

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...?

- » ... how much you should spend on a diamond engagement ring?

Extractives and Public Finances

EITI: New Publication on Company Ownership



© EITI

The energy transition and the phase-out of fossil fuels is fundamental in the fight against climate change. The Extractive Industries Transparency Initiative (EITI) shows the role beneficial ownership transparency plays in the energy transition and how it can thereby contribute to its success. It will be used both in the phase-out of fossil fuels and in the expansion of renewable energies. The transformation of the economy, the increasing demand for raw materials, and the high level of government spending are associated with a considerable risk of corruption and illegal financial flows. As an established accountability tool, beneficial ownership transparency can help mitigate these risks and strengthen transparency along the entire supply chain for renewable energy. Companies benefit from the implementation by using the data in their risk management, compliance with ESG standards, and emission calculation.

[Check out the publication here »](#)



Responsible Raw Material Supply Chains

GIZ supports Multistakeholder training against illicit financial flows in the Artisanal & Small-Scale Mining Sector of Liberia

Contribution by the GIZ Regional Resource Governance Project



Bildunterschrift...

Liberia is a minerals-rich country, but the proliferation of illegal mining activities is still causing problems along the local Artisanal and Small-scale Mining (ASM) supply chain. The Ministry of Mines & Energy is yet to fully implement the roadmap for formalizing the ASM Sector which was crafted in 2016 with support from GIZ and other partners.

As a way of buttressing the government of Liberia fight against the illicit movement of precious minerals, terrorist financing, money laundering and illicit financial flows within the ASM Sector of Liberia, the Liberian Kimberley Process Multi-stakeholder group organized a three-day intensive training workshop for local stakeholders held simultaneously in Bopolu City, Gbarpolu County, and Ganta City, Nimba County, from November 16 – 18, 2021. The workshop was facilitated by a group of trainers from the Liberian Immigration Service, the Liberian National Police, Ministry of Mines & Energy, Liberia Revenue Authority, and the Civil Society Organizations, Green Advocates International & Peaceful Youth Association for Transformation. These trainers had been technically capacitated by the GIZ Regional Resource Governance Project.

The three days joint training covered nine modules on important mining governance themes such as the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Minerals Supply Chains, the European Union (EU) Conflict Minerals Regulations, Terrorist Financing, Money Laundering, and other Illicit Financial Flows within the informal ASM sector.

The training brought together a total of 88 participants drawn from the Liberian National Police, Liberian Immigration Service, miners and officials of selected mining cooperatives, mining agents, Civil Society Organizations, and community structures from eight counties.

Participants expressed the importance of knowing more about typologies of Illicit Financial Flows such as smuggling of minerals. They are motivated to learn controlling strategies for the movement of precious minerals to avoid them falling in the hands of criminals or terrorists, including structures such as the Kimberley Process Certification Scheme, which formalizes the chain of custody in diamond trade and hence helps prevent illegal activities linked to it. Participating Law Enforcement agents recommended to the government and its supporting partners to provide equipment to borders and checkpoints officers to be able to detect minerals, combat smuggling and counter mineral-related crimes.

This will further contribute to keeping the revenue in the country while a concrete legal framework is being created through the envisaged adoption of a new mining law.

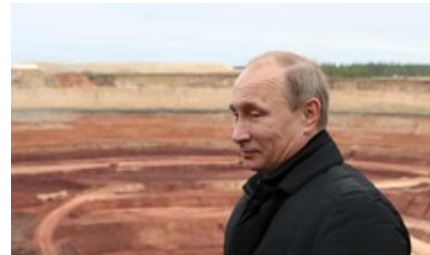
This consolidated Government and Civil Society training on the Artisanal and Small-Scale Mining

Sector of Liberia was made possible with technical support from GIZ and funding from the German Federal Ministry for Economic Cooperation & Development (BMZ) and the European Union (EU).

