

On the Ground

a scoping study on Iloilo province's extractive industries



I. Introduction

Dubbed as the new Philippine boomtown, the province of Iloilo is currently in construction frenzy. Increasing demand for sand and gravel is noticeable all over the province with the ongoing construction boom. The Department of Trade and Industry (DTI) Price Monitor Officer reported the increase of the prices of cement and hollow blocks despite sufficient supply. DTI attributes the price increase to higher demand of both products owing to the city's booming construction activities.

Region VI or Western Visayas, to which Iloilo belongs to, is located in Central Philippines. The region lies between two large bodies of water, namely the Sibuyan Sea and the Visayas Sea. It has a total land area of 20, 223.2 sq. km and is host to the highest number of cities. It is composed of six (6) provinces, seventeen (17) cities, one hundred fourteen (114) municipalities and four thousand fifty-one (4,051) barangays. The region is very rich in natural resources including minerals e.g., copper, gold, silver, iron, clay, limestone, coal, sand and gravel and other non-metallic resources among others.

The province of Iloilo is located in the center of the Philippine archipelago. Strategically located 283 statute miles from Manila, it is the gateway to the flourishing region of Western Visayas. The province occupies the southeast portion of Panay Island and is bordered by the province of Antique to the west and Capiz province and Jintotolo Channel to the north.

Table 1. Major cities and municipalities of the province of Iloilo

City/Municipality	City class	Area in km ²	Population	
			Total	Density/km ²
Iloilo City	Highly Urbanized	78.34	418,710	5,344.78
Oton	Municipality	86.44	77,621	897.98
City Of Passi	Component	251.39	76,045	302.50
Pototan	Municipality	97.10	67,626	696.46
Lambunao	Municipality	407.09	63,300	155.49
Dumangas	Municipality	128.70	62,769	487.72
Miagao	Municipality	156.80	60,498	385.83
Janiuay	Municipality	179.10	57,878	323.16
Carles	Municipality	104.05	57,673	554.28
Tigbauan	Municipality	83.68	54,574	652.17

II. Objectives of the study

This scoping study focuses on the extractive industries (EI) in the province of Iloilo. Although the province is host to various metallic resources such as gold, copper, iron and silver, only non-metallic resources specifically aggregates (sand and gravel) are extensively mined all over the cities and municipalities.

This scoping study attempts to provide an overview of the extractive industries in the province of Iloilo and the main stakeholders of the industries. This will be followed by the impacts on the local

economy as well as the policies and ordinances that regulate the sector. It aims to determine the social and economic benefits of the industry to the local economy as well as its effects on the environment of the host and adjacent communities. This study captures the challenges confronting the industry and offers recommendations to the national and local governments in order to maximize the social and economic benefits of the extractive industries in the province.

III. Methodology

Data collection was done in Iloilo City where regional offices are based. Site visits were made in key municipalities of the province where quarry extractive operations are being conducted. The province is host to mainly metallic and nonmetallic mining operations. Most of the active operations are nonmetallic or quarry while all of the metallic operations are in exploration stage. Existing mining tenements and permits will be further discussed in latter parts of this paper.

Various data collection methods were employed in this study. The review of existing literature was conducted in provide a brief profile of the province's extractive industries. Relevant policies including executive orders and environmental codes were examined alongside provincial ordinances and resolutions for a better understanding of the legal framework of the industry.

Various government line agencies and local government units were consulted to gather relevant secondary data. Primary data were collected from key informants ranging from the regional directors of line agencies, officials of local government units (LGUs), civil society organizations, and members of the provincial mining regulatory board (PMRB), multipartite monitoring team (MMT), mining permit holders, barangay chieftains, and skilled workers in the quarry sites. Data gathered from in-depth interviews were subjected to validation through triangulation and corroboration from several key informants. Data gathering was conducted May 15, 2015 until June 5, 2015.

