

IUCN - World Conservation Union

Commission on Environmental, Economic and Social Policy

Mining companies can cause or be affected by conflict, dramatically reducing the profitability of their operations, and negatively affecting the contribution of mineral wealth towards sustainable development. This paper maps out the linkages between mining and conflict.

This paper was written as a contribution to the Mining, Minerals and Sustainable Development project, Based on research sponsored by the World Business Council for Sustainable Development and by the Canadian Department of Foreign Affairs and International Trade Canadian Centre for Foreign Policy Development John Holmes Fund

For discussion only

The author wishes to express sincere thanks to Bernice Lee, Luke Danielson and others at the International Institute for Environment and Development

In a conflicted or potentially-conflicted situation, firms can target their investments in order to address the linkages between their operations and conflict (see table below). It is noted that different phases in the mining cycle – exploration, construction and closure – have a particular likelihood of sparking conflict due to the radical and dramatic changes they represent in terms of immigration rates and financial flows.

The greater a firm's direct involvement in the conflict, the greater its need to work in partnership with other businesses, civil society and international organisations, governments and community groups. The mining company must build trust through credible reporting and verification and through measures that sustain long-term development in the region. In many cases, natural resource access or quality may be the issue of contention most amenable to resolution. Conversely, peace-building may be retarded by a long history of exploitation that prevents the establishment of trust between traditional communities and the company. Factions within such communities often have divergent interests, and the presence of a mine often creates or exacerbates these divisions as a result of new social influences.

Conflict is often the reason a firm chooses not to invest in a particular mining site, leaving the opportunity open to other firms with lower risk tolerances and reputational expenses. Companies with vulnerable reputations must therefore seek to lower the