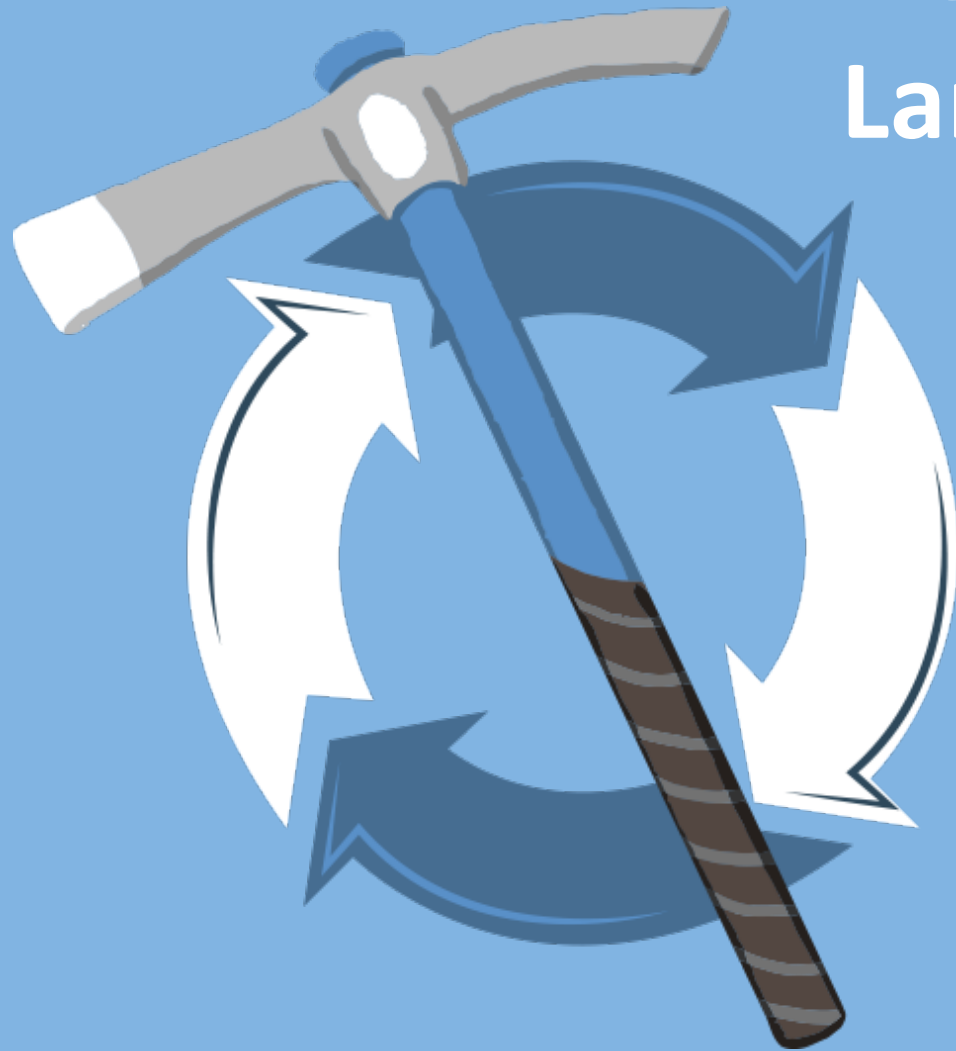


# Life Cycle of Large-Scale Mining



A presentation on the stages of the mining cycle and how communities can be *involved*.

*Presentation No. 1*



# Overview Of The Life Cycle Of A Mining Project

## POLICY ENVIRONMENT



Exploration



Development  
& Operation



Decommissioning  
& Rehabilitation

# Principles of Philippine Policy on Large-Scale Mining (RA 7942)



**Temporary  
Land Use**



**Reduce the  
Impacts of  
Mining**



**Lead To Other  
Wealth-  
generating  
Opportunities**



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# Principles of Philippine Policy on Large-Scale Mining (RA 7942)



**Regard For Eco. &  
Enviro. Considerations  
& for Health, Safety,  
Social & Cultural  
Concerns**



**Effectuated Through  
Tech. Efficiencies  
& Recycling of  
Mineral Based  
Products**



**People  
Empowerment  
& Grassroots  
Development**



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# Types of Agreement in Large-Scale Mining

