

Life Cycle of Large-Scale Mining



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

Module No. 2



Module 2: Dev't and Operations Phase



Development
& Operations
(including
production,
utilization &
processing)



Development Defined



As defined by RA 7942 (Mining Act),
section 3(j), Chapter 1:

"Development" means the work undertaken to... prepare an ore body or a mineral deposit for mining, including the construction of necessary infrastructure and related facilities.'

Operations Defined



For purposes of our discussion, operations will be defined as the stage that includes development, utilization and processing.

- *As defined by RA 7942 (Mining Act), section 3(az), Chapter 1: "Utilization" means the extraction or disposition of minerals.'*

Operations Defined



For purposes of our discussion, operations will be defined as the stage that includes development, utilization and processing.

- *Section 5(bd) of the IRR of RA 7942 defines “Mineral Processing” as the ‘milling; beneficiation; leaching; smelting; cyanidation; calcination or upgrading of ores, minerals, rocks, mill tailings, mine waste and/or other metallurgical byproducts or by similar means to convert the same into marketable products.’*

Overview



Secure an Environmental
Compliance Certificate
(ECC)



Overview

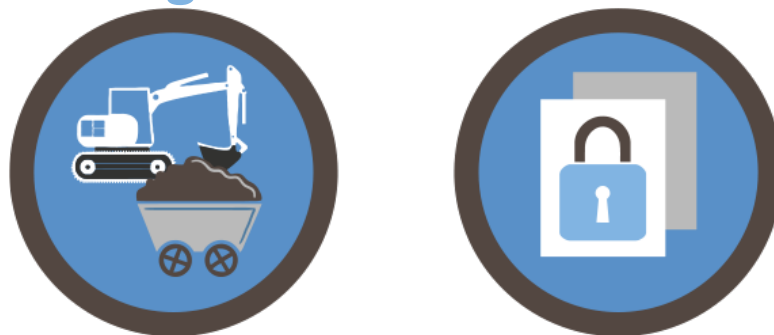


File for a Declaration of
Mining Feasibility

