

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

- » 52nd EITI Board Meeting: EITI-supporting companies face new expectations
- » How governments can fiscally benefit from mining

RESPONSIBLE RAW MATERIAL SUPPLY CHAINS

- » EGPS Annual Report 2021

EXTRACTIVE ECONOMIES

- » Rising oil prices - and then?
- » GRI: Team for the development of mining standards appointed
- » Foreign direct investment in the mining sector

EXTRACTIVES AND ENVIRONMENT

- » IGF Guide for Governments on Environmental Management and Mining Governance
- » Shift to Renewable Energy - A mixed blessing for mineral exporters

BATTERY RAW MATERIALS

- » The pursuit for a responsible mining sector in Chile and Latin America

EXTRACTIVES AND GENDER

- » Promoting women's creditworthiness in Ghana's gold mining sector
- » "Women in Mining" - virtual training program
- » Internal report of Rio Tinto admits cases of sexual assault, racism, and bullying
- » Why is gender still off the agenda of mining companies?

UPCOMING EVENTS

- » EU Update on the Due Diligence Law
- » Impactful Women: Examining Opportunities and Constraints for Women in Mining Organizations Worldwide
- » Responsible Mine Closure: Insights and Support Options of German Development Cooperation

PAST EVENTS

- » Launch of Responsible Minerals Index 2022

THOUGHTS WITHOUT GUARANTEE - INSIGHTS INTO THE WORLD OF LEGAL TRAINEES

DID YOU KNOW...?

Extractives and Public Finances

52nd EITI Board Meeting: EITI-supporting companies face new expectations

The discussion at the 52nd EITI Board meeting on 16-17 February 2022 focused on the revised expectations for EITI-supporting companies, the upcoming review of the EITI Standard, and the Validation of the Philippines. The new formulation of company expectations follows the demand of civil society to regularly evaluate companies' commitment to the EITI principles. Meeting the revised expectations will be a primary consideration in electing nominees to the EITI Board. The Board further initiated a process to refine the EITI Standard in preparation for the Global Conference 2023. The process aims to update the Standard to incorporate Board decisions made in the last three years rather than massively expanding the Standard with new requirements, as done in 2019. In addition to the **Philippines**, **Guinea** and **Albania** have been successfully validated.

More information will be available soon on the EITI website »

How governments can fiscally benefit from mining

New publication by IGF



PROTECTING THE RIGHT TO TAX MINING INCOME:

Tax treaty practice in mining countries



The international tax treaties often signed by governments seeking to attract foreign investment can become tax avoidance vehicles for multinational corporations, especially in resource-rich developing countries. The mining sector often involves multinational investors. This gives rise to a range of cross-border transactions and a key question for governments: Which country has the right to tax the income from these transactions, and under what conditions? Under tax treaties without proper consideration for mining, governments can end up collecting substantially less revenue from the sector than under their domestic law. The *Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development* (IGF) published a new practical tool to help governments of resource-rich developing countries avoid financial risks linked to tax treaties.

[View the publication here »](#)



Responsible Raw Material Supply Chains

EGPS Annual Report 2021



© EGPS

harassment, and violence. Further, the report reviews the EGPS' communication and outreach work and events.

The *Extractives Global Programmatic Support* (EGPS) published their annual report for the fiscal year 2021. As part of the *World Bank's Umbrella Trust Fund Program*, EGPS supports resource-dependent developing countries manage their oil, gas, and mining resources to support poverty reduction and boost inclusive, sustainable growth and development. The report focuses on how EGPS reacted to the ongoing crisis stemming from the COVID-19 pandemic. Highlight stories demonstrate how EGPS, through its grants, has helped its clients achieve greater development outcomes and impacts over the last years. Gender is a cross-cutting theme throughout the report, and it is highlighted how the EGPS supports the implementation of policies and strategies to increase the meaningful economic engagement of women and combats discrimination,

[Click here to access the report »](#)



Extractive Economies

Rising oil prices - and then?

