



Republic of the Philippines
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January 19, 2018

REGIONAL MEMORANDUM
No. 01, s. 2018



TO: ALL MINING COMPANIES
ALL MINERAL PROCESSING PLANTS
ALL STAKEHOLDERS CONCERNED
CARAGA REGION

RE: SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM
(SDMP)/COMMUNITY DEVELOPMENT PROGRAM (CDP)

1. Attached is the Manual of Operations (MOO) on the Social Development and Management Program and Community Development Program for the mining companies and mineral processing plants operating in Caraga.
2. For information, guidance, strict compliance and widest dissemination.


ROGER A. DE DIOS
Regional Director

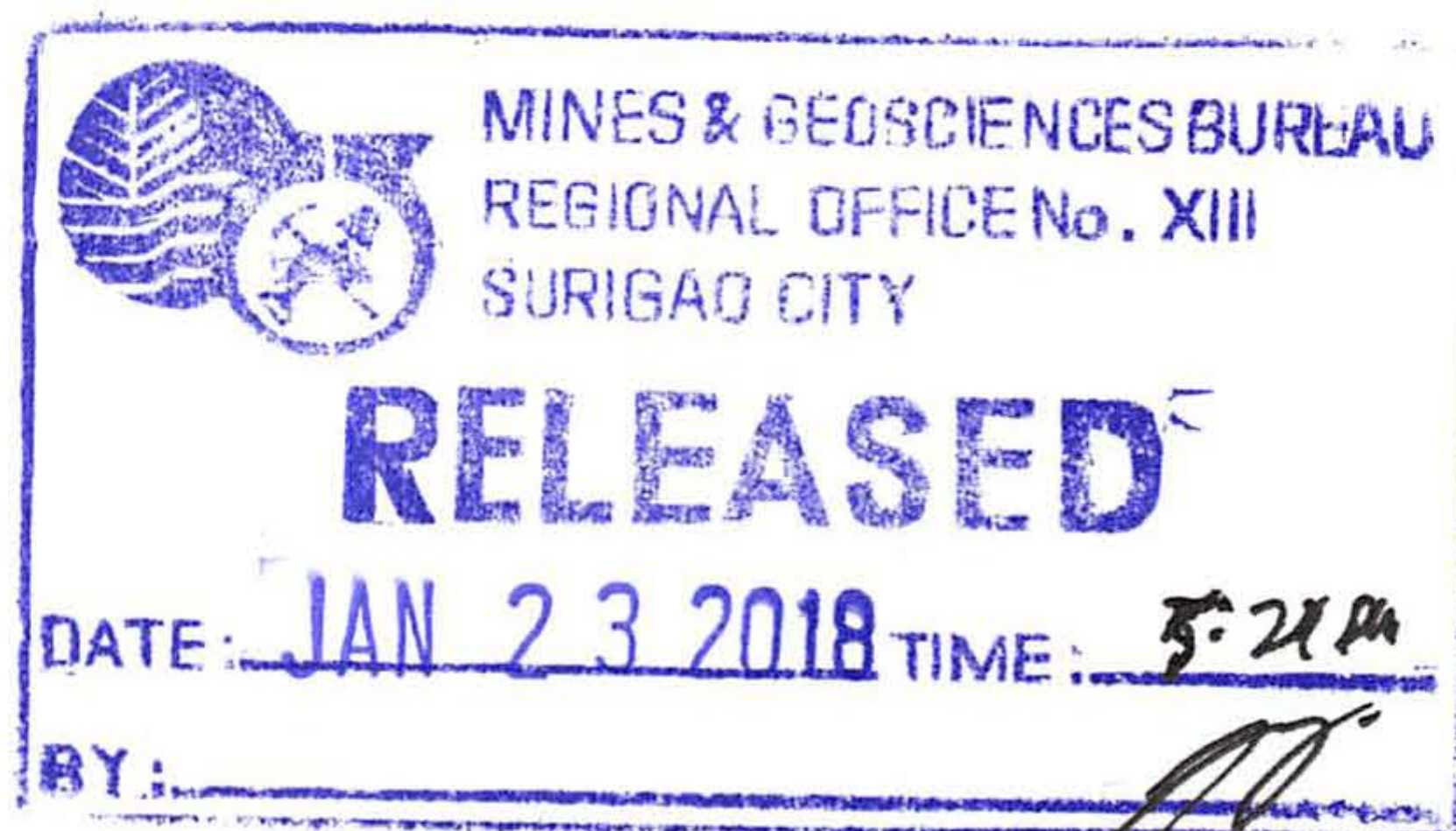




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MANUAL OF OPERATIONS (MOO)
ON THE
SOCIAL DEVELOPMENT AND MANAGEMENT
PROGRAM (SDMP)/
COMMUNITY DEVELOPMENT PROGRAM (CDP)
OF MINING COMPANIES AND MINERAL PROCESSING PLANTS
IN CARAGA