Overview



& Apply for a Mineral
Agreement or a FTAA



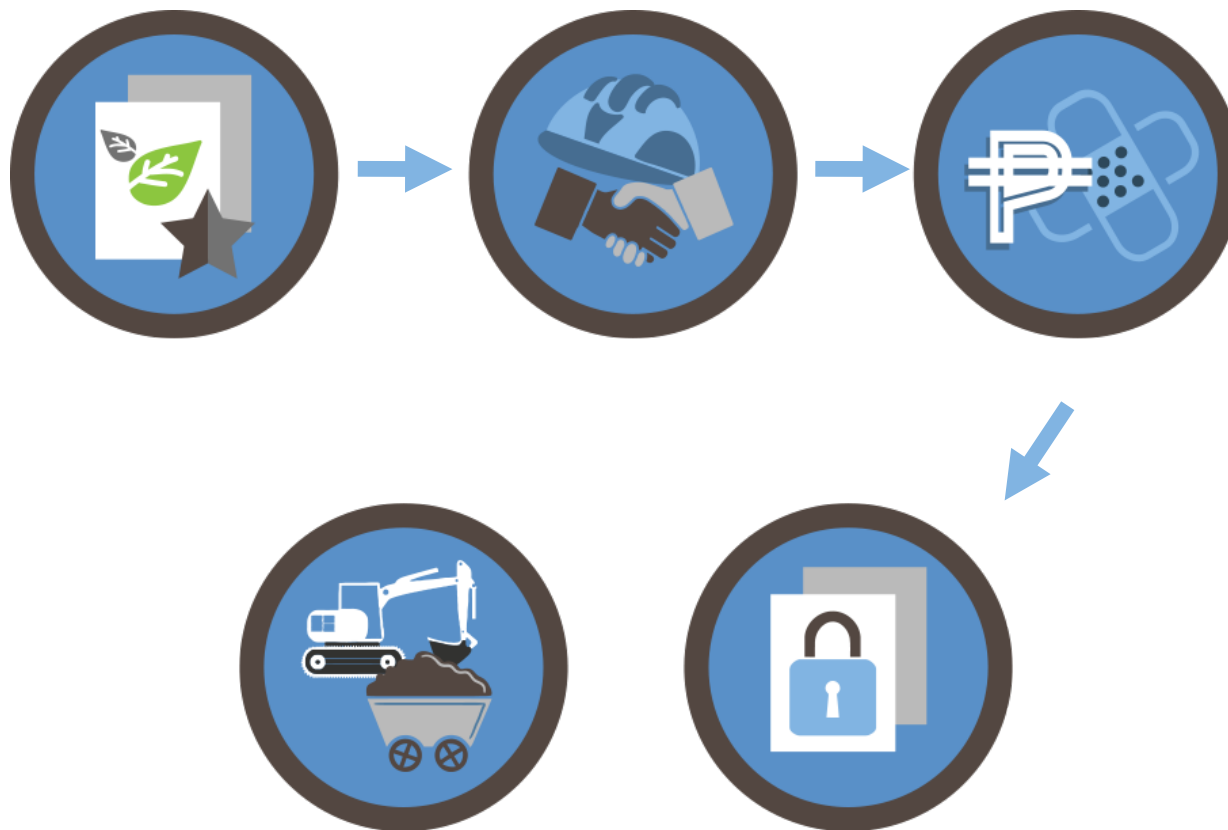
Overview



Set up the necessary funds
and the mechanisms

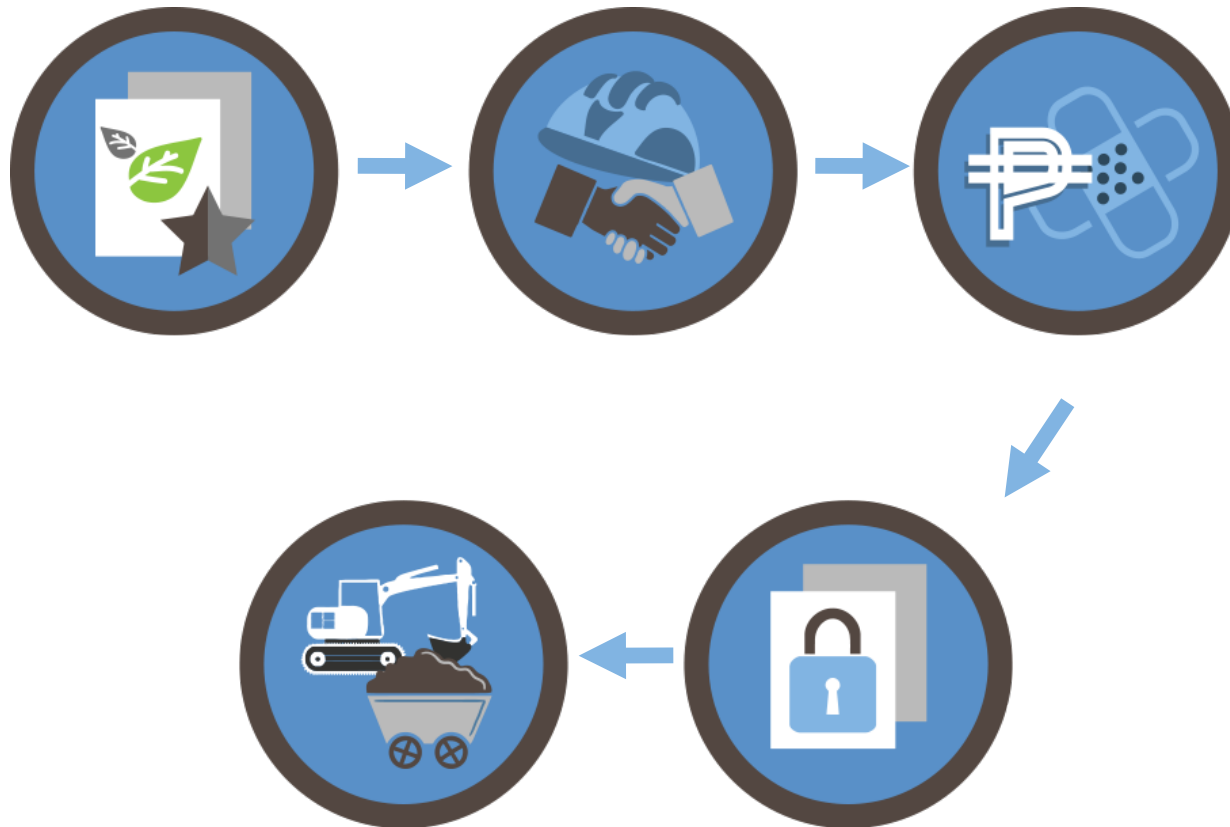


Overview



Secure other necessary
permits

Overview



Construction and
development of facilities
and infrastructure

STEP 1: Secure an Environmental Compliance Certificate (ECC)

Requirements

1. Conduct Engineering Geological and Geo-hazard Assessment (EGGA)
2. Conduct Environmental risk assessment
3. Develop Environmental Management Plan



1) Host Communities; 2) ICCs; 3) Host and neighboring LGUs; 4) CSOs, NGOs, POs

STEP 1: Secure an Environmental Compliance Certificate (ECC)



Requirements

4. Prepare proposals for environmental monitoring, mine rehabilitation and decommissioning

STEP 1: Secure an Environmental Compliance Certificate (ECC)

Requirements

5. Conduct early public consultations to 1) ensure that concerns of stakeholders relevant to the environment are considered; 2) they have access to the EIA process; 3) prepare the Social Development and Management Program (SDMP)/Community Development Program (CDP); and 4) set up the multi-partite monitoring team (MMT)



STEP 1: Secure an Environmental Compliance Certificate (ECC)

Requirements

6. Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from mining development. Information about these plans and mechanisms should be given to the affected communities, as well as the company's employees.