IV. Limitations of the study

Study findings are based on information provided by the regional and provincial offices. There was difficulty in obtaining latest data from these offices on itemized income from taxes, fees, penalties and other mining-charges. Given the difficulty of convening research participants for a focus group discussion (FGD), data gathered from in-depth interviews were subjected to validation using data triangulation method. Information was subjected to a series of corroboration and validation by various key informants. These were further supplemented with actual site visits and literature reviews for a brief overview of the extractive industries in the province. This paper's focus also limits itself to nonmetallic and quarrying operations as these sectors are most active when compared to existing metallic mining operations that are all in exploration stage.

V. Reserves, Potential Value and Mining Tenements

Mineral resources abound in the province based on the initial explorations done by DENR MGB of Region 6. Except for phosphate rock, limestone, gemstones clay, guano and aggregates, the rest of the metallic resources remained unutilized. Dominating the mineral extraction in the Province is the quarrying of commercial and industrial sand and gravel, as well as ordinary earth. Permit

holders for white clay, limestone, guano, phosphate rock and semi-precious gemstones are apparently few.

Mineral resources such as sand and gravel are crucial resources to economic development as it is mainly used for road building, infrastructure and other projects which require extensive use of concrete products. This nonmetallic resource is one of the most accessible natural resources in the province and has been used mostly for construction purposes.

Initial explorations initiated by MGB-6 showed positive presence of various metallic and non-metallic mineral resources in the Province of Iloilo. Table 8 enumerates the mineral resources identified by DENR MGB-6 as well as the specific municipalities where these resources abound.

Table 8. Mineral resources in Iloilo and its corresponding location

Mineral Resources	Location
Metallic	
Gold	Ajuy, Concepcion, Barotac Viejo, Dingle, Balasan, Lemery, Janiuy and Carles
Copper	Ajuy, Concepcion, Barotac Viejo, Dingle, Balasan
Manganese	Anilao, Sara, San Dionisio, and San Joaquin
Iron	Concepcion
Nonmetallic	
Marble	Carles, Concepcion, San Dionisio, Batad
White clay	Ajuy, Leon, Oton, Sta. Barbara, San Miguel, Pototan, Tigbauan and Cabatuan
Limestone	Dingle, Passi City, Carles and Dumangas
Guano & Phosphate rock	Carles, Dingle, Passi City and Igbaras
Semi-precious Gemstone	San Joaquin
Aggregates (sand & gravel)	Various river systems in the Province

Mining Tenements. Based on processed data obtained from MGB-6 the total number of LGU-issued small scale non-metallic mining permits in the whole of region 6 ranges from 203-522 in Calendar Year 2014 with Negros Occidental having the highest number of approved permits followed by Iloilo Province with 136-204 and 104-190 permits respectively.

Of the LGU-issued permits in Region 6, majority (38%) are permits for quarrying, followed by commercial sand and gravel at 37% and industrial sand and gravel at 21%. Small scale mining permit constitute only 4% of the total permits issued.

Province	No. of LGU Issued Permits
Aklan	12-34
Antique	12-33
Capiz	11-52
Iloilo	104-190
Guimaras	17-39
Negros Occ.	136-204
Total	203-522

Processed data obtained from MGB-6 show that commercial sand and gravel (CSAG) is predominantly mined in the region followed by industrial sand and gravel (ISAG). Most of the extractions of these aggregates are done in the Provinces of Negros Occidental and Iloilo.

**Table3. LGU-issued permits/operations in Region 6
Calendar Year 201**

Province	CSAG	ISAG	SSMP	QP	Others	Total
Aklan	9	2	1	3	1	15
Antique	33	0	5	1		40
Guimaras	3	0	0	21		24
Capiz	4	0	0	6		10
Iloilo	48	9	0	0	1	58
Negros Occ.	25	36	1	29		91
Total	122	47	7	60	2	238

Source: MGB-6

In terms of applications for Mineral Production Sharing Agreement (MPSA) MGB-6 reports that as of February 2014, a total of 38 applications for exploration in Iloilo was filed at the said office. Out of these applications, 30 applications were rejected for lack of sufficient grounds for approval. There were five (5) MPSA applications that were endorsed for approval while three (3) were approved. Total number of hectares of the endorsed and approved applications for MPSA totals to 11,782.0625 hectares.

