




FINANCING THE UNBANKED:

How Community Savings Groups
Can Create Pathways for Legal
Artisanal Gold in Burkina Faso



Financing the Unbanked: How Community Savings Groups Can Create Pathways for Legal Artisanal Gold in Burkina Faso

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ACRONYMS

AFECCOR	Artisanal Mining Women's Empowerment Credit & Savings
ARM	Alliance for Responsible Mining
ASGM	artisanal and small-scale gold mining
ASM	artisanal and small-scale mining
BNAF	<i>Brigade Nationale Anti-Fraude de l'Or</i>
DFI	Development Finance Institutions
DRC	Democratic Republic of Congo
GAC	Global Affairs Canada
IMF	International Monetary Fund
MFI	Microfinance institution
RCPB	<i>Réseau des Caisses Populaires du Burkina</i>
REAFECOM	Network for the Empowerment of Women in Mining Communities
SOFIPE	<i>Société pour le Financement de la Petite Entreprise</i>
UAE	United Arab Emirates
UN	United Nations
UNCDF	UN Capital Development Fund
UNIDO	UN Industrial Development Organization
VSLA	Village Savings and Loans Association

KEY TERMS

Artisanal and small-scale mining (ASM): largely informal mining activities using low technology or minimal machinery. ASM is most prevalent in developing countries.

Economic resilience: ability for a person to withstand an unexpected expense or recover quickly from it.

Financial inclusion: full access to useful and affordable financial services and products that meets people's needs. Can include the ability to make transactions and payments, have savings, credit, and insurance.

Formalization: process to break the link to illicit trade, begin capturing revenue from artisanal mineral trade, and to minimize negative socio-economic impacts from mining. It can include legal frameworks, as well as access to land, geological data, capital, equipment, and technical assistance.

Social cohesion: solidarity with a community and the strength of relationships among its members.

Unbanked: communities not served by any financial institution and without a bank account.

INTRODUCTION

Artisanal gold mining provides a critical source of livelihood to an estimated one million women and men across Burkina Faso,¹ many of whom face significant poverty and insecurity.

Much of the sector operates informally—outside the purview of the central government—and is intertwined with customary and traditional forms of governance. There have been efforts to formalize the sector over the past few years, including through the creation of a dedicated agency to support formalization. However, numerous barriers remain and there is a general lack of incentive for most miners and traders to operate within the legal sector. This leads to a significant amount of Burkina Faso's artisanal gold being smuggled out of the country under more beneficial financial terms.

The illicit trade in artisanal gold across the country has led to a loss in state revenues and raised alarm bells for potential links to criminality and money laundering. Further, armed groups present in Burkina Faso and across the Sahel, including jihadi groups, have increasingly targeted the artisanal gold sector for their political objectives and to finance their activities.

The issue of access to financing is crucial to efforts to formalize the artisanal gold mining sector and incentivize miners and traders to transition from the illicit to the legal trade.

The artisanal gold mining sector operates on a model based on pre-financing, which is a major determinant of where gold and money flows, and the channels they use. Coincidentally, miners often face high levels of exclusion with respect to the financial sector. Many are unable to access financing from microcredit or financial institutions, and are unbanked altogether. This leaves them dependent on informal sources of financing—including from the informal traders buying their gold.

The introduction of financial inclusion mechanisms tailored to artisanal gold mining communities such as Village Savings and Loans Associations (VSLAs), can be a first step towards improving the financial inclusion of artisanal miners and reducing their dependency on more predatory forms of lending.



1 MILLION PEOPLE
WORK IN
BURKINA FASO'S
ARTISANAL GOLD
SECTOR

¹ "Burkina Faso," *Delve Database*, accessed December 22, 2022, <https://delvedatabase.org/data/countries/burkina-faso>.

This paper explores the connections between financial inclusion, formalization of artisanal miners, and illicit trade. The research demonstrates why financial inclusion is a crucial component of efforts to formalize the sector and encourage the use of legal sales channels. Further, it examines these issues from a gendered perspective, identifying the specific challenges for women in artisanal mining communities, and how an approach that centers women's empowerment is necessary for equitable and sustainable formalization efforts.

IMPACT's research is based on an analysis of previous research on the gold trade in Burkina Faso and wider region, as well as financial inclusion in the artisanal gold mining sector. Research is also supplemented by experiential knowledge gained by IMPACT and data gathered while implementing the Artisanal Mining Women's Empowerment Credit & Savings project (*Autonomisation des Femmes par l'Épargne et le Crédit Communautaire Responsable*, known by its French acronym AFECCOR) in Democratic Republic of Congo (DRC), as well as in Burkina Faso through the Foundations for Peace project.²

This research examines the artisanal gold mining sector, access to financial inclusion, and how these relate to formalization and efforts to end illicit trade within Burkina Faso. However, the findings of this report can be applied to artisanal gold mining communities in contexts worldwide.

THE PROJECT
PROMOTES WOMEN'S
FINANCIAL INCLUSION IN
MINING COMMUNITIES



Foundations for Peace

IMPACT's Foundations for Peace project supports a more responsible artisanal gold sector in Burkina Faso while increasing security in mining communities. The project builds peace by promoting women's economic empowerment and financial inclusion in artisanal gold mining communities. At the same time, it builds the capacity of local stakeholders to challenge illicit trade and incentivize the legal trade of artisanal gold. The project is implemented in collaboration with the Alliance for Responsible Mining (ARM).

² "Artisanal Mining Women's Empowerment Credit & Savings (AFECCOR)," IMPACT, accessed December 22, 2022, <https://impacttransform.org/en/work/project/artisanal-mining-womens-empowerment-credit-and-savings/>. See also "Foundations for Peace," IMPACT, accessed December 22, 2022, <https://impacttransform.org/en/work/project/foundations-for-peace/>.

KEY FINDINGS

in Focus

Formalization of the artisanal gold sector needs to include

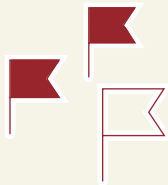
ACCESS TO FINANCING.



In the absence of formal financial services, artisanal gold miners and traders rely on **INFORMAL FINANCING.**

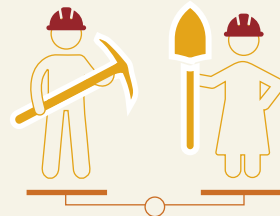


Informal financing is **RED-FLAGGED** by formal financial institutions.



Community savings groups provide opportunities for **FINANCIAL LITERACY** and entry-level financial services.

Community savings groups with gender-based approaches can contribute to **GENDER EQUALITY.**



Community savings groups can often evolve into other more **FORMALIZED ARTISANAL MINING GROUPS.**



Community savings groups decrease the dependency of their members on

INFORMAL, PREDATORY LENDERS.



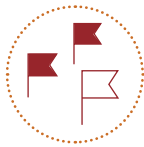
KEY FINDINGS



Formalization of the artisanal gold sector needs to include **ACCESS TO FINANCING**, as these actors and communities most often don't have formal financing.



In the absence of formal financial services, artisanal gold miners and traders rely on **INFORMAL FINANCING**, including from other supply chain actors, to pre-finance activities.



Informal financing is **RED-FLAGGED** by formal financial institutions as a compliance risk, excluding artisanal miners from accessing them and maintaining their dependence on informal lenders.



Community savings groups provide opportunities for **FINANCIAL LITERACY** and entry-level financial services to populations who have little-to-no experience in savings and loans, increasing economic security and financial sustainability among members.



Community savings groups with gender-based approaches can contribute to **GENDER EQUALITY** in communities and women's integration in formalization.



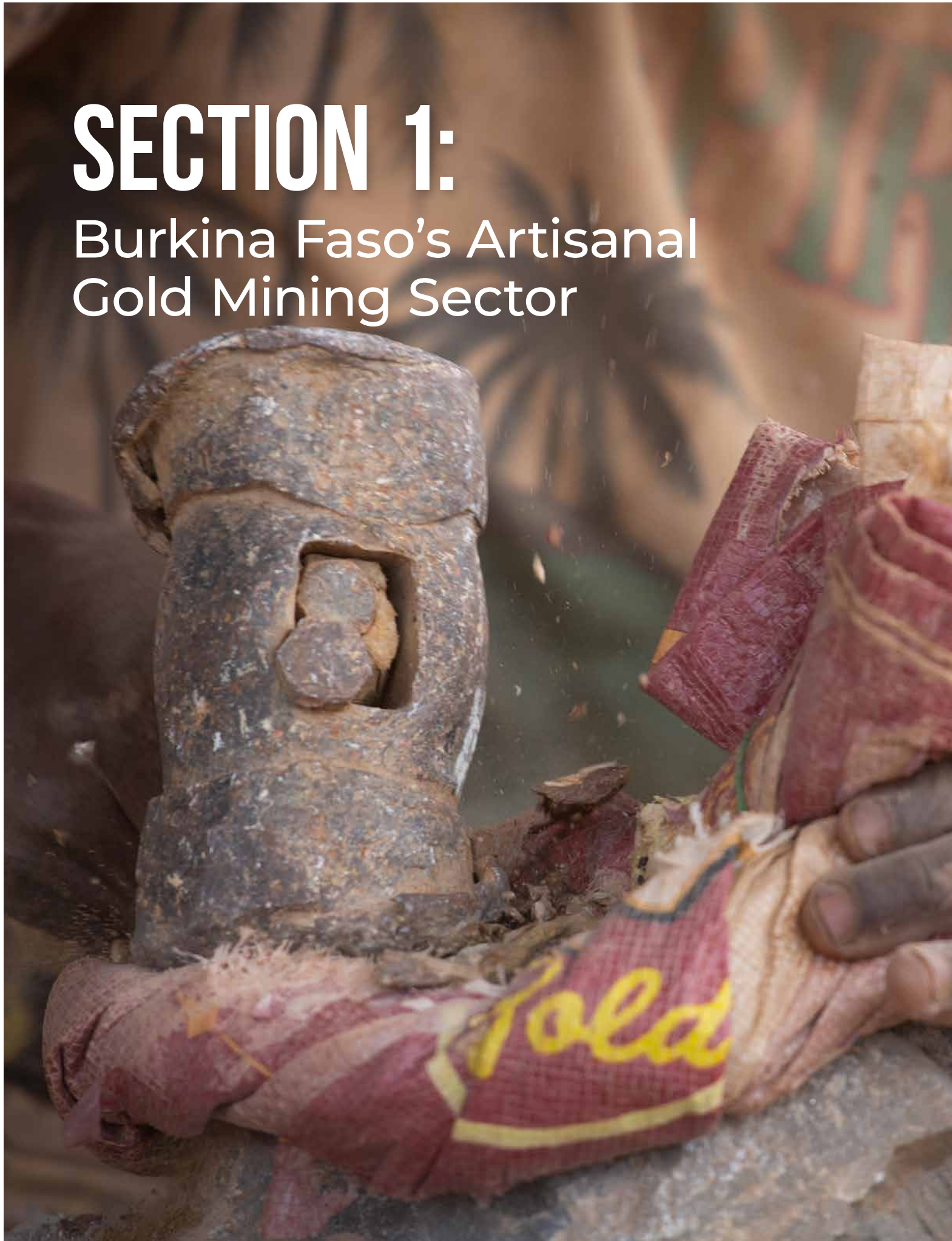
Community savings groups can often evolve into other more **FORMALIZED ARTISANAL MINING GROUPS**, putting them on the pathway to formalization and legal trade.