STEP 2: File for a Declaration of Mining Feasibility

Requirements

1. Mining Project Feasibility Study (MGB Form No. 5-3) or the Definitive Feasibility Study;
2. Complete Geologic Report of the area;
3. Application for "Order to Survey" or Approved Survey Plan;



DENR-MGB

STEP 2: File for a Declaration of Mining Feasibility



Requirements

4. Three-year Development/Utilization Work Program (MGB Form No. 6-2)
5. Environmental Work Program (MGB Form No. 16-1 or MGB Form No. 16-1A) / Environmental Compliance Certificate (ECC)

STEP 2: File for a Declaration of Mining Feasibility

Requirements



1) Host Communities; 2) ICCs; 3) Host and neighboring LGUs; 4) CSOs, NGOs, POs



Same as above



Same as above

6. Environmental Protection and Enhancement Program (EPEP)

7. Social Development and Management Program

8. Final Mine Rehabilitation and Decommissioning Plan

STEP 2: File for a Declaration of Mining Feasibility



Requirements

- 9. Proof of award of the area by the President for areas within Government Reservations; and
- 10. Proof of technical competence

STEP 2: File for a Declaration of Mining Feasibility



Requirements

11. Proof of financial capability to undertake the activities pursuant to Exploration/ Dev't/ Utilization Work Program and Environmental Work/ Environmental Protection and Enhancement Program