## Mineral Agreement

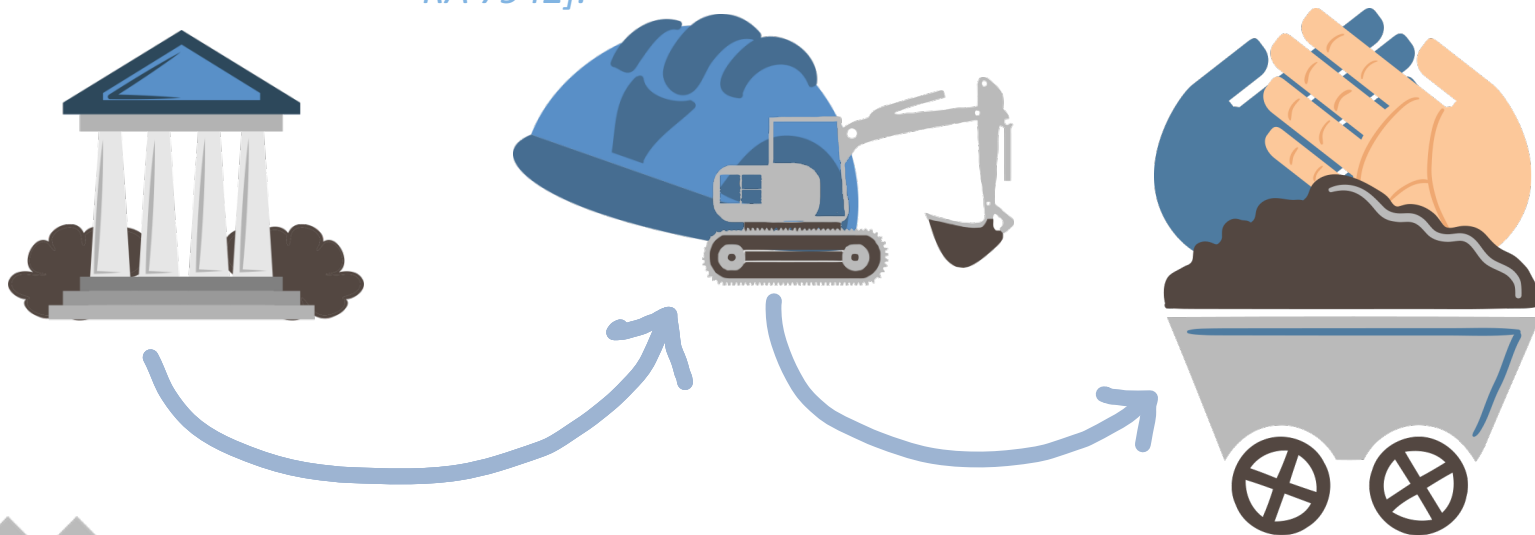
a contract between the government and a contractor. This agreement shall grant the contractor the exclusive right to conduct mining operations and to extract all mineral resources found in the contract area *[para (a), sec 3.; last para in sec. 26, Chapter V, ( RA 7942]*



# Types of Agreement in Large-Scale Mining

## Mineral Agreement

**Mineral production sharing agreement (MPSA)** – an agreement where the Government grants the contractor the exclusive right to conduct mining operations within a contract area, and shares in the gross output. The contractor shall provide the financing, technology, management and personnel necessary for the implementation of this *agreement* [para (a), sec. 26, Chapter V, RA 7942].



