
A Quick Guide to a sound National Minerals Policy



National Minerals Policies

National minerals policies that ensure security of supply of important raw materials and ensure the sustainability of the extractive operations as well as their products are crucial to economic policies.

Therefore it is important that each country has such a policy and ensures that it includes considerations and objectives of other relevant policies, such industrial and trade, environment energy and climate change policies, health and safety and consumer protection policies, as well as regional development and employment policies. However, it is also important that raw material policies are not jeopardised by uncoordinated policy making in the afore-mentioned areas.

And whilst it is important to update and modernise raw materials policies and adapt them to developments of the country it should be noted that raw material investments are long-term investments and therefore are sensitive to frequent, quick and unpredicted changes.

In general one can say that the following principles need to be adhered to:

PRINCIPLE 1: FAIR LICENCE ALLOCATION

The award of exploration rights should be done on an objective basis and generally with a view to free and open access, absent circumstances that suggest potential multi-party interest where tendering should be considered.

PRINCIPLE 2: WORK IT OR LOSE IT

An exploration company should be required to make an on-going financial commitment in order to maintain exploration rights.

PRINCIPLE 3: EXPLORATION PERIOD – SUFFICIENT FOR DISCOVERY

The exploration company should be able to retain its exploration rights for a period sufficient to give it a reasonable chance of making an economic discovery.

PRINCIPLE 4: RIGHT TO MINE

The “right to mine” is the central monument of any mining code; it refers to the exploration company’s right to produce minerals, on an exclusive basis

and free of third party interference, where such rights are granted on the basis of objective criteria and free of discretion, subject only to peripheral health, safety, environmental and other such operating authorisations.

PRINCIPLE 5: MINING PERIOD – SUFFICIENT FOR MINING DISCOVERY

The mining company should be permitted to hold mineral rights until the exhaustion of the known ore.

PRINCIPLE 6: OBJECTIVE, FAIR AND CLEAR GROUNDS FOR FORFEITURE

The loss of mineral rights should be limited to circumstances in which the holder has demonstrated a manifest lack of interest in the minerals rights or a manifest refusal to adhere to material provisions of the mining code.

PRINCIPLE 7: SOCIAL LICENCE TO OPERATE TO BE ENCOURAGED

Modern mining codes should consider mechanisms for encouraging local community engagement, but a ‘community veto’ over a project should be avoided.

PRINCIPLE 8: TRANSPARENT AND BALANCED ENVIRONMENTAL REVIEW

Environmental approval for proposed mines should be based on the principle that development should be facilitated, where reasonable to do so; the process should involve clear and objective criteria, with the assistance of expert input, within established (and staged) time frames, with the object of modifying impacts, where possible, and with a right of appeal or review.

PRINCIPLE 9: RESERVE POWER OF STATE TO ENCOURAGE DEVELOPMENT

All mining codes should consider the potential need, in limited circumstances, for state intervention to overcome regulatory, financial or other obstacles to the development or continued operation of a particular project.

PRINCIPLE 10: FISCAL FREEDOM

The mining company should be free to realize the value of an investment made.

Relevance of efficient governance: Linking common features of good governance and policy domains

GOVERNANCE CHARACTERISTICS

	POLICY DOMAINS				
	Legal and Regulatory Framework	Political-Administrative System	Fiscal Regime and Economic Policies	Private Sector Development	Social Cohesion and Public Service Delivery
State strength Legitimate and capable states at all levels (national, regional, and local). A government whose policy decisions are credible and broadly accepted and an administrative apparatus that can implement these.	<ul style="list-style-type: none"> Basic constitutional set-up, general legal framework and legal mechanisms of consensus building and conflict resolution at all levels of government. Consistency within the regulatory framework for public sector management and the interface between public and private sector at all levels of government and state-society relations. 	<ul style="list-style-type: none"> Political system <ul style="list-style-type: none"> o Process by which government (at the national and local level) is selected, monitored and replaced; and o Institutional channels through which political interest groups have “voice” at the different levels. Political representation at different tiers of government. Credibility and stability of legislative outcomes. 	<ul style="list-style-type: none"> Sound aggregate macroeconomic management, including exchange rate regime and monetary policies. Legitimacy and dynamics of fiscal (revenue) regime, including taxation, royalties, tax exemptions. Public expenditure management capacity. Allocative and operational efficiency at different tiers of government (national, regional, local). Non-conflicting fiscal accountability relationships between the electorate, the legislature and the executive, and within the executive at different levels. 	<ul style="list-style-type: none"> Regulatory framework for economic activities for different sized enterprises (large, medium, small, micro). Supportive public services at the national and sub-national level. In particular: <ul style="list-style-type: none"> o Infrastructure National and regional regulatory policies, coverage, collaborative funding and financing arrangements at different tiers of government; o Utilities National and regional regulatory policies, coverage, collaborative funding and financing arrangements ad different tiers of government; and o Human capital and labour market institutions 	<ul style="list-style-type: none"> Community development and local organizational capacity: Orderly organizational rights and opportunities. Industrial/ labour market relations that are conducive to consensus building. Political representation with structured institutional channels for interest representation at all levels. Basic welfare and social system across all geographical areas. Equal opportunities in access to primary and secondary education across all geographical areas.
Limits to state strength Institutional checks and balances that support the legitimacy of government and the administrative apparatus, and guard against abuse of state power at all levels (national, regional, local).	Compatibility of formal and informal rights, institutions and rules.				
Legitimacy of formal economic institutions guarding essential necessities of a stable economy (exchange rate, fiscal sustainability)					
Technical capacity of the public sector and decision makers at all levels.					

Source: ICMM Resource Endowment Toolkit, 2008



Euromines

Euromines is the recognized representative of the European metals and minerals mining industry. The members' main objective is to promote the industry and maintain their relations with European institutions at all levels. Euromines provides services to its members with regard to EU policy and forms a network for cooperation and the exchange of information throughout the sector within Europe. The association also supports contacts with the mining community throughout the world.

Euromines members are large and small companies who with their subsidiaries in Europe and in other parts of the world provide jobs to more than 350,000 people. Their activities and operations produce more than 42 different metals and minerals.

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