

**1. Policy Name: National Mineral Policy**

**2. Effective Date:** *Will be concluded in due course ( dd mm yy)*

**3: Introduction**

- (I) Background
- (II) Need
- (III) Purpose and Context
- (IV) Rationale

**DRAFT DOCUMENT – National Mining and Mineral policy**

**Introduction**

Minerals are non-renewable natural wealth that loaned from future generations, which almost remain for one-time exploit. Hence, the optimal usage of mineral wealth is non- negotiable and identifying be-fitting policies to obtain appropriate benefits from the same is non-arguable. Recognizing of the true potential of minerals both in the domains of quality and quantity would be the first and foremost step to manage the same diligently. Once the mineral potential of the country’s jurisdiction is adequately mapped, necessary tools will be developed towards optimal utilization of the known reserves while introducing be-fitting exploitation norms to protect the environment from undesirable extraction initiatives. In this endeavor, the lessons learnt from the past will be scrutinized to set a proper balance between mineral utilization in sustainable manner. Identifying the richness of the environment of Sri Lanka, which is flourish with unique and yet sensitive micro-environmental settings, mineral related activities shall have allowed only under strict code-of- conduct with minimal impact to the environment.

*As per the conventional format, the “Introduction” is fragmented into inter-linked four related parts; if necessary the brief and concise introduction of this policy document shall be fragmented and elaborated accordingly*

**Policy Goal**

Goals of this policy are to ensure optimal usage of the mineral wealth of the country via enhancing State revenue, protecting small scale traditional mineral based industries, encouraging exports to earn foreign exchange and ensuring availability of earth material for local consumption with affordable prices towards contributing better living standards of the people while protecting the environment in sustainable manner.

## Policy Objectives:

1. Explore, assess and evaluate the mineral potential of the country enabling to manage the mineral sector efficiently
2. Regulating of mining activities of minerals in productive manner while sustaining both the industry and the environment.
3. Encourage and facilitate value addition of minerals and product development with optimal benefits to the country
4. Providing of competitive, transparent and conducive environment for the development of the mineral industry, from exploration to product development, via appropriate regulations and standard norms.

## Definitions

1. Mineral: Naturally occurring Earth Materials that is derived on the surface, near surface and/or subsurface including seabed, is considered to be a “mineral” under this policy
2. Country: Land territory including internal waters, territorial sea, contiguous zone, [historical waters](#), exclusive economic zone and seabed of the extended continental shelf

*Note: it is confirmed that “Historical Water” is a mutual agreement with the neighboring coastal State, a customary practice rather than a legally binding entity.*

3. Value addition: Any process including selective mining, beneficiation, processing and identifying market opportunities, etc..., which enhances the value of the mineral compared to its pit-head value at bulky form, is considered to be “value addition”.
4. Zero-Waste: Extracted target mineral and any other mineral(s) that associated with such mineral are 100% utilized for credible process is considered to be “Zero Waste”.
5. Miner: the entity that engaged in exploring, mining, transporting and processing of minerals under State’s due authority
6. Mining: extraction and/or removing of minerals from its original location via physical means (*an addition*)

Minerals are nonrenewable substances, which plays a vital role in keeping this civilization up and running, hence the available resources shall be utilized in sustainable manner, introducing alternatives with due recognition of the impending threats”

## **PRINCIPLE 1: State shall know the potential of the earth resources within her jurisdiction**

**Statement:** Knowledge of mineral resources within its jurisdiction shall be a state affair and a fundamental requirement to manage the sector, appropriately. Hence every possible effort shall be made to obtain the knowledge of mineral resources managing which of the same becomes prudent.

### **Strategies:**

- (a) Establishment of integrated inventory on minerals with timely updates
  - (i) Data and information scattered in different entities will be integrated to formulate a detailed and a living information system
  - (ii) Data and knowledge on earth resources within State's jurisdiction, acquired by any party, shall be shared with the relevant State authorities subjected to the protection of client's commercial interests
  - (iii) In collaboration with other relevant authorities mineral related information which are not generate within State's jurisdiction, yet imported from any other destination, shall be obtained.
- (b) Mineral exploration to assess the mineral wealth of the country (entire jurisdiction) shall be effectively re-formulated and state shall encourage systematic exploration of minerals within its jurisdiction.
  - (i) Base-data are collected on prioritized basis and nationally important known occurrences will be prescribed and explored via Expression of Interest (EOI) process.
  - (ii) Mineral exploration conducted by third parties will be re-evaluated in manner to obtain an agreeable input on mineral resources to the State.
  - (iii) If -mineral-related data is generated via any survey, even the main focus is not to acquire such data, the respective data and knowledge shall be shared with relevant authorities
  - (iv) State shall be having unrestricted access for mineral exploration throughout its jurisdiction subjected only to national security concerns.
  - (v) As the state is having access to large extent of sea-bed area and will be further extended as of the continental shelf extension, necessary tools will be developed for mineral explorations

