



Financial Inclusion Frameworks and ASM

Presenters: Prof. Nellie Mutemeri &
Nydia Ponnann.

AMREC-PARC SENSITIZATION AND AGJEC EXPANSION WORKSHOP,
23RD TO 25TH APRIL 2025, FREETOWN, SIERRA LEONE



Outline of the Presentation



What is Financial Inclusion?

- **Definition:** Financial inclusion refers to ensuring access to useful and affordable financial products and services for all individuals and businesses, especially those underserved by traditional financial systems.
- **Key Components:**
 - **Access to Financial Services:** Availability of services like savings, credit, insurance, and payments.
 - **Usage:** Regular utilization of these services to meet personal and business needs.
 - **Quality:** Financial products that meet the needs of individuals and businesses, and are affordable, transparent, and effective.
- **Objective:** Empower individuals and businesses to manage risks, improve livelihoods, and drive economic growth

Background and Context of ASM



- ASM refers to informal or small-scale mining activities that are typically operated with limited technical equipment and capital.
- **Global Significance:**
 - Provides livelihoods for over **45 million people** worldwide.
 - Contributes to **20-30% of global gold production** and **20% of the global diamond supply**
 - Significant economic contribution, particularly in developing countries.
- **Challenges in the Sector:**
 - **Informality:** Most ASM operations remain informal, with little regulatory oversight.
 - **Access to Finance:** Limited access to formal financial systems, hindering professionalization.
 - **Health and Safety:** Poor working conditions, high health risks, and environmental degradation.
 - **Limited Access to Technology:** Reliance on outdated and inefficient mining methods.
 - **Gender Inequality:** Limited opportunities and challenges faced by women in ASM.

Frameworks for Financial Inclusion in ASM

- **What are Financial Inclusion Frameworks?**
- **Definition:** A financial inclusion framework is a structured approach to providing access to useful and affordable financial services to underserved individuals and businesses.
- **Objective:** Empower individuals and businesses to participate fully in the economy by improving their access to credit, savings, insurance, and payment systems.
- **For ASM:** A tailored framework that focuses on overcoming the specific challenges faced by ASM such as irregular incomes, limited access to finance, and lack of formalization.
- **Key Elements:**
 - Expanding **access to finance** through mobile money, microfinance, and rural community financial institutions (RCFIs).
 - Promoting **digital financial services** like mobile banking and fintech.
 - Developing **financial products** that address the needs of ASM operators, such as microloans and insurance.
 - Supporting **formalization** with simplified regulatory processes and compliance incentives

Access to Finance: Expanding Access through RCFIs, and VSLAs



1. Rural Community Financial Institutions (RCFIs)

- Community-based financial services providing savings and loans.
- Example: **RCFIs in Liberia** – Supporting **5,000 ASM miners**.

2. Village Savings and Loans Associations (VSLAs) & Cooperative Models

- Community-managed savings and loan services.
- Examples: **COOPEC in Côte d'Ivoire**, **VSLAs in Tanzania** – Empowering **women miners** and providing access to capital.

Digital Financial Services: Bridging the Gap in Remote Regions



1. Mobile Money

- Access to payments, savings, and loans via mobile phones.
- Example: **M-Pesa** (Kenya) – Providing financial services in rural regions.

2. Mobile Banking

- Comprehensive banking services, including savings, loans, and payments.
- Example: **Airtel Money** (Tanzania) – Enabling banking services in remote areas.

3. Fintech Solutions

- Digital platforms offering affordable, accessible financial services.
- Example: **Peru's Financial Inclusion Programs** – Supporting miners with digital savings and microloans.

Financial Products Tailored to ASM



Microloans for ASM

1. Small, Flexible Loans

- Supporting equipment, business growth, and operational improvements.

2. Example: LEDFC in Liberia

- Providing accessible microloans to **small-scale miners** with **flexible repayment terms**.

3. Example: Peru's MAPE EQUIPADA

- Offering equipment loans for miners to transition to **mercury-free technologies**.

Formalization: A Pathway to Financial Inclusion in ASM



Simplified Licensing and Compliance

Streamlining processes to encourage miners to transition to formal operations.

Example: **Peru's Mining Formalization Law** – Simplifying registration for ASM miners and promoting legal recognition.



Access to Formal Financial Services

Formalization enables miners to access **loans, insurance, and savings products**.

Example: **Plan de Acceso in Peru** – Providing credit access to miners with formal status.



Building Trust with Financial Institutions

Enhanced transparency and accountability with formalized operations.

Example: **Financial services for formal miners** – Unlocking access to bank financing and investment.

Challenges in Financial Inclusion



1. Geographical Barriers

- Remote locations limit access to traditional financial services.

2. Digital Literacy

- Low levels of digital literacy hinder the adoption of mobile and online financial services.

3. High-Risk Profile

- The informal nature of ASM operations makes miners ineligible for loans and financial services.

4. Regulatory and Legal Barriers

- Complex and expensive regulatory requirements prevent formalization and access to financial products.

Policy and Regulatory Recommendations for Financial Inclusion



Regulatory Reform

Streamline licensing and compliance processes to encourage formalization.