Preparation, Formulation and Implementation of SDMP/CDP

BY THE
MINES AND GEOSCIENCES BUREAU
REGIONAL OFFICE XIII (MGB RO XIII)
Surigao City



**"MINING SHALL BE PRO-PEOPLE AND PRO-ENVIRONMENT
IN SUSTAINING WEALTH CREATION AND IMPROVED QUALITY OF LIFE."**



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I. INTRODUCTION

The Mines and Geosciences Bureau (MGB), as steward of the country's mineral resources, is committed to the promotion of sustainable mineral resources development and its contribution to national economic growth. MGB ensures a minerals industry that is not only prosperous but also socially, economically and environmentally sustainable, with broad community and other stakeholders' support while positively and progressively assisting in the government's program on poverty reduction. Thus, the industry contributes to the general well-being of the nation.

As per Section 134 re "Development of Mining Community, Mining Technology and Geosciences, and Institutionalization of Public Awareness and Education on Mining and Geosciences", the mining company/mineral processing plant shall assist in the development of the host and neighboring communities through its Social Development and Management Program (SDMP)/Community Development Program (CDP). The SDMP is the comprehensive five-year plan of the Contractor towards the sustained improvement in the living standards of the host and neighboring communities by creating responsible, self-reliant and resource-based communities capable of developing, implementing, and managing community development programs, projects, and activities in a manner consistent with the principle of people empowerment (Section 5co, DENR AO No. 2010-21). The CDP is the community plan appropriate for companies in the exploration stage.

A host community refers to the people living at the barangay(s) outside the mine camp, where the mining project is located. A neighboring community refers to the people living at barangay(s), which is/are adjacent to the host community; areas covered by the mining tenement of the project; areas where mining facilities are located; and immediate areas which will be affected by the mining operations (Section 5at, DENR AO No. 2010-21).

This Manual of Operation (MOO) is formulated and adopted for the effective implementation of the SDMP and CDP. The day-to-day functional implementation of this MOO is the responsibility of the Mines and Geosciences Bureau-Regional Office XIII, Mining Companies, Mineral Processing Plants, Mining Communities and all stakeholders involved.

II. PURPOSE

The purpose of this MOO is to serve as a reference tool for decisions that pertain to the SDMP and CDP. The MOO establishes policies, standards, guidelines, and procedures which must be strictly followed by all concerned stakeholders during the preparation, formulation, implementation, and evaluation of the SDMP/CDP in CARAGA.



III. OBJECTIVES

This MOO has the following objectives:

1. To set and give strategic direction for the effective and successful implementation of the SDMP/CDP through precise guidelines in its preparation and formulation.
2. To clarify and delimit the specific Programs/Projects/Activities (P/P/As) that qualify under the SDMP/CDP.
3. To institutionalize internal and external safeguards and procedures to preclude the misuse of SDMP/CDP funds.
4. To promote the sustainability of all P/P/As of the SDMP/CDP especially the livelihood projects.

IV. LEGAL BASIS AND EVOLUTION OF SDMP

The basis and evolution of the SDMP are shown below.

LEGAL BASIS	Basis of SDMP Fund	SDMP Fund Breakdown	Approval of SDMP
Mining Act of 1995	Not specified/Voluntary	Not specified	Not specified
DAO 1996-40	1% of Direct Mining and Milling Cost (DMMC)	Not specified	Not specified
DAO 2000-99	1% of DMMC	90% for SDMP 10% for DMTG	MGB Regional Office (MGB RO) will review the plan then endorses to MGB Central Office (MGB CO) for approval
DAO 2004-54	1% of DMMC	90% for SDMP 10% for IEC	MGB RO (MGB RO to furnish MGB CO with a copy of the approved plan)
DAO 2010-21	1.5% of the Operating Cost (OC)	75% for SDMP/DHNC 15% for IEC 10% for DMTG	MGB RO (MGB RO to furnish MGB CO with a copy of the approved plan)

The evolution has shown the improvement not just on the increase of budget for the SDMP but also the clearer specific guidelines. The approval of the SDMP is fast-tracked by the delegation of the authority to the MGB RO for the review and approval



of the SDMP and the monitoring and regulation of its implementation. It was DAO 2010-21 that required operating mines to increase its allocation from 1% of the DMMC to 1.5% of the OC.

