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Rising geopolitical risk and its impact on mining investment in Africa.

'Geopolitical tension, resource nationalism, and local beneficiation are reshaping Africa's mining sector, presenting both challenges and opportunities,' writes Rivashni Naidoo, Principal of Mining and Resources at Nedbank Corporate and Investment Banking.

While mining in Africa has always been characterised by complexity, the current landscape brings unprecedented challenges for a sector that has been shaped by varied realities. Resource nationalism is redefining the dynamics in some countries as governments assert greater control over mineral wealth.

This trend is part of a broader shift in how host countries engage with multinational corporations, expecting these relationships to contribute to the local economy through equitable agreements and sustained investment.

The immovable nature of mineral deposits underscores the critical role of strong relationships with governments and communities. Unlike other industries, mining companies cannot easily relocate when political or economic conditions shift. **The fixed nature of resources ties companies to the land, requiring a more collaborative approach to development.** Partnerships that align corporate objectives with the interests of local stakeholders are proving essential for both stability and long-term viability. In resource-rich countries, the intersection of mineral wealth

and political volatility presents both opportunities and risks.

Governments in these nations are developing regulatory frameworks that reflect the growing demand for transparency and equitable sharing of benefits. Mining companies that actively participate in these discussions, offering expertise and committing to inclusive practices, are better positioned to operate sustainably and profitably.

Geopolitical pressures, shifting alliances, and trade policies are influencing the direction of commodity markets and demand strategic adaptability. **Companies that diversify their customer base and supply chains are better equipped to mitigate disruptions caused by market volatility or political shifts.** Securing long-term offtake agreements with a range of buyers can act as a buffer against external shocks.

Meanwhile, security concerns remain a persistent challenge, particularly in regions such as the Sahel region. Despite their vast mineral potential, instability and conflict in these areas often deter investment. Focusing on community engagement has gained prominence as a means to navigate these complexities. Local development initiatives are more than corporate gestures, they are mechanisms for promoting trust, reducing operational risks, and improving safety.

Security strategies are evolving to meet these challenges. Companies are increasingly exploring partnerships with local authorities, leveraging private security firms, and adopting advanced surveillance technologies. Diversifying supply chains further contributes to resilience, while insurance mechanisms help mitigate financial exposures in

high-risk areas. This multipronged approach ensures that mining operations are better prepared to withstand external shocks.

Economic pressures also weigh heavily on the sector. **Rising inflation, tightening monetary policies, and geopolitical risks are shaping a more cautious investment climate.** Innovative financing solutions, such as sustainability-linked loans, are emerging as effective tools for navigating this landscape. These instruments align with global sustainability goals while offering the flexibility needed to address financial uncertainty.

Governments across the continent are reinforcing the expectation that mining companies contribute directly to local economies. **Job creation, infrastructure development, and social investment are no longer optional but central to the social licence to operate.** Balancing these demands with operational viability requires a nuanced approach to development agreements. Structuring partnerships that are both fair and sustainable allows all parties to share in the value generated by resource extraction.

As Mining Indaba 2025 approaches, the focus will remain on managing risks while exploring opportunities. **The discussions will likely centre on how companies can work better with governments and communities, navigate volatile regulatory landscapes, and address security and geopolitical challenges.** Those who succeed in building collaborative frameworks and embedding sustainability into their strategies will be best positioned to thrive.

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