

2<sup>nd</sup> European Resources Forum  
Berlin, 10-11 November 2014

## Natural Resources – to whom do they belong?

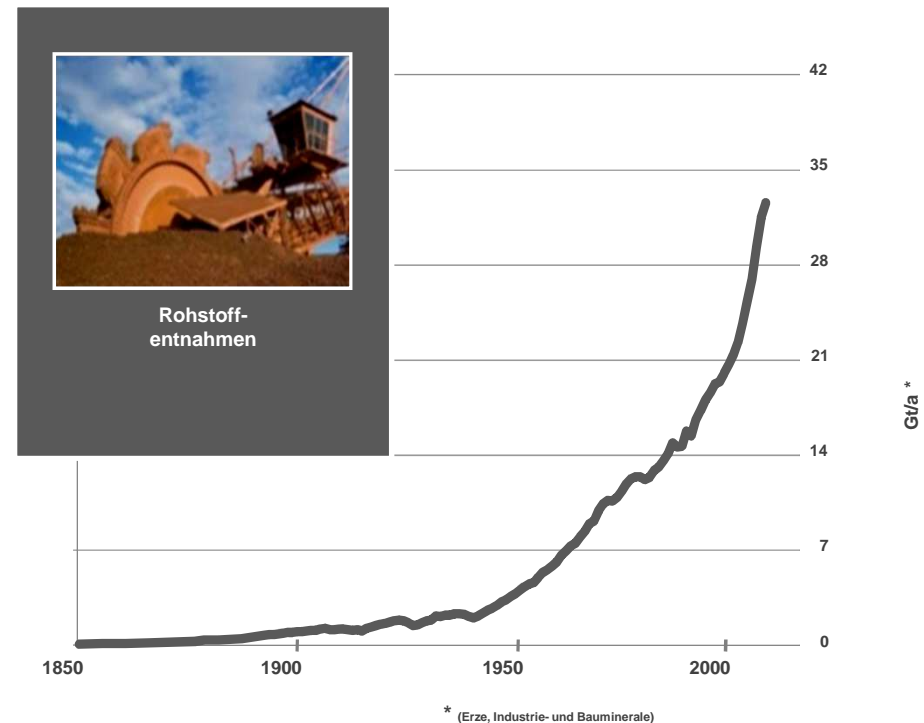
### ***Experiences from International Cooperation with a Focus on Raw Materials & Extractive Industries***

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Resource Efficiency, Waste Management*



## Raw materials in International Cooperation

- High growth of extractive industries (rising demand and higher prices)
- Enormous risks, chances, challenges
- => High relevance for development: About 50 countries (many of them LDCs) heavily depend on income from extractive industries, but ...
- ... richness in raw materials often does not translate into sustainable development (conflicts, corruption, “dutch disease”, socio-ecologic problems ...)
- Strong need for support through international cooperation



*World-wide extraction of raw materials*  
Source: Prof. Dr. Martin Faulstich, SRU





## Raw materials & extractive industries in GIZ work

- Complementarity with Federal Institute f. Geosciences & Nat. Resources (BGR); e.g. joint sector program “GERI” (supporting projects, mainly in African countries, implementation of the African Mining vision etc.)
- Main fields of GIZ activities:
  - Strengthening governance, e.g. revenues from extractive industries, EITI
  - Fostering economic development based on extractive industries
  - Enhancing capacities for environmental & resource management, conflict resolution
  - Promoting resource efficiency, recycling of secondary raw materials and social & environmental standards in extractive industries





## Governance issues in the extractive sector

- Advising on administrative capacity, transparent licensing
- Regulations, standards, regional planning, decentralization
- Taxation systems and revenue management, financial transparency (incl. EITI – Extractive Industries Transparency Initiative)

Countries: **DR Congo**, Mauritania, Sierra Leone, Liberia, Mozambique etc.