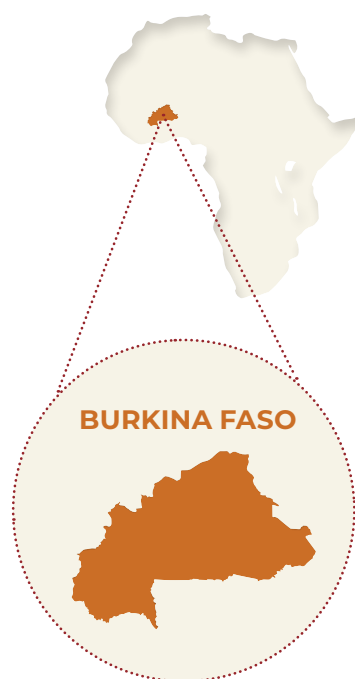
Community savings groups decrease the dependency of their members on **INFORMAL, PREDATORY LENDERS** in the artisanal gold sector.

SECTION 1:

Burkina Faso's Artisanal Gold Mining Sector



A Lucrative Income for Many



Burkina Faso is a landlocked West African country of 19 million people who are amongst some of the continent's poorest. In 2020, 40 percent of the country's population was considered under the poverty level³ and in 2021, Burkina Faso ranked 184 out of 191 countries on the Human Development Index.⁴

Politically, the country's stability is tenuous, particularly following a violent coup that ended Blaise Compaoré's 30-year rule in 2014.⁵ Since then, a succession of military governments, coups, and civilian uprisings have significantly affected security in the country.⁶ The presence of various armed groups including jihadis across northern Burkina Faso and the Sahel more generally, has also contributed to a volatile and disconcerting security situation.

The prevalence of impoverished populations in Burkina Faso explains in part the attractiveness of artisanal and small-scale gold mining (ASGM), which has been deeply rooted in the economic and socio-cultural landscape of the country since the precolonial era. The south of the country, known as Lobi, was historically a major international supplier of gold.⁷ However, following food crises in the 1980s, artisanal gold mining saw a sharp increase, mainly in the poorest regions of the north. Droughts moved the mining frontier from the south to the northern provinces of Gnagna, Seno, Soum and Oudalan.⁸ Today, artisanal gold mining is most

3 The World Bank in Burkina Faso," *World Bank*, September 21, 2022, <https://www.worldbank.org/en/country/burkinafaso/overview>.

4 "Human Development Index, Burkina Faso," UNDP, September 8, 2022, <https://hdr.undp.org/data-center/specific-country-data#/countries/BFA>.

5 Amnesty International, "Just what were they thinking when they shot at people?" *Crackdown on anti-government protests in Burkina Faso*, January 2015, <https://www.amnesty.org/en/documents/afr60/001/2015/en/>. See also Bettina Engels, "Different means of protect, same causes: Popular struggles in Burkina Faso," *Review of African Political Economy* 42, no. 143, 2015, 92-106, <https://doi.org/10.1080/03056244.2014.996123>.

6 "Burkina Faso: Coup Raises Serious Rights Concerns," *Human Rights Watch*, September 30, 2022, <https://www.hrw.org/breaking-news/2022/09/30/burkina-faso-coup-raises-serious-rights-concerns>.

7 Katja Werthmann, "Gold mining and Jula influence in precolonial southern Burkina Faso," *Journal of African History*, 48, 2007, 195-414, <https://www.jstor.org/stable/40206587>. See also, Jean-Baptiste Kiethéga, *La Métallurgie Lourde au Burkina Faso. Une Technologie à l'Epoque Précoloniale*, (Paris: Karthala, 2009).

8 Katja Werthmann, "Cowries, gold and 'bitter money' gold-mining and notions of ill-gotten wealth in Burkina Faso," *Paideuma: Mitteilungen zur Kulturkunde*, 49, 2003, 105-124, <https://www.jstor.org/stable/40315513>. See also Katja Werthmann, "The drawbacks of privatization: Artisanal gold mining in Burkina Faso 1986–2016," *Resources Policy*, 52, 2017, 418-426, <https://doi.org/10.1016/j.resourpol.2017.04.007>.

present in the country's poorest and most insecure regions. It constitutes an important livelihood for hundreds of thousands of miners and their dependents.⁹

While the government's focus has been primarily on investment in the country's large-scale gold mining sector, artisanal mining still constitutes a significant means of production for Burkina Faso's vast gold deposits. In 2020, it was estimated that Burkina Faso's artisanal gold sector produced 49,581 kg of gold at 451 mining sites.¹⁰ This production is carried out by miners who primarily operate informally, with the gold traded among networks of actors who often bypass the legal pathways for buying and selling gold.



**49,581 KG OF
ARTISANAL GOLD
MINED IN 2020**

While artisanal gold mining is often the most lucrative income source for rural populations, it is rarely the only one.

IMPACT's analysis of artisanal gold mining communities in Burkina's Centre-Ouest region found that artisanal miners tend to have more income diversity than other informal, rural sectors.¹¹ Artisanal miners in the communities had an average of 2.3 different income sources and earned 40,750 CFA per month. Individuals outside of the artisanal mining sector earned an average of 17 percent less. They had income from an average of 1.5 activities and earned 33,656 CFA monthly.

The additional income activities for artisanal miners included farming and sale of produce (68%), livestock (24%), small trade (22%), and other services such as cooking or selling goods (11%).

MINERS INCOME:

40,750 CFA  
PER MONTH

NON-MINERS:

33,656 CFA  
PER MONTH

⁹ Estimates range from 200,000 to more than 1 million miners and operators. See Delve, Burkina Faso.

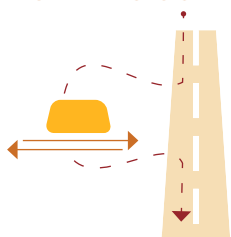
¹⁰ Ministry of Environment, Green Economy, and Climate Change of Burkina Faso. *Plan d'action nationale de réduction, voire d'élimination du mercure dans l'extraction minière artisanale et à petite échelle d'or conformément à la convention de Minamata sur le mercure*, 2020, 22, https://www.mercuryconvention.org/sites/default/files/documents/national_action_plan/PAN_EMAPE_Burkina-Faso_April2020_FR.pdf.

¹¹ Baseline data for IMPACT's Foundations for Peace project was collected in January 2022. It surveyed 207 men and 299 women from mining communities in Centre-Ouest and Centre-Nord. 115 of the survey participants were miners.

Incentives for Illicit Trade

There are a number of different factors pushing both miners and traders to operate outside legal channels. Historically, the sector has operated with little government regulatory oversight and relied on more traditional and customary forms of governance. In many places, these informal systems have continued as the central government only recently dedicated more significant—but still limited—resources to formalizing the sector.

MINERS AND
TRADERS **BYPASS**
LEGAL PATHWAYS
FOR BUYING AND
SELLING GOLD



Beyond this governance gap and disconnect with traditional systems of governance, there is a general lack of incentive for most miners and traders to use legal sales channels. These formal channels are often out of reach for miners and smaller traders who cannot afford the associated costs. Government agencies or departments responsible for authorizing miners and traders to carry out gold mining, buying, and selling are often located far away from mine sites. Miners also need to travel far distances to reach authorized buyers, while informal buyers are close by. Additionally, high fees and taxes for licenses or the gold itself offer further disincentive, pushing legality beyond the means of most.

While some gold traders and exporters may abide by certain requirements within Burkina Faso's legal framework regarding registration and licensing, it is clear that even they are not selling all of their gold via legal channels. For example, according to a 2016 report citing the *Brigade Nationale Anti-Fraude de l'Or* (BNAF), of 67 trading houses registered with the national government, mandatory quarterly declarations by these buying houses showed that only 10 had declared purchase and sale volumes.¹²

The majority of the gold is bought and sold by Burkinabé traders, as well as foreign traders with links to China or the United Arab Emirates (UAE).¹³ Research indicates that gold leaving Burkina Faso makes its way to trading hubs such as the UAE or Switzerland, usually after it transits through neighboring countries like Mali.¹⁴

¹² Yves Bertrand Alvarez, Baptiste Coué, and Patrick Schein, *Supply chains of artisanal gold in West Africa: A study of the supply chain in two gold-producing regions of Burkina Faso and Senegal*, Alliance for Responsible Mining, 2016, https://www.responsiblemines.org/wp-content/uploads/2018/04/Publication-supply-chains-artisanal-gold-west-africa_-ENGL_-baja.pdf.

