

# DISRUPTIVE ENCLAVES AND RISKY POLITICS

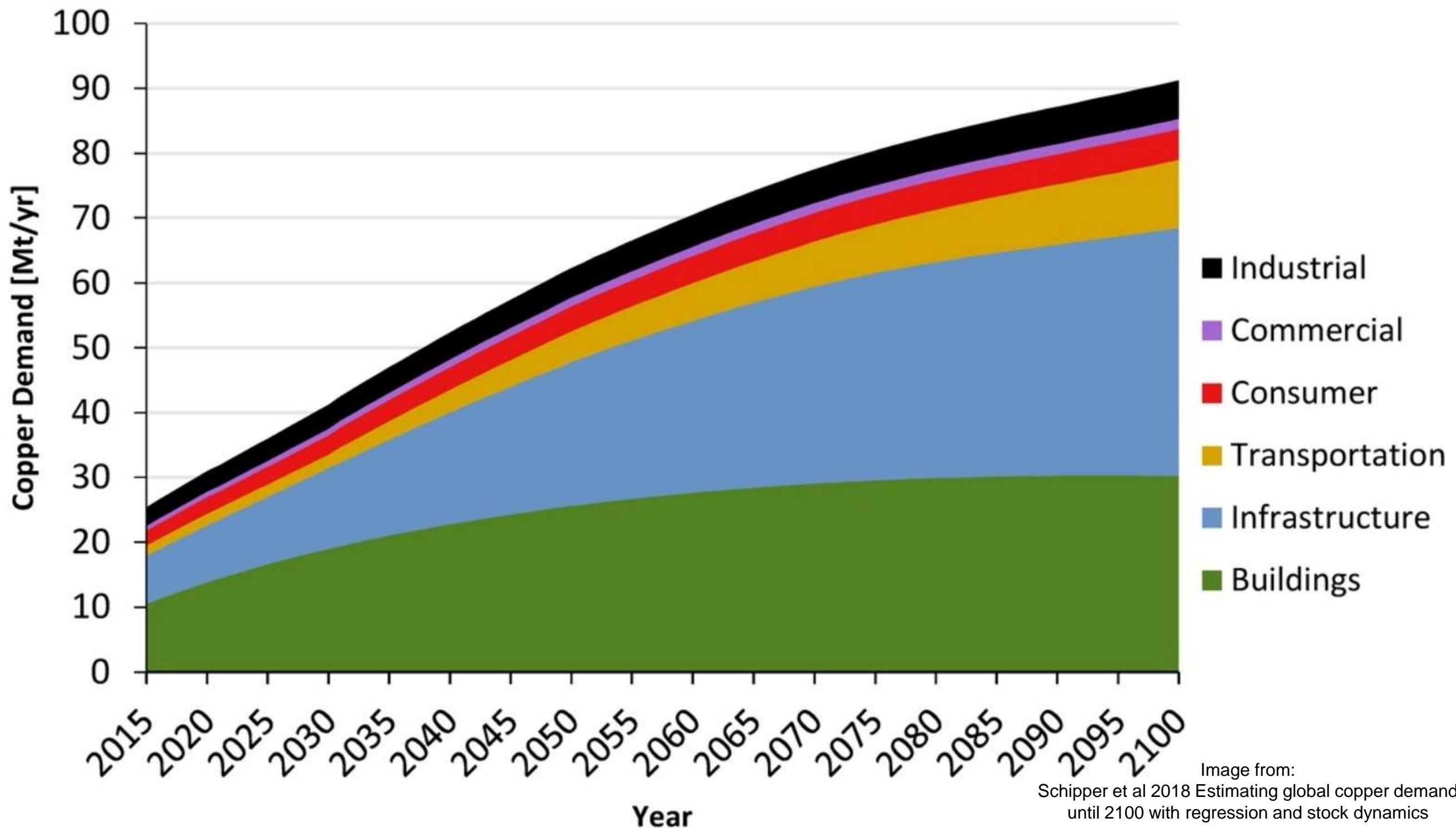
THE CHALLENGES OF MAKING