



Extractives for Development Newsletter



Information on current topics and trends in the extractives sector

A service of GIZ project Extractives and Development

Dear readers,



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welcome to the English issue of our extractives newsletter!

Every month, the Extractives for Development (X4D) Sector Programme sends you a selection of articles and links that may be of interest to you. We would like to inform you about key developments in the sector and draw your attention to new findings. If you find additional topics interesting or have event information for us, please

do not hesitate to let us know so that we can include them in our newsletter!

Sincerely,
your X4D Sector Programme

EXTRACTIVES AND PUBLIC FINANCES

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- » 5th workshop in the BGR event series "Responsible Gold in Germany" on 05.05.2021
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- » X4D at 7th BMVI Expert Conference on Electromobility
- » EUROBAT Webinar on Sustainable Batteries
- » CEPAL and BGR present project results from MinSus II
- » German experience with uranium mining waste in Peru

DID YOU KNOW...?

Extractives and Public Finances

IGF Briefing Note on Global Digital Tax Reforms

Highlighting potential impact on mining countries

The OECD has led a global initiative to address the tax challenges arising from a digitalized economy since 2018. The primary objective of this initiative is to ensure that digitalized companies carrying out business in places where they do not have a physical presence pay tax in these jurisdictions. Resource-rich countries need to ensure that the reforms do not undermine their right to collect revenues from the mining sector.



© IGF

The IGF Briefing Note considers the extent to which the latest drafts address concerns about taxing rights and domestic revenue for resource-rich countries, as well as new issues that have emerged, with a special focus on IGF member countries. The initiative sends a clear signal

against incentives to shift mining profits abroad and favors the strengthening of tax revenues in mining countries.

[IGF Briefing Note »](#)



Responsible Raw Material Supply Chains

Virtual BMZ / RMI EU-CMR Conference

Report and set of recommendations available in French and Spanish



In our last newsletter issue, we referred to the English report including the set of recommendations of the virtual conference "The EU Conflict Minerals Regulation - Perspectives from Producer Countries" held on 13 + 14.01.2021. This document is now also **available in French and Spanish.**

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Report and Set of Recommendations:

- » [English](#)
- » [French](#)
- » [Spanish](#)

Evaluating Due Diligence Programs for Conflict Minerals

A Matched Analysis of 3T Mines in Eastern DRC

Together with IPIS, SFR, and Ulula, the Project on Resources and Governance evaluated the impact of due diligence programs on security and economic wellbeing of communities surrounding 3T mines in eastern Congo. Due diligence programs (DDP), following guidelines from the OECD, provide ongoing monitoring of mineral production and processing to ensure that suppliers respect human rights and do not contribute to conflict. A decade later, there is still limited evidence about whether DDP impacts economic and security conditions. To help fill this gap, the project evaluated the impacts of DDP on mining communities in the eastern Democratic Republic of Congo. Combining statistical matching with new data from over one hundred 3T (tin, tantalum, and tungsten) mines and one thousand households, several findings are reported.

Below executive summaries in English and French and short videos in English and French that animate the study's main findings can be found.



©IPIS

Mehr erfahren:

- » [Complete Report \(English\)](#)
 - » [Executive Summary \(in English\)](#)
 - » [Executive Summary in French](#)
 - » [Video \(English\)](#)
 - » [Video in French](#)
-

5 Recommendations for action to strengthen trade in conflict minerals

EU Conflict Minerals Regulation in force since 01.01.2021

In order to better regulate and strengthen trade in conflict minerals a blog post by The Sentry makes the following 5 demands to the EU, in addition to the EU Conflict Minerals Regulation:

- Establish consequences for illicit actors.
 - e.g. imposing penalties for illegal gold trading
- Engage on policy to address obstacles to formalization.
 - e.g. closing legal loopholes in Dubai
- Draft accompanying measures to support artisanal mining communities.
 - e.g. focus on areas such as miner health and safety
- Take smuggling countries into account in assessments of conflict and high-risk areas (CAHRAs).
 - e.g. include neighboring countries in the next CAHRA list
- Tie conflict minerals to broader human rights reporting.
 - e.g. within the UN Guiding Principles on Business and Human Rights

[To the blog entry »](#)

SWP Comment on "Responsibility in Supply Chains" now available in English

German Supply Chain Act is a good start - with room for improvement

The logo for SWP (Stiftung Wissenschaft und Politik) consists of the letters 'S', 'W', and 'P' in a large, bold, serif font. The 'S' is yellow, the 'W' is blue, and the 'P' is blue.

