

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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- » Will audits help fighting the resource curse?
- » Training to combat smuggling in the Mano River Union

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- » Hydrogen and mining - virtual summit 2021

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- » Presentation of the construction raw materials report

DID YOU KNOW...?

Extractives and Public Finances

Corrupt mining business and alleged money laundering ring from Congo to Europe

Allegedly, almost \$ 380 million in bribes went to the Congolese authorities within 5 years.

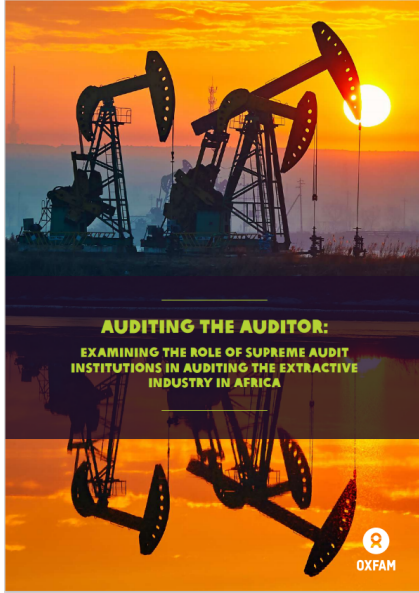
British prosecutors say they have proof of an international money laundering ring spanning from the Democratic Republic of Congo (DRC) to Europe. Between 2006 and 2011, bribes worth nearly \$ 380 million are alleged to have been paid to Congolese authorities. According to the UK Fraud Office, individuals and companies from the DRC, Gibraltar, UK and Switzerland were involved in money laundering. The companies repeatedly bribed officials in high positions to advance their interests in the mineral-rich country. The key person behind the ring is said to be an as-yet unconfirmed Israeli billionaire.

[Find out more »](#)

Will audits help fighting the resource curse?

New Study on the effect of the Supreme Audit Institutions (SAIs) Africa

Studies have shown that the extractives sector has potential to promote regional prosperity. In African countries, large parts of the population are affected by poverty despite rich resource reserves. There are several reasons for that, such as inadequate governance, poor revenue distribution and tax loopholes for international companies. Audits can make a



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significant contribution to improving this situation. The Supreme Audit Institutions (SAIs) are auditing government activities with the purpose to assess the management of public funds, compliance with laws and regulations, and the quality and credibility of audits presented by governments. SAIs' latest study examines potential factors that negatively impact the efficiency and effectiveness of their audits in various African countries. Findings include that audits so far have not been able to increase transparency as desired and that knowledge sharing between different stakeholder groups needs to be intensified in the future.

Training to combat smuggling in the Mano River Union

Virtual training for investigative and law enforcement agencies to combat smuggling of diamonds and gold, money laundering, and terrorist financing in the Mano River Union

On June 30 and July 1, 2021, a training was held in the Mano River Union countries of Sierra Leone, Liberia, Guinea, and Côte d'Ivoire to combat smuggling of diamonds and gold and potentially related money laundering and terrorist financing. For this purpose, representatives from investigative and law enforcement agencies from all four countries gathered and were virtually connected with various experts. The goal of the training was to provide the authorities with knowledge of international standards and practical methods to better fulfill their role in controlling

trafficking at land, sea and airport border crossings. Thus, tools for monitoring illegal trade activities and enforcing anti-money laundering as well as counter-terrorist financing laws and measures were taught. The involved technical experts included representatives from the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), the OECD, the World Customs Organization (WCO), the United Nations Office on Drugs and Crime (UNODC), and the Global Initiative Against Transnational Organized Crime (GIATOC). This training was organized by the GIZ programme "Regional Extractive Governance in West Africa" in collaboration with the Mano River Union (MRU) secretariat in each country. The GIZ programme is funded by the Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union.



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Responsible Raw Material Supply Chains

Geopolitical East-West tensions threaten lithium supply chains

New report on U.S.-China tensions posing risks to lithium supply chains

The West is the main market for e-vehicles and is increasingly manufacturing batteries. China is the dominant lithium processing player and currently the leading battery manufacturer. The trend

towards localization of supply chains will also change the battery manufacturing value chain to become less dependent on China. However, the growing rivalry between the U.S. and China could pose a risk to the lithium sector with an impact on trade flows. Some companies, including BMW, want to be less technologically, geographically or geopolitically dependent on one supplier and have a contract with a U.S. and a Chinese supplier. According to the report: government intervention will continue to increase to secure the strategically important mineral.

