected in November 2017 (299 women and 347 men) and endline collected in June 2019 (314 women and 387 men).

# A PROVEN MODEL: BUILDING ECONOMIC SECURITY THROUGH COMMUNITY SAVINGS IN BURKINA FASO

In 2021, AFECCOR launched in Burkina Faso through the Foundations for Peace project, as part of efforts to promote women’s economic empowerment and financial inclusion in artisanal gold mining communities. The project helped establish 54 VSLAs in Centre-Ouest and Centre-Nord.

More than 1,300 members joined the groups—and over 80 percent of members were women. Focused on five artisanal mining communities across the two regions, the VSLAs mostly included artisanal miners, but also tradespeople, farmers, and others.

During the first year of savings, running between December 2021 and December 2022, members were able to collectively save an impressive amount: over \$131,000 USD across all 54 groups. Each member saved approximately \$8 USD per month. This is a significant amount when compared to the local income. Based on IMPACT’s research across the two regions, men earn an average of \$98 USD per monthly and women—only \$28 USD.

Most members took loans from their groups—94 percent of women and 87 percent of men. Most members used savings or loans to launch or reinforce income-generating activities in small trades and services, for instance transport and food service (43%). This directly contributes to diversify local economies of

rural mining communities, which otherwise tend to heavily depend on imports from other, more agricultural regions. Others used their loans and savings to ensure their family’s food security (20%), pay for school fees (18%), medical expenses (17%), or funeral costs (2%).

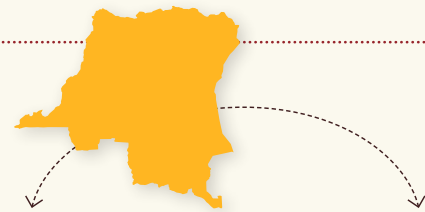
VSLAs were a new experience for many in the Centre-Nord region, where most of the members—75 percent—were artisanal miners. Within this region’s VSLAs, 62 percent stated it was the first time ever taking a loan. All loans taken across the 54 groups were paid back by members.

While the members in Centre-Nord had a new experience with VSLAs, they also had higher incomes. IMPACT’s research found that artisanal miners tend to have more income diversity than other informal, rural sectors—and earn more than individuals outside of the artisanal mining sector. VSLA members tend to further diversify their income sources and to achieve even higher incomes over time thanks to the investments they make.

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The **AFECCOR** project began in Democratic Republic of Congo and has since expanded to **BURKINA FASO** and **MALI**.

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Each VSLA sets the value of the contribution amount, known as a “share,” most often based on the ability of the poorest member to contribute to weekly savings. In Burkina Faso, shares were set at 250 CFA (\$0.42 USD) or 500 CFA (\$0.83 USD). Most groups in Centre-Nord set the contribution limit higher than in Centre-Ouest. Each member can contribute the value of one to five shares each week, depending on their economic capacity and choice.

While the project in Burkina Faso had a comparable number of VSLA groups and members to DRC (in DRC: 1,453 members in 50 VSLAs), a lower average income in the DRC community resulted in lower savings. During DRC’s first financial cycle from December 2017

to December 2018, members saved \$3.13 USD per month and the cumulative savings across the groups equaled \$45,519 USD.

In addition to weekly savings, members contribute to a Solidarity Fund which acts as an insurance for any unexpected expenses group members may experience that may impact their well-being. The groups raised almost \$7,694 USD for the Solidarity Fund—supporting members to pay for funerals and medical expenses. Instead of cashing out the remaining funds, members decided to pool them to support their communities. In Centre-Ouest, the VSLAs in the area purchased 14 mattresses for two health centers, while in Centre-Nord the funds went to various community beneficitation projects including a new well, fixing a school latrine, and repairing a road. The donations have been well received by customary authorities in the two regions, who have publicly reaffirmed their support for the community savings groups.

After the first financial cycle, all 54 VSLAs have chosen to continue. Since January 2023, 19 more VSLAs are forming—6 in Centre-Nord and 13 in Centre-Ouest.

AFECCOR was implemented in collaboration with the Alliance for Responsible Mining (ARM), as part of the Foundations for Peace project. Foundations for Peace is undertaken with the financial support of the Government of Canada provided through Global Affairs Canada.



Meet Elélé and Juliette, who live in an artisanal gold mining community in Burkina Faso. They share how through access to savings and loans, they’ve been able to invest in their futures for more economic stability and better solidarity within their communities.