# Types of Agreement in Large-Scale Mining

## Mineral Agreement

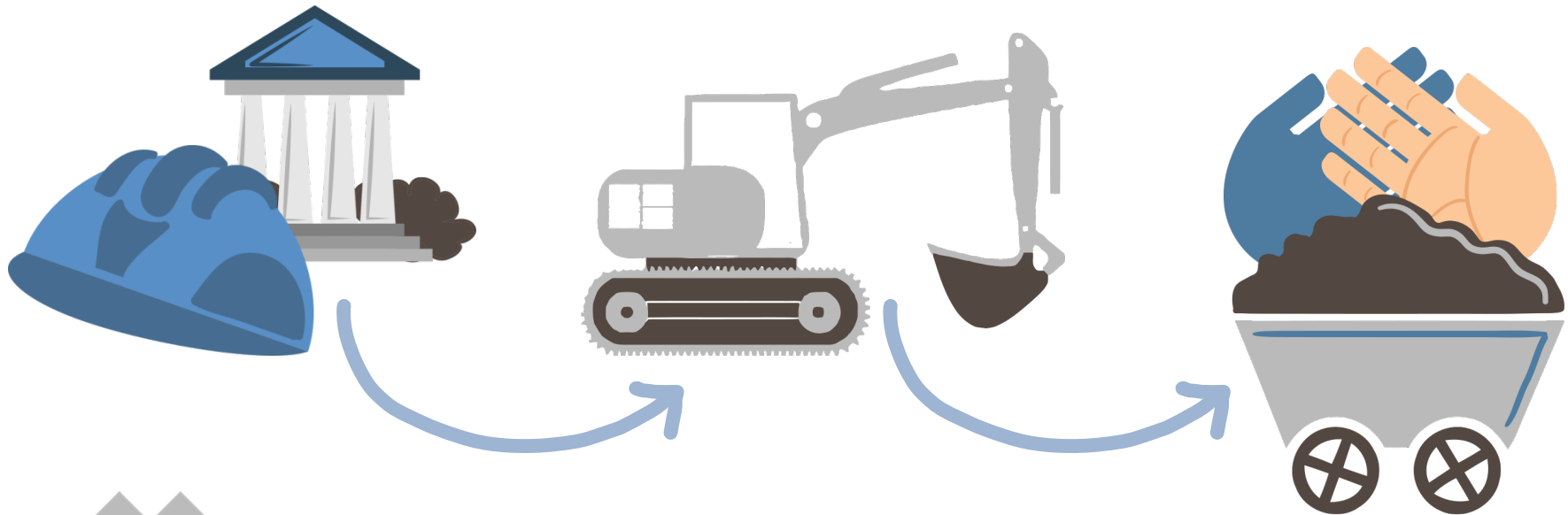
**Co-production agreement** – an agreement between the Government and the contractor wherein the Government shall provide inputs to the mining operations other than the mineral resource *[para (b), sec. 26, Chapter V, RA 7942]*.



# Types of Agreement in Large-Scale Mining

## Mineral Agreement

**Joint venture agreement** – an agreement where a joint-venture company is organized by the Government and the contractor with both parties having equity shares. Aside from earnings in equity, the Government shall be entitled to a share in the gross output *[para (b), sec. 26, Chapter V, RA 7942]*.



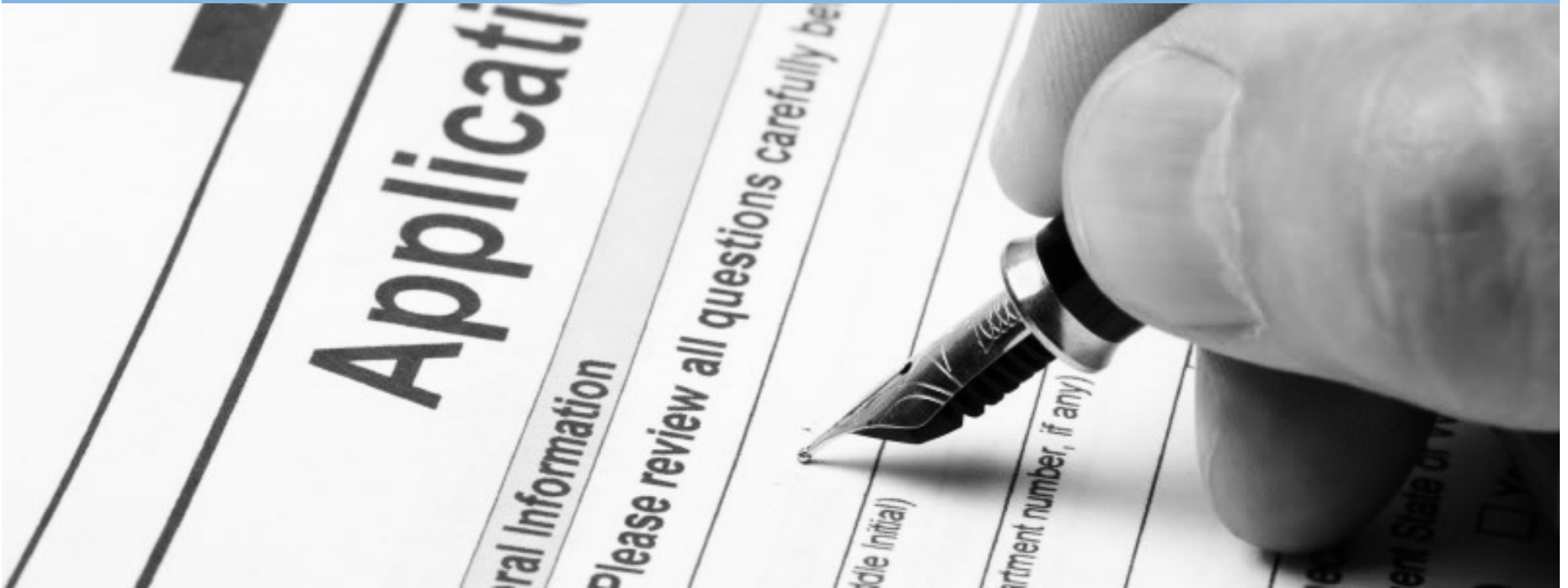
# Types of Agreement in Large-Scale Mining