[To the report »](#)

Legalize it? How criminal networks smuggle products such as drugs or gold into supply chains to the European market

Podcast of the German Institute for International and Security Affairs (SWP)

The newest podcast episode of the German Institute for International and Security Affairs (SWP) presents an international SWP project that examines how legal and illegal commodity flows merge. Organized criminal networks smuggle illegal products such as drugs, art and gold, but also people into legal supply chains so that they can be sold on the European market. In the podcast, experts are interviewed and take a closer look at some of the supply chains.

[Listen »](#)



Extractive Economies

Congo sets price floor for artisanal and small-scale cobalt miners

The Democratic Republic of Congo (DRC) launched the state-owned *Entreprise Generale du Cobalt* (EGC) to buy cobalt from artisanal and small-scale miners (ASM) to increase government revenues from the informal sector. DRC is the top producer of cobalt with about 100,000 t, accounting for 71 % of global production in 2020, of which about 9,000 t came from the ASM. However, cobalt prices are highly volatile and accordingly an uncertain source of income for ASM workers. With the introduction of a price floor, the EGC protects artisanal miners against price volatility and tops up their wages when the cobalt price falls below \$30,000 per ton. 3-5 % of the EGC's revenues go into a fund from which the ASM workers' salary supplement is paid.



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Recovery with raw materials?

NRGI's 2021 Resource Governance Index: assessing oil, gas and mining governance in 18 countries

The COVID-19 pandemic has pushed many countries to their limits. How well and sustainable a country now manages resource revenues will have a critical impact on



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the recovery process. The Natural Resource Governance Institute (NRGI) aims to strengthen the transparency and accountability of the mining sector. One measure is the Resource Governance Index, which helps various stakeholders to understand countries' resource governance and also serves as a global benchmark and roadmap for policy and practice reforms.

The 18 country assessments will be released over the coming months. At the end of the year NRGI will release a global analysis.

[Find out more »](#)



Extractives and Environment

Graphite production for batteries more damaging to climate than previously thought

New study reports climate change impact up to 10 times higher than previous calculations

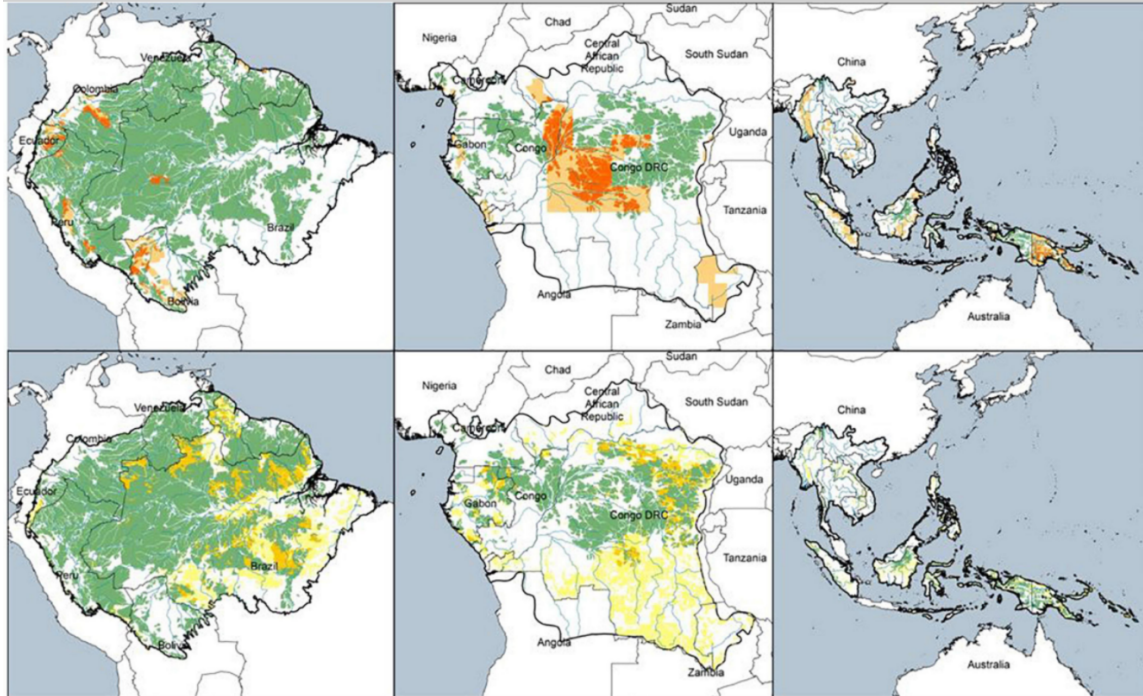
Environmental consultancy Minviro produced a new life cycle assessment of graphite production for lithium-ion batteries (LIBs) used in e-vehicles. LIBs require 10-15 times more graphite than lithium. According to the study energy-intensive processes take place in countries with low energy costs, such as Mongolia. However, most of the electricity there is generated from coal, which increases the carbon footprint of graphite. While the mining of graphite is associated with environmental and health impacts, the production of synthetic graphite is more energy intensive. To reduce the carbon footprint, attention must be paid to the use of renewable energy in the production and further processing of graphite.