Carbon Tracker Initiative analyses the financial impact

The *Carbon Tracker Initiative* has analysed the financial implications for a future in which demand for petroleum increases until the mid-2020s and then rapidly declines. They find that the best way to meet this demand while preserving value is to maintain a conservative approach to long-term investment. The short-term increase in demand could be met by new projects that can quickly generate new production. Nonlinear demand was examined in a UN PRI-commissioned scenario which is compatible with limiting global temperature increase to 1.8°C. The report shows how companies can meet increased demand while reducing the risk of wasting investment and preparing for production reduction under the Paris Agreement guidelines.

[Check out the findings in more detail here »](#)

GRI: Team for the development of mining standards appointed

The **Global Reporting Initiative** (GRI) has appointed a team to develop sustainability standards for

the mining sector. This is part of a plan to create sustainability standards for 40 industries. Due to the mining sector's intensive use of water and disruption of ecosystems, the GRI selected this industry as one of the highest impact sectors. The team recruited to draft the mining standard includes representatives from mining companies, analyst firms, governments, and citizen groups from around the world. The project working group will identify key impacts and stakeholder expectations by reviewing issues and descriptions through a multi-stakeholder process.

[Read more about the announcement here »](#)

Foreign direct investment in the mining sector

Opportunities for sustainable development

In his publication in the *Columbia FDI Perspectives*, a forum for public debate run by the *Columbia Centre on Sustainable Investment* (CCSI), author James Otto focuses on the uses of corporate social responsibility (CSR) and community development agreements (CDA) during and after mining operations. He finds that both the use of CSR and CDAs can (and should) play an important role in managing community expectations. Further, he argues that CSR and CDAs provide a means to achieve sustainable development for mine-dependent communities long after the mine ceases to operate.

[To the publication »](#)



Extractives and Environment

IGF Guide for Governments on Environmental Management and Mining Governance

To help governments successfully manage mining cycles, the *Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development* (IGF) has developed the "Guidance for Governments Environmental Management and Mining Governance". The guide aims at preventing or mitigating negative impacts and enabling successful remedy. It addresses international practices, key tools and mechanisms, and proposes actions for governments throughout the mining cycle. Based on the IGF Mining Policy Framework, the guide also highlights key issues, benchmarks, and standards in four main areas of environmental management in mining: water, biodiversity, waste, and emergency prevention and response. The role of governments in ensuring these standards in the context of sustainable development is also addressed.



© IGF

[Access the guide here »](#)

Shift to Renewable Energy

The *Peterson Institute for International Economics* (PIIE) published a policy brief on the topic of implications of the shift to renewable energy for mineral exporters. The PIIE finds that the minerals that will fuel the energy transition do not have the potential to generate similar rents as oil and gas. Therefore, the PIIE considers it unlikely that the oil curse dynamics will translate seamlessly to critical minerals. Since the magnitude of rents will be smaller, the PIIE predicts geopolitics to be less fierce. However, there might be great potential in the way minerals shape exporting countries' relations with major importers and powers.

[This way to the publication »](#)



Battery raw materials

The pursuit for a responsible mining sector in Chile and Latin America

Re-Sourcing's briefing provides an overview of the current status and development of sustainable mineral supply chains and approaches to responsible mining in the mining sector in Latin America, with a particular focus on Chile. The paper outlines the implementation of various international initiatives, regional government strategies, and best practice examples of companies in the copper and lithium mining sector. Collaboration between national and international partners is noted as a priority for the Chilean Government and deemed essential to jointly overcome structural, political and technological challenges in the region. These goals are reflected in *Chile's Roadmap 2050*, which aims for achieving transparent mineral supply chains and sustainability by 2050.

[Find the briefing here »](#)



Extractives and Gender

Promoting women's creditworthiness in Ghana's gold mining sector

Case study by Solidaridad

The **Kering Group** has partnered with the international NGO **Solidaridad** to improve the economic independence of artisanal and small-scale female gold miners in Ghanaian communities, with a focus on access to credit. Solidaridad conducted a pilot project in which 130 women in five savings groups were mobilized to test whether the introduction of a rotating fund (external funds provided in the form of loans) would improve the ability of group members to obtain more credit. Furthermore, the extent to which the loans strengthen mining-related and independent businesses was tested. By implementing a gender-sensitive due diligence process, the project made good progress in addressing a systemic gender-related barrier in gold mining communities and enabling women to start businesses around gold mines.

[Access the case study here »](#)

"Women in Mining" - virtual training programme

Deloitte is organising a six-week (6 x 2.5 hours) virtual management training programme on the topic of women in mining from *March 9th to April 13th, 2022*. The training aims to enhance the skills and capacity of women in the mining industry, promote the importance of diversity and inclusion as a key business priority, and gain insight into the dynamics of the global mining industry. Participants will learn how to address the challenges of decarbonization, how to implement strategies to promote gender diversity within a company, and how to rebuild trust within their extended stakeholder network.



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[More information and registration here »](#)

Internal report of Rio Tinto admits cases of sexual assault, racism, and bullying

Anglo-Australian miner Rio Tinto describes admissions of sexual assault, racism and bullying in an internal report which has sparked calls from investors for the entire industry to clean up its act. The 85-page report released by Rio pointed to a culture where harmful behaviors are often normalized and bullying is rife put a spotlight on the broader industry, which has long been accused of tolerating inappropriate behavior. Despite Rio Tinto's yearlong efforts to change the 'boys club' culture, the persisting toxic culture makes it hard to attract female workers. Critical observers of the mining industry express their hope for the report fostering dialogue about these topics and leading for other miners to follow suit of reporting misbehavior.

[Find out more »](#)

Why is gender still off the agenda of mining companies?

In their research insight, the *Responsible Mining Foundation* (RMF) tackles the question why gender is still off the agenda in mining companies. The RMF has been tracking gender action by mining companies since 2016. While the findings show that gender balance in headquarter teams is widely addressed, gender in affected communities and in the workplace is largely ignored. Despite frequent mentioning of gender and women in companies' sustainability reports, gender action is scarce on the ground at mine sites. At the same time, there is an increasing wealth of guidance and frameworks on gender in mining showing what needs to be done to ensure that women share the benefits of mining and that women as well as men are protected from any harmful impacts.

[Check out the report here »](#)



Upcoming Events

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 »](#)

Impactful Women: Examining Opportunities and Constraints for Women in Mining Organizations Worldwide

09.03.2022 14:30-16:00 (CET), online

A new report, "[Impactful Women: Examining Opportunities and Constraints for Women in Mining Organizations Worldwide](#)", shines a light on the inner-workings of Women in Mining (WIM) organizations in over two-dozen countries. The findings presented in this report provide governments, donors, international organizations, industry leaders and other stakeholders with a rich dataset to build and leverage capacity building efforts for women-led mining organizations across the globe. The World Bank in cooperation with International Women in Mining will present this report at the event and provide a platform for discussion on the importance of WIM organizations and their contribution to advancing the interests of women in mining. In addition to representatives of the WIM organisations, the **German Federal Ministry for Economic Cooperation and Development will also be represented by senior policy officer Yannic Kiewitt**, who will outline the importance of gender equality for the extractive sector as a driver of development.

[Register here »](#)

Responsible Mine Closure: Insights and Support Options of German Development Cooperation

30.03.2022 14.30 - 16:00 (CET), online

On March 30, the [sector programme "Extractives and Development"](#) of GIZ and BGR together with the [CONNEX Support Unit](#) will host a digital event on the topic "Responsible Mine Closure - Insights and Support Options for German DC". In addition to a welcoming speech from the Federal Ministry for Economic Cooperation and Development, there will be input on the relevance of the topic for German DC and a brief overview of current projects. The core of the event will be three parallel workshops: (1) in the first workshop the experiences of mine closure from regional cooperation in the Andean countries will be presented, (2) in the second workshop colleagues from the GIZ Resource Governance project in West Africa will report on their experiences with the application of an IGF tool for mine closure, (3) the third workshop will deal with negotiation support in the field of mine closure using the practical example of Bajo de Alumbra, Argentina.