## Financial Or Technical Assistance Agreement (FTAA)

– a contract involving financial or technical assistance for large-scale exploration, development, and utilization of mineral resources [*para (r), Sec. 3, RA 7942*].



# Types of Agreement: MPSA (Qualification)



- Corporation, Partnership, Association or Cooperative - organized or authorized for the purpose of engaging in mining, duly registered in accordance with law, at least sixty percent (60%) of the capital of which is owned by Filipino citizens.

# Types of Agreement: MPSA Area (Onshore)



## 1. Metallic Minerals:



Individuals:  
810 hectares



Corp./Partnership  
/Assoc./Coop.:  
5000 hectares

# Types of Agreement: MPSA Area (Onshore)



## 2. Non-Metallic Minerals:



Individuals:  
810 hectares



Corp./Partnership  
/Assoc./Coop.:  
2000 hectares

# Types of Agreement: MPSA Area (Onshore)



## 3. Sand and Gravel:



Individuals:  
20 hectares



Corp./Partnership  
/Assoc./Coop.:  
50 hectares

# Types of Agreement: MPSA Area (Onshore)



## 4. Marble, Granite and Construction Aggregates:



Individuals:  
50 hectares



Corp./Partnership  
/Assoc./Coop.:  
100 hectares

# Types of Agreement: MPSA Area (Onshore)



## 5. Cement Raw Materials:



Individuals:  
500 hectares



Corp./Partnership  
/Assoc./Coop.:  
1000 hectares

# Types of Agreement: MPSA Area (Offshore)



## 1. Metallic Minerals: 5000 hectares

# Types of Agreement: MPSA Area (Offshore)



**2. Non-Metallic Minerals:**  
2000 hectares

# Types of Agreement: MPSA Term

- A Mineral Agreement shall have a term not exceeding 25 years from the date of its execution, and renewable for another term not exceeding 25 years under the same terms and conditions, without prejudice to changes mutually agreed upon by the Government and the Contractor.

# Types of Agreement: MPSA Term

- After the 50 year term of the Mineral Agreement, the operation of the mine may be undertaken by the Government or through a Contractor. The contract for the operation of a mine will be awarded to the highest bidder in a public bidding after due publication of the notice thereof. However, the original Contractor shall have the right to equal the highest bid upon reimbursement of all reasonable expenses of the highest bidder

# Types of Agreement: FTAA (Qualification)

- any Filipino citizen of legal age and with capacity to contract;
- a Filipino-owned Corporation, Partnership, Association or Cooperative, at least 60% of the capital is owned by Filipino citizens, organized or authorized for the purpose of engaging in mining with technical and financial capability to undertake mineral resources development and duly registered in accordance with the law; or
- a Foreign-owned Corporation, Partnership, Association or Cooperative duly registered in accordance with law and in which less than fifty percent (50%) of the capital is owned by Filipino citizens.