¹³ Observations made during research carried out by IMPACT and ARM in July 2021 in the context of the Foundations for Peace project.

¹⁴ Alan Martin and Helene Helbig de Balzac, *The West African El Dorado: Mapping the Illicit Trade of Gold in Côte d'Ivoire, Mali and Burkina Faso*, Partnership Africa Canada (now IMPACT), 2017, <https://impacttransform.org/wp-content/uploads/2017/09/2016-Jan-The-West-African-El-Dorado-Mapping-the-illicit-trade-of-gold-in-Cote-DIvoire-Mali-and-Burkina-Faso.pdf>; Marcena Hunter, *Beyond Blood: Gold, Conflict and Criminality in West Africa*, Global Initiative Against Transnational Crime, November 2022, <https://globalinitiative.net/wp-content/uploads/2022/11/Marcena-Hunter-Beyond-blood-Gold-conflict-and-criminality-in-West-Africa-GI-TOC-November-2022.pdf>.

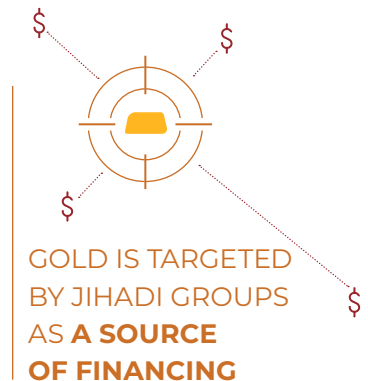
Given its rather small size, gold is easily obscured from customs officials at land border crossings or air transit hubs. To give a sense of scale, research commissioned by United Nations Industrial Development Organization (UNIDO) in 2018 conservatively estimated that a minimum of 7,000 kg of artisanal gold was smuggled into Togo from Burkina Faso on an annual basis,¹⁵ though it seems that gold flows into Togo have since moved elsewhere over the past years.¹⁶

A Target for Armed Groups

While the artisanal gold mining sector is a source of economic security for many, it is being increasingly targeted as a source of financing by armed groups in the region, including by jihadis active in the Sahel. A variety of mechanisms are used to extricate value from the sector including taxing gold transportation routes, creating protection rackets, or even taking control of gold mining operations.¹⁷

Local artisanal gold mining communities are paying the price, facing significant violence in recent years from armed groups, leading many to flee their homes. According to one report, approximately half of the country's artisanal mine sites are located within 25 km of a jihadi attack.¹⁸

Yet, as the government cracks down on illicit practices in the artisanal gold mining sector leading to increased tension with local communities and greater economic insecurity, some communities are allying themselves with jihadi groups.¹⁹ This demonstrates the complex relationship between actors and stakeholders in the artisanal gold mining sector, as well as the important role that gold plays in Burkina Faso's peace and security.



¹⁵ United Nations Industrial Development Organization (UNIDO). *Réduire les flux illicites de mercure et d'or en Afrique de l'Ouest: Options pour une approche régionale*, 2018, <https://www.unido.org/sites/default/files/files/2019-02/UNIDO%20ECOWAS%20french.pdf>.

¹⁶ Hunter, *Beyond Blood*, p.36.

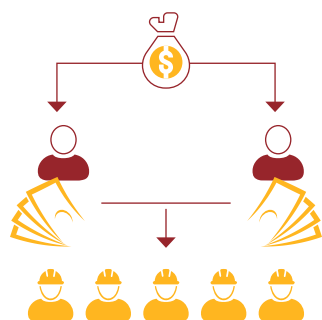
¹⁷ Ibid, p.16.

¹⁸ David Lewis and Ryan McNeil, "How jihadists struck gold in Africa's Sahel," *Reuters*, November 22, 2019, <https://www.reuters.com/investigates/special-report/gold-africa-islamists/>.

¹⁹ Ibid.

How Pre-Financing in the Artisanal Gold Sector Works

PRE-FINANCING IS CASH THAT IS ADVANCED BY BUYERS OF GOLD TO ACTORS IN THE SUPPLY CHAIN SUCH AS EXPORTERS, TRADERS, OR COOPERATIVES AND WHO THEN ADVANCE CASH TO MINERS



Key to the operations of artisanal gold mining is pre-financing. Pre-financing is cash that is advanced by buyers of gold to exporters, who then advance cash to other actors in the supply chain, such as traders and cooperatives, who themselves advance cash to 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. Miners often pay back their financier using a percentage of the gold they have produced.

In DRC, IMPACT's research has found widespread use of gold as currency for daily transactions, contributing to a "gold economy." Further, traders selling other goods or commodities (e.g. petrol) enter the gold trade either in an effort to facilitate their trade (e.g. avoid carrying large sums of cash) or in an effort to disguise their profits and avoid paying applicable taxes. In this context, gold serves as a financial instrument and currency, rather than a mineral commodity traded for profit.²⁰

It seems to be a different case in Burkina Faso. While miners typically pay back their financiers in gold, IMPACT didn't find a widespread practice of miners using gold as currency for small, daily purchases. However, anecdotal evidence suggest that this may be the case among pit owners and traders.²¹

For traders and exporters, pre-financing helps them to manage their cash flow. Especially as there can be a significant time delay between when cash is advanced to miners, gold is produced, and when it makes its way to the trader or exporter to be eventually delivered to their buyer. For example, IMPACT's research in DRC showed it takes an approximate period of six to eight weeks for inventory financing to be replenished—between buying gold and when the export payment is received.²²

20 IMPACT, *The Intermediaries: Traders Who Threaten the Democratic Republic of Congo's Efforts for Conflict-Free Gold*, 2020, p. 36, https://impacttransform.org/wp-content/uploads/2020/09/The-Intermediaries_Sept-2020_EN-web.pdf.

21 Based on observations by IMPACT and ARM in 2021 and 2022 over the course of the Foundations for Peace project.

22 Oscar Katho, Joanne Lebert, Jean Paul Lonema, Patience Singo, and Gerard van der Burg, *The Just Gold Project: Lessons for the Future of Artisanal Gold in Democratic Republic of Congo*, IMPACT, 2021, p. 34, https://impacttransform.org/wp-content/uploads/2021/03/IMPACT_Just-Gold-Lessons_March-2021_EN-web.pdf.

Viable Financial Model

The pre-financing model relies on its ability to make economic sense to all actors in the supply chain. Given the price of gold is set internationally, there is only so much margin available for upstream actors in the supply chain (i.e. miners, traders and exporters), as there is a ceiling to what gold refiners are willing to pay to ensure their own business is profitable. These margins need to cover not only profit, but also all the legal costs associated like taxes, fees, transportation, and insurance.²³

Where the margins for legal sales channels are too small, smuggling and illicit trade is incentivized. Moreover, where an illicit market is well-established, any cost associated with legal sales channels can render it uncompetitive with the illicit market. Therefore, not only is it vital to ensure actors have access to financing, but as well that the local context doesn't make the legal gold trade uncompetitive with illicit trade.

SMUGGLING IS INCENTIVIZED WHEN MARGINS FOR LEGAL SALES ARE TOO SMALL



²³ Ibid., p. 18.



SECTION 2:

Access to Formal
Financing in Burkina Faso

A Lack of Options for Artisanal Gold Communities

Actors in Burkina's artisanal gold sector face a number of challenges in securing formal sources of financing for their operations. Globally, countries where artisanal mining takes place often struggle with a lack of formal banking institutions. Where access is available, women often still face additional barriers, particularly in rural areas. This will be explored more fully in *Section 4: How Access to Finance Affects Women in Mining*.

Financial inclusion levels in Burkina Faso remain low. Formal financial services are provided by banks, microfinance institutions (MFIs) and mobile money systems. According to a 2019 International Monetary Fund (IMF) report, less than 25 percent of the country's population has an account at a financial institution and less than 10 percent have been able to borrow at these institutions.²⁴

MFIs—which provide financial services to lower-income, unemployed, and financially excluded individuals—are particularly important in the country. In 2018, 39 percent of adults did not use any financial services in Burkina Faso, formal or informal. Access varies considerably between urban and rural areas, with 74 percent in urban areas being able to access formal financial services (e.g. from banks, MFIs or mobile money companies) compared to 29 percent in rural areas.²⁵ This difference also echoes the location of MFIs which are centered in rural areas while banks remain concentrated in urban centers.²⁶ The growth of MFIs in the country since the mid-2000s is driven by the integration of micro-lending strategies by new actors and has become a major competitor to traditional banks.

LESS THAN 25% OF BURKINA FASO'S POPULATION HAS AN ACCOUNT AT A FINANCIAL INSTITUTION



24 International Monetary Fund, *IMF Country Report No. 19/16. Burkina Faso Selected Issues*, 2019, p. 8, <https://www.imf.org/~/media/Files/Publications/CR/2019/cr1916-Burkina-Faso-SI.ashx>.

25 UNCDF, *Burkina Faso Financial Inclusion Roadmap 2018 – 2022*, 2018, p. 7. https://finmark.org.za/system/documents/files/000/000/198/original/Burkina-Faso_Roadmap_English.pdf?1601973604.

26 UNCDF MicroLead, *Building Bridges to Financial Inclusion in Burkina Faso: Cost, Revenue, Performance and Effectiveness Analysis of Rural Mobile Savings Accounts*, March 2020, <https://www.uncdf.org/Download/AdminFileWithFilename?id=10354&cultureId=127&filename=microlead---building-bridges-to-financial-inclusion-in-burkina-faso-hi-respdf>.