[Find out more about the project on Regional Resource Governance in West Africa here»](#)

Jewelry industry accused of silence over Russian diamonds

Russia's invasion of Ukraine sparked a discussion about Russian diamonds' role in funding the armed conflict. Although Russia's diamonds do not narrowly fit the definition of "conflict diamonds" (diamonds, which finance violent conflicts with their revenues), observers of the mining industry say Russian diamonds fit the spirit of the term. Since the majority of Russian gemstones are exported rough and get reclassified in India, diamonds from Russian gemstones can often be imported as an Indian product under custom rulings. Industry insiders say that the wording of sanctions introduced by the United States on Russian gemstones does nothing to halt their flow. Neither the Kimberly Process nor customers of Russian gemstones have issued public warnings or paused their purchasing.



© Sasha Mordovets/ The Guardian
Vladimir Putin visits the Verkhovina diamond field in northwestern Russia

[This article in The Guardian explores the discussion »](#)



Extractive Economies

Volkswagen Group joins the Initiative for Responsible Mining Assurance

In March, the Volkswagen Group joined the Initiative for Responsible Mining Assurance (IRMA). IRMA is an alliance of non-governmental organizations, trade unions, affected local communities, investors, mine operators, and raw material customers. With more than 50 diverse members, IRMA is working to establish strict standards for responsible mining. The Volkswagen Group intends to gradually implement the IRMA standards in its own supply chain.

[Click here for the press release by the Volkswagen Group »](#)

New Financial and Fiscal Models by MinSus and ARM

Modelamiento financiero - fiscal para minería de pequeña escala



© MinSus

MinSus, a German cooperation program implemented by GIZ, and the Alliance for Responsible Mining (ARM) have developed two financial and fiscal models for small-scale gold mines (one model for an underground operation and other for surface mining). Financial models are used by big companies to assess cashflows, profitability, payback periods, investment planning and fiscal regimes. Nevertheless, this powerful tool is not often used by small businesses or companies, exposing them to fluctuations in commodity prices, contingencies, and other financial challenges. These two models are designed using the FAST-standard guidelines and include the fiscal regimes of Bolivia, Colombia, Ecuador, Honduras, and Peru. The models also allow the user to integrate another countries' fiscal regime for comparative purposes, and also includes estimations of externalities, both social and environmental, and the determination of an "optimum" premium price. This tool can be used by different stakeholders such as small-scale miners, government authorities, and gold purchasers.

[Learn more about the tool »](#)

[Download the financial models here \(in Spanish\) »](#)

[Find out more about MinSus in their newsletter »](#)



Extractives and Environment

New Briefing Note: How are Mining and Forests connected?



© Sector Programme Extractives and Development

deforestation.

[Learn more in our briefing note »](#)



Battery raw materials

Recommendation for Action to enable the Sustainable Use of Batteries



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On behalf of the Federal Ministry for Economic Cooperation and Development, the sector programme *Extractives and Development* together with the *Transformative Urban Mobility Initiative* (TUMI) and the sector project on *Circular Economy* have developed a recommendation for action to enable the sustainable use of batteries. The recommendations are presented in the poster “Sustainable Lithium-Ion Batteries for E-Mobility”. Most electric vehicles (EV) (such as e-buses, e-bicycles, e-cars, e-2-3 wheelers etc.) use lithium-ion batteries as their main energy storage. Being the biggest component of EVs batteries play an important role for the overall sustainability of the vehicles. Therefore, it is important to make the process from extraction to recycling green and socially responsible. The recommendation showcases the 7 most important steps in the life of an EV battery, covering the extraction, transport and processing of raw material, battery design and production, use-phase, second life and recycling.

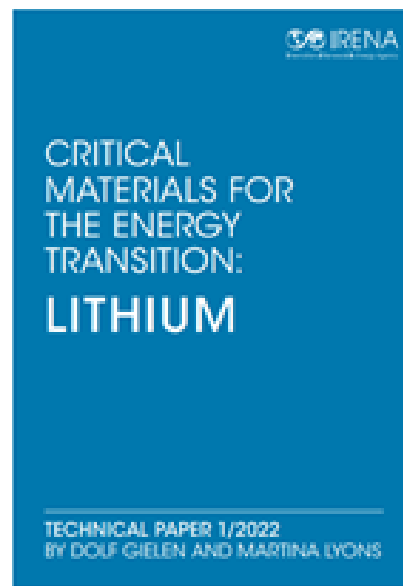
You can download the poster with the recommendation for action here »