V. GENERAL PRINCIPLES

The SDMP/CDPs' objectives are guided by the principles of sustainable development: improvement of the human well-being, sustenance of the improvements over time, and equity in access to the opportunities and in the distribution of costs and benefits. Specifically, the SDMP/CDP aims:

1. To meet the basic needs of the mining communities, enhance the human welfare and prevent/reduce social ills;
2. To optimize the advancement of human resources which includes grassroots development and people empowerment to attain a self-help, self-reliant and self-managed community;
3. To provide opportunities for a self-sustained livelihood thus decreasing dependency on the benefits derived from the mining and mineral processing companies;
4. To promote conservation and intellectual use/management of the environment vis-à-vis the community and mining activities; and
5. To protect the socio-cultural values amidst improved economic condition and human advancement.

VI. CREDITABLE PROGRAMS/PROJECTS/ACTIVITIES (P/P/As) OF THE SDMP/CDP

Anchored on the identified priority needs of the community, the P/P/As under the SDMP, shall be governed by the following **CREDITABLE ACTIVITIES** as provided under Section 135 of DAO 2010-21, as follows:

A. DEVELOPMENT OF HOST AND NEIGHBORING COMMUNITIES (DHNC)

a.1. Human Resource Development and Institutional Building

These P/P/As are geared towards strengthening existing local institutions, fostering the creation of new community organizations, and providing **marginalized and disadvantaged groups** the **opportunity to participate fully** in the development of

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their communities. These shall include but not limited to, capacity and capability building on project management, organizational development, entrepreneurship, and skills development/training.

a.1.1 An institution is a structure (public or private organization) and/or process (policies, legislation, 'rules of game', societal norms and beliefs) of social order, including the shaping of livelihoods. It is identified with a social purpose that transcends individuals and intentions by mediating the rules that govern living behavior. Institutional building is as important, if not more important than skills development training.

a.1.2 Institutional building may entail building organizations that represent the poor, promoting reform within organizations (e.g., MLGU's social welfare and services) that provide services to the poor, providing support to the establishment or expansion of scope of private sector organizations, supporting joint forums for decision-making and action, etc. The approach should be generated by a poverty and livelihoods analysis.

a.1.3 The marginalized and disadvantaged should be the priority of the SDMP. They are the people trapped in deprivation by the five interlocking disadvantages of poverty, physical weakness, isolation, vulnerability, and powerlessness. Due to their personal, socio-economic circumstances, they cannot avail of the opportunities to be created by the SDMP/CDP. Thus, equity requires additional support to the marginalized and disadvantaged so that they will overcome the obstacles.

a.1.4 The target beneficiaries of livelihood projects must undergo a training needs analysis. The trainings will typically cover leadership, organization, management (including money management), basic bookkeeping, natural capital stewardship, physical asset management, and technical aspects of the business.

a.1.5 Line Government Agencies, NGOs and other private agencies may be tapped for this purpose.

a.2. Enterprise Development and Networking

These P/P/As are geared towards the development and promotion of economically viable community enterprises by providing members of the community access to capital and thereby enhance and stimulate existing livelihood industries and other income generating activities, help create new ones, and develop market diversification. These shall include income generating activities, such as animal husbandry, provision of farm implements and establishment of small/micro-businesses, such as household-based food processing, horticulture and agronomy, traditional handicrafts, support to small local businesses through preferential



procurement of goods and services from local sources, as well as, cooperative development, market linkaging and networking, among others.

a.2.1 The company shall allocate at least 40% of the 75% annual DHNC budget and ensure that the **livelihood project** gives priority to the marginalized and disadvantaged members of the community – the farmers, fisherfolk, wood gatherers, indigenous people, etc. who rely on natural capital found in the mining areas, fringes, and downslope and are more typically exposed to mining's adverse impacts. The company should focus on **one** sustainable/feasible project for all **farmers and fishermen** for example, that can address poverty alleviation.

a.2.2 In the implementation of enterprise development P/P/As, the company shall consult directly with the existing People's Organization (POs) or organize new group/s depending on the results of the community immersion conducted by the company and various independent developmental researches. The organization must be represented by authentic resident members who are not national or local government officials. The POs must be assisted in the procurement of all required permits and compliance with other requirements. The POs assisted by the SDMP must be registered with the MGBROXIII.

The objective of enterprise development is a sustainable enterprise which in turn is dependent on a sustainable market, natural resources, technology, people, equipment, and management (including legal) integrated into a viable business plan. Outside of the market, the critical assets or capital of an enterprise which need to be built up by the SDMP through the enterprise development P/P/As are the human (knowledge, skills, health, cultural endowment), social (networks, trust, reciprocity, exchanges), natural (ecosystem benefits such as water, food, fiber, wood), physical (machinery, buildings, equipment), and financial (working capital, credit).

a.2.3 The company is a major buyer of goods and services in the area. It can serve initially as a captive market of the enterprise thereby ensuring its income. As the enterprise gains experience and confidence, it can tap other markets that will outlive the mine. The Community Relations (ComRel) staff of the company must discuss with the Purchasing staff how to accommodate the enterprise.