In parallel, mobile money systems play an important role in rural areas. While digital finance remains in its infancy, the sector is booming with competition from Orange and Telmob providing financial services to 3 million and 1.1 million members respectively.²⁷ In some mine sites, transactions of gold are done by mobile phone with the trader transferring funds to the miner. This strategy can reduce risk of theft and also avoid challenges related to a lack of available cash. However, some have noted that mobile money services can be used to help traders circumvent controls on capital movements, and can also be used by armed groups of criminals to finance themselves.²⁸

Reluctance of Formal Financing Institutions to Engage with Mining Communities

However, the ASGM sector faces unique and particular hurdles—not isolated to Burkina Faso.



**BANKS ARE
RELUCTANT TO
LOAN MONEY TO
ARTISANAL MINERS**

The sector is seen as having a long list of credit risks making formal financial services reluctant to invest. The internal unstructured nature of unformalized artisanal gold mining makes lending agreements difficult. Actors in the sector are often transient or unlicensed—making their work informal or even illegal. The sector also isn't attractive for those lending institutions as the risk to return ratio is small. The locations are very remote, which doesn't make services profitable and many actors don't have any collateral such as land making the risk high. Additionally, miners often lack the skills and equipment which would allow them to identify the scale and value of the resource at the site, allowing them to guarantee an institution a return on investment.

Local banks are often unable to efficiently assess financial risks, or don't have representation in the rural areas where ASGM is performed. Beyond this limitation, the inflexibility of the local banking system, often supported by global Development Finance Institutions (DFIs) applying standards that do not allow for the funding of ASGM operators,²⁹ as well as the divorce between the realities of the artisanal gold mining sector and the requirements for loan collaterals completely remove access to financial resources.

²⁷ Ibid., p. 11.

²⁸ OECD, *Gold at the crossroads. Assessment of the supply chains of gold produced in Burkina Faso, Mali and Niger*, 2018, p. 29, <https://mneguidelines.oecd.org/Assessment-of-the-supply-chains-of-gold-produced-in-Burkina-Faso-Mali-Niger.pdf>.

²⁹ For example, the International Finance Corporation (IFC) Environmental, Social and Governance (ESG) standards are not applicable to the artisanal mining sector, despite being the core DFI-sponsored standards on mining.

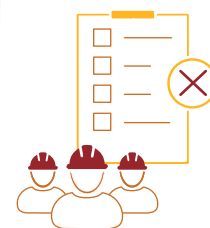
Further, as a mechanism of value storage with little short-term fluctuation and a high demand, gold is unique in the minerals sector, especially given the risk of the commodity being used as a vehicle for money laundering and conflict or terrorist financing.³⁰ This further raises concerns amongst financial institutions and has led many of them to create a higher compliance threshold for actors involved in the gold sector. This threshold is often unattainable by artisanal gold miners and traders. It also serves as a significant barrier for gold refiners to offer pre-financing to upstream supply chain actors—limiting another potential source of formal financing for the ASGM sector.

When formal lenders are willing to engage, they often demand high interest rates or strict repayment schedules to balance the risk of their investment. This means loans are often inaccessible for many small-scale businesses. And when banking institutions or credit initiatives are willing to lend to ASGM actors, many are unable to access these options because they don't have a bank account, as they are unbanked altogether.³¹

While the opinions of formal lenders on the risks associated with providing loans to ASM operators are well reported, the perceptions of artisanal miners haven't been as widely documented. According to interviews with artisanal miners and operators in Nigeria, they've been discouraged from applying for bank loans because of exorbitant costs to formalize including costs of obtaining licenses, paying high taxes and royalties, and the tight profit margin. Additionally, the instability of gold prices of the international market and lack of a guaranteed gold yield, make miners reluctant to take large loans.

As a result, most acknowledged that they could not meet all the requirements put forward by formal lenders.³² Furthermore, low levels of literacy and formal education in ASGM communities—often more common among women miners—also serves as a barrier for miners who struggle to read or understand the processes and requirements associated with formal lending institutions.

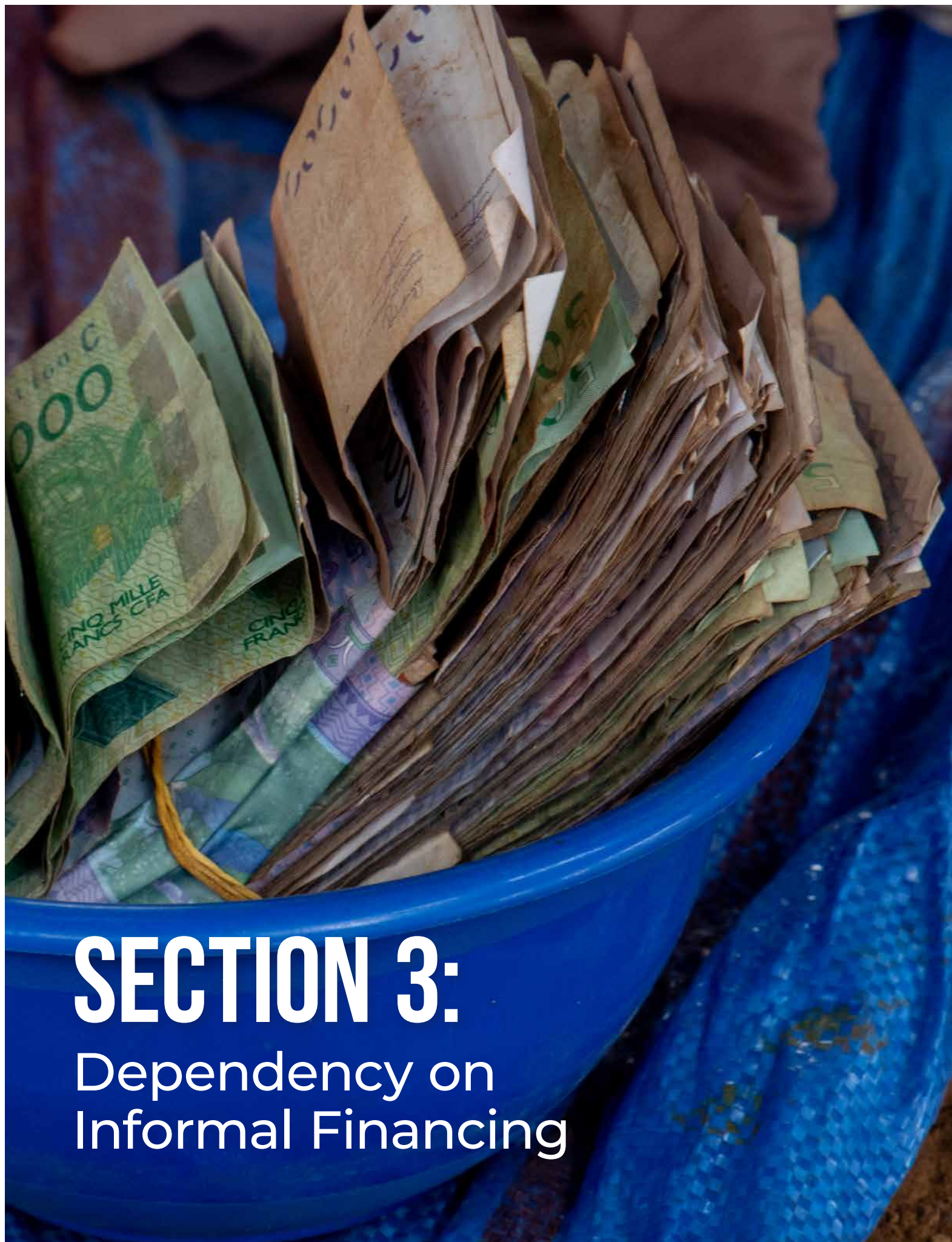
MOST MINERS
CAN'T MEET LOAN
REQUIREMENTS OF
FORMAL LENDERS



30 FAFT, *Money laundering / terrorist financing risks and vulnerabilities associated with gold*, 2015, <https://www.fatf-gafi.org/media/fatf/documents/reports/ml-tf-risks-vulnerabilities-associated-with-gold.pdf>.

31 Sofala Partners, *The barriers to financial access for the responsible minerals trade in the GLR, April 2019*, https://www.resolve.ngo/docs/ppa_-_barriers_and_opportunities_for_artisanal_access_to_finance_-_april_2019_-_final.pdf.

32 Olushola Daniel Eniowo, et al., Risk factors limiting access to formal financing: Perceptions from artisanal and small-scale mining (ASM) operators in Nigeria," *The Extractive Industries and Society*, Vol 12, December 2022, <https://www.sciencedirect.com/science/article/abs/pii/S2214790X22001526>.



SECTION 3:

Dependency on
Informal Financing

Types of Informal Financing in Mining Communities

Without access to formal sources of financing, actors in Burkina's artisanal gold sector are often reliant on informal lending sources and networks. Informal financing, such as VSLAs are often located in rural areas. These informal savings groups allow thousands of people to access financing in remote areas.

VLSAs can be found in rural regions all around the world and go by many names such as *tontines*, *susús*, merry-go-rounds, or *xitiques*.³³ 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.³⁴

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 adapt the VSLA model to the artisanal mining sector through its AFECCOR project in DRC.³⁵

AFECCOR was developed taking into consideration the unique context of artisanal gold mining communities. They are often very rural or remote and often stigmatized by other financial services. Miners often have irregular income, moving between mine sites with higher gold yields. Mining communities also often have high rates of migrants, especially in conflict-affected areas.

VSLAs ALLOW THOUSANDS OF PEOPLE IN RURAL AREAS TO ACCESS FINANCING



33 Hugh Allen and David Panetta, "Microfinance Paper Wrap-up: Savings Groups: What Are They?," MicroCapital, December 3, 2010, <https://www.microcapital.org/microfinance-paper-wrap-up-savings-groups-what-are-they-by-hugh-allen-and-david-panetta-published-by-the-seep-network/>.

34 Laura Hendricks, "Village Savings and Loans: A Pathway to Financial Inclusion for Africa's Poorest Households," Enterprise Development & Microfinance, 2011, Vol 22, 2, <https://practicalactionpublishing.com/article/2230/village-savings-and-loans-a-pathway-to-financial-inclusion-for-africas-poorest-households>.

