

- **Nature of Relevant Actors:** the relationship between the firm and the factions involved in the conflict; the nature of the tactics employed by the combatants; the likelihood of resolution.

Internal

- **Firm's Management Capacity:** Past history and knowledge of the region, risk tolerance and capacity to manage the given situation (past experience in similar situations).
- **Firm's Reputational Exposure**
- **Firm's Financial and Ownership Structure:** Exposure to future litigation (large OECD-based multinational vs. smaller regionally-based firm). Degree of investment already made and cost of capital; other financial sources; Risk coverage (insurance availability); Publicly-held stock vs. privately owned; partner vs. sub-contractor; sole operator vs. consortium member with other firms or governments.

The Risks Associated with Conflict

Conflict is a risky prospect for mining operations. Recent high-profile controversies have linked the mining industry to civil strife, sparking widespread outrage. The international diamond industry has been called to task for its alleged complicity in the Sierra Leone violence, and has massively reorganized itself as a result. Likewise, the role of illegal mining in financing the Congo "genocide"⁴² has been the subject of high-profile condemnation by the United Nations Security Council⁴³. Some of the risks posed by conflict are listed below.

Figure 3. Risks of Conflict to Mining Companies⁴⁴

Incidental and intentional destruction of physical assets and supporting infrastructure
Kidnapping and loss-of-life among employees, their families and support staff
Protection payments to armed factions

⁴² "Africa Heads Towards New Genocide", *Guardian*, 15 September 15, 1998.

⁴³ Report to UN Security Council, *The Role of Natural Resources in Conflict in the Democratic Republic of the Congo*, 2001.

⁴⁴ Nelson, J., *op.cit.*, pagep. 20-26.