Lithium - A critical Material for the Energy Transition

Publication by the International Renewable Energy Agency

The International Renewable Energy Agency (IRENA) released a paper on “Critical Materials for the Energy Transition: Lithium”. As the lightest metal on Earth, lithium is commonly used in rechargeable batteries for laptops, cellular phones and electric cars, as well as in ceramics and glass. Although sodium-based batteries are under development, it is likely that lithium will remain the metal of choice for the foreseeable future as requirements are relatively independent of specific battery composition. Lithium prices have risen significantly in recent months to new record levels, and Battery lithium demand is projected to increase tenfold over 2020–2030, in line with battery demand growth. Efforts to develop additional lithium production and processing capacity will therefore be

required this decade. The main issue in this regard is quality assurance between lithium suppliers and battery producers. The environmental footprints of supply differ significantly and will require careful management as energy use and CO2 emissions in lithium supply rise, presenting an opportunity to deploy more low-carbon renewable energy.



© IRENA

[You can download the publication here »](#)

Erin Brockovich pollutant linked to global electric car boom

The Guardian finds Cr6 in one of Indonesia's largest nickel mines



© Pep Boatella/The Guardian

The Guardian investigated into nickel mining and the electric vehicle industry and found evidence of contaminated air and water from one of Indonesia's largest nickel mines. On Obi Island, a remote island in the north-east of Indonesia home to one of the country's largest nickel mines, water samples taken by the Guardian and tested at government-certified laboratories suggest high levels of contamination from hexavalent chromium (Cr6), a cancer-causing chemical. Cr6, widely known for its role in the "Erin Brockovich" story and film, causes long-term, persistent, and subtle health impacts. Indonesia's regulatory system is not necessarily equipped to deal with these impacts or hold mining companies and the supply chain accountable for pollution, especially when there could be multiple sources for the contamination. In response to the Guardian's findings, Mercedes-Benz said it took the allegations seriously and was immediately contacting its direct supplier to clarify the issues raised.





Extractives and China

DRC: Illegal Chinese timber and mining companies become rampant in South Kivu

New report by the French Institute of International Relations



A report by the French Institute of International Relations (IFRI) finds that Chinese mining and timber companies are illegally running rampant in the Democratic Republic of the Congo's (DRC) eastern province of South Kivu, fueling corruption that empowers ruling elites and impoverished local communities. The problems in South Kivu gained notoriety last summer when Governor Théo Ngwabidje Kasi ordered six Chinese companies to halt operations in response to growing tensions with the local community. Residents in the area complained that these six companies along with other Chinese firms operating there destroy the local environment and pay off authorities to cover up their illegal activities. But the governor's efforts, according to the IFRI report, have done little to stem the activities of the Chinese mining companies largely due to corruption within the government and the military.

© IFRI

[The IFRI Report \(in French\) can be found here »](#)

[This article by The Africa Report explains the situation in South Kivu in more detail »](#)