a.2.4 The enterprise P/P/As must have a well-thought out and complete business plan that shows project profit and a sustainable stream of cash from working capital or sales to support the daily subsistence and other needs of the members. Payouts to the members may be in the form of salaries or daily food allowances treated as advances from earnings.

a.2.5 The business plan must have a built-in mechanism for the plowback of earnings into projects that will benefit other stakeholders.



a.2.6 Annex A presents in sum the key elements which Human Resource Development and Institutional Building and Enterprise Development and Networking P/P/As must satisfy in order to achieve sustainability. Criteria of Projects' Sustainability is hereto attached as Annex A.

a.3. Assistance to Infrastructure Development and Support Services

These P/P/As are geared towards *stimulating* and *facilitating* other forms of economic activity, such as the development, construction, improvement, and/or maintenance of farm-to-market roads, water system, post-harvest facilities, bridges, and electric power, among others.

a.3.1 Infrastructure projects must support the existing sustainable livelihood projects. The construction and rehabilitation of a potable water system is also a priority. However, due to past failures (i.e, dry well) of SDMP- and national-wealth-funded water projects and the scarcity of development funds, the company must, prior to committing funds, ensure the technical feasibility of the project through the appropriate site investigation and hydrological and hydrogeological studies.

a.3.2 Infrastructure projects must be supported by a cost-benefit analysis. The social benefit of the infrastructure should be widely acknowledged and any social cost recognized. The cost must be consistent with standard government costs. Projects must have counterpart from the beneficiaries.

a.3.3 Infrastructure projects must not be vulnerable to natural hazards. Any adverse environmental impacts should be avoided, reduced, or mitigated. The long-term availability of funds for the maintenance of the infrastructure must be assured through a Memorandum of Agreement and Ordinance if appropriate.

a.3.4 MGB ROXIII shall be provided a copy of the Plan of all infrastructure project/s prior to the start of the implementation at least one quarter ahead. Likewise, prior to the project/s' turn-over, the Social Development Section (SDS) Staff shall be informed of the said activity.

a.3.5 Public Officials should not engage directly or indirectly (using "dummy name") as beneficiaries (e.g., owners of land site to be acquired) or contractors of SDMP projects. The company may opt to hire competent (Civil Engineer, Foreman, among others) personnel to implement infrastructure project/s of which their compensation is chargeable to the Project. However, for infra-project with a minimal budget requirement, the Community Relations Office' (CRO) staff may be the one to manage and implement the project. (Annex B – Process Flow of DHNC-Infra project(s) Implementation)



a.3.6 Infrastructure project/s awarded to a '*Third party contractor*' (not a public official) should have a corresponding project contract by and among the Company, Contractor and the Project Proponent (e.g., Contract of service, Contract for the specific Project and the like) which shall be executed prior to its implementation. The required skilled workers available in the host and neighboring communities shall be given priority in the hiring.

a.3.7 Billboard/signage for implemented project/s should be installed showing the name of the project, funding company, project cost, and the year of implementation. The infrastructure must be recognized by the recipient LGU or organization as a donation and the asset duly reflected in the official property inventory and books.

a.3.8 All infrastructure projects shall be supported with a MOA to define the roles and responsibilities, including the operation and maintenance of the infrastructure, of the parties involved.

a.4. Access to Education and Educational Support Programs

These P/P/As are geared towards providing educational opportunities to members of the community, including scholarships from primary to tertiary/vocational education, provision of apprenticeship programs, construction/repair/improvement of school buildings and related facilities, provision of school furniture and fixtures, and subsidy to teachers, among others.

a.4.1 The Department of Education (DepEd) and the provincial, municipal, and barangay governments have existing mandates and funds (i.e., General Appropriations Act [GAA], internal revenue allotment [IRA], national wealth tax share, Special Education Fund [SEF]) for education. The life of the mining project is also limited. Thus, the education P/P/As should not be stand-alone. For deployment after the exhaustion of all applicable government funds, they must fill in a service gap or beef up an existing service. The P/P/As must be synchronized, coordinated, and integrated with the education programs of the DepEd and local government units (LGUs). In this way, SDMP fund wastage is minimized and a post-mine-closure transition becomes possible.

a.4.2 Social equity must be followed in the educational support programs. Thus, the marginalized and disadvantaged should be given priority. Additional support is needed such as feeding and parenting program.

a.4.3 Existing scholarships and other educational support commitments of companies will be respected.



a.4.4 New scholarships and other forms of financial assistance will be governed by guidelines to be formulated by the DepEd members of the RHNC.

a.4.5 The construction, repairs, or upgrading of school facilities will be supported by a clearance, justification, and certification of educational funds depletion from both DepEd and concerned LGU. The responsibility for the facilities' operation and maintenance especially after mine closure must be spelled out in a MOA. The SDMP support should be officially recognized as a donation in the books of DepEd or LGU. Capitalized assets should form part of the official property inventory.

a.4.6 Adult education through the Alternative Learning System (ALS) and skills training backed up by apprenticeship programs for prospective employment with the mine must also be provided.

a.5. Access to Health Services, Health Facilities and Health Professionals

These P/P/As are geared towards achieving overall improvement in the living conditions and health of the host and neighboring communities, such as provision of health facilities, access to health services, medicines and professionals, health education and preventive measures, training of health paraprofessionals, maternal-child healthcare and family planning, provision of health insurance, establishment of nutrition and immunization programs, access to clean and potable water, and provision of waste and sewage disposal facilities, among others.

a.5.1 In recognition of existing mandates and funds (GAA, IRA, and national wealth tax shares) for health and the temporal nature of mining, the health P/P/As should not be stand-alone. For deployment after the exhaustion of all applicable government funds, they must fill in a service gap or beef up an existing service. The P/P/As must be synchronized, coordinated, and integrated with the health programs of the Department of Health and the provincial, municipal, and barangay governments. In this way, SDMP fund wastage is minimized and a post-mine-closure transition becomes possible,

a.5.2 As usual, social equity must be observed in the provision of health services. The marginalized and disadvantaged should be given priority so that their physical weakness and vulnerability are reduced.

a.5.3 While treatment will always be a health service, the more sustainable approach is preventive medicine. Primary measures prevent the occurrence of a disease; secondary measures halt or avert a disease at any point after its onset. The key primary measures include improvement of the air, water supply, and sanitation and improvement of the person through better nutrition, reduction of health hazards, regular physical exercises, annual check-ups, and immunizations. The health workers



must be trained on preventive medicine and how to motivate the individual to practice his own disease prevention.

a.5.4 Honorarium and monthly salary for health services, medical doctor and paraprofessionals, driving and building/facility/vehicle maintenance are not creditable under DHNC allocation. However, if necessary, payment may be allowed on the basis of per service rendered (e.g., medical outreach program, medical mission, etc.) of which the rate should not exceed the standard rate set by the government.

a.5.5 Parents have a very important role in the feeding and health programs for their children. Thus, parenting education must be made an integral part of health services.

a.5.6 Health facilities and equipment provided under the SDMP must meet applicable DOH standards. The responsibility for their operation and maintenance especially after mine closure must be spelled out in a MOA. Budgets must be provided; if appropriate, through an ordinance. The SDMP support should be officially recognized as donation in the DOH or LGU books. Capitalized assets should form part of the official property inventory.

a.6. Protection and Respect of Socio-Cultural Values

These P/P/As are geared towards safeguarding the existing socio-cultural values of the host and neighboring communities to promote social cohesion and cultural awareness, and to instill community pride.

a.6.1 Socio-cultural values are the commonly held standards by a community of what is acceptable and unacceptable, what is important and unimportant, what is right and wrong, and what is workable and not workable. The typical socio-cultural values are honesty, hard work, integrity, accountability and responsibility, wisdom, courage, loyalty, volunteerism, community service, word of honor, respect for the elders, love of family, cleanliness, protection of the environment, religion, spirituality, etc. These values are vulnerable to mining-induced in-migration, prosperity, time spent away from family, and proliferation of opportunities for vice. Thus, they need to be protected.

a.6.2 There are various ways of protecting socio-cultural values:

- Value awareness, re-discovery, and re-formation for adults
- Spiritual retreat and recollection for pupils and students
- Celebration of the socio-cultural values during fiestas and the Araw ng Barangay
- Showcasing of residents' accomplishments that mirror the socio-cultural values.

Financial support to fiestas or construction or repair works by themselves do not suffice as socio-cultural value P/P/A. The appropriate elements listed above must also be present. Neither do Provincial, Municipal, or Barangay assemblies as they are political exercises for funding by the LGU.



a.6.3 Assistance/support to infra-projects and activities shall be based on the submitted Program of Works (POWs) and activity design subject for review and thorough evaluation of MGB RXIII whether creditable or not under Socio-cultural activities.

a.7 Use of facilities/services within the mine camp or plant site such as hospitals, schools, among others, by members of the host and neighboring communities, the expenditures of which shall be apportioned pro-rata according to the number of people from said communities accommodated in such facilities.

B. DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCES (DMTG)

These are the P/P/As for the advancement of mining technology and geosciences to build up resources and mineral discoveries, improve operational efficiency and resource recovery, and enhance environmental protection and mine safety.

b.1 The company may utilize the fund for the conduct of feasibility studies, scientific studies, benchmarking and technical research paper presentation by the company or by the third party researcher to determine and/or establish viable livelihood and environmental programs applicable for implementation in the mining community/ies.

b.2 Support to Scholarship program to mining and environmental related courses can be extended within the respective municipality/province. Scholarship program not related to the aforesaid courses shall be credited to the DHNC allocation.

b.3 Prioritized research undertakings for the improvement of mineral technology with prospective benefits to the mining industry and communities. A well written research document shall be produced as final output for this purpose.

C. PROMOTION OF PUBLIC AWARENESS AND EDUCATION ON MINING TECHNOLOGY AND GEOSCIENCES (PPAEMTG)

These are the Information, Education and Communication (IEC) P/P/As which will lead to greater public awareness and understanding of responsible mining and geosciences:

c.1 Strengthening of IEC during project turn-over and all other SDMP events such as planning, collaboration with key individuals and organizations, major milestones and successes in project implementation, attainment of key stakeholder improvement targets, performance of project beneficiaries that reflect socio-cultural values, etc., through a thorough documentation and reporting on various media appropriate to the stakeholder groups.



c.2 Presentation of the approved ASDMP to the representatives of key stakeholder groups on the first (1st) quarter of the current year. Likewise, the presentation of ASDMP accomplishment for the previous year shall be conducted on the same quarter. The company shall install visible billboards at strategic places to be affirmed by the MGBROXIII showing the approved ASDMP for the current year and the ASDMP accomplishment for the previous year.

c.3 Prioritization of P/P/As that promote greater awareness on Responsible Mining Operation and company's best practices to areas even outside the host and neighboring communities. This should involve company staff from other departments such as Environment, Mining, Processing, Safety and Health, Human Resources, Purchasing, etc. The P/P/As must follow an IEC Plan where the key issues against the company are laid down and the company responses, both actual and future commitments, are specified with key messages, media and target stakeholders, information materials, timing, and cost. The responses may require more than 1 year to complete or need phasing over several years. Follow-up actions will also be needed to ensure delivery and stakeholder understanding of the messages. Thus, a five-year Communications Plan with details and review of past accomplishments reflected on the current year's plan and a monitoring and evaluation (M&E) plan to measure outcomes will be needed.

c.4 The IEC Plan must also recognize the stakeholder perceptions, attitudes, and behavior that militate against the sustainable development objective of the SDMP. These may include misinformation on the SDMP, dole-out mentality, sense of entitlement, rent-seeking or transactional behavior, and overdependence on the company. A separate section on this together with an M&E Plan should be provided in the IEC Plan.

c.5 Companies must note that the IEC P/P/As have specific purposes as outlined. They are to be conducted solely for the purpose and not to be used for other purposes or to coincide with other activities such as barangay assemblies (which are political exercises of the LGU), fiestas, foundation days, religious activities, etc. There shall be no unprogrammed activities other than those officially required by the MGBROXIII for broad-based IEC. Contingencies to accommodate stakeholder solicitation are not allowed.

VII. SDMP/CDP FUND SOURCES AND ALLOCATION

1. For mining and mineral processing companies in the operation stage, the Company shall allot annually a minimum of one and a half percent (1.50%) of the OPERATING COST from the preceding calendar year necessary to implement the P/P/As of the DHNC, DMTG and PPAEMTG. The term **Operating Cost (OC)** refers to specific costs of producing and marketing a saleable product on a commercial scale. This also includes all costs and expenditures related to mining/extraction and



treatment/processing (inclusive of depreciation, depletion and amortization), exploration activities during operation stage, power, maintenance, administration, excise tax, royalties, transport and marketing, and annual progressive/environmental management. (Annex C – Format on the Computation of the notarized 1.5% of OC)

2. The mining company shall submit to MGBROXIII a sworn statement of its previous year's operating costs within sixty (60) calendar days after the end of each calendar year as basis for the implementation of the Annual Programs. In the case of an operating mine, the MGB prescribed format/computation of the 1.5% of Operating Cost (OC) shall be used. On the other hand, in case of new operating mines, the basis for the initial SDMP Implementation shall be the operating cost estimates contained in the approved Mining Project Feasibility Study.

3. Seventy-Five Percent (75%) of the 1.50% of the Operating Cost shall be apportioned to implement the DHNC, ten Percent (10%) of the 1.50% for the implementation of DMTG, fifteen Percent (15%) of 1.50% for the implementation of IEC Programs.

4. In the case of a holder of an Exploration Permit or a Mineral Agreement or FTAA in the Exploration Stage, the Permittee/Contractor shall develop and implement a Community Development Program (CDP) with a fund equivalent to a minimum of ten Percent (10.0%) of the budget of the approved two (2)-year Exploration Work Program. The CDP shall be developed in consultation and in partnership with the host and neighboring communities within the area subject for active exploration activities. The creditable activities under the SDMP shall also be applicable to the CDP. The Plan shall be submitted to MGBROXIII for approval within six (6) months upon registration of the approved Exploration Permit, Mineral Agreement or FTAA.

