

While crisis management has often been employed, it is only in recent years that companies have recognized the potential payoff from engaging in proactive conflict management. According to International Alert and the International Business Leaders' Forum, "there is an economic benefit [for companies] in resolving violent conflicts and preferably preventing them from happening in the first place".

Companies who succeed in enhancing their proactive conflict management capacity should be able to manage conflict at a lower marginal cost than their competitors. For example, Placer Dome needed to protect nearly 70 km of electrical cables providing its Porgera mine site in Papua New Guinea with power⁵⁵. Guarding the whole length of the electricity supply network was impractical. Ultimately, through attention to community interests, Placer Dome was better able to ensure security of the power supply than would have been possible through private security forces.

Several firms have recognized this opportunity for competitive advantage, and are engaging with human rights and peace-building organizations in the development of tools for proactive engagement in conflict management, often in partnership with governments or intergovernmental organizations like the World Bank⁵⁶.

So how do mining companies proactively manage conflict?

TOWARDS PROACTIVE CONFLICT MANAGEMENT

Different strategies are called for before, during and after conflict. In terms of degrees of proactive engagement required, a firm can seek to⁵⁷:

- Correctly manage the side effects of its business decisions
- Support conflict management activities by others
- Participate in conflict management activities by others
- Identify and mitigate the sources of conflict itself

⁵⁵ Fraser, D. MMSD Experts Workshop on Armed Conflict and Natural Resources: The Case of the Minerals Sector. July 11 2001.

⁵⁶ See, for example, the seminal work by the leader in this field, International Alert, with the Council on Economic Priorities and the Prince of Wales International Business Leaders' Forum; as well as the World Bank/UK DFID project on Business Partnerships for Development, in collaboration with various non-governmental groups and corporations. The United Nations Global Compact, a tripartite partnership between the UN, NGOs and companies, recently held a dialogue on business and conflict (March 2001). Human Rights Watch and Global Witness have both been the leaders in identifying and publicizing the links between human rights violations, conflict and private sector activity. Among academics, Virginia Haufler at the University of Maryland and Marina Ottaway at the Carnegie Endowment for International Peace have also written compellingly on this issue, while the London School of Economics has recently established a research program on Oil and Conflict.

⁵⁷ Haufler, *op.cit.*, 2001.