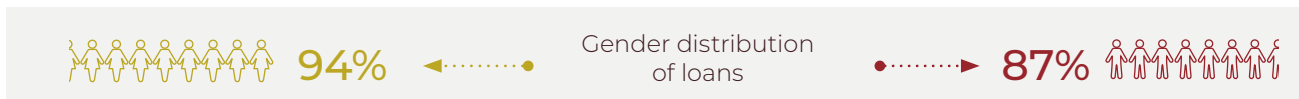
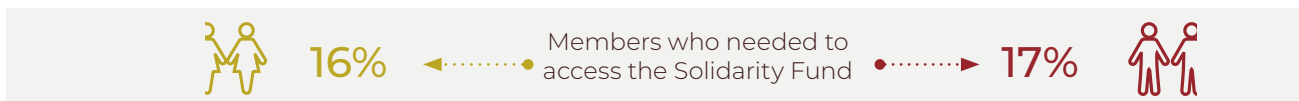
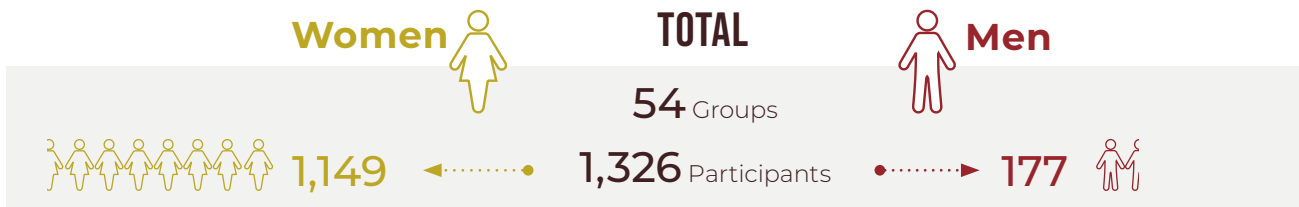


**WATCH NOW:**

<https://bit.ly/AFECCORMeetElele>



## RESULTS FROM AFECCOR IN BURKINA FASO: FIRST FINANCIAL CYCLE - DECEMBER 2021 TO DECEMBER 2022



Note: Based on data gathered from central ledgers from all 54 VSLAs between December 2021 and December 2022.

# CREATING AFECCOR: A COMMUNITY SAVINGS APPROACH TARGETED TO THE ARTISANAL GOLD MINING SECTOR

IMPACT's approach is based off best practices from international non-profit organizations implementing VSLAs, mostly across the agricultural space.

We've adapted this to local communities based on our experience working in these contexts. Importantly, IMPACT centers a gender-transformative approach integrating aspects of gender equality, women's leadership, as well as women's economic empowerment. As well, AFECCOR is adapted to allow for staff to accompany one financial cycle—at which point groups are expected to be self-sufficient.

## Group Structure:

VSLAs can be gender-mixed or only one gender. In our approach, we leave the constitution of the groups up to the participants. In DRC and Burkina Faso, groups were women only, men only, and mixed. By allowing members to create their own groups, groups are built based on any pre-existing trust, which sets up the VSLAs for success.

## Community Volunteers:

AFECCOR is based on a train-the-trainer model, creating local knowledge and empowering local community members. Their role is to provide training to each group's governance committee members and VSLA members. Each community volunteer can support two to three groups at a time.

During the first financial cycle, project staff monitor the activities of the VSLAs, providing support and troubleshooting as needed, while continuing to build the capacity of the community volunteers. At the end of the first year, the goal is for the volunteers to run the groups again and help establish new VSLAs without project staff support.

## Women's Leadership:

In AFECCOR, we encourage women to become community volunteers and VSLA governance committee members. In many of the communities, women are considered more trustworthy than men when it comes to finances and are respected in these roles. In Burkina Faso, 26 out of the 31 volunteers were women—in DRC, 20 out of 34.

Women who are trained as community volunteers directly benefit from the trainings and support. They are empowered to strengthen their leadership capacity, which can translate to other roles in the community. For example, in DRC, the first women artisanal mining association in Ituri Province, REAFECOM, was spurred by the women members of the VSLAs in their respective communities.

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All **54** groups in Burkina Faso  
started a second financial cycle



and **19 NEW** ones were formed.

