

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

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DID YOU KNOW...?

Extractives and Public Finances

New anti-corruption diagnostic tool for the extractive sector

It is no secret that corruption is one of the biggest obstacles to the responsible and sustainable management of natural resources. With support from the sector programme Extractives for Development (X4D), the Natural Resource Governance Institute (NRGI) has developed a toolkit to identify corruption risks in the extractive sector. The tool, [Diagnosing Corruption in the Extractive Sector: A Tool for Research and Action](#), supports anti-corruption actors to take evidence-based action to improve integrity in a sector that is highly vulnerable to corruption. It uses a structured, participatory process to identify the forms of corruption most likely to occur in the country and their root causes, and to create an evidence-based action plan aimed at preventing future corruption. Five research guides describe the most prevalent forms of corruption in the areas of licensing, operations, revenue collection, revenue administration and state-owned enterprises, as well as common warning signs. The tool has already been tested by the EITI Multistakeholder Group in Mongolia. NRGI has also published [recommendations on strengthening the role of the EITI in the fight against corruption](#) that are specifically aimed at EITI stakeholders. Alexandra Gillies and Matthieu Salomon from NRGI are available for questions and if you are interested in applying the recommendations.

[To the tool »](#)



Responsible Raw Material Supply Chains

Gold flows from Venezuela

New OECD study to support due diligence on gold production and trade in Venezuela

Gold is valuable, easy to transport, hardly exposed to price fluctuations and can easily be "laundered" meaning transferred from illegal supply chains to the legal market. Therefore, it is often used as an illegal means of finance. Since the nationalization of the Venezuelan mining industry in 2011, gold mining activities have increased significantly while at the same time the export of gold has

increased only slightly. Illegal mining activities involve human rights violations, environmental problems, money laundering, and the financing of terrorism. Gold flows in Venezuela can be described as centralized or dispersed. Centralized flows flow from the myriad small-scale mines to government-monitored trading hubs. Exported gold from these streams is considered legal, yet attention must be paid to social and environmental impacts of the mining.

Dispersed flows are defined as all routes through which gold is transported from the mine to foreign countries, bypassing the government. Political elites, the Venezuelan military, Colombian militant groups, and local groups are laundering the gold in Latin America and moving the gold to Iran, Turkey, or the United Arab Emirates. Previous regulations and due diligence promises have not been enough to stop the illegal flow of gold from Venezuela. The OECD report shows that further analysis is needed on the extent to which maritime spaces and free trade zones facilitate illicit gold flows and thus financial crime.

[To the study »](#)

Illicit gold trade in Nairobi

In 2020, shortly before the Covid-19 pandemic, IMPACT scientists had first-hand observation of the illegal gold trade in Nairobi. A Nairobi trader bought 35kg of gold from two young Congolese men for \$1.1 million - well below market price. Kenya and Nairobi are major hubs of the illicit gold trade in West Africa. Gold from the DRC is sold through Nairobi to the United Arab Emirates often with stolen ICGLR certificates. Kenya has other problems besides the illegal gold trade with Islamist terrorist groups, smuggling of wildlife, and trafficking of drugs such as cocaine, heroin, and crystal meth. The extent of the gold trade is unknown and is estimated to exceed \$100 million a year. A major problem with illegal gold mining is the handling of highly toxic mercury. This is often given to the miners as an advance from the traders. Kenya is the main trans-shipment point for mercury, which is further transported to Congo, Uganda or Tanzania. The global challenge is to break these illegal networks. National measures only relocate, but do not solve the problem. IMPACT is working with the Colorado School of Mines and I.R. Consilium to explore a way to disrupt these illegal supply chain networks.

[More information »](#)



Extractive Economies

Mining Local Procurement in the Democratic Republic of Congo

While countries such as Ghana, Mali or Nigeria already have regulations regarding mining local procurement in place, the Democratic Republic of Congo (DRC) is still at the beginning of drafting regulatory policies. To support the discussion on mining local procurement in the DRC, the Sector Programme Extractives and Development of the BGR has just published a study on the current situation of local procurement in the DRC and with recommendations on how the DRC can, based on international best practice examples, implement a local procurement strategy. The study is now available in [English](#) and [French](#) language.



[More information »](#)

Burundi suspends mining at several mines

The government is not benefiting adequately from the mining of raw materials.

The government of Burundi has temporarily put seven mines on hold on the grounds that the state is not receiving enough revenue from the mining operations. The Minister of Mines, Uwizeye, told the press that they want to renegotiate the contracts so that the population can also benefit from the raw materials and the country's development can be financed. Above all, the British company Rainbow, which operates Africa's only rare earth mine in Burundi, is a thorn in the government's side, as the state revenue is much lower than expected. Until a solution is found, exports of rare earths will be stopped for the time being.