China's Dominance in Clean Energy Metals

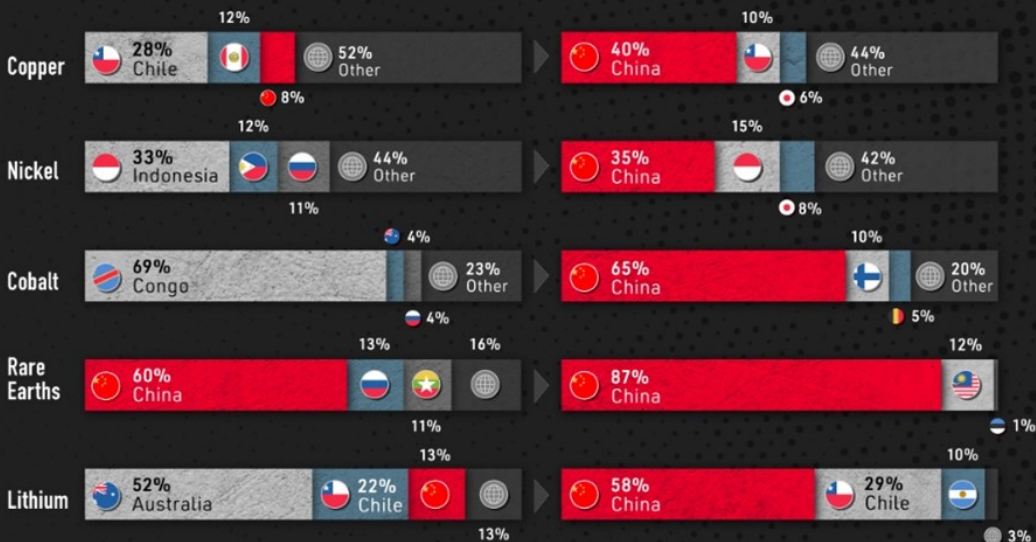
VISUALIZING CHINA'S DOMINANCE IN CLEAN ENERGY METALS

Renewable sources of energy are expected to replace fossil fuels in the next decades, as the world's economies try to reduce carbon emissions and mitigate climate change.

This graphic based on data from the International Energy Agency illustrates where the extraction and processing of key metals for the green revolution take place, and how China is leading the process.

Where Clean Energy Metals are Produced

Where Clean Energy Metals are Processed



World demand for lithium is forecast to more than double between 2020 and 2023 as global electric vehicle uptake rises.

The Biden administration has targeted rare earths among domestic supply chain priorities.

Of the 255,000 Congolese mining for cobalt, 40,000 are children.

Source: International Energy Agency

ELEMENTS

elements.visualcapitalist.com

The Earth's natural resources power our everyday lives. VC Elements breaks down the building blocks of the universe.

We live in a material world.

© Visual Capitalist

The *Visual Capitalist* published an overview about China's dominance in clean energy metals. It shows that despite being the world's biggest carbon polluter, China is also the largest producer of most of the world's critical minerals for the green revolution. China produces 60% of all rare earth elements used as components in high technology devices, including smartphones and computers. But even more than extraction, China is the dominant economy when it comes to processing operations. The country's share of refining is around 35% for nickel, 58% for lithium, 65% for cobalt, and 87% for rare earth elements. The necessary shift from fossil fuels to renewable energy opens interesting questions about how geopolitics and supply chains will be affected. In the race to secure raw materials needed for the green revolution, new world powers could emerge as demand for clean energy metals grows. For now, China has the lead.

[Click here for the overview »](#)



Extractives and Human Rights

RMI report finds that mining companies perform low on human rights issues

The Responsible Mining Initiative (RMI) published their thematic results on human rights of their

2022 report. The topics covered by this transversal issue include for example, labor rights, Indigenous Peoples' rights, and the rights of affected communities and groups to access natural resources such as water and land. The assessment results show that overall performance on human rights issues is low, with an average score of only 22%. Encouragingly, about one-quarter of the companies score 75% or more on their measures to assess and address specific risks related to issues such as water rights, Indigenous Peoples' rights, land rights, workers' rights, or child labor. However, no company shows systematic action on all these issues and there is virtually no evidence of measures on a number of other issues such as efforts to ensure the right of workers to a living wage or efforts to track and improve the performance of grievance mechanisms.

[RMI Report »](#)

33 kilos of gold exported to Switzerland within the framework of Golden Roots Project

52 groups of artisanal miners from the Department of Chocó, Colombia, out of the 95 supported by the project, managed to export 33 kilos of gold to the Swiss refinery Valcambi, implementing the Harmonized Due Diligence Tool and complying with the good mining practices criteria, legitimacy, respect for Human Rights, environmental protection, and safe and formal labor. Additionally, they were trained on organizational, environmental, and occupational health and safety issues. This export was possible thanks to the Raíces Doradas (Golden Roots) Project, led by [la empresa y comercializadora C.I. Anexpo](#), (C.I. Anexpo Trading Company), and the participation of Fundación Atabaque and [Alliance for Responsible Mining](#), and funded by the [European Partnership for Responsible Minerals](#). This milestone sets a precedent to continue working in hand to hand with public and private institutions for the formalization of the artisanal and small-scale mining sector and facilitate its access to formal markets in Colombia and the rest of the world. Besides, it makes an addition to the advances in formalization and banking processes led by the National Mining Agency.