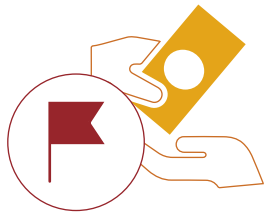
35 IMPACT, Artisanal Mining Women's Empowerment Credit & Savings (AFECCOR).

Where formal finance and VSLAs are unavailable, some miners rely on individual loans from family members or friends. Commonly, many miners turn to pre-financing from their trader or other actors, as mentioned in *Section 7*. These often leave miners at risk of receiving unfavorable terms and becoming heavily indebted to gold traders.

Cycle of Reliance on Informal Financing

When miners and traders are pre-financed by informal market actors, this often binds the sale of their gold to those same informal channels. This creates a dependency on informal lending that goes beyond a simple debt relationship.

USE OF **INFORMAL FINANCING IS CONSIDERED A RED FLAG** BY FORMAL FINANCE ACTORS, LEAVING MINERS DEPENDENT ON THESE INFORMAL SOURCES

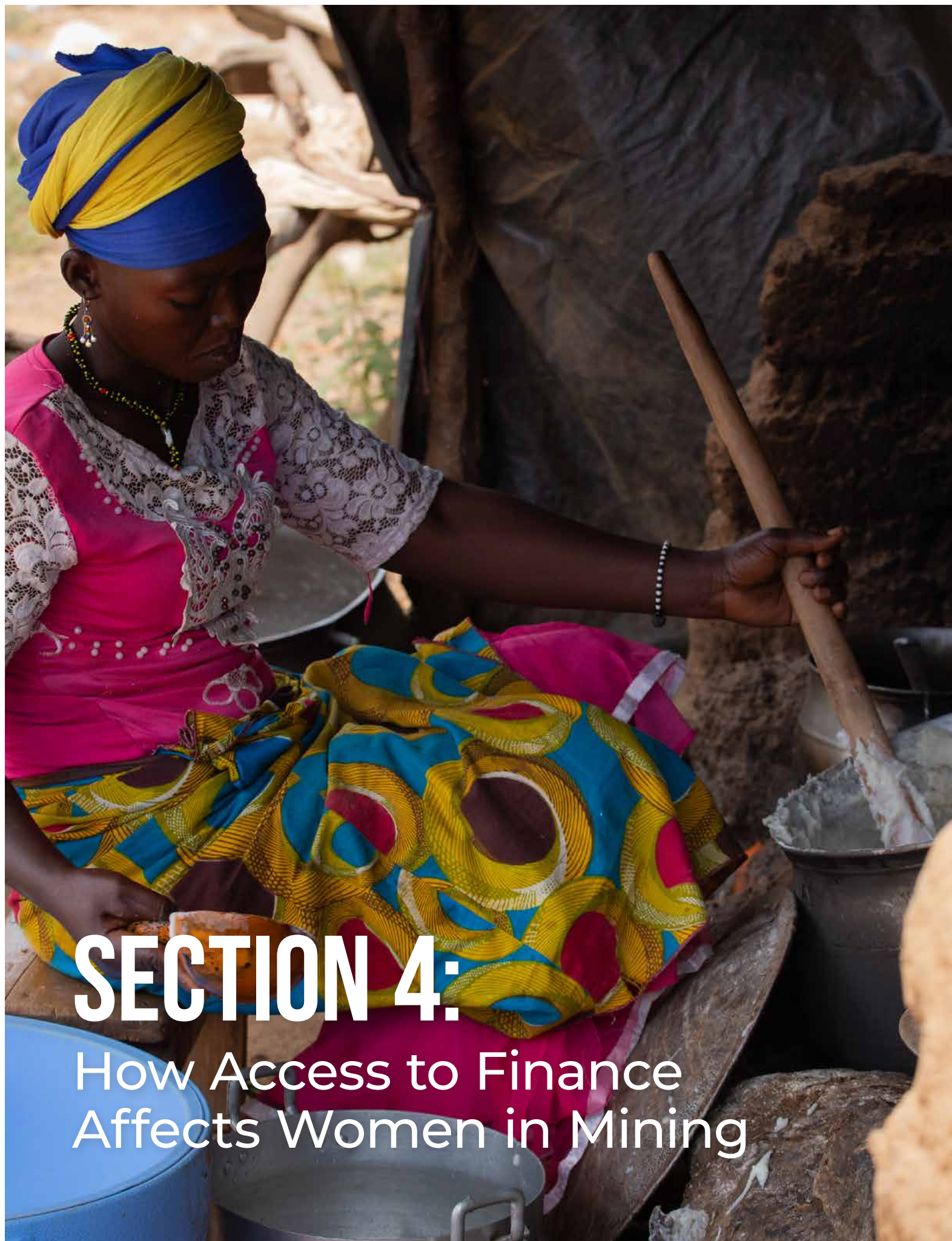


The use of informal financing avenues is often a red flag for formal finance and market actors, preventing them from entering into relationships with artisanal miners and traders. These red flags mostly pertain to compliance-related risks with respect to money laundering or links to other forms of criminality, including non-state armed actors or jihadi groups, as well as reputational risks, such as use of child labour in artisanal gold mining.

This creates a cycle for miners and traders, as their use of informal lenders plays a significant role in preventing them from accessing formal markets and financing, which in turn leaves them reliant on those very same informal lending sources. While some actors in the artisanal gold supply chain may have intentions of working within legal pathways, they are unable to as their sources of financing—to which they've committed their sale of gold—continue to be informal and potentially, illicit channels.

WE SEE PROJECTS THAT
COME TO SUPPORT AND
FINANCE FARMERS, BUT
ARTISANAL MINERS ARE
NEVER INCLUDED.
YET, ARTISANAL MINERS
ARE PART OF THE
COUNTRY'S DEVELOPMENT.

Village elder, Centre-Nord,
February 2022



SECTION 4:

How Access to Finance
Affects Women in Mining

Women in Burkina Faso's Artisanal Gold Sector

Across sub-Saharan Africa, women play important roles at artisanal gold mine sites, though these often go unseen or unrecognized.³⁶ Women are often excluded from mining due to taboos or stigma, and may often earn their income from secondary activities at the mine sites such as preparing food or transporting minerals.

A survey of 103 artisanal gold sites in Burkina Faso in 2020, found 23 percent of the artisanal mining population was composed of women and girls.³⁷ IMPACT's own research in the Centre-Ouest region, found between 12 to 33 percent of women at artisanal gold mine sites.³⁸

Gender equality in Burkina Faso is defined as relatively low,³⁹ and is clearly manifested in the roles, responsibilities, and power dynamics between women and men working in the sector.

Women in Burkina Faso's artisanal gold mine sites take on various roles such as mineral cleaning or digging as well as supporting activities, including in small businesses. According to a 2021 report, 46 percent of women at mine sites were miners, 27 percent small business owners, 14 percent were waitresses, 9 percent were restaurant owners, and 4 percent were sex workers. In terms of mining activities, women dominate the cleaning and sifting of minerals while tunneling remains the purview of men.⁴⁰

APPROXIMATELY **23 %**
OF WORKFORCE AT
MINE SITES IS WOMEN



³⁶ Doris Buss, et al., *Gender and Artisanal and Small-Scale Mining in Central and East Africa: Barriers and Benefits*, GrOW Research Series, 2017, <https://grow.research.mcgill.ca/publications/working-papers/gwp-2017-02.pdf>.

³⁷ Government of Burkina Faso, *Plan d'Action National de réduction, voire d'élimination du mercure dans l'extraction minière artisanale et à petite échelle d'or conformément à la convention de Minamata sur le mercure 2020-2029*, 2020, p. 28, <https://www.thegef.org/projects-operations/projects/9711>.

³⁸ Based on IMPACT's research in 2021 at mine sites in Centre-Ouest. Jean Paul Lonema and Oscar Katho, *Cartographie de la chaîne d'approvisionnement de l'or artisanal et son système de financement au Burkina Faso*, IMPACT, 2021 (unpublished).

³⁹ See for example Gender Inequality Index (GII) where Burkina Faso ranks 157 amongst 192 countries. UNDP, accessed November 17, 2022, <https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indicies/GII>.

⁴⁰ ARM, *Diagnostic Genre dans le Secteur de la Mine Artisanale et a Petite Echelle (MAPE) au Burkina Faso et Propositions de Recommandations d'Actions Ciblées*, 2021, p. 69, https://delvedatabase.org/uploads/resources/ARM_Rapport-final_Diagnostic-Genre-MAPE-Burkina-Faso.pdf.

Women's Access to Finance in Burkina Faso

There is marked gender inequality across Burkina Faso's artisanal gold mining communities' ability to access finance.

In the two regions where IMPACT analyzed data, Centre-Ouest and Centre-Nord, women in artisanal gold communities had significantly less access to financial services than the rest of the population.⁴¹ Less than 3 percent of women from the ASM community had a bank account, compared to 6.5 percent of men in their community—or 17 percent of women nationally. None of the women in the community had ever taken a loan from a formal financial institution, but 19 percent had used informal sources. When asked about their informal sources of credit, women and men miners named family members, friends, or pit owners.⁴²

Gender Differences in Burkina Faso: Access to Formal Financial Institutions⁴³



BANK ACCOUNT

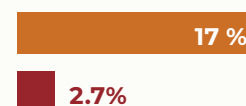
Percentage of population over 15 who have an individual or joint account at a bank or formal financial institution.



Men

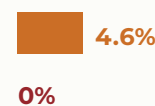
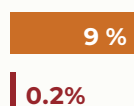


Women



CREDIT

Percentage of population over 15 who have borrowed money from a formal financial institution in the past 12 months.



⁴¹ Based on IMPACT's baseline for the Foundations for Peace project conducted in January 2022.