**Table 4. Mineral Production Sharing Agreement (MPSA) Applications,
Iloilo Province, as of February 2014**

MPSA Status Total Applications Filed: 38	Number of Applications	Total Area (has)
Withdrawn/ Returned/Rejected	30	
PENDING W/ MGB-6		
Endorsed	5	4,994.8458
For Approval		
Approved	3	6,787.2167

TOTAL AREA (Has.) (Pending + Approved)		11,782.0625
% Land Area Covered, Pending		1.06%
% Land Area Covered, Approved		1.44%

As to requests for exploration permit (EXPA), around 28 applications were filed in 2014 eighteen (18) of which were either withdrawn, returned or rejected for failing to satisfy the criteria for EXPA application. There were eight (8) applications that were endorsed while two (2) applications were approved. Total hectares for endorsed and approved EXPA is 26,829.48 as of February 2014 in Iloilo alone.

Status of EXPA	No. of Applications	Total Area (has)
Total Applications Filed: 28		
Withdrawn/Returned/Rejected	18	
Pending W/ MGB-6		
Endorsed	8	22,558.6768
For Approval		15.1875
Approved	2	4,255.6176
TOTAL AREA (Has.) (Pending + Approved)		26,829.4819
% Land Area Covered, Pending		4.78%
% Land Area Covered, Approved		0.90%

Overall, Table 7 shows a total of 38,611.5444 hectares approved for MPSA and EXPA in the Province of Iloilo in 2014.

Table 7. Total Areas Approved for MPSA & EXPA, Iloilo province, CY 2014

Types of Mining Rights/Applications	TOTAL AREA (in hectares.) (Endorsed & Approved)
Mineral Production Sharing Agreement (MPSA)	11,782.0625
EXPA	26,829.4819
Total	38,611.5444

For mineral processing permit applications (MPPAs), a total of fifteen (15) applications were filed in 2014, out of which only 2 were returned. Three (3) applications are pending with MGB-6, while ten (10) of these permits were granted approval.

VI. Regulatory Framework

Licensing Process

- **DENR Memorandum Circular No. 97-05 (PMRB).** The DENR Memorandum Circular No. 97-05 contains the Procedural Guidelines in the Creation of Provincial/City Mining Regulatory Boards. The circular was to ensure an effective operations of the Provincial/City Mining Regulatory Boards pursuant to Republic Act No. 7942, the

"Philippine Mining Act of 1995" and Republic Act No. 7076, the "People's Small Scale Mining Act of 1991" and their implementing rules and regulations, DENR Administrative Order No. 96-40, Series of 1996 amending DENR Administrative Order No. 95-23, Series of 1995 and DENR Administrative Order No. 32, Series of 1992, respectively.

The circular provided that the Provincial/City Mining Regulatory Board will have the MGB Regional Director as the Chairman or his/her duly appointed representative. The governor/city mayor to act as the Vice-Chairman or their duly appointed representative. To sit as members of the Board will be the small scale mining representative member, large scale mining representative, the DENR-duly accredited environmental Member, and a Non-Government Organization representative.

The circular also provides that the concerned MGB Regional Office shall provide the technical secretariat to the Board. The body may include or add any party/ies to the aforementioned composition to be determined thru consensus by the Board and shall act only as observer/s during official meetings and functions of the Board.

Except for the Chairman and the Governor/City Mayor or his/her duly authorized representative, the member of the Board must have met the following qualification criteria:

1. He/She must be an active and bonafide member of and nominated by the organization he/she represents;
2. He/She must be residing or have established work relating to his/her organization in the Province/city covered by the Board;
3. In the absence of nominees from the subject Province/city, the Chamber of Mines of the Philippines in the case of large-scale mining, and any other duly organized small-scale mining associations preferably based in neighboring Province/s or city/ies in the case of small-scale mining, shall nominate their respective representatives to the Board; and
4. In the absence of a DENR-accredited non-government organization in the subject Province/city, the Board may consider nominations by DENR-accredited environmental non-government organization/s based in neighboring Province/s or city/ies.