### **Project example**

**Good Governance in the extractive sector, DR Congo  
4/2009 - 12/2015 (8.900.000 EUR)**

**Objective:** create a transparent and efficient system for collecting taxes and other fiscal and non-fiscal charges from the mineral resource sector.

**Approach/results:** support of EITI process and reforms in fiscal administration public-private dialogue, linking companies (CSR) with local development plans





## Promoting and diversifying the economy

- advising on local economic development in mining areas
- vocational training
- integrated industrial and structural policies, economic / fiscal instruments
- multi-stakeholder processes
- supply chains, integrating small-scale producers
- advising on the implementation of social and environmental standards and management systems

Countries: **Mongolia**, Kasachstan, South Africa,





## **Mongolia: Integrated Mineral Resource Initiative**

**08/2014 - 07/2017 (4.900.000 EUR)**

### **Objective:**

Improve the capacities of national and local partner institutions for promoting inclusive and sustainable growth based on resources.

### **Approach – 3 Focal areas:**

- Sustainable local / regional development in mining areas (Social partners in selected mining areas agree upon sustainable development strategies)
- Improve management / decision-making in a resource-based market economy
- Accompanying the German-Mongolian resource partnership (information basis)

**Complementary project: Vocational training in the minerals sector  
(12/2012 – 02/2016, 5.000.000 EUR)**



# Oil Drilling in the Yasuní Biosphere Reserve, Ecuador

## Direct and indirect impacts and threats

- Oil spill around drilling sites and pipelines (hangslides, earth quakes!); waste, oil and chemicals pollution, -> water, fish, health problems etc.
- High dependence of villages within the oil blocks on oil companies
- Sustainable development initiatives jeopardized (e.g. sustainable tourism)
- Increasing conflicts between different groups; violence, alcohol, prostitution; indigenous groups lose their cultural identity
- Road construction: Increasing settlements by indigenous and non-indigenous colonists; deforestation, land degradation, illegal hunting and fishing







## Bilateral program Biosphere Reserve Yasuní, Ecuador

**Objective: Contribution to conservation of biological diversity and sustainable development of the biosphere reserve Yasuní with participation of local stakeholders (indigenous and non-indigenous people).**

**Institutional  
Development**

**Protection of Natural  
Resources**

**Sustainable Use of  
Natural Resources**

**Strengthening of indi-  
genous Communities**





## Gold Mining: Madre de Dios, Peru

- In the 60ies people from the highlands started to wash gold in the Amazon rain forests adjacent to the slope of the Andes
- Today tens of thousands of people are involved in mostly informal, often illegal gold extraction
- Big areas of rain forest have been degraded; manifold ecologic and social problems accompany mining activities





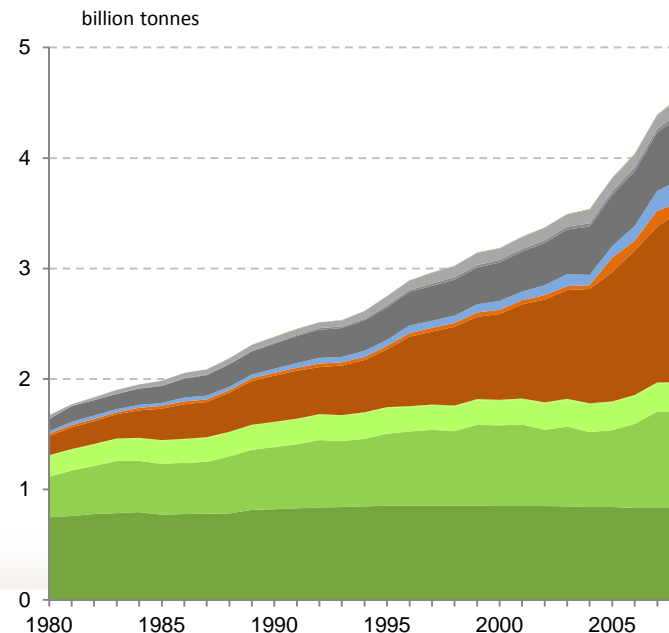
## India: Efficiency as a contribution to meet growing resource needs?