[Find out more »](#)



Extractives and Environment

Diamond mine dam burst kills 12 people

The DRC is seeking compensation from an Angolan diamond mine owner after a dam burst contaminated water, sickening thousands and killing 12 people.

After a tailings pond containing waste from Angola's largest diamond mine breached, a tributary of the Congo River turned red. About 2 million people, as well as numerous ecosystems, have been affected by this pollution. The DRC is now seeking compensation from the mine operator, Catoca, to cover mitigation costs. The spill and deaths are the latest in a series of tailings disasters in the global mining industry. Investors, executives and environmentalists have been implementing safety and inspection standards over the past year to prevent such accidents. Not all companies - including Catoca - have publicly committed to the voluntary standards. Catoca took a stand in a press release, saying that tailings entered a tributary of the Congo River but that immediate action was taken to repair the leak. Catoca also said it had donated food baskets to river communities to help alleviate the effects of the pollution. Now, an independent international institute is to be established to implement standards and monitor companies' compliance to prevent further disasters.

[To the article »](#)

Plans for new coal plants on hold globally since Paris agreement



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another chance in November to agree on a world without new coal-fired power plants.

A report by climate groups shows that more than 75% of the coal-fired power plants planned worldwide have been scrapped since the signing of the Paris Climate Agreement in 2015. According to the report, 44 countries will not build any new coal-fired power plants. Compared to the time before the agreement, this is a big step towards a lower-emission future. However, 31 countries still plan to build new power plants. China alone is responsible for half of all planned coal-fired power plants. If we are to meet the Paris climate targets, CO2 emissions will need to fall by 79% compared to 2019 levels by the end of the decade – and coal plants play a major role for that. Cop26 offers leaders

[To the article »](#)



Battery Raw Materials

Comparison of raw materials for combustion engines and electric cars

Peak in primary metal consumption expected in 2035

If only e-cars are registered in Germany by 2035, the annual crude oil demand for passenger cars would fall by 56% compared to 2020. The peak of primary metal consumption in the passenger car sector would also be reached around 2035. While the demand for raw materials for lithium-ion batteries (lithium, cobalt, nickel, copper) will increase, the consumption of platinum group metals for car exhaust catalytic converters will decrease - to near zero in 2035. This and other scenarios were examined by the Öko-Institut in their [new study on the resource requirements for different developments in the German passenger car sector](#). In the electric car scenario, there is a growing demand for metals in the short to medium term, but also a significantly lower consumption of fossil fuels. The metals can be recycled in the long term, which is not possible with fossil fuels.

» [to the study](#)

» [to the article](#)

Corporate sourcing of artisanal cobalt in the DRC: how to improve governance for mining of a key ingredient in electric vehicle batteries

New paper published by Afrewatch and IIED

Afrewatch and IIED published a new paper: **“Islands of responsibility? Corporate sourcing of artisanal cobalt in the Democratic Republic of Congo”** (available in [English](#))



© IIED

- Granting them better access to land and mining licenses,
- Improving the organisation of the sector, especially artisanal mining cooperatives, and
- fairer pricing to ensure miners capture more value and earn a living income.

This paper aims at further informing international and national level discussion on how to effectively bring about change in the sector, and ensuring that the priorities and incentives of miners are better understood and promoted within various corporate- and government-led initiatives.

[To the publication »](#)

Graphite resources and their potential to support battery supply chains in Africa

New study by the British Geological Survey

Graphite is one of the minerals that is essential for the production of batteries for e-cars and its demand will increase in the coming years. The graphite supply chain is complex and globally distributed. Africa is home to significant graphite deposits, which this study assesses and analyses in relation to the African supply chain for battery raw materials. Mozambique, Madagascar, Tanzania and Namibia in particular have significant graphite deposits. Overall, however, there is a lack of capacity in processing to increase value creation locally. Regional cooperation could be a means of advancing graphite production in Africa.

[To the study »](#)

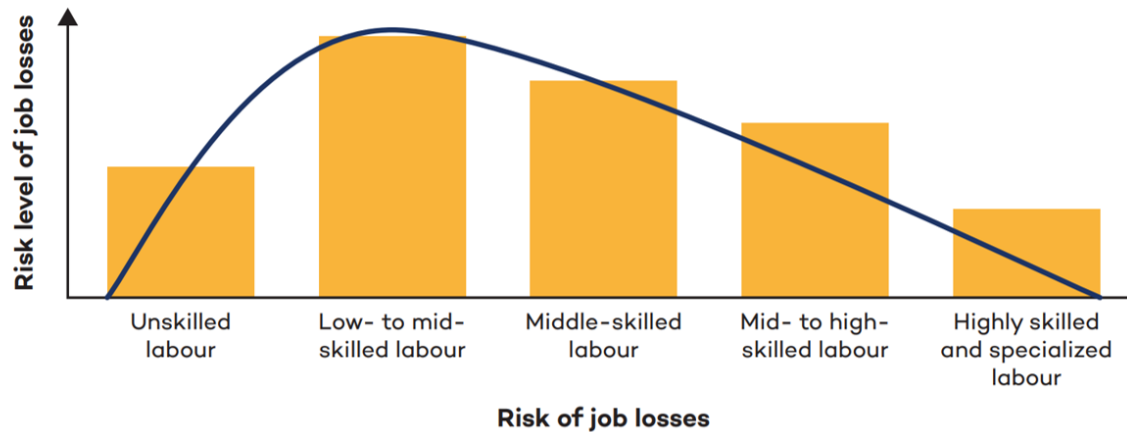


Digitization

New publication: New Tech - New Deal: Findings and new directions on the changing face of mining

How technological innovations are changing the extractive sector

Technological innovations and digitalisation are changing the world of work - also in mining. What are the implications for communities, governments and mine operators? This is the question addressed by the two-year research project New Tech New Deal (NTND) of the Intergovernmental Forum on Mining, Minerals and Sustainable Development (IGF), which was supported by the SP Extractives and Development on behalf of the BMZ. The results were published in the new report [NTND: Mining Policy Options in the Face of New Technology](#) at the digital launch on 15 September. From a development policy perspective, technological progress can on the one hand promote economic upswing and on the other hand mean loss of jobs.



© IGF

[Find out more »](#)



Extractives and Human Rights

More and more deadly attacks at environmental activists - also in the mining sector

227 fatal attacks on environmental activists in 2020



©global witness

As the climate crisis becomes more visible, so does the number of people standing up for their homes, lands and ecosystems with all their biodiversity and climate-regulating properties - and with that there are also more and more people being intimidated, harassed or even killed by industry or opponents. More than half of the attacks in 2020 took place in Colombia, Mexico and the Philippines. The NGO Global Witness has been investigating attacks on environmental activists around the world since 2012 and has again found that the number of victims is increasing every year. The use of natural resources in particular is linked to human rights violations. In 2020, the highest number of murders was related to deforestation, followed by dams and mining. In the mining sector, 17 activists lost their lives in 2020.

[To the report »](#)

Chilean indigenous people call for suspension of lithium mining

Indigenous communities living in the Atacama Desert area of Chile have asked authorities to revoke the permit of lithium mining company SQM until they submit an acceptable environmental compliance plan. Back in 2016, SQM was asked to produce a \$25 million plan that would bring them back into compliance. In 2019 the plan was approved, but in 2020 the approval was revoked again. Now SQM must submit a new plan. Meanwhile, mining continues, putting the fragile environment at risk, according to the Atacama Indigenous Council.

[To the article »](#)



Extractives and Gender

Will prospects for women improve in the mine of the future?



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New technologies are changing the work in the mine: less physically hard work and less work underground. This could give women more opportunities to work in mines again and thus ensure a better gender balance in the sector. But while physical strength is becoming less important, the need for digital skills is increasing. Here, too, women are disadvantaged and, according to studies, have less access to the internet or communication technologies than men.

When there are fewer local jobs and digital jobs are outsourced, women in local communities who previously benefited (in)directly from the mine suffer. To give women a chance in the mining of the future, governments and mining companies must include the advancement of women in their agenda and actively engage.

[More information »](#)

New ILO study on gender equality in the mining sector

The new study by the International Labour Organisation (ILO) aims to contribute to a better understanding of the problems faced by women in the mining sector. The study also presents the challenges and opportunities for improving gender equality. Topics such as wages, education and training, gender-based violence, occupational safety and COVID-19 are covered - all with a gender lens, of course.



©ILO

[Find out more »](#)



Upcoming Events

6th Workshop "Responsible Gold in Germany"

06/10/2021 1-4 pm (CET) ONLINE

On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), the Sector Programme "Extractives and Development" is organising the sixth workshop on "Responsible Gold in Germany". The workshop is an informal exchange of experiences of various German actors on the topic of responsible gold production and sourcing. The next workshop will take place on 6 October 2021 and in German language. This time, one of the main topics will include gold recycling. If you are interested in participating, simply register by sending an email to [Thomas Grupp](#).

[Further information »](#)

ELLED CoP event: Measuring Local Content to Harness its Potential

06/10/2021 3:30 - 5 pm (CET) ONLINE

The Community of Practice (CoP) of the World Bank's Extractives-Led Local Economic Diversification (ELLED) programme will present best practices for measuring and reporting local sourcing in the extractive sector and its impacts on October, 06th. Two ELLED tools will be presented, including how companies and governments can measure local content to promote local economic development and diversity. Representatives from the Natural Resource Governance Institute (NRGI), GIZ and DAI will provide input on the topic, followed by Q&A.

[More information and registration »](#)

17th IGF Annual General Meeting

19/-20/10/2021 2:30-5:30 pm (CET) ONLINE

The IGF Annual General Meeting on October 19 and 20 will be held under the motto "**Building tomorrow together - Mining for a responsible and inclusive future**". Mining and policy experts as well as leaders from the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development will present and discuss current challenges in the mining sector such as the Covid pandemic, raw materials for the energy transition, community engagement, gender equity, new technologies, and social and environmental issues. All presentations will be simultaneously translated into English, French and Spanish.

[Register here »](#)



Past Events

X4D guest at the IAA Mobility

Sustainable e-mobility not without responsible raw materials supply chains

From 7 to 12 September, one of the largest automotive trade fairs, the IAA, took place in Munich for the first time and X4D was also represented. Not only with a new location but also with a new motto as IAA Mobility, the trade fair presented itself as a mobility platform and dialogue forum. A special focus was on e-mobility. For sustainability in the transport sector, not only the use of renewable energies is crucial, but



German Federal Minister Müller in conversation with Lisa Stellner (GIZ-X4D)
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also the question of how the necessary raw materials for the new technologies are obtained and procured. X4D discussed this topic with guests in an exciting hybrid event on 09.09.2021. You can watch the recording of the event [here](#). The Federal Minister of Economic Cooperation and Development Gerd Müller also took the time to visit the GIZ stand and underlined the importance of bilateral and regional raw materials projects within the framework of German development cooperation.

Find out more:

- » [publication "Raw Materials for Electric Mobility - A Development Perspective"](#)
- » [read the article](#)

Presentation of the Local Procurement Reporting Mechanism - Using raw material extraction for economic growth

On 21.09.2021, X4D organised an online event on local procurement in the extractive sector in collaboration with the Mining Shared Value Initiative (MSV). The Natural Resource Governance Institute (NRGI) provided input on the potential of local procurement and the importance of transparency in the mining sector. MSV then presented the [Local Procurement Reporting Mechanism](#) (LPRM). The LPRM aims to enable better economic development in producer countries by awarding more supplier contracts in these countries. This creates local jobs and strengthens the local economy.

Further information:

- » [Factsheet](#)
- » [LPRM](#)
- » [Article](#)

Review: Launch of the Climate Smart Mine Emissions Widget

Reporting on greenhouse gas emissions in the mining sector is not an easy task. Currently, there are a number of different standards and initiatives that require different reporting of GHG emissions and setting of emission reduction targets. This is problematic because the reported results are not comparable and therefore follow-up measures are more difficult to implement. The aim of the widget is to achieve alignment and consistency between climate reporting standards and initiatives (keyword: interoperability). Through simplification and alignment, the widget should contribute to the achievement of greenhouse gas reduction targets.

The official digital launch of the Climate Smart Mine Emissions Widget took place on 28.09.2021. Dr. Sören Dengg, Head of the Department for Energy, Infrastructure and Natural Resources of the German Federal Ministry for Economic Cooperation and Development (BMZ) gave the welcome speech. In addition to an official presentation of the widget by the NGO Resolve, representatives of Towards Sustainable Mining (TSM) and Newmont Mining spoke about the concrete application of the widget. Afterwards, X4D gave a short input how the widget can be a model in the future to reconcile a range of topics, such as FPIC or biodiversity, across the many standards and initiatives. X4D was commissioned by BMZ to support the creation of the widget from the very beginning.

- » [Project page](#)
- » [User guide](#)

Summary of the Kick-Off Event at the 14th OECD Policy Forum on Responsible Minerals Supply Chains

Review of 26/04/2021

The German Federal Environment Agency has now published the official [summary of the kick-off event](#) of 26.04.2021 at the OECD Forum on Responsible Mineral Supply Chains. The session presented the OECD's practical tool on environmental safeguards in mineral supply chains. The summary briefly presents the content and complements the questions and expectations of the participants. Finally, the results of the survey conducted during the event are given in the annex.



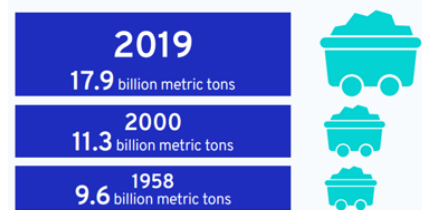
Did you know...?

From 1958 to 2019 the world mining production has almost **doubled in volume!**

from 9.6 to 17.9 billion metric tons

([Source](#))

World mining production



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