All these criteria and procedural guidelines were complied with by the PRMB in Iloilo except that there is no representative from the large scale mining sector as the EI in Iloilo is composed of small scale mining operators.

- **The 2010 Provincial Revenue Code of Iloilo** otherwise called Provincial Ordinance 2010-084 intends to codify all existing provincial revenues and to modify and amend the old ordinances like the one pertaining to quarry permits. It serves as a set of ordinances providing the guidelines concerning the use of the province's mineral resources.

Section 53 of Iloilo's Provincial Ordinance No. 2010-084 contains the appointment and tenure of the PMRB. It states that except for the chairman, the members of the PMRB shall be appointed by the Secretary of the DENR from the nominees submitted by the Provincial Governor. The members shall serve for a term of three (3) years, and may be reappointed upon the recommendation of the Provincial Governor. No member shall, however, serve for a total term in excess of six (6) years. Provided, however, that those members who serve the unexpired term of another, who fails to finish the same, shall be considered to be serving a full term. The members may be replaced by the Secretary of the DENR, with the concurrence of the Provincial Governor.

The functions of the PMRB as contained in Section 54 of the Provincial Ordinance No. 2010-084 include the following:

- Accept, process and evaluate applications for quarry and small scale mining permits;
- Recommend fees and other charges for quarry and small-scale mining permits;
- Declare and segregate existing gold-rush areas for small-scale mining;
- Reserve future gold and other mining areas for small-scale mining;
- Award small-scale mining contracts;
- Formulate and implement rules and regulation related to small-scale mining;
- Settle disputes over conflicting small-scale mining claims; and
- Perform such other functions as maybe necessary to achieve its goal.

The PRMB of Iloilo is currently activated under the said provincial ordinance of Iloilo. Line agencies, and LGUs are complemented with CSOs and local representatives in the implementation of its functions. Meetings and deliberations are attended and are scheduled regularly in coordination with Provincial Environment and Natural Resources Office (PENRO), serving as the board's secretariat.

Under the Provincial Revenue Code, all applicants for quarry permits are to secure barangay clearance and the endorsement of the mayor before they could proceed with the processing of their permit with the PMRB. While these requirements serve the purpose of getting the locals' participation in activities affecting their communities, these also work for the revenue-generation of the concerned barangay and municipalities.

In practice, the host communities are required to issue a barangay clearance for applicants manifesting desire to extract quarry minerals from their barangay. This is

often done through a barangay resolution where local leaders collectively agree and endorse the small scale mining permit application of a proponent to the municipal mayor.

- **Adverse claims, protests or oppositions.** The province of Iloilo came up with an ordinance in relation to adverse claims, protests or oppositions in order to address issues between and among quarry permit holders in relation to their extraction activities. These are stipulated in the Provincial Ordinance No. 2010-084. The salient provisions of the ordinance concerning the EI of the Province are as follows:
 - **Filing and requirements.** The filing of all adverse claims, protests and oppositions to, quarry permits must be verified and filed with the PMRB, accompanied by the receipts of the payment of the filing fees in the amount equal to 10 percent (10%) of the extraction fee paid for the permit.
 - Adverse claims, protests or opposition shall contain the name and address of adverse claimant, protestant or oppositor and the respondent, a detailed statement of the grounds and facts relied upon; a discussion of the issues and arguments rose, and in addition, shall be accompanied by the affidavits of the witnesses and other supporting documents.
 - **Answer.** If the adverse claim, protest or opposition is sufficient in form and substance, it shall be given due course, otherwise it shall be dismissed. Should it be given due course, the respondent shall be required to answer within a period of not less than five (5) days, but not more than 15 days from the receipt of the order. The order shall also fix the date of summary hearing.
 - The answer shall contain a detailed statement of the defense, the facts relied upon by the respondent, and an exhaustive discussion refuting the issues and arguments rose in the claim, protest or opposition. It shall be accompanied by the affidavits of witnesses and other supporting documents.
 - **Summary hearings.** After the issues are joined, a summary hearing shall be conducted in one (1) setting, or in a number of successive setting, or in a number of successive settings which shall not last more than five (5) days. The PMRB shall submit its report to the Provincial Governor, within fifteen (15) days from the termination of the investigation.
 - **Decision.** The Provincial governor shall decide the case within five (5) days from the submission of the report. The decision shall become final and executor after ten (10) days from receipt of the parties, or of the order denying the motion for its reconsideration. Provided that only one (1) motion for reconsideration shall be allowed. Resolution of conflicts are made orderly using the guidelines set by the Provincial Ordinance.