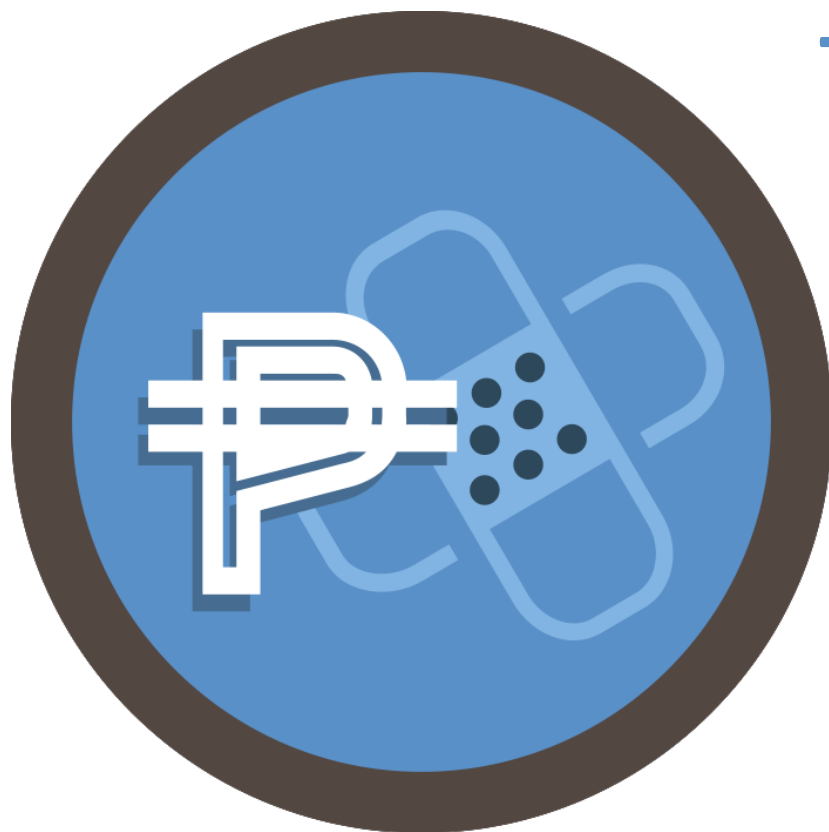
STEP 2: File for a Declaration of Mining Feasibility



Requirements

12. Other supporting papers as the Department/Bureau may require or the applicant may submit.

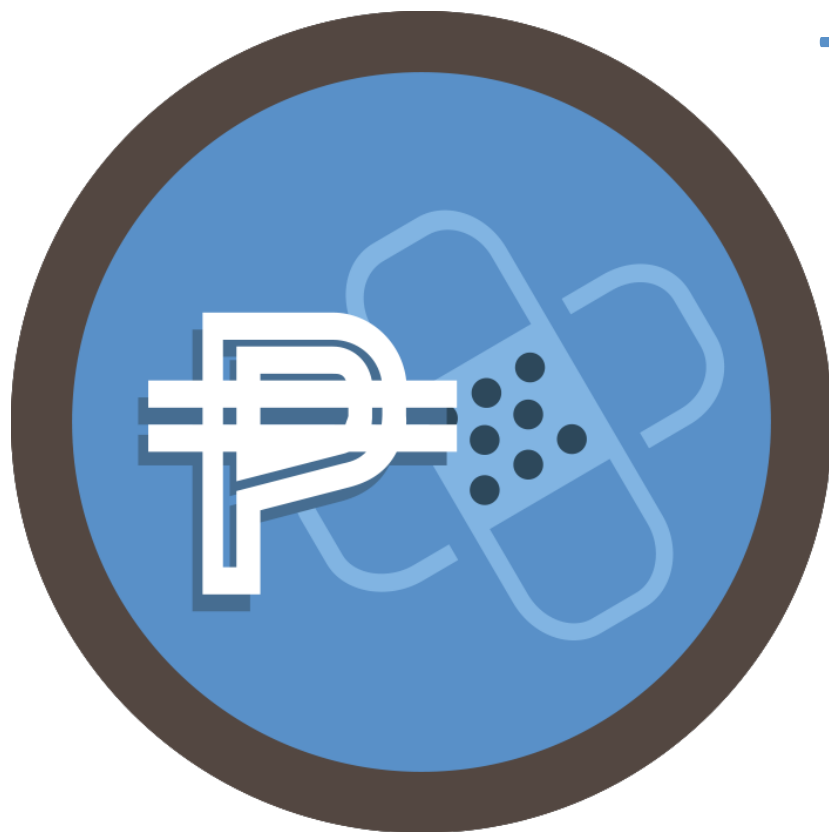
STEP 3: Set up the necessary funds



The Contingent Liability and Rehabilitation Fund

- The Contingent Liability and Rehabilitation Fund is an environmental guarantee mechanism composed of Funds dedicated for specific purposes.