[Alliance for Responsible Mining Article »](#)

[European Partnership for Responsible Minerals Article »](#)



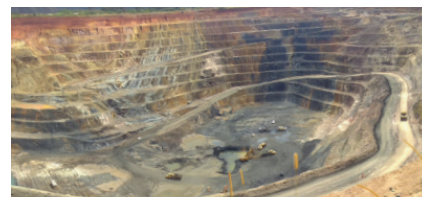
Just Transition

Global Reporting Initiative publishes sector standard for coal

The Global Reporting Initiative (GRI) published a standard for the coal sector. The *GRI 12: Coal Sector 2022* addresses the pressing need for consistent and complete reporting on the coal sector's wide-ranging and profound sustainability impacts. While global efforts to mitigate climate change require drastic reductions in coal consumption and production, turning the attention away from businesses that continue to operate in the sector could lead to devastating environmental, socio-economic and human rights consequences. The Standard sets robust expectations for coal organizations to disclose how they respond to the pressing need to transition to a low-carbon economy, and how they manage their impacts along the way. This Standard supports any coal organization – irrespective of location, specialism or size. It allows coal producers to effectively disclose their most significant impacts on sustainable development, providing the information stakeholders need to meaningfully engage companies on these impacts and make informed decisions.

NRGI: Importance of Governing Cobalt amid the Energy Transition

The Natural Resource Governance Institute (NRGI) has published a new report focusing on the governance of cobalt in partner countries. In light of the energy transition, the demand for cobalt is continually rising, which could earn partner countries billions of dollars and kick-start new industries in countries dominated by resource extraction. However, these countries face obstacles. How should their governments manage cobalt mining industries? Proper governance is important both for people in mining countries and for humanity to meet the Paris Climate Agreement. The report aims to help governments and their advisors in mining countries, such as the Democratic Republic of the Congo, derive value from mining cobalt, develop industry along the battery-supply chains, and address a variety of problems from human rights abuses to corruption.



No Time to Waste: Governing Cobalt Amid the Energy Transition

David Manley, Patrick R. P. Hoeller and William Davis



MARCH 2022

Berkeley Law
Center for Law, Energy
& the Environment

Natural
Resource
Governance
Institute

© NGRI

[Download the report here »](#)



Upcoming Events

Deep Sea Mining – Bringing the Issues to the Surfaces

20 April 2022, 11.00 – 12.30 CET, online

The Cobalt Institute is hosting a webinar on deep sea mining, an activity that is increasingly being considered as part of the solution to meeting the growing need for metals in the green economy.

Relevant stakeholders – governments, international organizations, companies, scientific and civil society – are scrutinizing the technology and defining their positions on it.

The webinar will bring together speakers with different points of view to exchange opinions on the questions like: What is deep sea mining? What does it aim to achieve? What are the challenges and opportunities of this technology? What should be done for the industry/governments to take a position on deep sea mining?

[You can find the agenda and registration here »](#)

OECD Report Launch: Assessing Company Reporting on Mineral Supply Chain Due Diligence

7 April 2022, 16.00 – 17.15 CET, online

The OECD will present the main findings of its study on corporate disclosure on due diligence in mineral supply chains, followed by reactions and discussion with representatives from industry, government, and civil society. The study is based on corporate disclosures of 503 companies around the world across all tiers of the minerals supply chain and more than eight minerals and metals. It provides evidence of growing uptake of the OECD Due Diligence Guidance for Responsible Supply

Chains of Minerals from Conflict-Affected and High-Risk Areas, but also reveals major shortcomings in disclosure related to implementation, especially on how companies use due diligence practically to identify and mitigate risks.