Monitoring Mechanisms

- **Ordinance Creating the Barangay Monitoring Team (BMT).** The BMT as stipulated in the Provincial Ordinance is to be organized by the Punong Barangay, with the assistance of the municipal monitoring committee to include at least two (2) members of the barangay council, representatives of non-government organizations and to be assisted by the civilian volunteer organizations. Various functions which require a full time job is assigned to BMT whose members are mostly volunteers. These functions according to the ordinance include the following:
 1. Establish check points at the ingress and egress of the quarry permit area, or at a strategic point, as determined by the barangay monitoring committee;
 2. Inspect all hauling or transporting vehicles, and check permit related and required documents and apprehend violators;
 3. Keep a logbook/ledger for the plate number and load capacity of hauling/transporting vehicles, delivery receipt control numbers, date and time of hauling, and name of inspector; and;
 4. Submit a monthly monitoring report to the PENRO, copy furnished the municipal monitoring committee.

For doing these functions, the BMT is to be given a 2% cash incentive by the Province from its share of income from its quarry resources. As mere volunteers, members of the BMT are less likely to devote their time on these functions as they have other priorities such as earning for their respective households. The 2% cash incentives come very late taking more than three (3) months as this comes from the Province and subject to all the legal procedures before they are made ready for releasing. According to a barangay official, local residents are used to the idea of getting their day's pay if not the same day at least in a weekly basis. Since the cash incentives from the Province takes a longer time to process, it does not appear motivating for most BMT members. As a consequence, BMTs are not functioning(?) making this regulation ineffective.

- **DENR Administrative Order No. 2003-30 dated June 30, 2003.** The Multi-partite Monitoring Team (MMT) is a community-based multi-sectoral team organized for the purpose of monitoring the proponent's compliance with ECC conditions, the environmental management plan and applicable laws, rules and regulations. The DENR Administrative Order No. 2003-30 dated June 30, 2003 stipulates that small scale mining applicants required to establish an MMT shall put up an Environmental Monitoring Fund (EMF) not later than the initial construction phase of the project. It provides that the MMT shall be composed of representatives of the proponent and of stakeholder groups, including representatives from concerned LGU's, locally accredited NGOs/POs, the community, concerned EMB Regional Office, relevant government agencies, and other sectors that may be identified during the negotiations. The team

shall be tasked to undertake monitoring of compliance with ECC conditions as well as the EMP.

The MMT shall submit a semi-annual monitoring report within January and July of each year. The EMB shall formulate guidelines for operationalizing area-based or cluster-based MMT. The Bureau may also develop guidelines for delegating monitoring responsibilities to other relevant government agencies as may be deemed necessary. For projects whose significant environmental impacts do not persist after the construction phase or whose impacts could be addressed through other regulatory means or through the mandates of other government agencies, the operations of MMT may be terminated immediately after construction or after a reasonable period during implementation.

The Region has a functional MMT whose formation and composition comply with DENR Administrative Order No. 2003-30. It submits its report regularly to the PMRB which served as criteria in making decisions for proposed small scale mining operations received by the Board.