[Register here »](#)

RESPONSIBLE MINE CLOSURE

Insights and Support Options of German Development Cooperation

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Past Events

Launch of Responsible Minerals Index 2022

The Responsible Minerals Index for 2022 was launched on March 23. The interactive report, produced by the Responsible Minerals Foundation (RMF), is a fact-based assessment of mining companies' policies and practices related to economic, environmental, social and governance issues. Results are presented for each category, from economic development to mining community well-being to environmental awareness, in descriptive graphs that list companies by score. More than 500 participants from 69 countries took part in the launch.

- » [Report](#)
- » [Summary](#)
- » [Recordings of the event](#)



Thoughts without guarantee - insights into the world of legal trainees

In foreign realms

When I started at the sector programme, the programme of my choice, I initially faced the challenge to understand two topics that were foreign to my field: development cooperation and extractive resources. It was clear to me that I would have to try to find a legal component that would have an impact on both topics. Behind that, from my point of view, was the question, "How can I get involved in DC issues as a lawyer?" A crucial aspect in development cooperation in general, and in the extractive sector specifically, is the promotion of responsible supply chains. After some back and forth, I finally asked myself, "Where and how is this regulated for German companies?" I found the answer to this relatively quickly. Already in force was EU Regulation 2017/821 on minerals from conflict and high-risk areas. The Supply Chain Due Dilligence Law (LkSG) has been promulgated, but will not come into force until 2023. Both standards ultimately pursue the goal of obliging companies to better fulfill their global responsibility to respect human rights and environmental standards. Everything is good then, right? "It depends," is what every lawyer thinks. For me, it was clear from then on that I wanted to study the LkSG and the EU



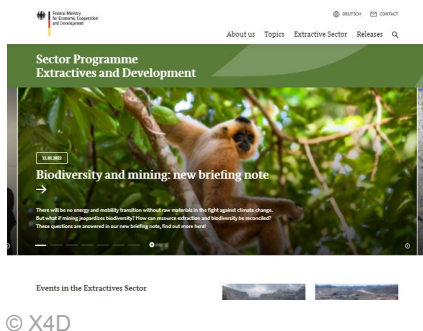
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Regulation in detail for my contribution to the sector program, in order to then work out where possible regulatory gaps exist. Thereupon it was necessary to dedicate myself to two unknown norms. There are an infinite number of laws that very few lawyers have heard of. I would say, for example, that very few people (like me) know what exactly is in the LkSG or the EU Regulation 2017/821. Dealing with unknown laws itself is part of everyday legal life (fans of administrative law know what I mean). Thus, in the end, I came across traditional legal work after all. To present my entire findings here would go beyond the scope of this newsletter article, but I can say this much: The standards mentioned are steps in the right direction, but there are regulatory gaps and there is still a lot to do. Certain raw materials such as lithium, cobalt, nickel, copper, and rare earths, which are in particular demand due to the energy transition, are not covered by the EU Regulation. Just as small to medium sized companies are not covered by the LkSG, even though they too can cause significant negative impacts on human rights and environmental concerns. The good news for all interested legal trainees: There is actually no subject area in which you won't find a legal component. Despite the start-up time, I have found this to be true for me again. I would therefore generally encourage you to get involved with foreign topics and to look beyond the traditional legal training, without forgetting it.

David Philipps, legal trainee of the sector programme July - September 2021



Did you know...?



...that the sector programme has a new website? Since last week you can find us with a new design at [https://rue.bmz.de/en/!](https://rue.bmz.de/en/)



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