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# Types of Agreement: FTAA Area



- 1,000 meridional blocks or approximately eighty-one thousand 81,000 hectares onshore

# Types of Agreement: FTAA Area



- 4,000 meridional blocks or approximately three hundred twenty-four thousand 324,000 hectares offshore or

# Types of Agreement: FTAA Area



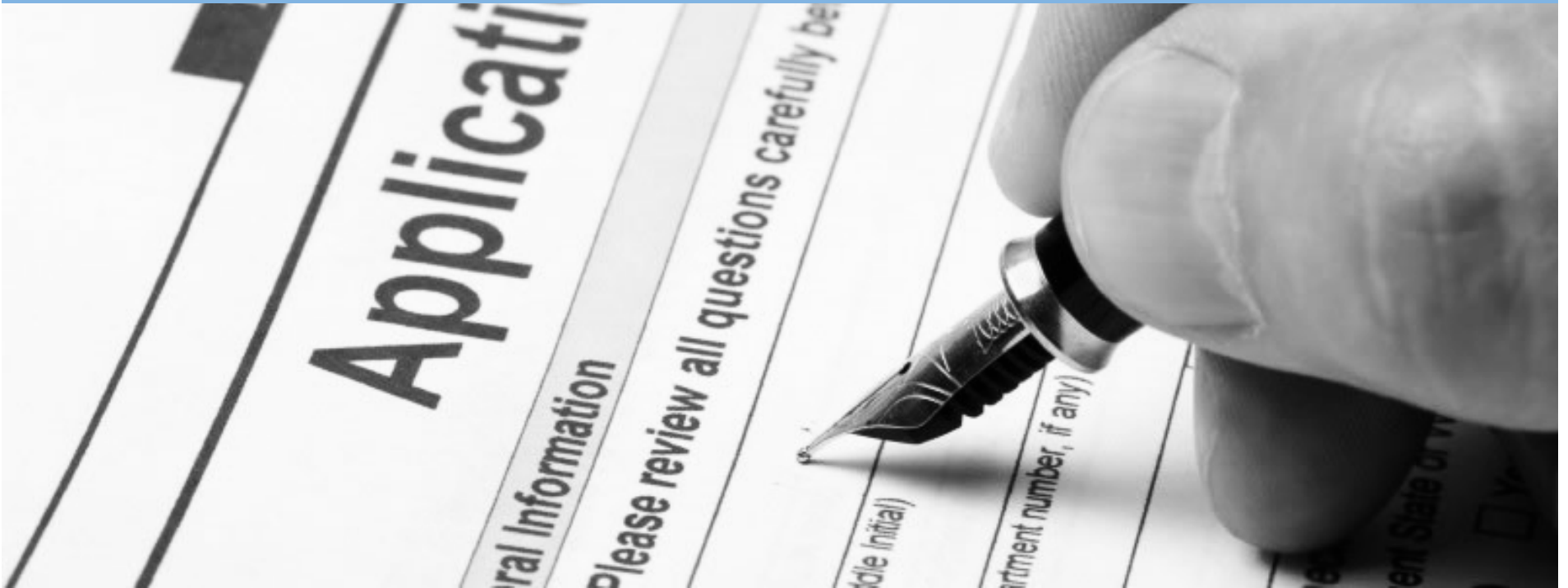
- Combination of one thousand (1,000) meridional blocks onshore and four thousand (4,000) meridional blocks offshore

# Types of Agreement: FTAA Term

An FTAA has a term of twenty-five (25) years from the date of its issuance, and renewable for another term not exceeding twenty-five (25) years. The following are the phases of mining operations of an FTAA:

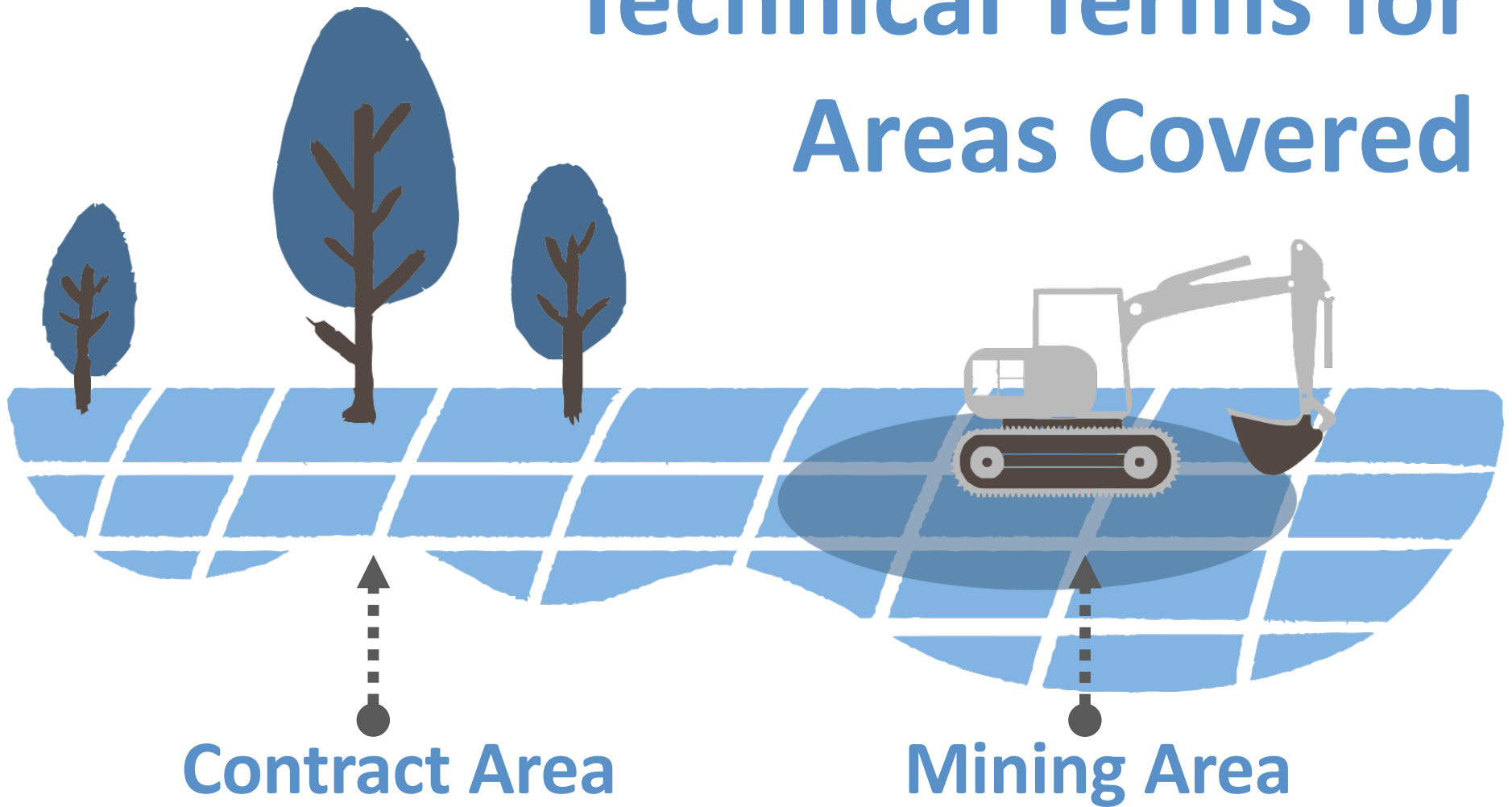
- Exploration
- Pre-feasibility study, if warranted
- Feasibility study
- Development, construction and utilization