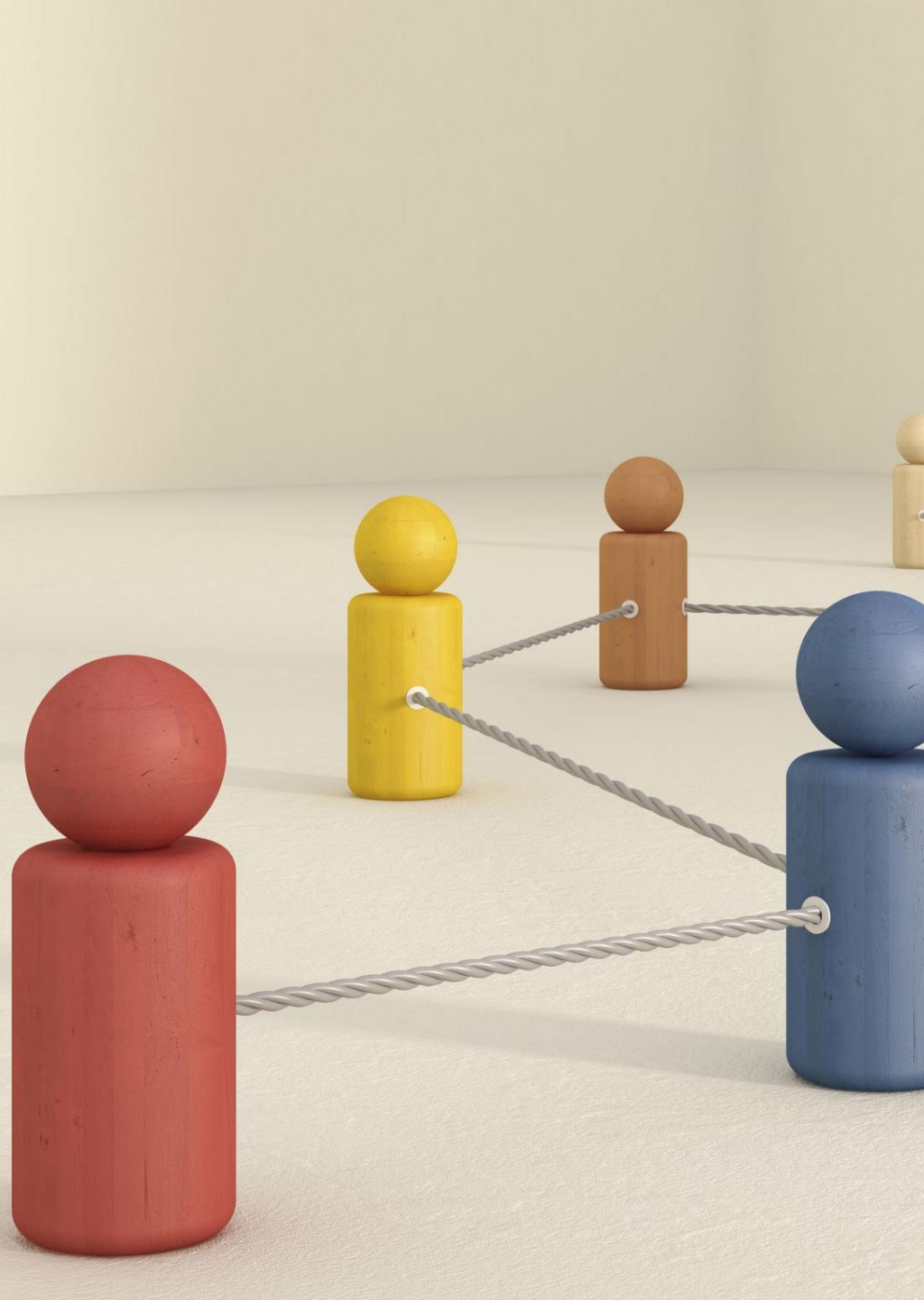
Government Support

Provide infrastructure, legal frameworks, and incentives for financial institutions to serve ASM.



Training and Capacity Building

Provide training on financial literacy and regulatory compliance.



Path Forward for ASM Financial Inclusion

1. Collaboration Across Stakeholders

- Government, financial institutions, and miners must work together.

2. Tailored Financial Products

- Create microloans, savings accounts, and insurance designed for ASM.

3. Capacity Building and Training

- Equip miners with financial literacy and regulatory knowledge.

4. Simplified Regulations

- Streamline licensing and compliance to encourage formalization.



BANK OF SIERRA LEONE



National Strategy for Financial Inclusion

[2022 - 2026]

January 2022

Vision

“A focused approach to increase access to, enhance quality and increase usage of, financial products and services, by prioritising strategic interventions, targeting women, youth, rural populations, and micro, small and medium enterprises.”

OPPORTUNITY!

Mainstream ASM into the Financial Inclusion Strategy

Sources

<https://www.afdb.org/en/documents/financial-inclusion-framework-and-implementation-roadmap>





Questions



**AMV COALITION
OF THE WILLING!**

Africa Needs You!



AMDC
African Minerals
Development Center