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# Regional resource governance in West Africa

## Using raw materials for peace and development

Project title	Regional Resource Governance in West Africa
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ), co-financing from the European Union (EU)
Project region	Member states of the Mano River Union: Côte d'Ivoire, Guinea, Liberia and Sierra Leone
Budget	€16,342,000 BMZ + €3,000,000 EU
Duration	Jan 2019 – Dec 2022
Phases	2 <sup>nd</sup> phase for Côte d'Ivoire and Guinea 4 <sup>th</sup> phase for Liberia and Sierra Leone

### The challenges

The mining industry in the four countries of the Mano River Union (MRU), namely Côte d'Ivoire, Guinea, Liberia and Sierra Leone, has the potential to greatly benefit sustainable economic development and increase state revenues. Reforms in line with the African Union's Africa Mining Vision (AMV) have driven critical processes to enhance direct and indirect benefits from the industry, for which gold, diamonds, bauxite and iron ore are of particular importance in the countries of the MRU.

However, essential elements of a responsible mining sector are still missing. The potential for strengthening the economy through state revenue generation and sustainable development is not being sufficiently harnessed. Moreover, raw materials remain a significant factor in the ongoing fragility of the countries.

Against this background and with the support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, governments, civil society organisations and companies are seeking to turn resources into engines for long-term development. At the core of these efforts is the alignment of the extractive industry with the principles of

social, ecological and economic sustainability and the Sustainable Development Goals (SDGs). In particular, the programme contributes to the SDGs on decent work and economic growth (SDG 8); on responsible production and consumption (SDG 12); on justice, peace and strong institutions (SDG 16); and on partnerships (SDG 17).

### Our approach

The GIZ programme advises key actors in its partner countries on managing mineral resources efficiently and sustainably by transforming the political, economic and statutory frameworks. Partner organisations include governmental institutions at local, national and regional level, civil society organisations and the private sector.

The methodological approach combines capacity building for individuals, institutions and networks with consultancy and policy advice. In order to achieve this, the programme's work is divided into four areas:

1. Increasing tax revenues from the mining sector and enhancing the efficiency of the tax system to combat tax avoidance and evasion.
2. Promoting state supervisory functions to help enforce social and environmental standards more effectively and to strengthen export controls and combat smuggling with a particular focus on small-scale mining of gold and diamonds.
3. Improving transparency and accountability through the support of organisations that represent the interests of mining communities and through the publication of government revenues.
4. Providing strategic advice on increasing the contribution of the mining sector to national and local economic development.

*Both large-scale mining (below) and artisanal and small-scale mining (next page) have the potential to reduce poverty through increased tax revenues and job creation. At the same time, they pose a risk to the livelihoods of affected communities, the environment and good governance.*





## Results achieved so far

- In **all four countries**, tax authorities have developed their capacity for tax audits of mining companies. This has already led to additional tax revenue of at least EUR 14.3 million and back taxes of approximately EUR 85 million.
- The mining authorities in **Sierra Leone, Liberia and Guinea** have introduced a digital cadastre system to manage industrial and small-scale mining licences. In Sierra Leone and Liberia, the information is available to the public in the form of dedicated websites. Sierra Leonean officials also use the system to value diamonds and gold, issue export certificates and calculate customs duties. By early March 2021, export valuations with a total asset value of about EUR 90 million had been carried out.
- A newly developed draught inspection method (draught survey) allows the **Guinean** Government to verify the information provided by companies both in port and off-shore, thereby improving the information used to calculate export taxes. In 2020, 621 ships were inspected containing a total of 70 million tonnes of bauxite, 380,000 tonnes of alumina and about 520,000 tonnes of iron ore.
- The **Mano River Union member states** have been supported in adopting a regional approach to implementing the Kimberley Process on diamond certification. This has been recognised as a best practice both within the wider Kimberley Process and at the United Nations General Assemblies in 2018 and 2020.
- A total of 109 law enforcement officers in national capitals and at the borders were trained in anti-smuggling practices, while 781 miners, dealers and citizens in border communities were made aware of anti-smuggling measures.
- In **Liberia, Sierra Leone and Guinea**, projects were launched to prevent the use of mercury in artisanal and small-scale mining (ASM) and to provide information on the dangers of mercury to miners and communities while at the same time contributing to a responsible and sustainable supply chain for gold.
- In **Liberia**, efforts by the Ministry of Mines and Energy to formalise the ASM sector were supported by a formalisation roadmap and the founding of the very first mining cooperatives. Since then, a total of more than 20 cooperatives have been established. These allow environmentally friendly mining methods to be introduced (smart mining), thereby improving not only the social but also the ecological footprint.
- In **Côte d'Ivoire**, the Extractive Industries Transparency Initiative (EITI) published the expenditure of five local development funds for the first time to promote sustainable and transparent management of their expenditure. Moreover, the EITI Secretariat has piloted a beneficial ownership database, as required by the 2019 standards.
- In **Sierra Leone**, an interactive radio drama series called Bush Wahala was broadcast on 33 radio stations with a potential reach of 1.7 million people. This increases the communities' understanding of mining issues and supports local communities in their interactions with the mining companies.
- In **Côte d'Ivoire, Guinea and Liberia**, 105 representatives of civil society organisations were trained on mining issues and received technical and process advice for effective interventions. In addition, in Côte d'Ivoire, Liberia and Sierra Leone, 56 journalists received coaching on evidence-based investigative journalism, publishing 63 articles as a result.
- Since 2016, companies in **Sierra Leone** can use a customized online *Local Content Plan and Reporting Platform* with a scorecard system. The platform collects local content requirements and tracks performance in line with the Local Content Act. It currently covers 36 companies and aims to track 100 by the end of 2021.
- In **Côte d'Ivoire**, a model local development plan to guide mining companies' social investments has been developed with government, community and company representatives and is currently being piloted by a large mining company.

Published by:

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ)  
registered in Bonn and Eschborn, Germany

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Date:

August 2021

Layout:

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Pictures:

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Michael Duff (Duff TV)

Initial Text:

GIZ / Stefanie Heerwig / Kim Schultze / Jil Schmitz

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GIZ is responsible for the content of this publication.

Commissioned by:

German Federal Ministry for Economic Cooperation and  
Development (BMZ)

Co-funded by:

The European Union