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How the demand for raw materials endangers the forest ecosystem

The globally increasing demand for raw materials does not stop at primeval forests - "No Go" areas are needed

The effects that the growing raw materials industry will bring with it, cannot yet be estimated. About 20 % of tropical intact forest landscapes (IFL) could soon become a victim of the procurement of oil, gas and raw materials - also due to the required infrastructure. Especially in the DRC and in Brazil, large areas are affected. Strategies must now be developed to protect areas. One idea is to establish "no go" areas. In addition, the impact of mining should be minimised. A study by Frontiers in Forests and Global Change combines data on resource extraction with data on tropical forests to quantify the extent of the threat in South America, the Asia-Pacific region and Central Africa.



— Rivers
■ Intact Forest Landscapes
■ Active Mining Claims
■ Active Mining Claims within Intact Forest Landscapes
■ Active Oil & Gas Contracts
■ Active Oil & Gas Contracts within Intact Forest Landscapes

The distribution of IFLs and oil and gas contracts (top) and mining leases (bottom) for the three regions of interest: South America (left), Central Africa (middle) and Asia-Pacific (right). ©Frontiers in Forests and Global Change

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Battery Raw Materials

Global competition among battery producers

In 2030, China is expected to manufacture 58 % of global lithium-ion battery cells

There is a growing competition for the manufacturing capacity of batteries that are necessary for e-mobility. Regular news about new production facilities of lithium-ion batteries underpin this trend. Asia, and China in particular, dominates the production. But Europe is catching up, influenced by the e-industry with government incentives and emissions regulations. The European share of global manufacturing capacity for lithium-ion batteries is predicted to rise from 6 % in 2020 to an estimated 26 % in 2030.

[More information »](#)



Extractives and Human Rights

Social progress in mining-dependent countries

New ICMC report shows that lives in mining-dependent countries have improved significantly over the past 23 years.

The International Council on Mining & Metals (ICMM) published a new report with the positive conclusion, that life



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[To the report »](#)

in mining-dependent countries has improved. The report examined 41 socio-economic indicators, which were mapped to 12 Sustainable Development Goals (SDGs). Around three quarters of these indicators point to a positive socio-economic development. The greatest progress was made in the areas of access to education, clean water, sanitation and energy supply. Bolivia, Botswana, Indonesia, Ghana and Peru made the greatest relative improvements. The resource curse is slowly weakening and the gap with resource-poor countries is closing more and more. It is becoming clear that governance is a decisive factor and countries with a stable security and peace situation perform better.

Bauxite mining in indigenous territories - implemented and managed by indigenous people

The Gulkula mining company not only follows a sustainable mining approach but is also the first indigenous-owned mine to demonstrate how an entire community can benefit from the project.

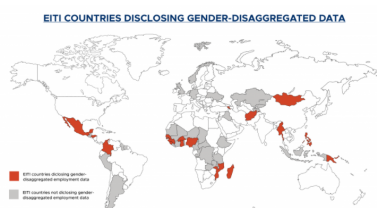
The University of Sunshine Coast (Australia) has conducted a case study of the Gulkula mining company's model of sustainability. The model focuses on integrating the interests of local communities and indigenous people. Gulkula is the world's first indigenous owned and managed bauxite mine. It is located in Australia's Northern Territory in the region of the indigenous Yolngu people, who have lived in the area for over 65,000 years. In 2020, the mine was certified by the Aluminium Stewardship Initiative. Also with the support of the ASI, initiatives are being implemented on site that benefit the entire community and pursue the vision of mining with minimal environmental impact.