© SWP

In our last newsletter issue, we referred to an SWP Comment analyzing the draft law on corporate due diligence in supply chains. The document is now also **available in English**. It classifies and summarizes the law and gives recommendations for action. The issue concludes that by excluding civil liability the German government has left aside a powerful tool for applying targeted pressure to companies that fail to fulfil their obligations. Additional flanking measures should

therefore be adopted. At the European and international levels, Germany can also contribute to making companies take greater responsibility for their own supply chains.

SWP Comment:

- » [English](#)
- » [German](#)



Extractive Economies

Official Launch of Entreprise Générale du Cobalt in the Democratic Republic of the Congo

The Democratic Republic of Congo (DRC) has officially launched the operation of Entreprise Générale du Cobalt (EGC), a state-owned company with monopoly rights to buy and sell the country's artisanal cobalt. EGC, created a year ago to control artisanal supplies and increase government revenues through price controls, will sell cobalt hydroxide under a five-year contract with Trafigura. EGC is a wholly owned subsidiary of state-owned miner Gécamines. The new company has not disclosed the terms of its agreement with Trafigura.

[More information »](#)



Extractives and Environment

How are mining and forests actually connected? X4D factsheet published

International Day of Forests on 21.03.

Mining is responsible for 7% of deforestation in the tropics and subtropics, making it the fourth largest driver of deforestation globally. In addition, it is estimated that about 30% of all large-scale mines are located in forests. Due to a rising demand for raw materials in the course of the energy and transport transition, an increasing use of forests by mining is to be expected. The Sector Programme Extractives and Development used the International Day of Forests as an opportunity to take a closer look at the connection between mining and forests. The findings - shocking as well as motivating - are recorded in a factsheet.



Learn more:

- » [Article](#)
- » [Factsheet \(English\)](#)
- » [Factsheet \(German\)](#)

Arctic Environmental Responsibility Index (AERI) made public

Encouraging competition among extractive companies on environmental protection

The Arctic Environmental Responsibility Index (AERI) is an environmental ranking of 120 oil, gas, and mining companies that extract natural resources in the Arctic. The ranking was put together by an international team of 10 researchers drawing on the input of 173 experts based in 17 countries as an attempt at action research. Key Takeaways:

- Most environmentally responsible mining companies: Anglo American, Baffinland Iron Mines Corporation, MMG Resources, Arctic Gold Mining, Elkem
- Least environmentally responsible mining companies: North-Western Phosphorous Co., EMX Royalty Corporation, Hannukainen Mining, Sunstone Metals, First Ore Mining Company
- Companies operating in Alaska have the highest average rank, whereas those operating in Russia have the lowest average rank.
- Larger companies tend to rank higher than smaller companies.
- State-controlled companies rank higher than privately controlled companies.
- Oil and gas companies rank higher than mining companies.

[To the research article »](#)



Battery Raw Materials

DERA publication on Battery Raw Materials for Electromobility

New thematic booklet by the German Raw Materials Agency (DERA)

It can be assumed that the battery will be the largest cost factor of an automobile in the future. Therefore, the value chain of batteries, especially lithium-ion batteries, should be looked at intensively. Batteries contain raw materials such as graphite, cobalt, lithium and nickel. The thematic booklet provides facts and information on e-mobility with a view on the markets for these battery raw materials.



© DERA

[To the publication \(in German\) »](#)

Sustainably mined raw materials drive up prices for electric cars

Standards and recommendations make mining more expensive

A large part of the cobalt produced worldwide is mined in the DR Congo, often on the expense of workers and the environment. The EU is trying to make mining more sustainable through laws and regulations. According to the latest estimates, raw material prices are rising as a result. This in turn might lead to an increase in the price of electric cars in general.

[To the article »](#)



Extractives and China

China's world-changing push for energy independence

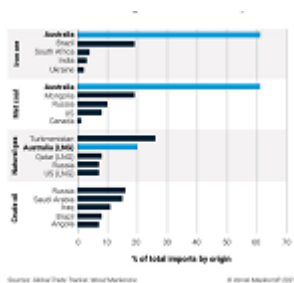
New Horizons publication by Wood Mackenzie

China is dependent on the rest of the world for its energy and metals. It imports around 80% of its oil, 80% of its iron ore and 85% of its copper supply. Having announced the country's goal of carbon neutrality by 2060 pushes China towards a transformation of its economy (production, transportation and consumption) with a special focus on energy. This has already led to China producing 75% of global lithium-ion batteries, 50% of the world's electric vehicles (EVs) and almost 70% of all solar panels. Still, China needs to dive deeper into innovations such as carbon capture or green hydrogen.