# Types of Agreement: MPSA (Qualification)

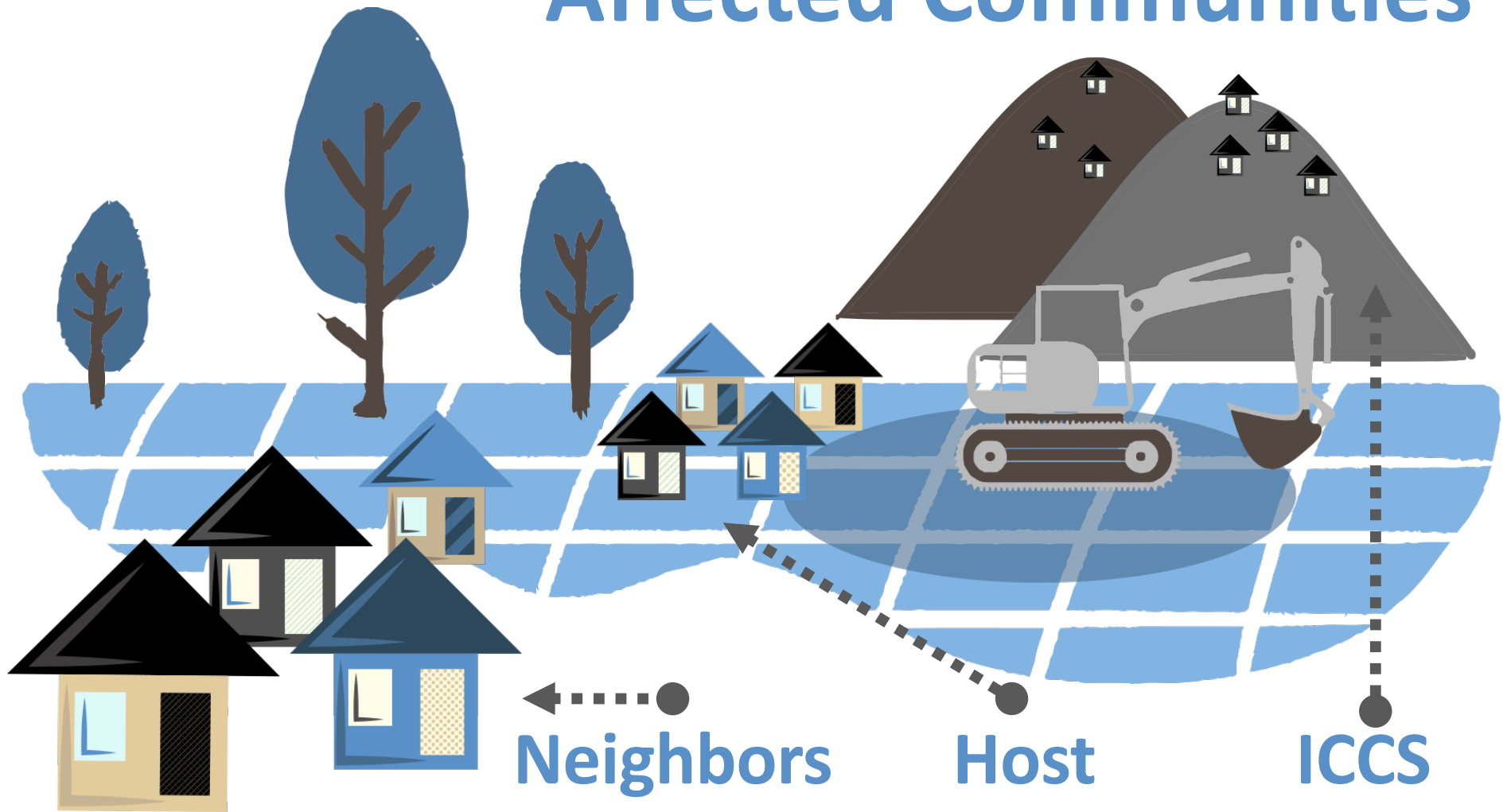


- Individual - a Filipino citizen of legal age and with capacity to contract; or

# Technical Terms for Areas Covered



# Affected Communities



# Framework : Human Rights-Based Corporate Responsibility



## What are human rights?:

- Human rights are universal and fundamental values to which all people are entitled. These include dimensions such as economic, social, political, cultural, and civil.
- Internationally-agreed definition are embodied in the Universal Declaration on Human Rights adopted in 1948 by the UN General Assembly.

# Framework : Human Rights-Based Corporate Responsibility



## Why respect human rights as part of business?

According to the UN OHCHR:

- All companies have a responsibility to respect human rights, which means to avoid infringing on the human rights of others.