[You can register for the webinar here »](#)

Gender Responsive Policies in Artisanal and Small-Scale Mining

5 April 2022, 16.00 CET, online

The global artisanal and small-scale mining (ASM) sector employs an estimated 45 million people and indirectly supports 150 million. Earlier this year, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) Secretariat worked with Levin Sources to release two resources to help policy-makers and researchers better understand the difficulties that women face in ASM.

- [Gendered Impacts of COVID-19 on Artisanal and Small-Scale Mining](#) (available in English, French, and Spanish)

- [Gender in Mining Governance: An annotated bibliography for artisanal and small-scale mining](#)

To further explore these challenges and advance good ASM governance, the IGF and Levin Sources invite you to join them for a webinar with leading policy experts discussing gender-responsive government actions for the ASM sector.

[Register here »](#)



Past Events

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

09 March 2022, online



© International Women in Mining

On Wednesday, 9 March 2022, the World Bank in cooperation with International Women in Mining presented their new report [“Impactful Women: Examining Opportunities and Constraints for Women in Mining Organizations Worldwide”](#). The report shines light on the inner-workings of Women in Mining (WIM) organizations in over two-dozen countries and provides 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. **Yannic Kiewitt, senior policy officer at the German Federal Ministry for Economic Cooperation and Development**, was one of the speakers at the event and outlined the importance of gender equality for the extractive sector as a driver of development. He explained how the German development cooperation supports gender equality in mining through awareness raising, gender mainstreaming and designing targeted interventions on projects that specifically address gender-relevant aspects in mining.

[You can access the recording of the webinar here »](#)

EPRM Webinar series on Responsible Sourcing in Mineral Supply Chains

01 & 22 March 2022, online

In March, the European Partnership for Responsible Minerals (EPRM) together with TDI hosted a webinar series on Responsible Sourcing in Mineral Supply Chains: Challenges and Opportunities. The webinars focus on current implementation challenges of the EU Conflict Minerals Regulation and the OECD Due Diligence Guidance for mineral importers and companies. On 01 March, gold was the topic of the webinar and on 09 March tantalum, tin, and tungsten.



© EPRM

[Watch the recording of the “Gold”-webinar here »](#)

[And the recording of the “Tantalum, Tin, and Tungsten”-webinar here »](#)



Did you know...?

... how much you should spend on a diamond engagement ring?



© De Beers

The tradition to spend two months' salaries on a diamond engagement ring stems from a *De Beers* advertising campaign in the 1930s. The Great Depression was a disaster for De Beers, which controlled **60% of rough diamond output**. De Beers embarked on what it now describes as a "substantial" campaign, linking diamonds with engagement. The slogan "A Diamond is Forever" made the diamond ring an essential part of getting married and dictated how much a man should pay. In the 1930s, at the start of the De Beers campaign, a single month's salary was the suggested ring spend. Dr. TC Melewar, professor of marketing and strategy at Middlesex University, says men would pay whatever was expected because it was a "highly emotive" purchase. In the 1980s in the US, two month's salaries became the norm, pushing the average price of diamond engagement rings to \$4.000. In Japan, the leading

market for diamond jewelry, De Beers ran a campaign in the 1970s linking the price of an engagement ring to three months' salary.

[Find out more »](#)



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Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 32 + 36
53113 Bonn, Germany
T +49 228 44 60-0
F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1 - 5
65760 Eschborn, Germany
T +49 61 96 79-0
F +49 61 96 79-11 15

E info@giz.de
I www.giz.de

Registered at

Local court (Amtsgericht) Bonn, Germany: HRB 18384
Local court (Amtsgericht) Frankfurt am Main, Germany: HRB
12394

VAT no. DE 113891176
Tax no. 040 250 56973

Chairperson of the Supervisory Board

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Tanja Gönner (Chair of the Management Board)
Ingrid-Gabriela Hoven
Thorsten Schäfer-Gümbel

In charge of this newsletter:

Johanna Wysluch, johanna.wysluch@giz.de
Linda Carstens, linda.carstens@giz.de

Editor(s):

Linda Carstens, linda.carstens@giz.de

With contributions from:

Christina Domingos
Kim Deschka

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