[To the publication »](#)

China backs autocratic regimes over democracies

to meet its internal natural resource demand



© Verisk Maplecroft

A new study from risk consultancy Verisk Maplecroft shows that for its natural resource supply lines China is pivoting towards more autocratic regimes representing greater stability than democracies that are, or may become, hostile to China. China is trying to diversify its natural resource suppliers by using trade as a coercive weapon, strengthening economic ties with Russia and having China-backed multilateral initiatives favour Belt and Road partners.

Learn more:

- » [Article](#)
- » [Report](#)



Extractives and Human Rights



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New X4D factsheet on LNOB in the extractive sector

Implementing the principle of leaving no one behind

According to World Bank estimates, about 40 million people worldwide work in small-scale mining - mostly informally under unsafe working conditions. 30-50% of them are women, whose working reality is characterized by structural discrimination. These and other marginalized groups must be protected according to the LNOB principle.

The factsheet defines LNOB, the principle of leaving no one behind, places it in the context of the extractive sector and presents approaches on how LNOB is already being integrated into extractive projects within the framework of German development cooperation.

Learn more:

- » [Factsheet \(English\)](#)
- » [Factsheet \(German\)](#)
- » [Further information](#)

Strengthening access to grievance mechanisms in the Andean Region

New publication from [MinSus Programme](#) and [CREER](#)



©MinSus

The study compiles the various existing state (judicial and non-judicial) and non-state grievance and remedy mechanisms in Bolivia, Chile, Colombia, Ecuador and Peru, related to the impacts generated by mining activities, in addition to identifying regional challenges and critical points, allowing to identify areas for intervention and future improvement.

The study, which also includes executive summaries in [English](#) and [Spanish](#), presents unique data on the types of existing claims by country, the most used complaint channels and the most addressed issues, among other key aspects that allow us to visualize the diagnosis of the

state of access to grievance and remedy mechanisms in the Andean region.

The study is part of MinSus' efforts to promote and provide training in the human rights and business framework, in line with the [United Nations Guiding Principles on Business and Human Rights](#) and the pillars of protect, respect and remedy.

[Further info & complete document »](#)



Rohstoffe und Gender

New IMPACT project “Digging for Equality”

Supporting women’s empowerment in artisanal mining

Previous research has shown that women lack the access and skills to perform more remunerated and status enhancing tasks in mine sites, which would increase their participation in decision making and leadership roles. The project will support women working in the artisanal mining sector in DR Congo, Uganda and Zimbabwe to reduce barriers they face and support their efforts towards gender equality.

The project will build the capacity of local mining organizations and their members to improve economic benefits for women in the sector. The project will also promote women’s leadership at the mine site and community by supporting artisanal mining associations and cooperatives to adopt more inclusive models. This and more will be done using [IMPACT's Toolkit: Gender Impact Assessments for Projects and Policies Relates to Artisanal and Small-Scale Mining](#).

Learn more:

- » [Press release](#)
- » [Project website](#)

New publication on “Gender in Mining Governance”

IGF report offers 25 policies to address inequality

The IGF report [Gender in Mining Governance: Opportunities for policy makers](#) details seven areas where policy makers can foster gender equality in mining: legislation, stronger institutions, land acquisition, impact assessments, community development and local content, women's safety and security, and crisis management. Specific policy options include introducing human rights standards into national laws, using taxes to support women's programs, strengthening community oversight on mining projects, and promoting gender equality in supply chains.

The IGF also launched the bibliography [Gender in Mining Governance: An annotated bibliography for large-scale mining](#) to provide additional resources to policy makers. It also lists two publications from the Sector Programme Extractives and Development ([Encyclopedia of Gender and Mining](#), [Sexual and Gender-Based Violence in the Mining Sector in Africa](#))

Learn more:

- » [Article](#)
- » [Report](#)
- » [Bibliography](#)



Institutional leader by IISD Financial leader by Canada
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Upcoming Events

5th workshop in the BGR event series "Responsible Gold in Germany"

05.05.2021 from 1.00 – 4.00 p.m. (CET) ONLINE

The workshop is organized by the [Sector Programme Extractives and Development](#) on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). The event serves as an exchange of information and experience between business, civil society, science and development cooperation. In the workshop, the [Frankfurt Zoological Society](#) will provide a critical perspective on gold mining in South America. In addition, an employee of the [Federal Institute for Geosciences and Natural Resources \(BGR\)](#) who recently returned from the Democratic Republic of Congo will report on his on-site project work in gold mining. The event will be held in German.