# Framework : Human Rights-Based Corporate Responsibility



## Why respect human rights as part of business?

According to the UN OHCHR:

- To gain commercial benefits associated with good human rights practice, e.g., attracting investment, procurement, top-quality recruits and securing the social license to operate.

# Framework : Human Rights-Based Corporate Responsibility

## UN Guiding Principles on Business and Human Rights: The Framework



**Protect**



**Respect**



**Remedy**



## Key ingredients of human rights-based policy

**All policies – whether stand-alone or integrated – should at a minimum comprise:**

- An explicit commitment to respect all human rights which refers to international human rights standards, including the Universal Declaration of Human Rights.



## Key ingredients of human rights-based policy

**All policies – whether stand-alone or integrated – should at a minimum comprise:**

- Provisions on labour/workplace rights.
- Provisions on non-labour rights. These will reflect human rights priorities and are likely to be particular to the company's industry/ areas of operations.



## Policy development and implementation

**The human rights due diligence process comprises the following elements:**

- An assessment of the company's human rights impacts;
- Integration of the assessment's findings across relevant internal functions and processes;
- Tracking of the effectiveness of the response to actual or potential adverse human rights impacts;
- Being prepared to communicate how human rights impacts are addressed; and
- Providing for or cooperating in the remediation of negative human rights impacts

# Policy development and implementation



Key points to consider in the implementation of the human rights-based policy

## Assessing impacts

# Policy development and implementation



Key points to consider in the implementation of the human rights-based policy

**Integration of HR throughout the company**

# Policy development and implementation

Key points to consider in the implementation of the human rights-based policy

**Tracking  
performance**



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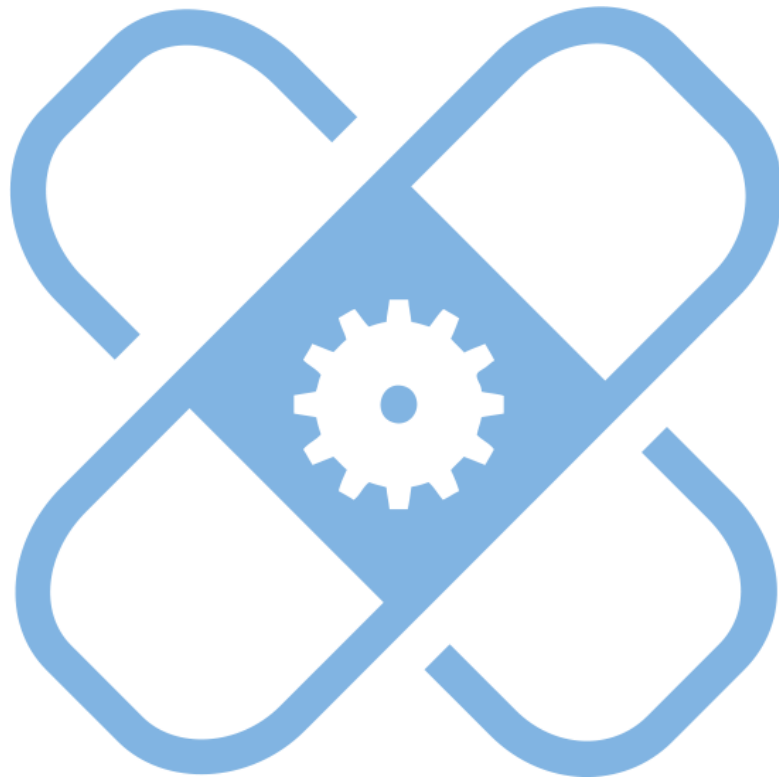
# Policy development and implementation



Key points to consider in the implementation of the human rights-based policy

**Communicating  
how impacts are  
addressed**

# Policy development and implementation



Key points to consider in the implementation of the human rights-based policy

## Remediation

# Scope and Limitation

## **The governing law doesn't work retroactively**

Because RA 7942 was enacted only in 1995, the mechanisms it proposed could be absent from mining projects that are already in operation.

## **Policy Gaps**

The governing national rules and regulations may still have some gaps, particularly in ensuring its effectiveness.



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## Acknowledgements of the support for materials development from:

