

**[DENR ADMINISTRATIVE ORDER NO. 2000-99,
December 21, 2000]**

**AMENDMENTS TO SECTIONS 134-136 OF DENR
ADMINISTRATIVE ORDER NO. 96-40, THE REVISED
IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT
NO. 7942, OTHERWISE KNOWN AS THE "PHILIPPINE MINING
ACT OF 1995"**

Pursuant to Section 8 of Republic Act (R.A.) No. 7942, otherwise known as the "Philippine Mining Act of 1995", Section 275 of DENR Administrative Order (D.A.O.) No. 96-40, the Revised Implementing Rules and Regulations of R.A. 7942, and in line with the policy of the Government to continuously provide for a responsive regulatory framework, Section 134, 135 and 136 of D.A.O. No. 96-10 are hereby amended as follows:

Section 1. Title - The title of this Administrative Order shall be "**Rules and Regulations on the Implementation of the Social Development and Management Programs (SDMP) for Mining Projects.**"

"Section 2. Definition of Terms - As used in and for purposes of these rules and regulations, the following terms shall mean

- a. "**Act**" refers to R.A. No. 7942, otherwise known as the "Philippine Mining Act of 1995";
- b. "**Annual Social Development and Management Program**" refers to a yearly community development programs/projects/activities based on the approved five-year Social Development and Management Program;
- c. "**Bureau**" means the Central Office of the Mines and Geosciences Bureau.
- d. "**Contractor**" means a Qualified Person acting alone or in consortium who is a party to a Mineral Agreement or FTAA.
- e. "**Direct Milling Costs**" refer to expenditures and expenses directly incurred in the mechanical and physical processing and/or chemical separation of the ore from the waste to produce marketable mineral products: Provided, That, for cement plant operations, direct milling costs are limited to expenditures and expenses directly incurred from raw materials crushing and grinding up to ground raw meal homogenizing, prior to clinker manufacturing.
- f. "**Direct Mining Costs**" refer to expenditures and expenses directly incurred in all activities preparatory to and in the actual extraction of the ore from the earth and transporting it to the mill plant for mineral processing.

- g. "**Director**" means the Director of the Bureau.
- h. "**Host and Neighboring Communities**"- Host community refers to the people living at the barangay(s) outside the mine camp, where the mining project is located, and neighboring communities refer to the people living at the barangay(s), which 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.
- i. "**Lessee**" means a person or entity with a valid and existing mining lease contract.
- j. "**Mineral Processing Permit**" refers to the permit granted to a Qualified Person for mineral processing.
- k. "**Mine Camp**" refers to the portion of the mining/permit/contract area where housing/ residential, recreational and other support facilities are built solely for use by the Contractor/Permit Holder/Lessee, including its employees and dependents.
- l. "**Mining Permits**" include Exploration, Quarry, Sand and Gravel (Commercial, Industrial and Exclusive), Gratuitous (Government or Private), Guano, Gemstone Gathering and Small-Scale Mining Permits.
- m. "**Permit Holder**" means a holder of any mining permit or of Mineral Processing Permit issued under D.A.O. No. 96-40 and its amendments, except permits that authorizes exploration activities only.
- n. "**Regional Office**" refers to the concerned Regional Office of the Bureau.
- o. "**Social Development and Management Program (SDMP)**" refers to the comprehensive five-year plan of the Contractor/Permit Holder/Lessee authorized to conduct actual mining and milling operations 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 3. Section 134 is hereby amended to read as follows:

Section 134. Development of Community and Mining Technology and Geo-sciences

- a. The Contractor/Permit Holder/Lessee shall assist in the development of the host and neighboring communities in accordance with its SDMP duly approved by the Bureau as provided for under Section 7 hereof to promote the general welfare of the inhabitants living therein;
- b. The Contractor/Permit Holder/Lessee shall assist in developing mining technology and geosciences as well as the corresponding manpower training and development; and

c. The Contractor/Permit Holder/Lessee shall allot annually a minimum of one percent (1%) of the direct mining and milling costs necessary to implement

Paragraphs (a) and (b) of this Section: Provided, That ninety percent (90%) of the one percent (1%) of the direct mining and milling costs shall be apportioned to implement the SDMP in Paragraph (a) hereof and the remaining ten percent (10%) to implement Paragraph (b) hereof: Provided, further, That the Contractor/ Lessee shall submit to the Bureau and the Permit Holder to the concerned Regional Office a sworn statement of their direct mining and milling costs with sixty (60) days after the end of each calendar year: Provided, finally, That the royalty payment of one percent (1%) of the gross output for the indigenous Cultural Communities, pursuant to Section 15 of D.A.O. No. 96-40, may include the aforementioned allotment to implement Paragraphs (a) and (b) hereof.

Section 4. Section 135 is hereby amended to read as follows:

Section 135. Credited Activities - The following activities shall be considered in enhancing the development of the host and neighboring communities:

a. Establishment/construction, development and maintenance of infrastructure (i.e. community schools, hospitals, churches, recreational facilities, access roads, bridges, piers, wharves, communication, waterworks, electric power and sewer age systems, community housing projects, and training facilities for manpower development);

b. Establishment of livelihood industries including reforestation through usufruct contracts to be issued by DENR utilizing fruit trees;

c. Using facilities within the mine camp, such as hospitals, schools, and others, by members of host and neighboring communities, the expenditures of which shall be pro-rated according to the number of people from said communities accommodated in such facilities; and,

d. Other activities as may be considered by the Director.

Provided, That expenditures for the above-mentioned activities shall be credited to the 90% of the 1% of the direct mining and milling costs allotted to implement the SDMP.

Provided, further, That expenditures for programs/projects/activities for the mine camp accruing to the contractors' employees and their families shall not be included in the computation of the cost of the SDMP.

The following activities or expenditures shall be considered towards the development of mining, geosciences and processing technology and the corresponding manpower training and development:

- a. Advance studies conducted in the mining area such as, but not limited to, institutional and manpower development and basic and applied research;
- b. Advanced studies, including the cost of publication thereof in referred technical journals or monographs accessible to the local scientific community, related to mining which are conducted by qualified researchers, as construed by the practices at the Department of Science and Technology, who are not employees of the mine;
- c. Expenditures for scholars, fellows and trainees on mining, geoscience and processing technology and related subjects such as community development and planning, mineral and environmental economics;
- d. Expenditures on equipment and capital outlay as assistance for developing research and educational institutions which serve as a venue for developing mining, geoscience and processing technology and the corresponding manpower training and development; and
- e. Other activities that the Director may consider upon proper recommendation by the concerned professional organizations and/or research institutions, where appropriate.

Provided, That expenditures for the above-mentioned activities shall be credited to the 10% of the 1% of the direct mining and milling costs.

Information, education and communication campaign for the development of mining, geosciences and processing technology and the corresponding manpower training and development shall be considered in the 10% of the 1% of the direct mining and milling cost.

Section 5. Section 136 is hereby amended to read as follows:

Section 136. Development of Host and Neighboring Communities - The Contractor/Permit Holder/Lessee shall perform the following;

- a. Coordinate with proper authorities in providing development plans for the host and neighboring communities;
- b. Help create self-sustaining income generating activities, such as but not limited to, reforestation and production of goods and services needed by the mine and the community. Where traditional self-sustaining income generating activities are identified to be present within the host and/or neighboring communities, the Contractor/Permit Holder/Lessee shall work with such communities towards the preservation and/or enhancement of such activities; and,
- c. Give preference to qualified Filipino citizens in the hiring of personnel for its mining operation, the majority of which shall originate according to priority from the host and neighboring communities: the host municipality and province where mine is located, Provided, That the