Environmental and Social Requirements

- **Republic Act 7942 (Social Development and Management Program (SDMP)).** Chapter X, Section 57 of the Republic Act 7942 otherwise known as the “Philippine Mining Act of 1995” requires that the mining Contractors shall assist in the development of its mining community, the promotion of the general welfare of its inhabitants, and the development of science and mining technology. This was reinforced by stipulations under Chapter XIV, Section 134, of DAO 2010-021 which provides for a consolidated Department of Environment and Natural Resources Administrative Order for the implementing Rules and Regulations of Republic Act No. 7942, which states that, the Contractor/Permit Holder/Lessee shall assist in the development of the host and neighboring communities in accordance with its Social Development and Management Program (SDMP) to promote the general welfare of the inhabitants living therein.

Permittees whose permits were issued by the LGU, have an option either to implement the Individual SDMP or join the Unified SDMP. Most of those who are holders of permits issued by MGB-6 opted for the Unified SDMP for convenience and practicality.

Individual SDMP Approach. Those who will decide to implement the individual SDMP are required to fill out and submit the SDMP form Checklist devised by MGB-6 for evaluation and subsequent approval. New applicants are required to submit in four (4) copies the SDMP checklist. In addition, the applicant will have to submit a latest profile of the barangay where the project is to be implemented as well as the latest Income Tax Return (ITR) of their quarry business to be used as basis for the computation of the operating cost. The proponent will also execute a Sworn Statement of the Operating Cost as basis for the determination of the amount to be allocated for the SDMP. The

proponent must also secure from the LGU a certification of the actual volume of aggregates extracted if and when the volume stipulated in the ECC was not fully extracted. MGB-6 assists the applicant in the computation of the amount to be allocated to the SDMP.

The computation of SDMP budget is based on the following formula:

$$\text{SDMP Budget} = \text{Operating Cost} \times \text{Volume Produced} \times 0.015 \text{ (constant)}$$

For renewal of individual SDMP applications, the filled-out SDMP form is to be accompanied with additional documents. These include the certification of donation or turnover of the SDMP project to the host communities or project beneficiaries. The certification maybe signed by the Brgy. Captain or School Principal as the case maybe. Additional proof of completion is also required such as photo documentation of the implementation of the project. Acceptable photos are those taken during the implementation or turn-over showing the proponent and the project beneficiaries.

Unified SDMP Approach. The concept is to come up with one SDMP per province and for the permit holders to collectively implement development projects for the mining communities. Permittees are to pool their resources together and come up projects that will benefit the various mining communities. Through this approach the quarry association is envisioned to implement high impact, tangible and visible projects as a result of pooled resources. The Unified SDMP approach is practiced only by some permittees from the Provinces of Iloilo and Negros Occidental.

Among the advantages observed out from the implementation of the unified SDMP is for the individual permit holder to be spared from the hassles of procurement of all the documents individually because in the Unified SDMP it is the quarry association who will secure all the documents and prepare the program down to its implementation. Moreover, the permit holder is freed from the burden of producing documentary evidences as again it will be done by the association.

Consequently, this approach will also decrease significantly the number of SDMP proposals submitted to the MGB-6 office, and saves the staff of the time spent for doing the review, evaluation and approval of these proposals.

The community projects under the unified SDMP brought collectively the quarry permit holders to the remote barangays of the Province. The permit holders actively consulted the host communities of their development needs and concerns to ensure that projects implemented are relevant to the residents' needs. Community leaders and residents became the IQPAI's active partners in identifying and implementing projects identified by the local stakeholders themselves.

Through the Unified SDMP, quarry permit holders' compliance to EPEP is ensured as this is done collectively. Based on IQPAL's experience, the Unified SDMP proved to be an effective way to implement community assistance projects as one organization instead of individual implementation. Members need not prepare individual SDMP projects and go through the entire process of SDMP formulation from community consultation to implementation as the organization does this function collectively.

The Unified SDMP has positively built a good reputation for the organization and proved beneficial to the individual permit holders. While in the past, quarrying was viewed as destructive to the environment, through the SDMP, these negative perceptions were replaced with appreciation for the projects implemented through the SDMP in the host communities. Permit holders are now viewed as environmental advocates as they plant trees in identified areas, implement SDMPs and as they practiced Assisted Natural Regeneration (ANR) activities in their respective quarry sites.