[Registration and further information »](#)

Webinar series on Strategic Minerals, Supply Chains and Governance Challenges in the Andean Region

Regionalprogramme MinSus co-organises 8 virtual sessions

The webinar series aims to inform civil society organisations in the Andes about international supply chain trends around minerals critical for the energy transition and provide inputs for the development of an advocacy strategy to improve mining practices in the region. It consists of 8 sessions divided into 2 blocks. The first block focuses on international trends in critical mineral supply chains. The second block focuses on governance challenges associated with mineral production in Bolivia, Chile, Colombia and Peru. The final session brings it all together by offering inputs to a possible civil society advocacy strategy that takes these international trends into consideration to promote responsible mining practices in the Andean region.

The series was organised by the Natural Resource Governance Institute (NRGI), with the support of the German Development Cooperation through GIZ and the MinSus programme.

[Registration and further information »](#)



Past Events

X4D at 7th BMVI Expert Conference on Electromobility

Presentation slides and selected video recordings available online



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On 09. + 10.03.2021 the 7th BMVI Expert Conference on electromobility took place virtually. The conference provided practical tips, technical solutions and well-founded recommendations for action that support the anchoring of emission-free mobility. The presentation slides and some selected event recordings are now available online. The Sector Programme Extractives and Development was involved with a keynote speech on "Responsible mining of raw materials for battery cell

production" on the second day of the conference. With more than 750 participants, the keynote met with great interest.

Learn more:

- » [Slides \(German\)](#)
- » [X4D Slides \(German\)](#)
- » [Selected video recordings \(German\)](#)

EUROBAT Webinar on Sustainable Batteries

A New Regulatory Framework and Market Outlook

On 11.03.2021 EUROBAT organized a webinar on the Batteries Regulation proposal. Sustainable batteries will play a crucial role in supporting the European Green Deal as well as in enabling the Green Recovery leading to a climate-neutral economy. Policy makers should listen to the views of the battery industry to ensure that the regulation is implementable and facilitates innovative, reusable and recyclable batteries. Moreover, the regulation should not double any content where sufficient regulations already exist (e.g. REACH). Batteries imported to the EU should adhere to

the same sustainability standards as those produced within Europe, but the goal should be setting up a sustainable European battery industry.

Learn more:

- » [Press release](#)
- » [Video recording](#)

CEPAL and BGR present project results from MinSus II



©BGR

The United Nations Economic Commission for Latin America and the Caribbean (CEPAL) and BGR held a final workshop for Phase II of the MinSus CEPAL-BGR regional project on 23.03.2021. At three roundtables on the topics of mine closure, sustainability standards in mining and innovation, experts and representatives of the authorities discussed previous results from the project work as well as new developments and trends in the

extractive sector of the Andean countries.

[More info \(in Spanish\) »](#)

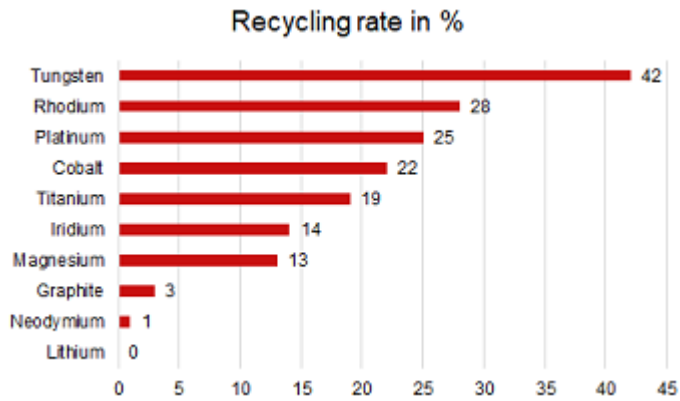
German experience with uranium mining waste in Peru

AHK-Peru and BGR (project MinSus) organized a webinar on 11.03.2021 on German experiences and challenges in dealing with contaminated sites from former uranium mining in East Germany. Several experts from Wismut GmbH and representatives of Peruvian mining and environmental authorities were invited. The reason for the event was the planned development of a lithium-uranium deposit in the Peruvian high Andes. The experiences of Wismut were to inform about potential environmental and health risks, as well as the high requirements in the post-closure care of uranium mining.

[More info \(in Spanish\) »](#)



Did you know...?



Contribution of recycling for meeting the demand for raw materials within the EU

© GIZ / X4D (based on data from the EC 2020)

The recycling rates of raw materials vary greatly within the EU. For many of the metals and minerals needed for the energy and transport transition, they are still very low. For cobalt, for example, the rate is 22%, and for lithium there is still no established recycling system at all. But a low recycling rate goes hand in hand with an increased demand for primary raw materials.



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