MINING WORK FOR  
SUSTAINABLE DEVELOPMENT



TOMAS FREDERIKSEN



# DEMAND FOR METALS: COPPER



# DEMAND FOR METALS: LITHIUM AND COBALT

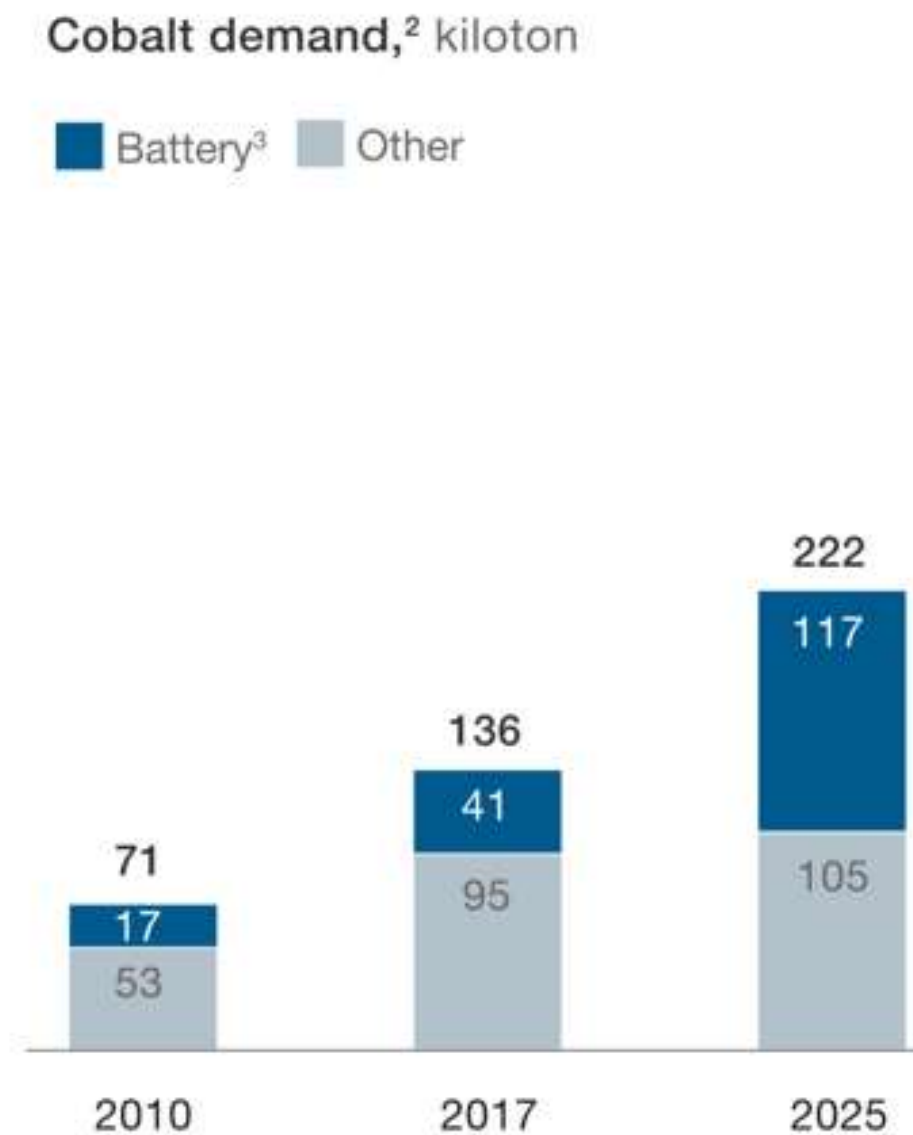
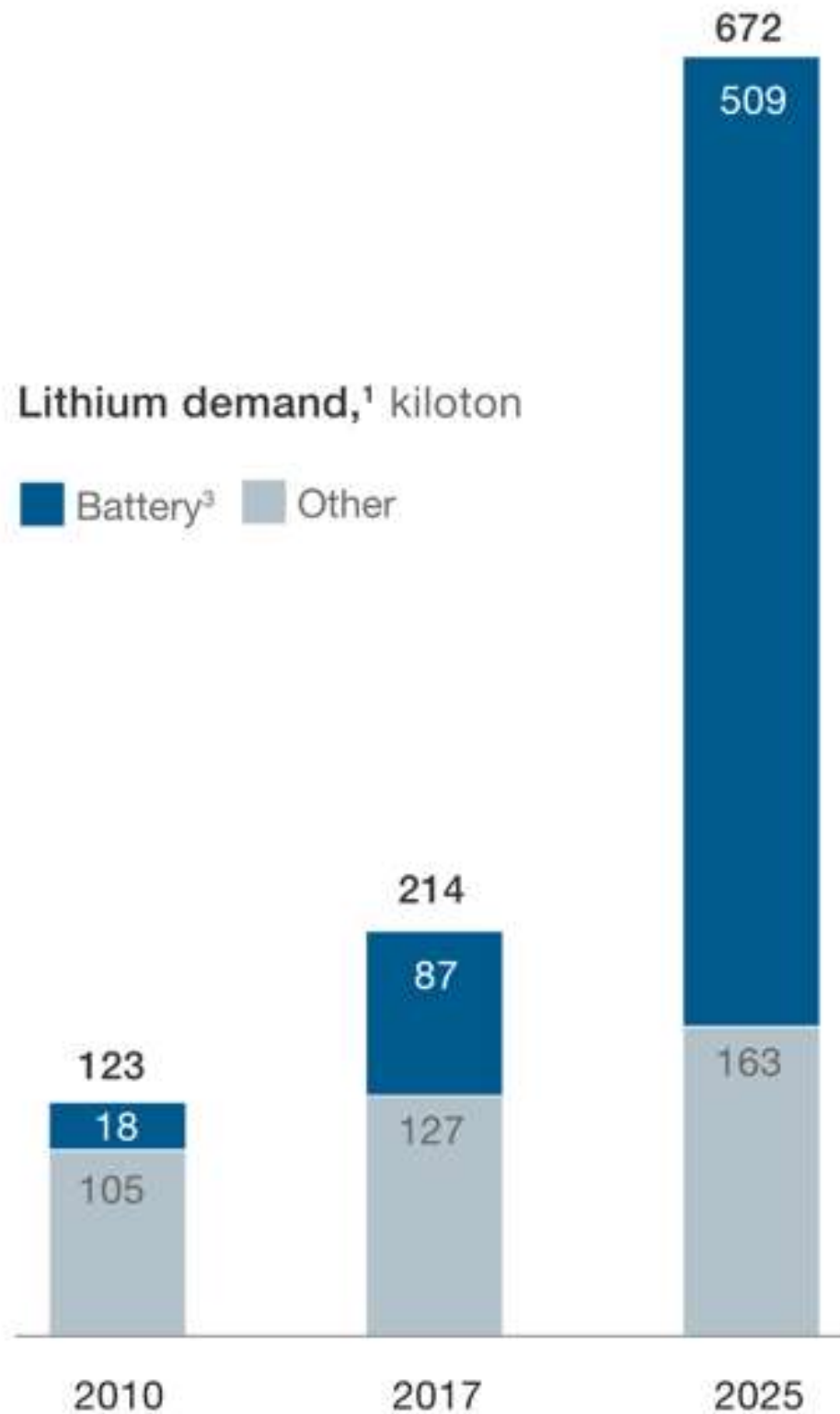