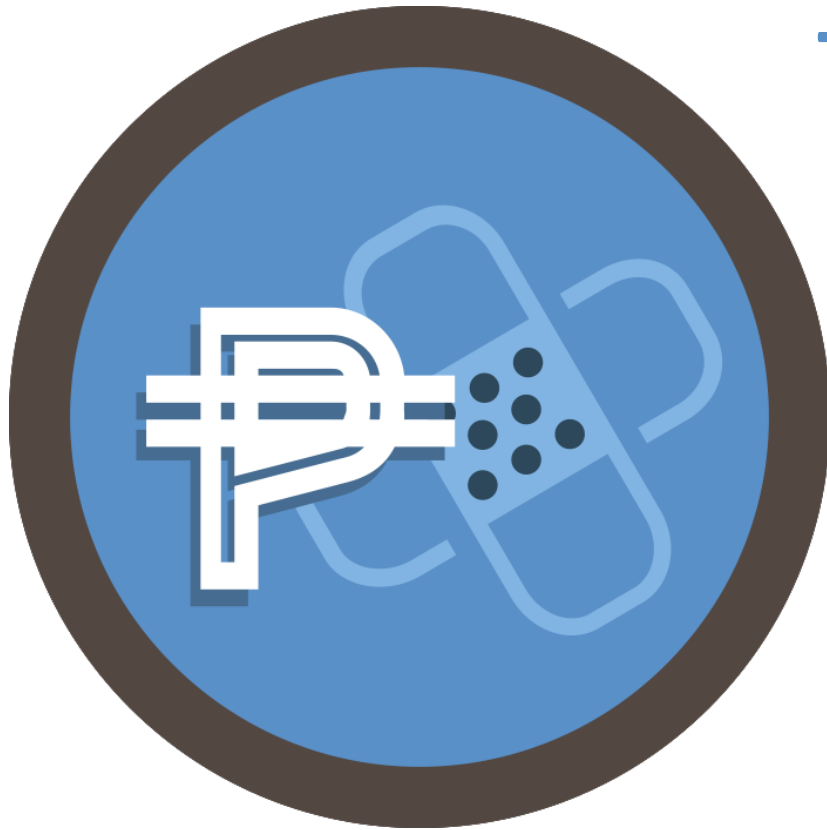
STEP 3: Set up the necessary funds



The Contingent Liability and Rehabilitation Fund

- These funds cover the following:
 - Environmental monitoring,
 - Progressive rehabilitation or rehabilitation while in operations