**PRINCIPLE 2: Mining of mineral resources will be decided considering overall benefits to the people based on the Socio- economic and environmental perspectives**

**Statement:** Country's mineral resources will be considered to be exploited under proper assessment and economic viability of such utilization. Every effort will be made to minimize environment impact and maximize of the yield with benefits to the stakeholders.

**Strategies:**

- (a) Assessment of economic viability of mineral(s) would be strictly adhered
  - (i) Exploitation of minerals will be allowed if such minerals are considered for appropriate usage, preventing possible under usage that degrades the value of such mineral
  - (ii) Preferences for mining will be given to the entity that generates maximum benefits to the country out of utilization of such mineral(s). *Having an exploration license is not an assurance to obtain mining license and the knowledge that is gained via an exploration would be transferable.*
  - (iii) Probable minable quantities would be periodically assessed enabling to make decisions on the exploitation pattern
  - (iv) Modern technology and effective exploitation methods that addresses the environment concerns and preserves the quality of raw material enabling quality assurance will be encouraged.
  - (v) Necessary tools and expertise will be developed for mining activities of the minerals of sea-bed.
- (b) Good health of the mine shall be maintained with minimum impact to the environment
  - (i) Prior to initiation of any mineral exploitation, necessary base-data shall be collected in a manner to quantify the probable impact due to [such mineral extraction](#).
  - (ii) The "miner" would be liable to compensate the affected parties and entities in case of negative impact caused by mining and mining related activities.
  - (iii) Zero-waste policy is encouraged from the exploitation stage and will be continued until up to the processing and marketing stages
  - (iv) Restoration and rehabilitation would be an integral part of the mining plan which will be strictly monitored and assessed (*e.g. Bank guarantees*).
  - (v) Under specific circumstances, after a thorough assessment of economic viability, mining of minerals will be allowed in restricted areas under strict preservative norms,

which are subjected to strict monitoring.

- (vi) Development activities shall be limited in the lands with high mineral potential enabling to exploit the same when and where required (legislation for acquisition – land rights)

**PRINCIPLE 3: The national mineral wealth will be further enhanced via value addition and product development with optimal revenue to the state**

**Statement:** The intrinsic quality of local minerals and the processing opportunities will be identified to cater the appropriate local and foreign product developers, with maximum profit to the State.

**Strategies:**

- (a) Intrinsic quality of the local minerals would be assessed for maximum benefits to the economy
  - (i) Accreditation and branding of local minerals at its raw form will be promoted
  - (ii) Market opportunities and market intelligence will be explored and exploited to find appropriate end users obtaining due remittance from high quality minerals
  - (iii) Opportunities to utilize available quality mineral reserves will be provided in competitive basis after thorough assessment of benefits to the nation.
- (b)
  - (i) Processing and value addition norms will be promoted with creating competitive base for investors.
  - (ii) The export policy on minerals shall take into consideration that minerals are non-renewable resources and at some stage or other every mine is worked out or becomes too costly to operate. Export policy should therefore study the long-term needs of the country and ban the export of minerals upon which the local industry has been based.
  - (iii) Mineral imports will be allowed if the continuation of an industry is threatened by lack/non-availability of local minerals, with subject to thorough analysis of overall benefits from such imports. In case of a considerable value addition, minerals are allowed to be imported and re-exported considering the overall benefit to the State from such exports.
  - (iv) Research will be focused on the development of processing techniques that are suitable and affordable in local conditions

#### **PRINCIPLE 4: Environment protection and sustainable development will be ensured**

**Statement:** With due recognition that both mineral exploitation and value adding processes inevitably having an impact on the environment, all possible measures will be taken to minimize negative impact on the same and in case of damage to the environment, rehabilitation, restoration and mitigation action will be conducted in most appropriate and credible manner.