Resource efficiency should be of special interest not only for developed countries but also for emerging economies with high & rising resource needs

Awareness creation as a pre-requisit

Domestic  
material  
consumption

Dittrich, 2011 /  
SERI 2011 /  
World Bank 2011



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cooperation  
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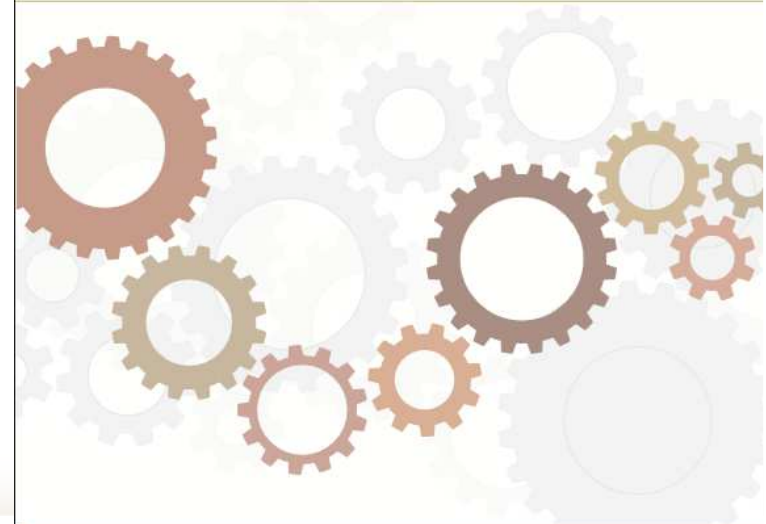
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### Resource Initiative

Leveraging efficiency to meet India's needs

23 May 2013, New Delhi



A briefing paper based on an exploratory study





## Secondary raw materials: Strategic Alliance with Gerdau - Involvement of the informal sector into the steel value chain

- Cooperation with the steel company Gerdau: Strengthening and training of the informal sector in 4 countries: Brasilien, Chile, Peru und Uruguay
- Strengthening and networking of 10 NGOs as facilitators
- Monitoring system for entire value chain
- Positive economic, social, environment and climate impacts
- 267 formalised companies with 7.999 staff (higher income: + 155%)







## Informal E-Waste recycling in Ghana

- Enormous pollution & health problems
- Both, industrialized and developed countries are involved
- Intelligent solutions needed – but how could they look like?
- What about recycling partnerships?
- Importance of recycling activities not only for securing (secondary) raw material supply but also for employment





## Conclusions & lessons learnt

- World-wide resource consumption continues to grow
- Resource-rich developing countries are facing both, big risks and big opportunities
- Challenge for International Cooperation: support DC's in transparent, socially balanced, environment- and climate-friendly development of their extractive industries, e.g. „responsible mining“, economic diversification etc.
- Extractive industry & companies can be partners and should (in their own interest!) adopt transparent as well as socially and environmentally responsible business models:
  - Extractive industries generally involve long-term investments
  - and should therefore also be based on a long-term vision, including good relations with the society, local environment and communities
- Need for clear regulations + social and environmental standards!



## Challenges for International Cooperation

- Capacity building & development of institutional structures in partner countries
- Harmonisation of mining law and environmental law (including landuse planning, strategic environmental assessment etc.)
- Income generation and distribution: Transparency, fair contracts, models for effective use of royalties and participation of local communities (compare ABS – Access & benefit sharing)
- Internalisation of externalities
  - > markets should be prepared to pay a higher price
  - > sensitize companies & consumers
- Promote responsible mining, social and environmental standards
- Resource-efficient, environment- & climate-friendly extraction methods
- Rehabilitation of mining sites, incl. contaminated sites (fund solutions?)





**Thank you!**

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