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I was a beneficiary of a loan from my VSLA group. I took a 250,000 CFA (\$410 USD) loan to buy gold. Within three months, I was able to repay the loan and had a profit of 150,000 CFA (\$245 USD). Since then, my work has been successful and I thank the project, and hope that it continues in our community.

**WOMAN, CENTRE-NORD**



led to IMPACT increasing security measures, especially in Burkina Faso where the amount of savings was growing significantly.

To increase the security of funds, as well as ensure the safety of people holding them—IMPACT encouraged the location of the cashbox to be changed, and even to be held with village leaders. We also decreased the time between when savings started and when members could begin taking loans, therefore reducing the amount of money held at any time.

### **Gender-Mixed Staff and Consultants:**

All external project partners who have direct contact with beneficiaries, including the community volunteers, must have both women and men consultants to provide support. This ensures a female presence during project interventions and allows women to express themselves and their concerns more easily, leading to better adoption rates.

### **Security of Cashboxes:**

Ensuring the security of funds in VSLAs is a well-known challenge, as best practice is for the cashboxes to be kept at the homes of the group's governance members. During the two projects, there was only one incident where an empty cashbox was stolen, which

### **Business Training:**

Training on revenue generating activities or business skills, while not part of the classic VSLA methodology, can be offered to support members to make good use of their savings and loans. This training was offered to volunteers in Burkina Faso and DRC, who then trained members on basic income generating activities before loans kicked off.

### **Gender Dialogues:**

The AFECOR model integrates gender dialogues, based off of the International Rescue Committee's discussion groups for members (women) and their partners (men) on gender dynamics and household budgeting.<sup>2</sup> These dialogues are an important element to curb the risk of gender-based violence for female VSLA members, which can sometimes occur as women seek and gain financial empowerment.

<sup>2</sup> International Rescue Committee, *Facilitator Guide: Village Savings and Loans Associations (VSLA)*, 2012, <https://www.fsnnetwork.org/sites/default/files/EA%E%20Facilitators%20Guide-VSLA.pdf>.



Ernest is an artisanal gold miner in Democratic Republic of Congo. He shares how access to savings has him planning for the future with his wife.



**WATCH NOW:**

<https://bit.ly/AFECCORMeetErnest>

While in DRC, IMPACT had already been working on gender equality and women’s empowerment—this was a first introduction within the communities in Burkina Faso, and significant effort was made to reduce risk of violence and promote long-term change. For example, community sensitization was done ahead of the discussion groups, involving local officials and customary leaders who were able to provide support and promote the activity.

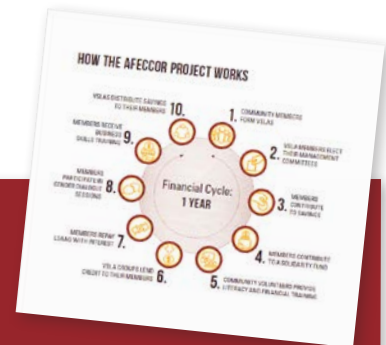
### Additional Training Based on Community Need:

The AFECCOR project also adds trainings based on context and community needs. For example, in DRC, an additional component was literacy training for the VSLAs women members to better prepare them to manage the savings they would have at the end of the financial cycle. While this is an identified need for many rural communities, it could be implemented in partnership with NGOs who specialize in adult literacy.

In Burkina Faso’s Centre-Nord region, the team provided additional leadership training to the community volunteers. As well, in the second half of the project, community learning sessions were held—bringing together volunteers from across the two regions. It allowed them to exchange ideas and brainstorm solutions to challenges.

### Integrating Additional Gender Projects:

While AFECCOR pursues a gender-transformative approach, it’s potential is maximised when other gender equality programming is integrated in parallel, especially projects focused on reducing violence against women. For example, in DRC, an initial financial cycle of the VSLAs was followed by the Women of Peace project to support women’s peacebuilding in local communities and mediation of domestic conflicts.<sup>3</sup>



AFECCOR’s financial cycle takes place over 1 year. Check out all 10 steps of the project.

**READ NOW:**

<https://bit.ly/AFECCORIntroEN>

<sup>3</sup> Women of Peace, *IMPACT*, accessed February 8, 2022, <https://impacttransform.org/en/work/project/women-of-peace/>.

# A SUSTAINABLE MODEL FOR FINANCIAL INCLUSION IN THE ARTISANAL GOLD MINING SECTOR

One of the success factors in a project like AFECCOR is in its scalability and sustainability. The project provides a realistic and positive experience for VSLA members to do savings and loans securely, while preparing community members to continue with their savings groups independently. At the same time, volunteers can move to support new groups—allowing additional community members to access savings and loans, without formal project support.