##### **Strategies:**

- (a) Necessary precautions will be taken to protect and minimize adverse impact on the environment and society (including people and property) each and every step pertaining to mineral based activities
- (b) Zero-waste policy in conjunction with value addition will be promoted.
- (c) Market based instruments such as “polluter pay principal” will be adapted to prevent all types of pollution
- (d) Standard operational procedures will be developed to prevent mineral contamination and infested with alien invasive species, harmful toxic chemicals, and radioactive or by any other biological, physical or chemical means.
- (e) Best practices, appropriate mining technologies which are low impact, environment friendly, low risk, disaster free and bringing lesser inconvenience to the public will be introduced.
- (f) Fair and equitable financial dividends will be ensured by promoting appropriate benefits sharing measures/methodologies for the people who lives where the mineral resources are extracted
- (g) Employee health and occupational safety precautions will be ensured by adapting mining standards

#### **PRINCIPLE 5: Research and development will focus on facilitating policy goals and policy objectives of this document**

**Statement:** Research and development will focus on addressing the issues pertain to mineral related aspects such as exploration strategies, effective exploitation norms and value addition opportunities towards better living standards of the people

- (a) Periodic assessments will be conducted to identify stressing areas for research as of the dynamics of the mineral industry
- (b) Research will be extended in collaborative manner enabling inputs from other sectors that is having an impact on mineral based industries
- (c) Research will be developed to share expertise, information and facilities among the relevant entities

**PRINCIPLE 6: Legislative, administrative and fiscal norms will be introduced to achieve goals set- forth in this policy document**

**Statement:** Having recognized that the prevailing regulatory, administrative and fiscal framework is not adequate to address the policy principles and objectives of this Document, necessary alterations will be identified and adopted towards implementing the policy principles.

**Strategies:**

- (a) The existing Acts, Regulations, administrative framework and fiscal norms will be analyzed to align such tools in compliance to the policy principles/goals as of this Document.
- (b) If necessary, apex body will be formed to make necessary structural adjustments and restructure entities that address these policy principles.
- (c) Fiscal policies will be strengthened with the assistance of relevant authorities in a manner to acquire due remittance to the State.

**PRINCIPLE 7: Land ownership and mineral rights will be addressed in a prudent manner**

**Statement:** Ambiguities and possible disputes between land ownership and mineral rights will be addressed to find lasting solution that encourages exploration while protecting rights of land owners. Keeping in line with modern global developments on mineral rights and land ownership, land owners' rights will be further strengthened.

**Strategies:**

- (a) Hindrances of mineral exploration due to private land ownership will be removed while protecting the rights of the land owners
- (b) State's regulatory authority to acquire land with high mineral potential will be further strengthen

## Addendum:

### **POLICY IMPLEMENTATION: Responsibility and Authority**

The aforementioned strategies, which are the main pillars to facilitate the Policy Principles, shall be functioned under the respective Acts. The responsibility and the authority to implement strategies would be vested on the regulatory bodies. Hence as of the Principle-6, such bodies shall formulate legislative and regulatory framework to adhere the Policy. Along with the legislative framework, such regulatory bodies shall outline the core-functions that facilitate the policy. Such core-function would be an integral component of the Corporate Plans these authorities.

The following regulatory bodies have been identified as the entities that will facilitate the Mineral Policy via Act amendments (*if required*), formulating of be-fitting regulations and developing core-functions to be implemented on the ground according to the policy principles of the Mineral Policy.

1. Geological Survey and Mines Bureau - GSMB
2. National Gem and Jewellery Authority - NGJA
3. Petroleum Resources Development Secretariat - PRDS

### Stakeholder involvement:

Stakeholders (*including the general public*) would be the entities that would be having an impact due to these policies. Hence, once an agreeable framework is structured by the appropriate regulatory authorities, as a TEAM, the relevant representatives shall appear before the stakeholders to obtain their views to finalize the document. In such forum, the regulatory bodies need to have an insight of their functions in line with the proposed policy. Developing the work-plan alongside with the Mineral Policy is a necessity prior to having a stakeholder meeting.

For instances, industries that are depend on raw minerals would having an interest on their particular mineral type(s), instead overall policy objectives. Hence devising implementable strategies (work-plans) at least for major mineral types would be a requirement unless having a productive discussion with the stakeholders, particularly with the industry, seems to be a difficult task.



## **POLICY IMPLEMENTATION: Monitoring and Evaluation**

The Ministry of Environment shall play the main role in monitoring and implementing of the Mineral Policy. However, the institutes that addressing mineral related are scattered through different ministries, the monitoring body shall consist with representatives of appropriate ministries.

### *Important:*

*The policy discussions reveal that there is hardly an appropriate Authority to address minerals in the marine environment. As the minerals from the seabed are an emerging frontier, the State shall formulate the necessary legal and structural framework on the same. None of the existing regulatory authorities are having required legislative and operational structure to address the same.*