⁴² Data on artisanal gold mining communities stems from baseline for IMPACT's Foundations for Peace project collected in January 2022. It surveyed 207 men and 299 women from mining communities in Centre-Ouest and Centre-Nord. National statistics from "DataBank: Global Financial Inclusion - 2021," World Bank, accessed January 19, 2023, <https://databank.worldbank.org/source/global-financial-inclusion>.

⁴³ Ibid.

Just like any actor in the artisanal gold supply chain is dependent on access to pre-financing, the lack of access to funds often hinders women's ability to start an economically sustainable mining activity.⁴⁴ To ensure women's autonomy and economic security, the provision of avenues for capital raising is critical. Hence, understanding the exclusionary dynamics at the core of the unequal distribution of wealth between women and men remain core to any efforts towards formalization and responsible artisanal gold supply chains.

Consequences of Unequal Access to Finance

While there is limited literature specific to Burkina Faso with respect to women artisanal miners and the challenges associated with limited financing, research from other countries provide insights. For example, IMPACT's research on barriers to gender equality at mine sites in DRC, Rwanda and Uganda found up to 73 percent of the workforce was women, yet they were excluded from financing mechanisms and access to capital.⁴⁵ For example, research found that in Rwanda, women aren't able to access credit from banks because they require their husband's permission, which can be difficult to secure.⁴⁶

This is a significant barrier towards gender equality in the sector. Traditions and legal restrictions prevent women from owning or inheriting land and mineral rights, which in turn does not allow them to access the needed capital to develop their activities.

As women do not have access to the same information, education, and resources as men, many women end up operating unregistered and informally.⁴⁷ Women's participation in artisanal mining and the benefits they reap from the sector sharply declines as others around them move towards formalization, legality, and mechanization.⁴⁸ Therefore, without a clear commitment to gender mainstreaming and women's empowerment, existing power imbalances between women and men will be reinforced by formalization.

44 planetGold, *Access to Finance. Options for Artisanal and Small-Scale Mining*, 2020, https://www.planetgold.org/sites/default/files/2020-06/Access-to-Finance-Options-for-ASM_FV.pdf.

45 IMPACT, *Women in Artisanal and Small-Scale Mining in Central and East Africa: A Snapshot of Challenges and Opportunities*, 2017, <https://impacttransform.org/wp-content/uploads/2017/09/women-mining-snapshot-central-and-east-africa-3.pdf>.

46 IMPACT, *Women in Artisanal and Small-Scale Mining in Rwanda*, November 2017, <https://impacttransform.org/wp-content/uploads/2017/11/Women-in-ASM-Recommendations-Rwanda.pdf>.

47 Fitsum Weldegiorgis, *Women in Artisanal and Small-scale Mining: Interventions for Greater Participation*, IISD, 2018, <https://www.iisd.org/publications/brief/women-artisanal-and-small-scale-mining-interventions-greater-participation>.

48 Ibid.







Without financing, women are not able to invest in improving their mining activities—whether by purchasing equipment, paying cooperative membership fees or licensing, or even securing access to land or mining pits. Instead they remain in support activities such as washing or crushing minerals. This situation leads to continued inequality.

For example, research from Guinea found that each third of the profits of a gold sale is divided up among senior miners, machine owners, and junior miners. Women are considered junior miners and only receive a quarter of their third—equivalent to 8 percent of the gold’s total value.⁴⁹

The situation in Burkina Faso appears similar.

Based on findings from IMPACT’s data, women are paid significantly less than men for the same tasks. For example, washing minerals is a task primarily undertaken by women (63 percent), yet they are paid only approximately 18,000 CFA monthly (equivalent of \$29 USD)—compared to men receiving 49,375 CFA (\$80 USD) for the same task.⁵⁰

Women’s Tasks and Income in Burkina Faso’s Artisanal Gold Mines⁵¹

TASK	Women		Men	
	Number of people engaged in the activity	Average monthly revenue (CFA)	Number of people engaged in the activity	Average monthly revenue (CFA)
 Crushing	-	-	6 %	69,375
 Digging	17 %	10,833	81 %	59,243
 Panning	17 %	25,653	2 %	58,333
 Washing	63 %	18,124	30 %	49,375
 Water transport	21 %	11,067	2 %	35,000
 Ore transport	5 %	23,600	5 %	33,333

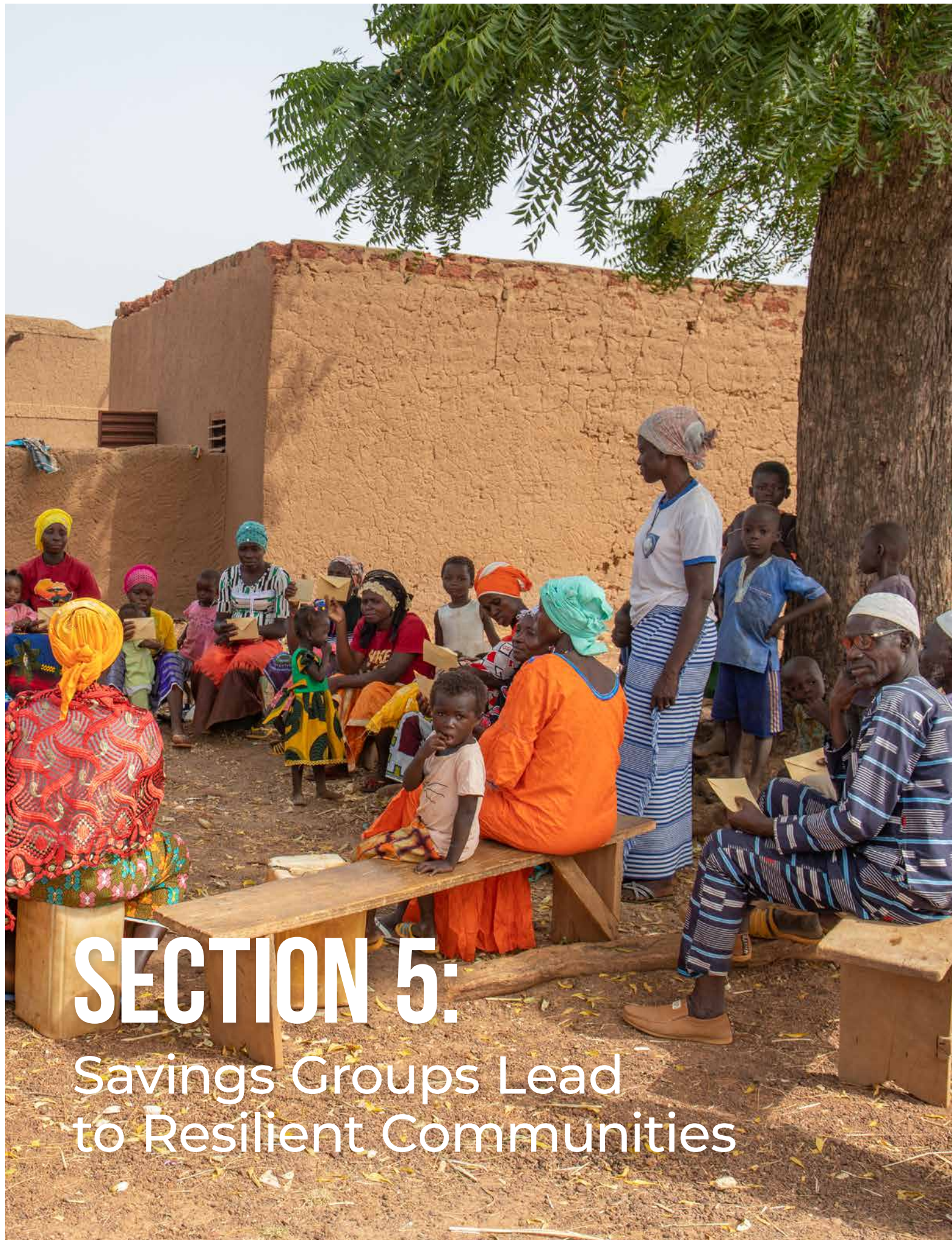
49 Bayo (2017, 310) Soumahila Bayo, Microcrédit et genre dans un contexte de pauvreté en Haute Guinée, PhD Thesis, University of Toulouse Le Mirail – Toulouse II.

50 Based on IMPACT’s baseline for the Foundations for Peace project in January 2022.

51 Ibid. Percentages don’t add up to 100 percent as respondents were able to select multiple answers.

YOU'LL GET A LOAN
IF THE BANKER
KNOWS YOU, WHETHER
YOU CAN REPAY,
OR HE CAN TAKE
COLLATERAL.
BUT THE MINER WHO
WASHES ORE CAN'T GET
A LOAN AT THE BANK.

Woman artisanal gold miner,
Centre-Ouest, February 2022



SECTION 5:

Savings Groups Lead
to Resilient Communities

Introducing Village Savings and Loans Associations

Financing for the artisanal gold mining sector is essential and multiple structures have been suggested including microfinancing, commercial loans, government-backed support programs, private equity financing, buyers' schemes, and other forms of local and community-based financing.⁵² However, it's also clear that financial solutions offered correspond with the degree of formalization achieved, and thus many of these options remain far out of reach for the average miner in Burkina Faso.

That's why community-led savings groups, like VSLAs, are effective entry-level solutions for financial inclusion of informal workers, including artisanal miners—and in particular women.

In a VSLA model, community members are supported to establish their association. They meet regularly to put money into their association's savings and to loan their growing funds to members. In contrast to microfinance institutions, the interest paid on the credit goes back into the communal pot so members see their savings increase over time. At the end of a one-year cycle, each member receives their share of savings, including any profit from interest gained on loans. They can choose to invest it into an income-generating activity or household need, or re-invest it into another savings cycle and see their savings continue to grow.



SAVINGS GROW
WHEN INTEREST ON
LOANS IS PAID BACK

Savings Groups in Artisanal Gold Mining Communities

IMPACT tested the VSLA model in artisanal gold mining communities for the first time in 2018 in DRC.⁵³ The AFECCOR project in northeastern Ituri Province supported artisanal gold miners and community members to access credit and savings.