In DRC, 48 groups out of 50 continued their activities and started a second financial cycle in December 2018, along with 20 new groups that were formed and supported by the community volunteers. As of February 2023, 52 VSLAs continue to operate independently.<sup>4</sup>

It's a promising illustration of the importance of community savings—and their potential for other artisanal mining regions—especially if done properly and adapted to local contexts.

In Burkina Faso, over 75 percent of members in Centre-Ouest had previously been part of community savings groups that were discontinued. But almost all—99 percent—members who participated in AFECCOR wished to

continue. All 54 VSLAs will continue a second financial cycle. In addition, 19 new groups are being formed.<sup>5</sup> The demand for community savings is strong, with 77 percent of community members expressing interest in wanting to join a VSLA when possible.

The VSLA model delivered through AFECCOR is proven to be scalable and sustainable—with all essential knowledge delivered in one year, and groups continuing autonomously without assistance. Community volunteers or group governance members can continue to support new groups who are having their first financial cycle.



Modestine is a shopkeeper in Democratic Republic of Congo who runs a store selling clothing to artisanal gold miners in her community. She shares how through safe access to loans, she was able to invest in her second business—produce she farms and sells—and income which she was then able to re-invest into her shop.



**WATCH NOW:**

<https://bit.ly/AFECCORMeetModestine>

<sup>4</sup> Based on IMPACT's conversation with REAFECOM's President on January 31, 2023.

<sup>5</sup> Based on observations by IMPACT and ARM in February 2023.

# RECOMMENDATIONS FOR IMPLEMENTING COMMUNITY SAVINGS PROJECTS

Communities may have been exposed to savings group approaches in the past, using different names, depending on the context. Determine which term is known by your target population to support buy-in or which may be associated with a previous negative experience.

- Remain flexible on the number of VSLAs you want to create and assist. The local demand in one location might be lower or higher than you may think, and you should avoid turning away groups that have declared their interest.
- Actively seek the support and approval of local customary authorities. They are key in community buy-in, but as well as ensuring groups have a safe space to meet, shutting down any rumours or power dynamics, as well as providing security for the cash box.
- Try to work with local community associations, in particular women's mining associations or women's rights groups to anchor the knowledge transfer for the VSLAs. Those associations will remain after the project and can support new groups, monitor existing groups, and mitigate any risks that may arise later.
- There is significant local capacity to support VSLAs and train community volunteers. Rely on these organizations and consultants who already have experience with local communities.
- Community volunteers are often offered an incentive to participate. Make sure it is appropriate and context specific. The incentive should be rewarding enough to encourage volunteers, while remaining modest enough that it doesn't create competition or conflicts—especially for female volunteers—or encourage individuals to take on the role who may not be very committed.
- When selecting community volunteers, target women over men without excluding male volunteers. These roles transfer leadership to women and in return reassure and empower female VSLAs members.
- Don't intervene in the investment choices of group members. People tend to know their local economy and community. If you are concerned about capacity, offer training around income generating activities or business income skills.
- School fees are often a main driver for savings, even in countries where school is free. Hidden costs of schooling tend to be very high. It may be useful to adapt your financial cycle to allow members to access their savings when school fees are due.
- Keep in mind the seasons and the impact of weather trends on the income activities of your community members. VSLAs need to adapt to the local context and you may find periods with poor attendance due to a rainy season when mine sites are closed. Don't plan any trainings or events during this time.
- Additional project components should be considered based on an initial needs assessment of the targeted beneficiaries. Training modules may be adapted or even additional trainings may be needed.
- When the project finishes, be clear about the end of support but encourage participants to continue. We've organized festive events to underscore the achievements of local VSLAs, to generate pride and enthusiasm to continue.

**Photos by Vincent Bado/IMPACT**

Photos of artisanal gold miners and community members participating in the AFECCOR project in Burkina Faso's Centre-Ouest region in November 2022.

**Cover, Page 1:**

Members of a VSLA meet during their weekly meeting to contribute to their savings.

**Page 6:**

A member of a VSLA fills out their transaction record book which details their weekly contributions and loans.

**Page 9:**

VSLA members contribute to their group during their weekly meeting.

**Back cover:**

A member of a VSLA holds the weekly contribution of his group's members during the weekly meeting.





# IMPACT

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