

Extractives and Development III

Responsible raw material supply chains for a future worth living

Context

In many resource-rich developing and emerging countries, the extractive sector plays an important role in the economic development and achievement of the *Sustainable Development Goals* (SDGs). The extractive sector can generate state revenue and create jobs. Nevertheless, only a few developing and emerging countries benefit from their resource wealth. How can these countries use the potential of their extractive sectors and develop in the context of the *2030 Agenda for Sustainable Development*? To achieve this, the revenues must also reach the local population – through added value, taxes, and wages. The extraction of raw materials must be fair and climate friendly. Extraction must not be at the expense of the environment, human rights, and peace. The *recover-forward* approach, which includes ecological and social aspects in the recovery from the COVID-19 pandemic, is therefore of central importance for the producing countries.

The increasing demand for raw materials for the energy and transport transition exacerbates this problem and makes it clear that one does not work without the other: No energy and transport transition without raw materials! But the extraction of raw materials should not be at the expense of climate, environment, and social justice. The *Just Transition* in the context of energy transition is an important aspect in partner countries that includes social justice in the phase-out of fossil fuels.

Objective

The approaches developed by the German development cooperation for questions and challenges of the extractive sector are increasingly embedded in international political dialogue.

Approach

Together with the Federal Institute for Geosciences and Natural Resources (BGR), the sector programme “Extractives and Development” (X+D) supports and advises the Federal Ministry for Economic Cooperation and Development (BMZ) in its aim to develop the extractive sector’s potential in contribution to the achievement of the Sustainable Development Goals. Together with other actors and international initiatives such as the *Extractive Industries Transparency Initiative* (EITI) or the World Bank, the sector programme works on designing the extractive sector in a sustainable and responsible manner. X+D puts a spotlight on important topics like human rights and *Leave-No-One-Behind* (LNOB). The main areas of work are:

Accompanying development policy measures for legislative regulations in the EU

In the EU, the responsibility of companies in supply chains is increasingly regulated by law. As a member of the *European Partnership for Responsible Minerals* (EPRM), Germany promotes the implementation of corporate due diligence along global supply chains of raw materials. The EPRM is a companion measure to the implementation of the *EU regulation for minerals from conflict and high-risk areas*. In January 2023, the German supply chain due diligence law entered into force.

Gender justice in the extractive sector

In terms of a feminist development policy, the cross-cutting issue of gender equality plays a pivotal role. As chair of the secretariat of the multi-stakeholder partnership *Women's Rights and Mining*, gender mainstreaming in the extractive sector is being strengthened whilst approaches and recommendations for action are developed and events and studies are organised.



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Climate and environmentally friendly mining

The supply of raw materials for green technologies must be ensured while the ecological footprint of extractive processes should be kept to a minimum. In cooperation with the World Bank, the *Climate Smart Mining Initiative* was developed for this purpose. *Forest Smart Mining* is also part of sustainable mining and focuses on the connection between land uses such as mining and forests.



Extractives for the energy & mobility transition

Forecasts predict a significant increase in demand for many raw materials. At the same time extraction, preparation, and processing are often associated with negative impacts on people and the environment. From the outset, the energy and mobility transition must be designed in a globally equitable manner. The sector programme advocates for responsible supply chains of raw materials for the energy and mobility transition.



Transparency in the extractive sector

Transparency is an important prerequisite for combating the challenges facing the extractive sector. The *Extractive Industries Transparency Initiative* (EITI) is committed to financial transparency and accountability in the extractive sector. Germany participates through the implementation of the D-EITI and as a supporting country. The latter is the responsibility of the BMZ, which works together with the sector programme on the topics of anti-corruption and effectiveness measurement in the EITI.



Improvement of good governance

Good governance is required for a resource-rich country to benefit holistically from the extraction of its raw materials. Together with the non-governmental organisation *National Resource Governance Institute* (NRGI), the *Anti-Corruption Diagnostic Tool* was developed for this purpose. The tool supports actors in taking measures to improve the integrity in a sector that is highly susceptible to corruption.

Quick Facts	
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Contract Responsibility	Tim Schloesser

Impact examples

Effects of digitization in mining

The promotion of the *New Tech, New Deal* (NTND) project has demonstrated that new technologies can make mining more efficient, safer, and greener. At the same time, automation can also have an impact on employment, among other things. NTND has raised gender issues which are now being explored in the global report „Women and the Mine of the Future“.

Promotion of local economic development

In collaboration with the *Mining Shared Value Initiative*, the *Local Procurement Reporting Mechanism* (LPRM) was developed. The LPRM is a reporting standard for extractive companies on their procurement organisation. It creates transparency and strengthens local procurement.

FPIC in the extractive sector

In cooperation with the NGO *RESOLVE*, a guide for the implementation of FPIC (*Free, Prior and Informed Consent*) was developed to strengthen the consultation of indigenous groups in the mining sector. The guide is available in five languages.

Climate sensitive mining in Germany's resource strategy

The BMZ has supported the World Bank in the development of a *Climate Smart Mining* strategy. The strategy was subsequently included in measure 11 of the German resource strategy. Through this, the German government supports climate-sensitive mining.



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