⁵² planetGold, *Access to Finance*.

⁵³ IMPACT, Artisanal Mining Women's Empowerment Credit & Savings (AFECCOR).

How the AFECCOR Project Works



AFECCOR has also 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. The project is implemented in partnership with the Alliance for Responsible Mining (ARM).⁵⁴

In DRC, over 800 women and 600 men created 50 VSLAs and collectively built savings of over \$45,000 USD over one year. Women took out the majority of the 1,200 loans—72 percent. Once the first year was completed, all VSLAs chose to continue and 20 additional groups were created by former members.⁵⁵



**\$131,000 USD BY
1,300 MEMBERS
IN FIRST YEAR
OF SAVINGS**

In Burkina Faso, more than 1,300 members established 54 VSLAs—over 80 percent of the members are women. During the first year of savings between December 2021 - December 2022, members saved more than \$131,000 USD across all groups.

⁵⁴ IMPACT, Foundations for Peace.

⁵⁵ IMPACT, *Supporting Artisanal Gold Mining Communities to Access Savings and Credit*, 2019, p. 9, https://impacttransform.org/wp-content/uploads/2019/10/AFECCOR-brochure_Sept-2019-EN_Web-2.pdf

Each member saved an average of \$8.15 USD per month⁵⁶—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.⁵⁷

The majority of the VSLA members took loans from their groups: 94 percent of women and 87 percent of men. In the Centre-Nord region, for 62 percent of members it was the first time ever taking any type of loan.

In both cases, most loans have served to launch or reinforce income-generating activities in small trades and services, for instance transport and food service. This directly contributes to diversify local economies of rural mining communities, which otherwise tend to heavily depend on imports from other, more agricultural regions.

In communities where gold is used among miners as currency for daily payments such as DRC, savings groups can challenge this practice. Since savings can only be made in cash, members are incentivized to regularly exchange their gold for cash—as well as pay out any gold pre-financers in cash. By the end of the first financial cycle in the DRC, 70 percent of women and 57 percent of men participating in the AFECCOR project said that they were using more cash in daily transactions.⁵⁸ This also helps decrease the reliance on informal and predatory lenders who have unfavourable terms, especially for women.



MEMBERS ARE INCENTIVIZED TO USE CASH IN DAILY TRANSACTIONS

Savings Groups Support Gender Equality and Formalization

AFECCOR also places a great emphasis on gender-related issues in the access to financing.⁵⁹

In the AFECCOR projects in DRC and Burkina Faso, women and men attended dialogue sessions on household budgeting to minimize domestic conflict potential which can otherwise arise from economic empowerment interventions geared towards women. In another example from Burkina Faso implemented by Trickle Up, the combination of VSLAs and

56 Based on data gathered from VSLAs participating in the Foundations for Peace project in December 2022.

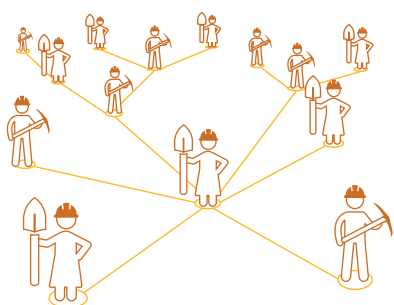
57 Based on IMPACT’s baseline for the Foundations for Peace project in January 2022.

58 IMPACT, *Supporting Artisanal Gold Mining Communities to Access Savings and Credit*.

59 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, 2020, pp. 412-419, <https://doi.org/10.1016/j.exis.2019.05.003>.

gender-based training led to important benefits, including the reduction of emotional violence. However, a study also showed the limitations of such approach as no significant reduction in physical violence was identified.⁶⁰

While AFECCOR pursues a gender-transformative approach, prioritizing women's leadership by promoting women-led VSLA management committees and women community volunteers,⁶¹ its potential is by integrating additional other gender equality programming in parallel, including 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.⁶²



SOCIAL STRUCTURES
THAN CAN EVOLVE
INTO LARGER
COLLECTIVES OF
ARTISANAL MINERS

IMPACT also observed that VSLAs or similar community-led finance mechanisms are social structures that easily have the potential to evolve or support larger collectives of artisanal miners—and specifically women's groups. The creation of the first women artisanal miners' association in DRC's Ituri Province, REAFECOM,⁶³ was spurred by the women members of VSLAs in their respective communities.

In DRC, Uganda and Zimbabwe, IMPACT has observed that historically, the offer of community-led finance has constituted a first milestone for any women's mining association in their establishment.⁶⁴

Others have also argued that social ties developed through community savings groups enhance collective action of miners who are members of mining associations or cooperatives, supporting them to coordinate repayment decisions and cooperate for their mutual benefit.⁶⁵

60 Leyla Ismayilova et al., "An Integrated Approach to Increasing Women's Empowerment and Reducing Domestic Violence: Results of a Cluster-Randomized Controlled Trial in a West African Country," *Psychology of Violence* 8, no. 4, pp. 448-459, <https://doi.org/10.1037/vio0000136>.

61 IMPACT, *Supporting Artisanal Gold Mining Communities to Access Savings and Credit*, p. 11.

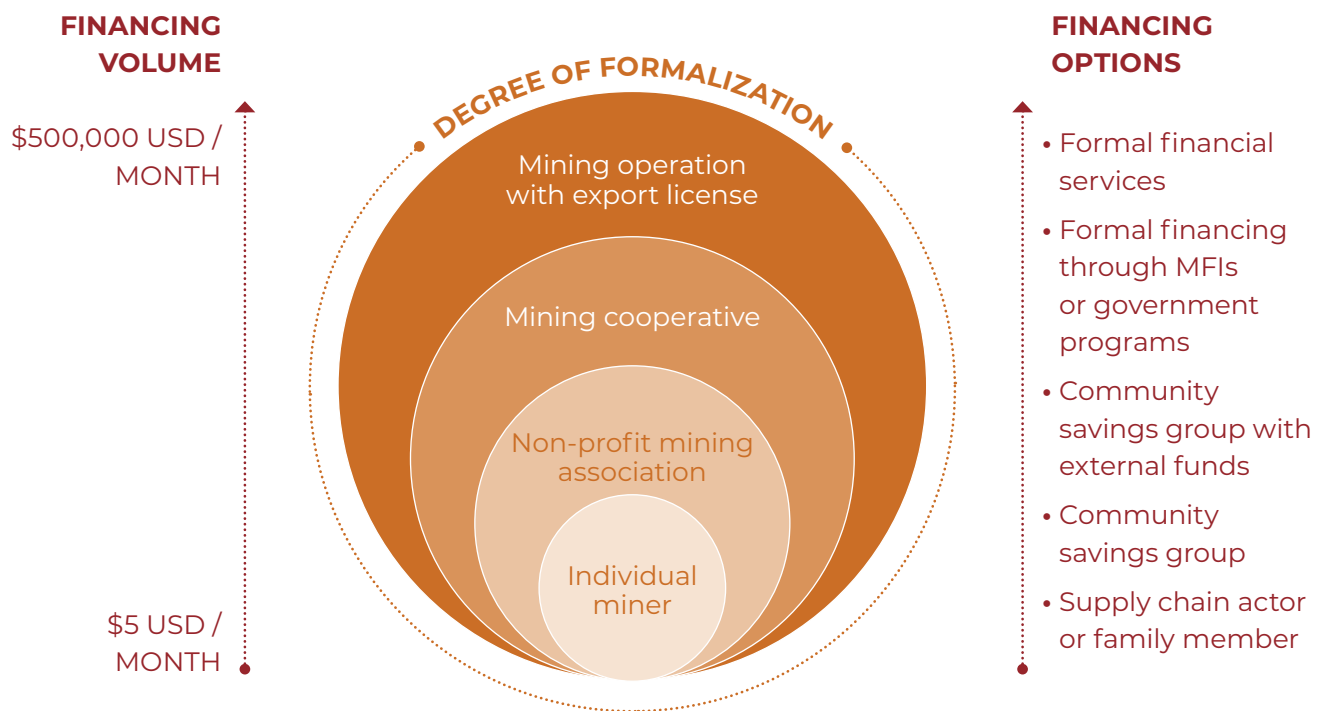
62 "Women of Peace," IMPACT, accessed December 27, 2022, <https://impacttransform.org/en/work/project/women-of-peace/>.

63 "Meet REAFECOM: Congo's Women Artisanal Gold Miners Together in Solidarity," IMPACT, accessed December 27, 2022, <https://impacttransform.org/en/meet-reafe-com-video/>.

64 Based on interviews for the baseline of IMPACT's Digging for Equality project in February 2020. See more about the project, "Digging for Equality," IMPACT, accessed December 22, 2022, <https://impacttransform.org/en/work/project/digging-for-equality/>.

65 Eniowo, et al., *Risk factors limiting access to formal financing*.

How Access to Finance Correlates to Formalization



This reinforces the interconnectivity between financial inclusion and formalization of the artisanal gold mining sector. Only by having access to financing are artisanal gold miners—and specifically women—able to enter the formal market and legal gold trade.

Savings Groups Contribute to Peace and Security

Many regions with artisanal gold mining in Burkina Faso are facing varying levels and types of conflict, driven by a number of complex and interrelated factors that span local, national, regional and international spheres. In many artisanal gold mining communities, competition over access to land is one of several factors sparking tensions, further strained by the increasing presence of internally displaced persons across the country who are frequently relying on gold as a means of a livelihood in their new locations.⁶⁶

⁶⁶ Hunter, *Beyond Blood*.