[More information »](#)



Extractives and Gender

Gender reporting in the 2019 EITI Standard



EITI countries reporting gender-disaggregated data include Afghanistan, Armenia, Burkina Faso, Colombia, Ghana, Guinea, Honduras, Madagascar, Mexico, Mongolia, Mozambique, Myanmar, Papua New Guinea, Philippines, Senegal and Sierra Leone.

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Women represent a minority of workers and decision-makers in the extractive sector. Yet they suffer disproportionately from its negative impacts. To close the gender gap and increase women's inclusion, new gender reporting requirements have been introduced in the 2019 EITI Standard. These requirements are related to their representation in multi-stakeholder groups, employment data, access to information, and participation in EITI

implementation. As a result, data is now available to support inclusive decision-making.

Although women are still underrepresented overall, there are also many good practice examples and overall gender equity is also gaining momentum in the extractive sector.

Some of the key findings are:

- Women represent about 1/5 of members in multi-stakeholder groups related to EITI implementation.
- However, they occupy only 12 % of leadership roles in multi-stakeholder groups.
- 1/3 of EITI countries reported gender-specific data.

[More information »](#)



Upcoming Events

2021 Mining and Sustainability Forum of the Americas: Regional supply chains for critical minerals

10.08.2021 16:00-17:00 (CEST) ONLINE

The Intergovernmental Forum on Mining, Minerals and Sustainable Development (IGF) is hosting an online event on critical minerals with a regional focus on the Americas on August 10. "Critical minerals" such as copper, lithium, nickel, and more are essential to the energy transition and are largely found in the Americas. Sustainable and regional supply chains of these minerals will be the focus of the event, which will be attended by stakeholders from governments, academia and civil society. The event will feature simultaneous translation into Spanish and English.

[Registration »](#)

Hydrogen and mining - virtual summit 2021

08. - 09.09.2021 15:00-21:00 CEST ONLINE

Many mining companies set high decarbonization targets. Hydrogen could be one solution to achieve these goals. Therefore, the interest on this topic is increasing visibly. At this third annual event, hydrogen experts as well as mining companies that have made first experiences with hydrogen for energy supply and mobility will give insights on that topic. Further important questions from interested mining companies will be answered.

[More information »](#)

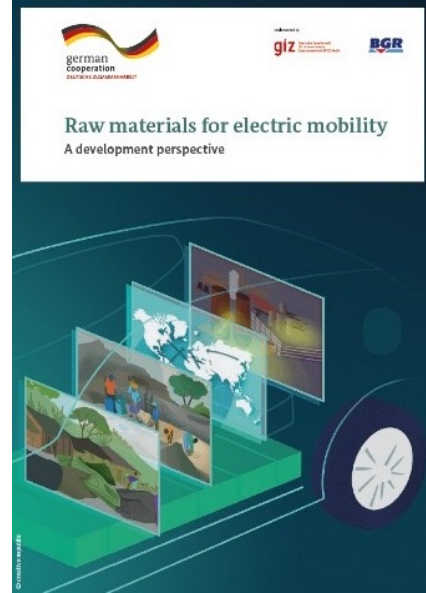


Past Events

Presentation of the X4D publication "Raw materials for electric mobility – a development perspective" - a complete success!

On June 9th and July 7th, the German and English presentations of the publication "[Raw materials for electric mobility – a development perspective](#)" took place virtually. During the German event, the Sector Programme Extractives and Development briefly presented the contents of the publication and then discussed with experts from DERA, Agora Verkehrswende and the BGR raw materials

project in the Andean countries. Experts from the Natural Resource Governance Institute (NRGI), the Institute for Applied Ecology and the GIZ raw materials project in the Andean countries complemented the English presentation. Both events were very well attended and thanks to the interested audience ended with an exciting discussion! You missed the event or want to listen again? The English event was recorded and all presentations can be found on our website.



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- » [to the recording of the English event](#)
- » [to the English presentation slides \(X4D, MinSus, Institute for Applied Ecology\)](#),
- » [to the German presentation slides \(X4D, DERA, MinSus, Agora Verkehrswende\)](#)

Presentation of the construction raw materials report

Great interest in the often-underrepresented construction raw materials



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[To the report »](#)



Did you know...?

July 29th was **earth overshoot day 2021!** That means that since this date, **humanity's demand for ecological resources and services in a given year exceeds what earth can regenerate** in that year. The rest of the year we live on tick. Thanks to COVID-19 last year's earth overshoot

day was on the 22nd August, but now it is back on its pre-COVID level. The **German earth overshoot day** is even earlier: in the beginning of **May!**

(Quelle)

Test your own ecological footprint!



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