5. The sharing allocation of the 75% of 1.5% of the Operating Cost (OC) for DHNC P/P/As among the host and neighboring communities shall be determined and pro-rated in adherence to the primary **GOAL** of the SDMP and anchored on the basic needs and general welfare. Any fixed percent (%) allocation for each community as previously agreed upon by the concerned sectors shall no longer be applied as stipulated in DAO 2010-21.

6. Unused fund for Human Resource Development and Institutional Building and Enterprise Development and Networking due to the unpreparedness of the target beneficiaries and/or institutions or the need to complete prior studies or activities shall form a Trust Fund. The accumulated Trust Fund will be drawn upon as soon as the social preparation and prior studies or activities are completed.

7. Any unused amount and/or savings, for any given year, allotted for the implementation of the various programs shall be added to the succeeding year's allotment and may be re-programmed after consultations with host and neighboring communities.



VIII. SDMP/CDP FUND UTILIZATION AND MANAGEMENT

1. The company shall deposit the corresponding 1.5% of the Operating Cost of the previous year as allocation for the current year's DHNC, DMTG, AND PPAEMTG (i.e., ASDMP) in a private or government depository bank on a quarterly basis within fifteen (15) calendar days before the end of each quarter. This will assure the host and neighboring communities as well as ensure the availability of funds for the timely implementation of the credited P/P/As.
2. A copy of the passbook or bank financial statement for the ASDMP shall be included in the submission of the quarterly accomplishment report and in the SDMP quarterly budget-request for approval of the MGB Regional Director.
3. If the ASDMP is already issued a Certificate of Approval (CA), the company's head-office shall no longer interfere with the processing and immediate release of funds by the mine/plant site office. The highest company on-site official (not the head-office official) should have authority to act as such. (Annex D - Letter-request for SDMP quarterly budget release).
4. The SDMP Passbook or any proof of deposit shall be kept within the mine/plant site and shall be made available during the periodic/semi-annual monitoring and validation of the MGB Central Office (CO) and ROXIII.

IX. SDMP/CDP PREPARATION AND FORMULATION

1. The company shall prepare an SDMP in consultation and in partnership with the host and neighboring communities (Section 136-A). The sustainability of SDMP is obtained and measured in every Program, Project and Activity (P/P/A) if its impact redounds to the general welfare of the host and neighboring communities specifically to the less fortunate families.
2. In the preparation of the SDMP, the company in coordination with the Representatives of the Host and neighboring communities (RHNC) shall conduct community immersion purposely to assess/determine the development needs by facilitating various levels of community consultations like household visits/interviews, focused group discussions, community "pulong-pulong" and the like.
3. The company may not necessarily cover all the Health, Education, Livelihood, Public Utilities and Socio-Cultural (HELPS) components. It can be *one (1) big ticket project* covering one component with optimal benefits to the host and neighboring communities.



X. PROCESSING AND APPROVAL OF THE SDMP/CDP

Formulation Process for the Five-year/Annual Social Development and Management Program (ASDMP) and Community Development Program (CDP) is hereto attached as Annex E – Formulation Process and Approval.

XI. MONITORING AND AUDITING OF ANNUAL SDMP, ANNUAL PROGRAMS ON DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCES, IEC AND CDP (SECTION 136-D).

1. The company shall conduct a monthly internal monitoring of the ASDMP jointly by the CRO and any RHNC present in the community to determine the status, timeliness and propriety of the implemented P/P/As. (Annex G – Mandatory Reportorial Requirements and Penalties)
2. Monthly internal monitoring report shall be prepared and signed by both the RHNC member and ComRel Staff and it shall be compiled in the CRO.
3. The company shall submit SDMP Quarterly accomplishment report to MGB ROXIII within fifteen (15) calendar days after the end of every quarter and the Annual accomplishment report will be submitted within fifteen (15) calendar days of January of the following year copy furnished the MGB Central Office. (Annex H – Matrices on the Quarterly and Annual accomplishment reports) Such accomplishment reports shall include the findings of the company's bookkeeper on the PO/Cooperative's financial statements, as recipients of the company's livelihood programs, including violation of all major assets turned over to the LGUs in the official property inventory.
4. The MGB ROXIII SDS Staff shall conduct semi-annual monitoring/validation on the SDMP physical and financial accomplishments including the proof of disbursements such as Official Receipt/s (OR), vouchers, activity design, project proposal, program of works, accomplishment reports, geo-tagged pictorials and other related documents.
5. MGB ROXIII SDS Staff shall conduct project/s sites validation to establish the accuracy of the reported physical and financial accomplishments of implemented PPAs. Corresponding validation reports which include findings, observations and recommendations shall be prepared by the SDS Staff.
6. An annual accomplishment/status report on the implementation of the CDP for the exploration companies shall be submitted on or before January 15 of the following year to the MGB ROXIII, subject to the annual monitoring/validation by the SDS Staff.
7. MGB ROXIII will furnish concerned government agencies a copy of the report on the SDMP accomplishments of the companies.



XII. ORGANIZATION OF THE REPRESENTATIVES OF THE HOST AND NEIGHBORING COMMUNITIES (RHNC)

The Representatives of the Host and Neighboring Communities (RHNC), which is a multi-sectoral body with broader stakeholder membership, shall replace the Community Technical Working Group (CTWG). The RHNC shall have the following members:

- (1) Barangay LGU per host & neighboring community
- (2) Religious Sector Representatives (Catholic and Non-Catholic)
- (1) Municipal Planning and Development Officer (MPDO)
- (1) Department of Education (DepEd) – District Supervisor
- (1) Municipal Social Welfare and Development Officer (MSWDO)
- (1) Municipal Health Officer (MHO)
- (1) Company – Community Relations Officer (ComRel)
- (1) MGB ROXIII - Social Development Section (SDS) Staff

XIII. ROLES AND FUNCTIONS OF RHNC

The duties and responsibilities of the RHNC is hereto attached as Annex F - RHNC MOA.

The Company shall provide each of the Local Government Unit (LGUs) concerned and the RHNC with a copy of the approved ASDMP Plan (Section 136-B paragraph 6) for their information and guidance.

XIV. ORGANIZATION OF COMMUNITY RELATIONS OFFICE (SEC. 136-C)

1. The Company shall incorporate in its organizational structure a Community Relations Office (CRO) that is primarily tasked to marshal the resources needed and serve as facilitator/coordinator for the successful implementation of the SDMP, and the Programs on Development of Mining Technology and Geosciences and on the Promotion of Public Awareness and Education on Mining Technology and Geosciences.

2. A Community Relations Officer (CROr) shall head the CRO and shall be reporting directly to the company's highest on-site official. The CROr must be a graduate of any social science course, or any person with experience and training on community development work and, preferably, with strong knowledge of the local culture.

3. During the Exploration Stage, the company may hire and/or designate community development professional(s) and/or community liaison officer(s) to ensure the effective implementation of the CDP.



4. The company shall hire an Information, Communication and Education Officer (ICEO) as an additional staff of the CRO to manage the IEC activities.

5. For the effective implementation and monitoring of SDMP, the company may organize its CRO on the basis of SDMP project group (i.e., health, education, livelihood, infrastructure, socio-cultural, DMTG). Depending on the implementation and monitoring requirements, one (1) competent Community Organizer (CO) or Community Coordinator (CCor) may be assigned to one or more barangay/s or project group/s. The CRO staff shall coordinate with the proper authorities of MGB ROXIII in the provision and implementation of the development plans for the host and neighboring communities (Section 136-b).

6. At all times, the company and its CRO must deal with LGU/national government officials and other stakeholders on an arm's length basis. The company must be sensitive to legal and administrative prohibitions against government officials particularly on Rule X, Implementing Rules of Republic Act No. 6713 –Code of Conduct and Ethical Standards for Public Officials and Employees, to wit:

- a. Directly or indirectly having financial and material interest in any transaction requiring their approval
- b. Owning, controlling, managing, or accepting employment as officer, employee, consultant, counsel, broker, agent, trustee, or nominee in any private enterprise regulated, supervised, or licensed by his office unless expressly allowed by law
- c. Recommending any person to a position in a private enterprise which has a regular or pending official transaction with his office
- d. Soliciting or accepting, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or anything of monetary value which in the course of his official duties or in connection with any operation being regulated by, or any transaction which may be affected by the functions of his office.

XV. IMPOSITION OF PENALTIES

A Contractor/Permit Holder/Lessee found operating without and/or not implementing an approved SDMP shall be liable to:

- a. First Offense – fine not exceeding P5,000.00
- b. Second Offense - sufficient ground to suspend mining/milling operations in the areas under contract and fine not exceeding P5,000.00



XVI. REPEALING CLAUSE

All circulars or issuances which are inconsistent with this policy are hereby repealed or modified accordingly.

XVII. EFFECTIVITY AND TRANSITORY PROVISIONS

This policy shall take effect immediately upon approval. However, all SDMPs/CDPs submitted prior to this Regional Memorandum shall be modified/revised as practicable as part of the transition period.

ROGER A. DE DIOS
Regional Director