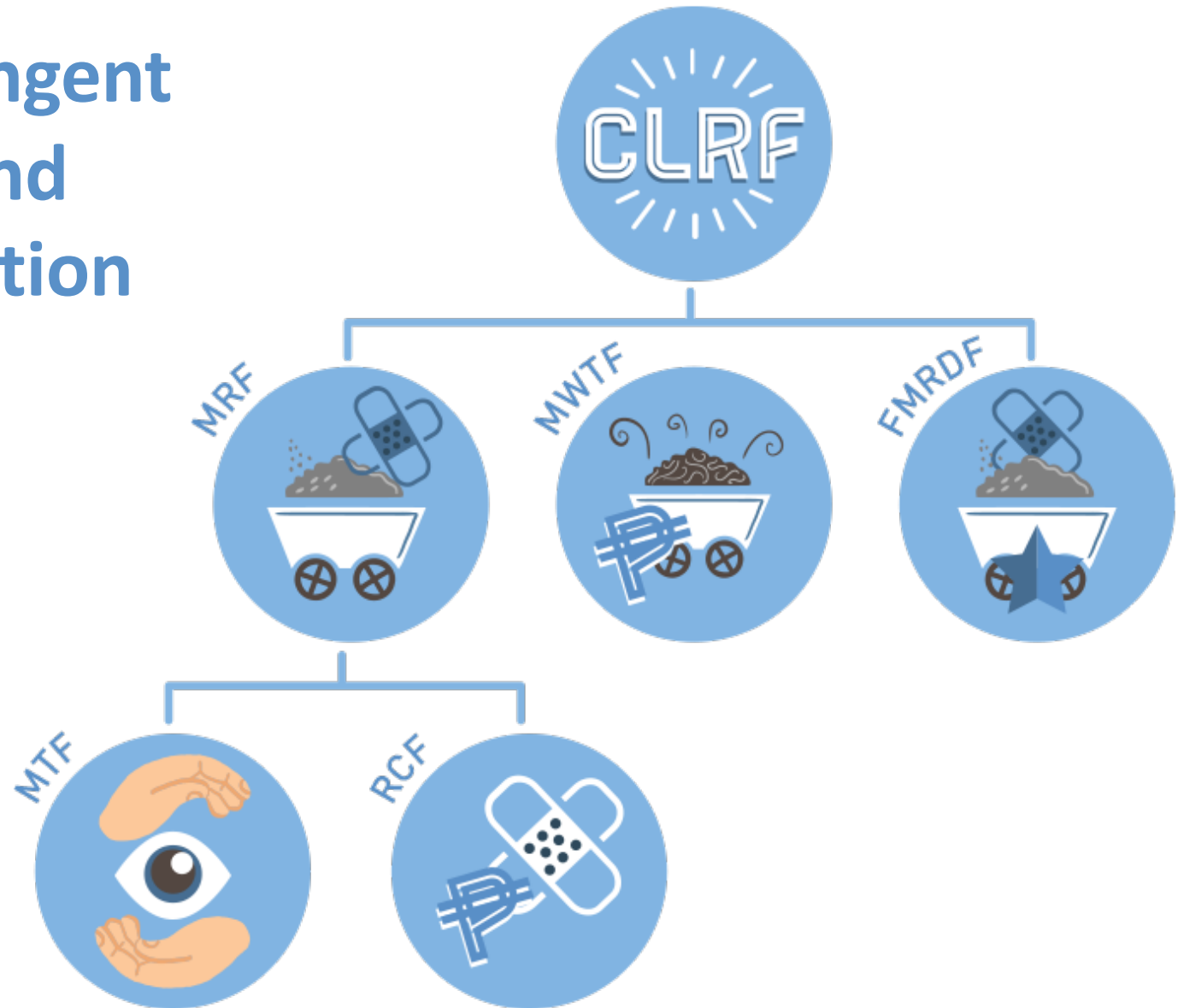
STEP 3: Set up the necessary funds



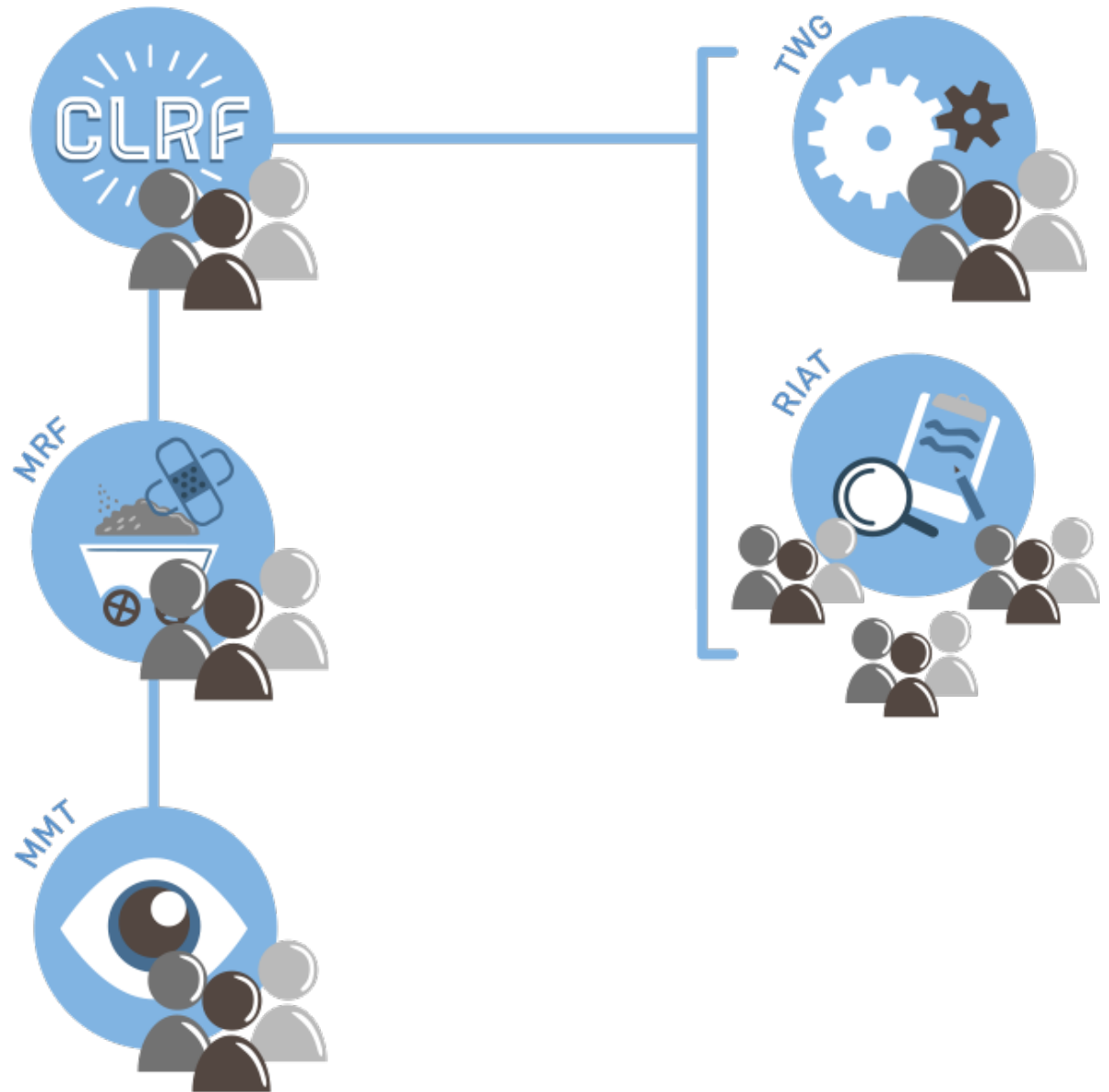
The Contingent Liability and Rehabilitation Fund

- These funds cover the following:
 - Compensation for damages, and
 - Rehabilitation after mining operations

The Contingent Liability and Rehabilitation Fund



Managing the Contingent Liability and Rehabilitation Fund



STEP 3: Set up the necessary funds



CLRF Steering Committee:

- MGB Director as Chair
- Director of EMB as Vice-Chair
- Director of Lands Management Bureau
- Director of Forest Management Bureau
- Director of Bureau of Soils and Water Management
- Director of Bureau of Plant Industry
- Director of Bureau of Fisheries and Aquatic Resources as Member
- Administrator of the National Irrigation Administration
- Assistant Director of the Bureau as Committee Coordinator

STEP 3: Set up the necessary funds



MRF Committee:

- MGB Regional Director as Chair;
- Regional Executive Director (RED) of the Department as Co-Chair;
- Regional Director of the Environ. Mgt. Bureau
- Rep. of the Autonomous Regional Government, where this is applicable,
- Rep. from the Local Government Unit
- Rep. from the local NGOs and community organizations, including People's Organizations, church or civic organizations,
- Rep. of the Contractor/Permit Holder

STEP 3: Set up the necessary funds



The Multipartite Monitoring Team:

- Rep. from Regional Office as Head;
- Rep. from Department Regional Office as Member;
- Rep. from the EMB Regional Office as Member;
- Rep. of the Contractor/Permit Holder as Member.
- Rep. from the affected community(ies) as Member;
- Rep. from the affected ICCs, if any, as Member; and
- Rep. from an environmental NGO.

