DISRUPTIVE ENCLAVES AND RISKY POLITICS

THE CHALLENGES OF MAKING MINING WORK FOR SUSTAINABLE DEVELOPMENT

TOMAS FREDERIKSEN
DEMAND FOR METALS: COPPER

Image from: Schipper et al 2018 Estimating global copper demand until 2100 with regression and stock dynamics
DEMAND FOR METALS: LITHIUM AND COBALT

Lithium demand,¹ kiloton

- Battery³
- Other

Cobalt demand,² kiloton

- Battery³
- Other

Image from: McKinsey 2018 Lithium and cobalt: A tale of two commodities
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MINING AND SUSTAINABLE DEVELOPMENT: A STRAINED RELATIONSHIP

- A pariah industry
- Macro growth, micro cost
- Unsustainable
- Central to most ‘transitions’

OUTLINE

• Introduction
• Mining and sustainable development
• Mining and development
• CSR and international voluntary standards
• A mining sector that delivers sustainable development
MINING IS...

- Big
- Dirty
- Restless
- Disruptive
- Fixed
- Risky
MINING AND SUSTAINABLE DEVELOPMENT

- 1992 - Rio
- 1990s - Whitehorse initiative, Global Mining Initiative
- 2000’s - UN Global Compact, MMSD, ICMM
- 2010’s - SDGs
MINING AND SDGS: THE RHETORIC

• ‘This changes everything’
• Efficiency
• Dialogue
• Best practice
• Partnerships
• Some companies reporting
MINING AND THE SDGS

Image from:
“INTEGRATING THE SDGS INTO CORE BUSINESS”

- Policies, standards and management systems
- Social and environmental baselines and impact assessments
- Risk and opportunity assessments and planning processes
MINING AND NATIONAL DEVELOPMENT

- ‘Gift of nature’
- ‘Paradox of plenty’
- Encourages corruption
- Undermines accountability and democracy
- Skews development outcomes
- ‘Enclave extraction’
- Linked to conflict
MINING AND LOCAL DEVELOPMENT

- Environmental degradation
- Livelihood disruption
- Migration/displacement
- Political disruption
- Inequality

- But also…
  - Increased local investment
  - Job opportunities
ZAMBIA

- 70% earnings from (copper) mining
- 60% poverty, 42% extreme
- 144/189 on the HDI (2018)
- $1510 GDP per capita (2017)
- Case study for corruption
DRIVERS OF STANDARDS ADOPTION AND BEHAVIOURAL CHANGE

- ‘Bloody nose’
- Government regulation
- Lending Conditions
- Litigation
- Competition
- Reputation
- Investor pressure
- Business ethics
WHAT HAPPENS WHEN COMPANIES ENGAGE IN VOLUNTARY STANDARDS?

• Emphasis on rhetoric
• Moves into corporate decision making processes
• Risk management
RISK MANAGEMENT IN THE MINING SECTOR

• Operational, reputational, regulatory

• Well funded, central to decisions making… but poor outcomes

• PR

• Priorities

• Simplification

• Justice

Images from: Zambian Traveller Jan/Feb 2013 and ControlRisk's RiskMap
PROBLEMS WITH VOLUNTARY STANDARDS (AND THEREFORE THE SDGS)

• Not mainstreamed
• Partnership = subcontracting
• Operationalising abstract standards tricky
• Cherry picking
CSR, DEVELOPMENT AND POLITICS

- Inclusion/exclusion
- Stabilising disruption
- Entrench inequality
- Enclave dynamics
- Rights conceived, claims made
MINING AND THE SDGS

- Uneven application of international standards
- Lens of risk management
  - Excludes poorest/marginalised
  - Potentially regressive

A MINING SECTOR THAT DELIVERS SUSTAINABLE DEVELOPMENT

1. Insist on cleaner production methods
2. Accept limits
3. Embrace recycling
4. Admit fault and trade offs
5. Police itself
6. Embrace transparency and systematic monitoring
7. Accept external regulation
8. Pay its way

Images from: First Quantum Sustainability Report 2012
THANK YOU

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