By increasing economic resiliency amongst their members, VSLAs can help shelter members in times of insecurity. This resiliency can come in many forms, including by investing into income generating activities outside of mining that can counter periods of limited gold production, investing in improving artisanal mining technology and equipment to increase yields and production, or through the Solidarity Fund to help members with unexpected expenses. All of these can support the safeguarding of livelihoods, which has been identified as an important recommendation for conflict prevention, especially in relation to natural resources.⁶⁷

The Solidarity Fund itself has been proven to increase social cohesion for members in their communities. In addition to the weekly savings, VSLA members pay a fee to a separately managed Solidarity Fund to cover emergencies. Members can use the fund to pay for medical fees or other emergencies—acting like an insurance in places where there is none. A 2015 study in West Africa highlighted how such financial instruments enable women to increase the resilience of their families and communities through the creations of a safety net.⁶⁸

In DRC, 93 percent of AFECCOR participants declared the social cohesion in their immediate community had improved over the course of the project.⁶⁹ Most of the members quoted the Solidarity Fund as the root of cohesion—that it provided effective support during emergencies. The fund builds the trust of its members and is a source of pride for the groups.

With the case of REAFECOM in DRC, the group has become a collective voice for women's needs in the artisanal gold mining communities advocating within the local mining cooperative and with local authorities. Within its mission it has prioritized women and girls' safety and security—supporting survivors of sexual violence to access services, as well as mediating local conflicts, the majority which are domestic disputes.⁷⁰

It is a model of how community savings can spur collective action for women's security and lead to women's leadership in peace dialogues. The positive impact on collaboration amongst community members and the building of social cohesion can make community savings groups a part of conflict mitigation strategies in artisanal gold mining communities.

67 FAO, *Burkina Faso – Analysis of conflicts over the exploitation of natural resources: Summary*, 2021, <https://reliefweb.int/attachments/a5695ab8-9712-31f3-b22b-14dcb62ae837/cb6023en.pdf>.

68 Care, *The Resilience Champions. When Women Contribute to the Resilience of Communities in the Sahel Through Savings and Community-Based Adaptation*, 2015, https://www.care-international.org/files/files/Rapport_Resilience_Sahel.pdf.

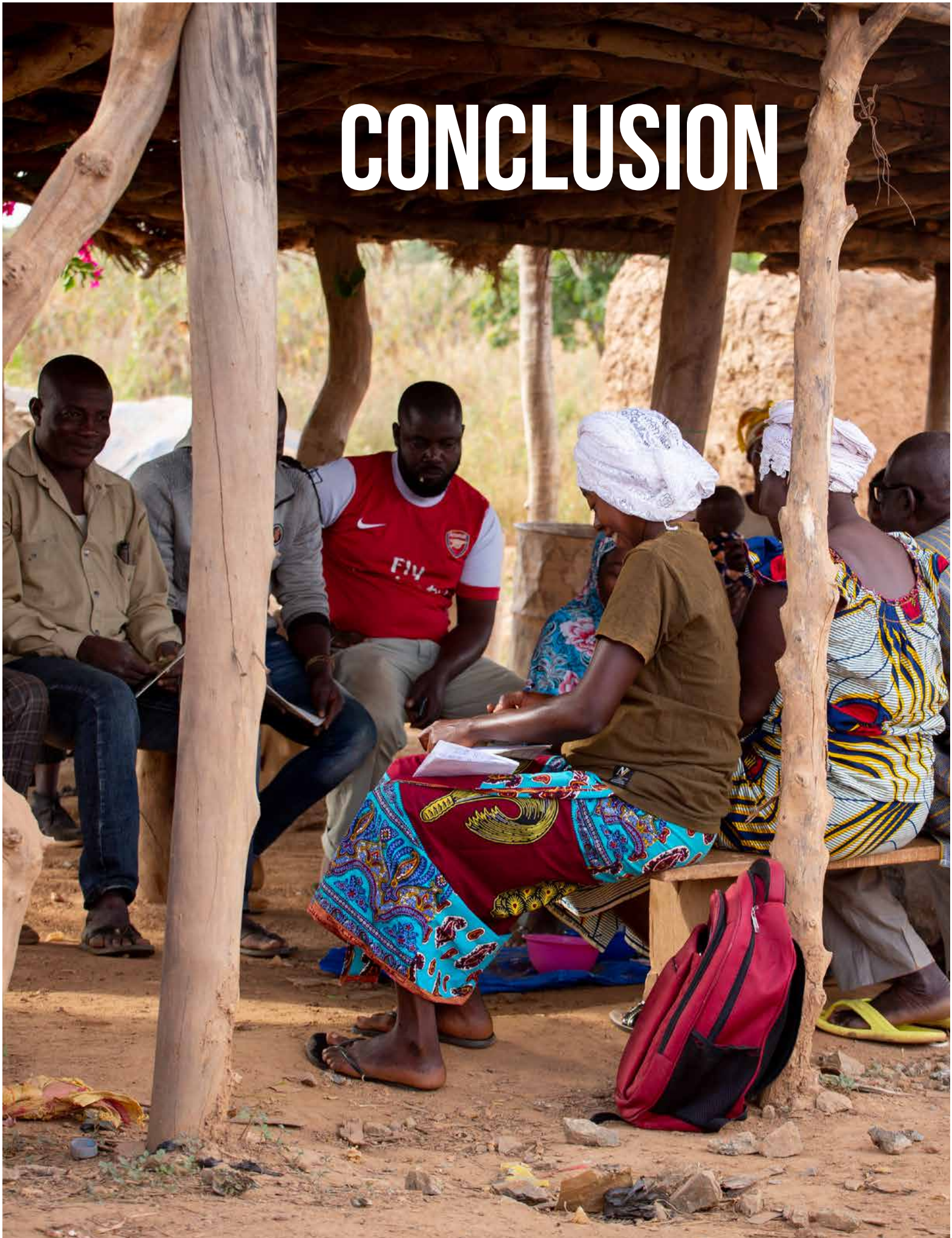
69 IMPACT, *Supporting Artisanal Gold Mining Communities to Access Savings and Credit*, p. 8

70 “Women of Peace,” IMPACT, accessed December 22, 2022, <https://impacttransform.org/en/work/project/women-of-peace/>.

THE INACCESSIBILITY OF
ARTISANAL MINERS TO
ACCESS MICROFINANCING
IS A KEY ISSUE. NO
INSTITUTION TO DATE IS
WILLING TO TAKE THE RISK
TO SUPPORT THE SECTOR.

ASM sector representative,
Ouagadougou, June 2022

CONCLUSION



Efforts to tackle the illicit trade of artisanal gold across a number of contexts have often focused on formalization as the path to transitioning miners into legality. However, a formalization process that overlooks the relationship between the illicit gold trade and financing conditions is unlikely to fully draw miners and traders into legality.

In a formalization process focused narrowly on regulations and laws, some artisanal actors may formalize on paper. They may secure the appropriate authorizations to be recognized as legal operators, however most will continue to make use of illegal paths for moving gold within and outside of the country because of their dependency on pre-financing from informal actors and the lack of incentives for using legal channels.

As formalization of the artisanal mining sector is often applied with a gender-neutral lens, it also tends to ignore that women face disproportionate barriers, risking further marginalization in the sector and perpetuating informality.

VSLAs can serve as an effective first entry-point for the financial inclusion of miners. It offers a stepping stone along a spectrum of vehicles to access financing. As with many other cases throughout sub-Saharan Africa, the development of VSLAs also allows for new forms of financing. These structures provide micro-credit to their members and develop the network of savings and loans in remote and usually bankless regions.

In Burkina Faso, the *Réseau des Caisses Populaires du Burkina* (RCPB) has established a network of lenders under the umbrella of an organization built on principles of mobilization of local savings, development of credit enterprises, promotion of adapted products and services, and transparent and democratic administration.⁷¹ The RCPB, as well as the *Société pour le Financement de la Petite Entreprise* (SOFIPE), conducted a pilot project under the UN Capital Development Fund (UNCDF) Microlead Expansion program to establish a sustainable financing mechanism. This project, geared towards women, leveraged community saving groups systems to focus on rural women and their small savings, established a phone-based account accessible in rural areas, and promoted literacy trainings via mobile phone.⁷²

71 Alpha Ouédraogo and Dominique Gentil, "Le Réseau des caisses populaires du Burkina Faso," *La Microfinance en Afrique de l'Ouest*, pp. 19-49 (Paris : Karthala).

72 UNCDF MicroLead, *Building Bridges to Financial Inclusion in Burkina Faso*.

While these financing opportunities aren't yet available across Burkina Faso's artisanal gold mining communities, it shows promise that new opportunities are becoming available for the country's rural and previously unbanked populations.

However, VSLAs are an important first step for artisanal gold mining communities. With VSLAs, mechanisms of collective savings and loans are first understood in the personal sphere that members can more easily relate to. This offers miners a first experience they can draw upon when they're asked to engage in collective savings and investment.

The extent to which they are tailored to the context of the artisanal gold mining sector and manner in which VSLAs are made accessible and beneficial for women, means their potential to deliver wide-scale results is promising. They have a positive impact on economic security and social cohesion within communities, contributing to conflict-prevention and peacebuilding strategies not only across Burkina Faso but other high-risk contexts.

Importantly, they provide an opportunity for millions of artisanal miners around the world to access savings and loans. An important step towards breaking a link with predatory informal lenders and the illicit trade, and moving towards legal artisanal gold supply chains.

IN OUR VILLAGE,
WE HAVEN'T HAD THESE
TYPES OF INSTITUTIONS—
BANKS, CREDIT UNIONS,
OR COMMUNITY SAVINGS.
IF YOU CAN HELP
BRING THEM HERE,
IT WILL HELP US.

Artisanal gold trader,
Centre-Nord, February 2022



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.

Page 5: A miner crushes ore.

Page 12: A member of a VSLA holds the weekly contribution of his group's members during the weekly meeting.

Page 16: VSLA members contribute to their group during their weekly meeting.

Page 20: A woman works at an artisanal gold mine.

Page 26: Members of a VSLA meet during their weekly meeting to contribute to their savings.



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