Image from:  
McKinsey 2018 Lithium and  
cobalt: A tale of two  
commodities



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# MINING AND SUSTAINABLE DEVELOPMENT: A STRAINED RELATIONSHIP

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



Image from:  
Lewis, B., Flynn, S. (2016). Mapping Mining to the Sustainable Development Goals: An Atlas

# OUTLINE

- Introduction
- Mining and sustainable development
- Mining and development
- CSR and international voluntary standards
- A mining sector that delivers sustainable development

# MINING IS...

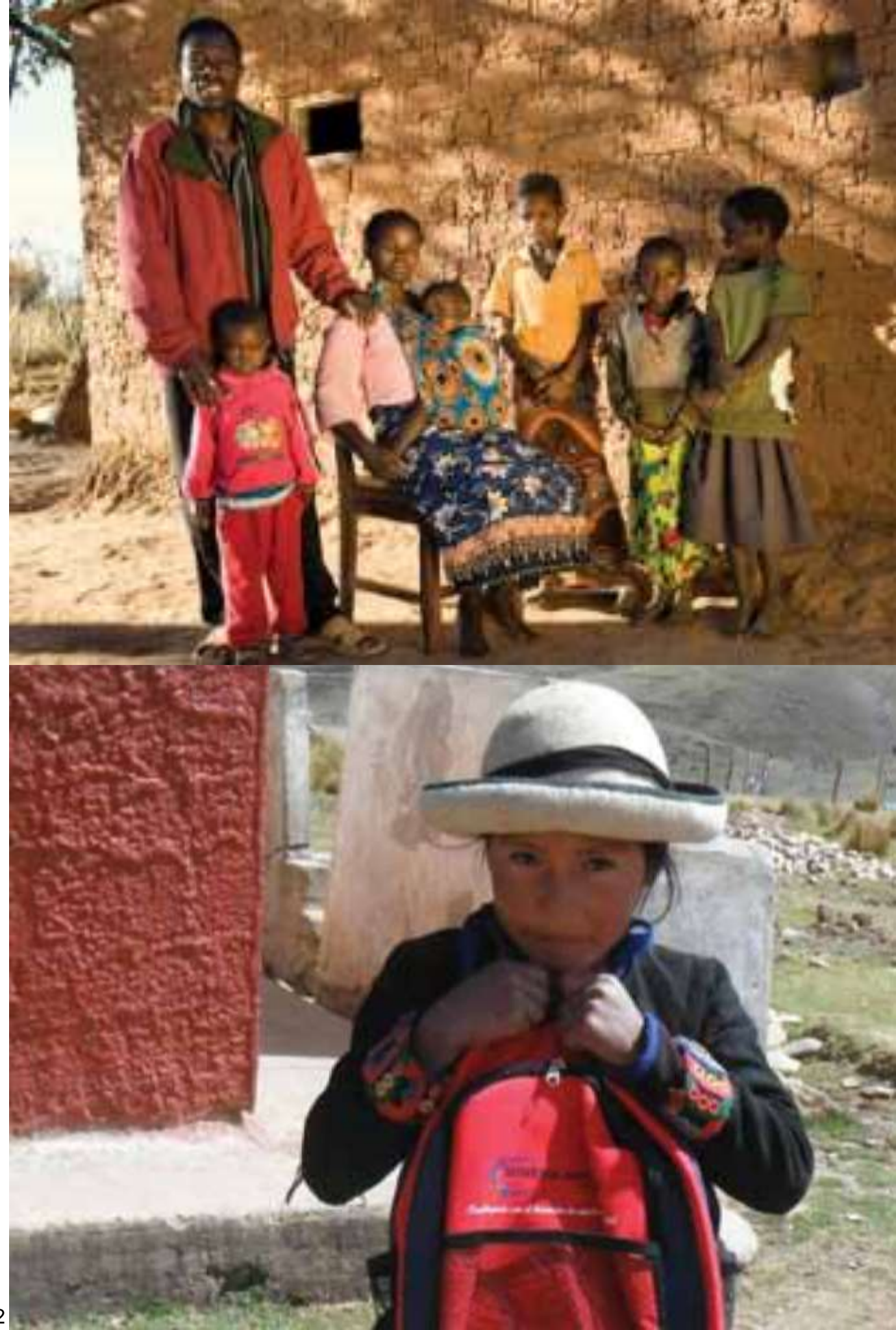
- Big
- Dirty
- Restless
- Disruptive
- Fixed
- Risky