STEPS 4 & 5: Construction of Facilities

Requirements

1. Building permits
2. Clearances in compliance with occupational health and safety standards



FOR #1 & #2: 1) DOLE-Occupational Health and Safety Center; 2) Department of Public Works and Highways; 3) DILG-Bureau of Fire Protection



STEPS 4 & 5: Construction of Facilities



- Building the infrastructure and facilities in the concession area requires permits from pertinent agencies. These permits prescribe certain standards that the mining company must follow.

STEPS 4 & 5: Construction of Facilities



- Construction and development of facilities and infrastructure for mining operations can follow once permits and clearances have been issued.

Operations: Extraction, Utilization and Processing



- In the operations stage, the mining company can recover the costs from earlier activities through sale of the mineral products it has extracted and processed.

Operations: Extraction, Utilization and Processing



- Permits that the company has to secure:
 - Mineral Processing Permit
 - Ore Transport Permit

Operations: Extraction, Utilization and Processing

Nationally-imposed taxes/royalties:

- Corporate Income Tax
- Excise Tax (2% of gross value of production)
- Royalty tax to the DENR-MGB (5% of the market value of the gross output of the minerals/mineral products) for operations within a mineral reservation area
- Withholding taxes
- Value Added Tax (VAT) (12% of gross selling price or gross value of goods or properties)
- Customs Fees/ Duties to the Bureau of Customs
- Administrative Fees or other fees to MGB



Advocating transparency & accountability in the extractive industry

Operations: Extraction, Utilization and Processing

Locally-imposed taxes/royalties:

- Royalty payment for Indigenous Peoples (IP)
- “Special Allowance” or royalty payment for claim-owners and/or surface owners
- Local Business Tax
- Real Property Tax
- Occupation Fees
- Community Tax
- Registration Fees
- Permit Fees
- Wharfage Fees
- Sand & Gravel Tax
- Extraction Fees



Advocating transparency & accountability in the extractive industry

Operations: Implementation and Monitoring



It is also in the operations stage where the mining company should implement (and review/update) the Plans that were earlier crafted for environmental protection and the community's sustainable socioeconomic development.

Operations: Implementation and Monitoring



- Even the Final Mine Rehabilitation/Decommissioning Plan is reviewed every 2 years to take into account the rehabilitation activities as well as environmental disturbances that have occurred.

Operations: Implementation and Monitoring



**Transparency
is key**

Key Areas of Assessment



Advocating transparency & accountability in the extractive industry



Dev't Programs

Key Features

- Social Development Management Program
- Safety and Health Program
- Emergency Response Program

Institutional Mechanisms

- Community Relations Office of the mining company
- Consultations with communities
- Monitoring teams from communities, government, & mining company



Fiscal

- CLRF
 - MRF
 - MTF, RCF, Mine Waste and Tailings Fees , and Final Mine Rehabilitation & Decommissioning Fund
- Nationally and locally imposed royalty and tax payments

- Administration of funds by the CLRF Steering Committee
- Reports by the mining company to the MRB Regional Office & other gov't agencies
- Reports by the mining company local gov't units & communities through annual reports



Governance

- EPEP
- Final Mine Rehabilitation/ Decommissioning Plan

Monitoring of inter-agency committees:

- CLRF Steering Committee
 - TWG & RIAT
- MRF Committee
- MMT

Acknowledgements of the support for materials development from:

