

## 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

- » Publication of an Anticorruption Guidance for Partners of State-Owned Enterprises (SOE) of the extractive sector
- » Africa's illegal gold smuggled to Dubai
- » Policy brief by IISD: Inclusive Framework Agreement on the Global Minimum Tax
- » Promoting dialogue between mining communities and Local Mining Development Committees in Côte d'Ivoire

### RESPONSIBLE RAW MATERIAL SUPPLY CHAINS

- » RMI Due Diligence Playbook
- » Olympic gold medals: All that glitters is not (fair) gold

### EXTRACTIVE ECONOMIES

- » How mining will be at the core of enabling the energy transition

» Metals needed for hydrogen production could get scarce

#### **EXTRACTIVES AND ENVIRONMENT**

- » ASMSpotter supports Guyana's authorities in monitoring ASM activities linked to deforestation
- » Roadmap to Zero-Carbon Electrification of Africa

#### **EXTRACTIVES AND CHINA**

- » Conflicts between Chinese mining company and residents in Zimbabwe

#### **EXTRACTIVES AND GENDER**

- » Gender and Mining Governance MOOC now available in Spanish
- » Gender in artisanal small-scale mining: two new IGF publications

#### **EXTRACTIVES AND DIGITALISATION**

- » Evaluation of export commodities in Guinea

#### **UPCOMING EVENTS**

- » Mining and circular economy in Colombia
- » EU Update on the Due Diligence Law

#### **LEGAL TRAINEES**

- » Civil liability for human rights violations? More than a legal question!

#### **DID YOU KNOW...?**

## **Extractives and Public Finances**

### Publication of an Anticorruption Guidance for Partners of State-Owned Enterprises (SOE) of the extractive sector

Recent corruption cases in the oil, gas and mining industries have shown that standard corporate integrity and compliance systems are often poorly suited to address the unique position and powers of SOEs. SOEs play a central, dominant role in many host countries, which makes it difficult for private companies to avoid working with them, even when corruption concerns arise. NRGi has now published a guidance that addresses these challenges. The guidance derives from three sources, namely the conduction of extended consultations with stakeholders and experts, the study of over 100 corruption cases and the review of comparable guidance. The paper is targeted at SOEs, companies involved in exploration and production, suppliers and commodity trader, but also valid for SOE lenders, investors and financial service providers.

[Find out more »](#)

### Africa's illegal gold smuggled to Dubai

International experts and African governments estimate that most of the illegally mined gold from African countries is smuggled to Dubai, the international gold trading hub. While it's impossible to say precisely how much is lost to smugglers each year, United Nations trade data for 2020 show a discrepancy of at least \$4 billion between the United Arab Emirates' declared gold imports from Africa and what African countries say they exported to the UAE. Sudan's Finance Ministry estimates that 80 % of gold production goes unregistered. Before reaching Dubai, the gold is passing through refineries in Uganda or Rwanda or directly smuggled in hand luggage. Due to the pandemic the gold prices soared to a record high in August 2020, thus further increasing the illicit trade.



African countries most effected by illicit trade © Bloomberg

[More information »](#)

# Policy brief by IISD: Inclusive Framework Agreement on the Global Minimum Tax

Organisation for Economic Co-operation and Development/G20 Inclusive Framework members that agree to adopt the global minimum corporate tax will be required to implement and administer the rules in a way that is consistent with model legislation and a commentary approved by the Inclusive Framework. This note provides recommendations on how the OECD could design the model legislation and commentary to effectively address the issue of stabilized tax incentives. It builds on IISD's recent guidance to developing country governments on how to amend their tax incentives regimes to benefit from the minimum tax, as well as contributions from the Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development (IGF) on specific implementation issues of the global minimum tax in the mining sector.

[Find out more »](#)

## Promoting dialogue between mining communities and Local Mining Development Committees in Côte d'Ivoire



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Together with the National Council of the Extractive Industries Transparency Initiative in Côte d'Ivoire (CN-ITIE), the Regional Resource Governance in West Africa (REGO) project, on behalf of BMZ, organised three forums for discussion and awareness-raising on the data provided by CN-ITIE with mining communities from different regions of the country, including in Hiré (Divo department), Zouan-Hounien and Lauzoua (Guitry department), between September and December 2021. After a first round of the

activity accompanied by REGO in 2020, it now again facilitated a meeting of more than 110 community members with the Local Mining Development Committees (CDLM), which, among other things, oversee the use of revenues generated in the mining sector at the local level. The aim was to provide communities with the information published by the CN-ITIE on the local mining sector (such as revenues, contributions to and expenditures from the local development fund) in a simplified and condensed form (brochures, summaries of reports, etc.). In addition, questions from citizens regarding the accessibility, quality and nature of the data collected were addressed and the establishment of a framework for regular dialogue on this issue was promoted. Afterwards, the communities had the opportunity to learn more about their local committee and the mining sector in Côte d'Ivoire in general. In addition, the manual on financial and accounting management for CDLM, which was recently produced with the support of the project, was presented and discussed. One of the three CDLMs visited is already actively using this, which has demonstrably increased the quality of their quarterly reports.

In 2020, the first round of the exercise had allowed for an extension of the CDLM expenditure declaration form to include information on the turnover of the respective mining company. This is relevant as 0.5 per cent of the mining companies' annual revenue, net of refining and transport costs, is available to CDLM for local development activities. In Lauzoua, at this year's forum, the audience was able to correct information based on this included in the 2019 local committee (CDLM) declaration, after which the EITI report of the same year was finally validated by board members. Civil Society Organisations were also invited to the exercise in order to accompany citizens within the scope of community-based monitoring of the committees. The regular dialogue between communities and their local committees is an essential part of the EITI Standard and has already contributed significantly to stabilisation in previously conflict-prone areas such as Hiré (Divo).



### RMI Due Diligence Playbook

Companies in the early stages of their due diligence journey can refer to the Responsible Minerals Initiative Due Diligence Playbook, a visual handbook that helps companies define the scope of their due diligence efforts and identify the first steps of their journey.

[Due Diligence Playbook »](#)

### Olympic gold medals: All that glitters is not (fair) gold

The illegal gold mining in Brazil

The gold medals from the 2016 Olympic Games in Brazil shone as the most sustainably produced. But now reporters found out that parts of the medals came from illegal gold mining. This gold was illegally extracted in protected areas. With Bolsonaro, himself the son of a gold prospector, the situation has worsened and certificates that are supposed to guarantee sustainable extraction are only used for greenwashing, the reporters said. The problem, they said, is that it's almost impossible to be able to investigate the entire supply chain, in part because the industry is virtually based solely on self-regulation. Moreover, later, after the gold has been smelted, it is almost impossible to distinguish the "sustainable" gold from the "illegal" one, they said. Researchers found that 28% of Brazil's gold comes from illegal mining areas. Brazil's most powerful gold trading family plays a not insignificant role in the trade of (il)legal gold.

[Find out more »](#)



## Extractive Economies

### How mining will be at the core of enabling the energy transition

New article by McKinsey

As the world gears up for net zero, demand for raw materials is set to soar. The energy transition presents unique challenges for metals and mining companies, which will need to innovate and rebuild their growth agenda. Driven by economic growth, technology development and material intensity, the demand for raw materials will grow and so will the mining companies. But price fluctuations, fast technology transitions and increasing material intensities will lead to a less growing mining sector that stays behind the demand, shortages of raw materials are most likely, so the authors. To meet the demand the sector needs to react quickly, technology improvements and recycling of key materials is essential and, especially in the high investment sector, companies require a significant financial incentive to invest in new mining projects.

[Find out more »](#)

### Metals needed for hydrogen production could get scarce

Key raw materials needed for most types of clean hydrogen production could become scarce and

much more expensive, Germany's Federal Institute for Geosciences and Natural Resources (BGR), has warned. The BGR's Mineral Resources Agency (DERA) said in their [recent report about mineral resources for the water electrolysis](#): "We see the greatest supply risks in iridium and scandium – due to the very high demand on the raw material markets from water electrolysis alone."

"These raw materials already have high supply risks. The markets for scandium and iridium are very small," the report said, adding that supply is highly concentrated and limited to only a few countries, while the market lacks transparency. The authority said that by 2040, demand for scandium is set to increase more than two and a half times and demand for iridium will even soar five-fold compared to 2018 production.

[To the article »](#)



## Extractives and Environment

### "ASMSpotter" supports Guyana's authorities in monitoring ASM activities linked to deforestation

The ASMSpotter, a tool developed by Levin Sources and dida Datenschmiede GmbH, automatically detects artisanal and small-scale mining (ASM) in Guyana and links ASM to deforestation activities. The spotter is based on remote sensing data and artificial intelligence. While the gold sector plays an important role in the reduction of poverty in Guyana's rural communities, it is also the largest driver of deforestation and degradation of ecosystems in the country. Guyana has a modern mining framework that allows ASM but struggles to supervise and monitor ASM activities in remote areas. The goal is to enable long-term application of the tool by governments around the world.

[Find out more »](#)

### Roadmap to Zero-Carbon Electrification of Africa

New study under the guidance of Prof. Jeffrey Sachs

Prepared by the Columbia Center on Sustainable Investment (CCSI) team and with support from the African Natural Resources Centre of the African Development Bank (AfDB), the study sets out a comprehensive and actionable roadmap for Africa's zero-carbon energy transformation by 2050, with most advances achieved by 2030. It makes the case for phasing out fossil fuels, addresses imperatives and challenges regarding Africa's energy planning and financing, and outlines recommendations for immediate implementation. There are four overarching ideas in its vision for Africa's energy future:

- The world economy is going to decarbonize. Oil companies do not necessarily believe it today, but they will soon understand and act accordingly. Many pending oil and gas projects in Africa will become un-bankable in the coming years as decarbonization proceeds.
- Africa needs to frontload its investments in green electrification and digitalization. The continent should borrow heavily, at very concessional rates, to build infrastructure and achieve other Sustainable Development Goals (such as quality education for all children). Debt relief may also be helpful in increasing the fiscal space for green and digital investments.
- The international community, guided by the African Union, should dramatically increase the capacity of the AfDB and other African banks to frontload investments in infrastructure.
- Africa should use its vast continental resources (renewable energy, strategic minerals,

biodiversity, and human skills) to develop African productive capacity at all points in the renewable energy supply chain, including a massive scaling up of strategic minerals mining and African supply chains for photovoltaics, electric batteries, hydrogen and other green fuels, electric vehicles (e.g., electric motorcycles), and digital services (e-education, e-health, e-payments, and others).

[Roadmap to Zero-Carbon Electrification of Africa »](#)



## Extractives and China

### Conflicts between Chinese mining company and residents in Zimbabwe

For decades, Zimbabwe has maintained relations with China, strengthened by the turning away of the West due to Mugabe's policies. As a result, Chinese companies were granted many mining licenses, such as in the Mutoko district. The mining operations, which remove the mountain piece by piece, are accompanied by blasting and heavy machinery. Every day, more than 60 heavily loaded trucks leave the mine, damaging the roads. The mining leaves a trail of devastation, according to local residents. Houses, roads and agricultural land are damaged. Some residents have already had to give way to the mining and leave their ancestral land. After mining there is no proper mine closure and the pits are left open posing more threads to the land. The working conditions are very bad and the compensation is unacceptable, according to the villagers. They feel excluded and not respected. They do not expect any help from the government because it does not want to face the Chinese investors. Although the Chinese company already has a license to continue mining in populated areas, the residents do not want to be removed. "They will have to use guns to remove us here," said one resident.

[To the article »](#)



## Extractives and Gender

### Gender and Mining Governance MOOC now available in Spanish

United Nations Development Programme (UNDP), Environmental Governance Programme, and Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) are pleased to offer a free self-paced course on Gender and Mining Governance. This four-module course in English, French, and Spanish compiles research from leading institutions in the industry to build awareness and skills in regards to gender governance in the mining industry. In this course, participants will learn how to foster women's equal engagement in mining projects and take action to eliminate gender-based violence in affected communities, and understand how investment in gender equality and women's leadership in mining governance can lead to stable and resilient communities. X4D with [Women's Rights and Mining](#) contributed to the course by providing a lecture about sexual and gender based violence (SGBV) in the mining sector.

[Sign up for the MOOC here »](#)

# Gender in artisanal small-scale mining: two new IGF publications



© IGF

One study focuses on the **gendered impact of the COVID-19 pandemic in the informal ASM sector**. In particular, women were laid off. The pandemic exacerbated preexisting gender inequities and vulnerabilities of women in ASM. The report highlights the impact of the pandemic for women in Peru, the Philippines, and Zimbabwe.

The other publication is a **bibliography** that summarizes recent studies on gender in mining governance for the ASM sector. 70 sources ranging from academic papers to toolkits to civil society reports present current knowledge and a many possible applications for gender-responsive governance in ASM.

[More information »](#)



## Extractives and Digitalisation

### Evaluation of export commodities in Guinea

Video

Since 2017, GIZ has been supporting the Guinean Ministry of Mines and Geology through the project "Regional Resource Governance in West Africa" in determining the actual amount of raw materials, namely bauxite and iron ore, into loaded into ships. This quantitative measure serves as the basis for calculating the export tax. Specialists have been trained in the methodology of draught survey. This method allows the Guinean state to verify whether the assessed quantity of bauxite corresponds to the information provided by the mining companies' evaluators. This verification takes place both in port and on the high seas. Using state experts trained by the project, more than 2000 vessels with a volume of more than 200 million tonnes of bauxite have been evaluated since January 2019.

To further reduce the risk of data manipulation, the excel spreadsheets and laptops originally used are being replaced with a web-based application and waterproof tablets. As soon as a mobile network is available, the data is uploaded to a cloud, which is synchronised into a physical server once a day. This prevents any subsequent manipulation in the system.

In the same context, specialists from the national geological laboratory are also involved in the assessment. They systematically collect samples of bauxite in the ports, which are subsequently processed in the laboratory to determine the contents of alumina, silica and moisture. These qualitative values are also used to calculate the export tax and the bauxite price.

To increase the visibility of its supervisory role and raise awareness of the need for controls, the Guinean government has asked GIZ in the year 2020 to support it with communication. A Guinean private film studio produced a short documentary in close coordination for and with the Ministry of Mines and Geology. The film shows the work of the evaluators and explains how German international cooperation supported them. The ministry has now published the seven minutes long film on its YouTube channel.



© Ministère des Mines et de la Géologie Guinée

[To the video »](#)



## Upcoming Events

### Mining and circular economy in Colombia

**24.02.2022 9-11 am (UTC-5), 15-17 (CET), online, Spanish**

The MaPriC project aims to develop and complement existing regulations in Colombia and Chile to reduce the environmental impacts caused by extractive activities. At the same time, strategies will be developed to increase resource efficiency, reduce greenhouse gas emissions, and improve environmental regulations and their effectiveness. The next online seminar will focus on mining and the circular economy.

[To the registration »](#)

### EU Update on the Due Diligence Law

**03.03.2022 11-12:30 (CET), online**

Recovering fully from the effects of the pandemic will require a deep change, towards a value chain that safeguards the environment, human rights and is inclusive towards local communities.

To foster this change, the European Commission and several Governments around the world have started and/or accelerated the process to create mandatory due diligence obligations for companies to address the human rights and environmental impacts in their global supply chains. Building on the results of a public consultation which ended in February 2021 and the non-binding recommendations from the European Parliament in March 2021, the European Commission is expected to publish this new legislative proposal in 2022. In the online event organised by CSR Europe you will understand the impacts on your company of the new upcoming EU requirements on human rights and environmental due diligence, discuss with peers about the main common challenges and collaborative solutions and understand the next steps of the EU legislative process.

[Register here »](#)



## Legal Trainees

### Civil liability for human rights violations? More than a legal question!

In June 2021, the German Bundestag passed the Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz* - LkSG). The aim of the law is to improve the protection of human rights in transnational supply chains. This responsibility also affects German companies, which the LkSG obliges to take monitoring, prevention and remedial measures. The effectiveness of legal regulations depends on the sanction mechanisms provided. Or formulated differently: How are German companies encouraged to comply with due diligence obligations along their supply chains? Violations are to be enforced by means of administrative offences law - especially fines. The LkSG itself does not provide for civil liability of companies for human rights violations that occur. However, it explicitly allows the application of other, existing liability regimes. It is therefore worthwhile to take a look at the discussions in the jurisprudential literature. On tort liability, questions of applicability of German law, attribution, causality and evidence, as well as the classification of human rights as protective laws and antitrust approaches are addressed. On contractual liability, it is discussed whether workers whose human rights have been violated can be included in the scope of protection of contracts between German companies and their direct suppliers. The answers to these questions are not of a purely legal nature, but are also shaped to a considerable extent by economic, social and moral ideas. The decisive factor is whether transnationally active companies are understood as purely economic actors with a profit orientation or at least also as social actors with corresponding



value concepts. It remains to be seen what the final answers of the jurisprudence will be. This shows what I always particularly appreciated about my work as a legal trainee at GIZ: A complexity that presented an exciting challenge and was therefore particularly enjoyable for me.

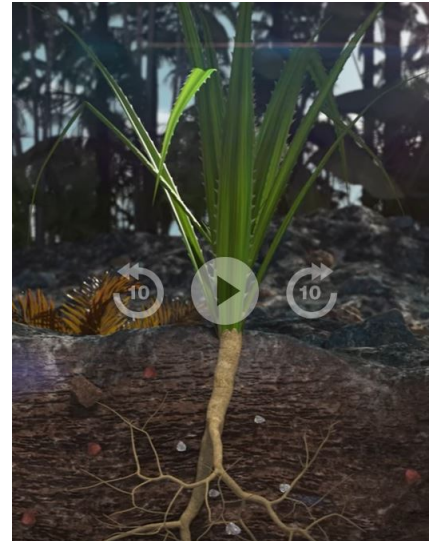
*Laura Delzig, legal trainee in the sector programme July - September 2021*



## Did you know...?

There is a rare species of pandanus tree in Africa (*Pandanus Candelabrum*) that supposedly grows only in diamond-rich soils and therefore indicates where to find diamonds. However, the plant seems to be even rarer than the diamonds themselves....

(Source)



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