# 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

Horizons  
2017 Sustainability Report



Teck



# MINING AND THE SDGS





# “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

## Mapping Mining to the Sustainable Development Goals: An Atlas

July 2016





# 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







World Business Council for Sustainable Development



A FRAMEWORK FOR RESPONSIBLE EXPLORATION





# 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?

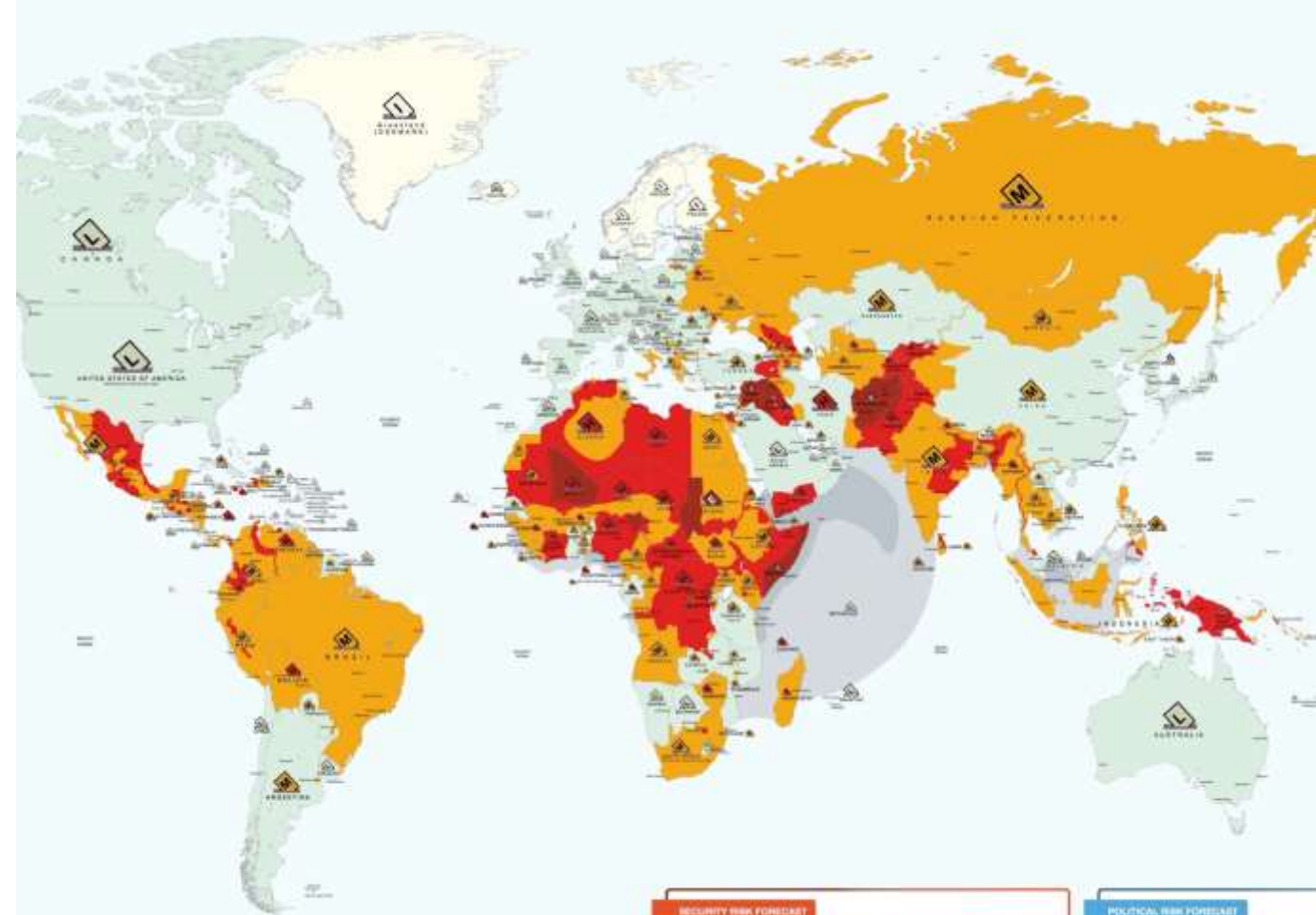
- Emphasis on rhetoric
- Moves into corporate decision making processes
- Risk management





# RISK MANAGEMENT IN THE MINING SECTOR

- Operational, reputational, regulatory
- Well funded, central to decisions making... but poor outcomes
- PR
- Priorities
- Simplification
- Justice





# 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





# THANK YOU

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