Given the pros and cons of the individual and unified SDMPs, permit holders eventually decided the approach which works best given their individual circumstances. Data in Table 20 show that still majority in the region have decided to go for the individual implementation of their SDMP. Despite the ease and convenience offered by the Unified SDMP, permit holders would rather implement their projects right where their quarries are located in order to give in to the host communities' expectations and earn goodwill and the approval of the local residents.

- **Rehabilitation.** Iloilo's Revenue Code includes a stipulation under Article V, Section 64 on rehabilitation. This is parallel to national policy which requires permit holders to undertake rehabilitation efforts in accordance with their annual environmental protection and enhancement program pursuant to their environmental compliance certificate.

Furthermore, the revenue code requires a surety bond of PhP 20,000 per hectare upon application for a permit to be lodged with a government depository bank.

Fiscal Policies and Revenue Sharing

- **Income from fees, permits and taxes.** The extractive industry is charged with specific fees and taxes as stipulated in the Provincial Revenue Code of Iloilo. Table 13 shows the rates as mandated in the Provincial Ordinance for Quarry Resources apply

Table 13. Tax Rates for Quarry Resources

Quarry Resources	Rate per Cubic Meter (in Pesos)
Sand and Gravel	₱20.00
Ordinary Earth	15.00

Guano	5.00
Gemstone	15.00
Limestone	17.00
Marble	500.00
Other Quarry Resources	20.00

In addition to these taxes, certain penalties and related fees are imposed by various LGUs and government agencies who are supervising quarrying operations such as the PENRO, MGB, and EMB among others. Taxes and income derived from quarry-related operations as collected by the Province and is shared accordingly with the municipalities and concerned barangays. The percentage sharing follows a 30-30-40 scheme and is released by the Provincial Treasury to the local level after complying with the legal processes observed in the sharing of taxes.

Table 14 itemizes the permit fees as provided in Section 46 of the Provincial Revenue Code of Iloilo concerning various mining activities.

Table 14. Permit Fees

PERMIT FEES	RATE(Php)
1. Commercial	1,000.00
2. Industrial	1,500.00
3. Exclusive	1,000.00
4. Gratuitous	1,000.00
5. Private Gratuitous	1,000.00
6. Guano	1,000.00
7. Gemstone	2,500.00
8. Ordinary Earth	2,500.00
9. Special Permit Fee	1,000.00
10. Other Quarry Permits	2,500.00

As to application fees, Table 15 enumerates the payments as stipulated in Section 47 of the Provincial Revenue Code of Iloilo according to types of applications filed by the mining proponents.

Table 15. Application Fee

APPLICATION FEE	RATE (Php)
1. Commercial Permit Application	200.00
2. Industrial Permit Application	300.00
3. Exclusive Permit Application	200.00
4. Gratuitous Permit Application	200.00
5. Private Gratuitous Permit Application	200.00
6. Guano Permit Application	500.00

7. Gemstone Gathering Permit Application	500.00
8. Ordinary Earth Application Permit	300.00
9. Other Earth Application Permit	300.00

Given the need for the LGUs to verify the area applied for, the Province also charges verification fees as contained in Table 16. This is also stipulated in Section 48 of the Provincial Revenue Code.

Table 16. Area Field Verification Fees

AREA FIELD VERIFICATION FEE	RATE (Php)
1. Commercial Permit Application	500.00
2. Industrial Permit Application	1,000.00
3. Exclusive Permit Application	500.00
4. Gratuitous Permit Application	500.00
5. Private Gratuitous Permit Application	500.00
6. Guano Permit Application	500.00
7. Gemstone Gathering Permit Application	500.00
8. Ordinary Earth Application Permit	5,000.00
9. Other Quarry Application Permit	5,000.00

Table 17 lists the fees contained in Section 49 of the Provincial Revenue Code which provides for the filing and processing fees of specific mining resources applied for.

Table 17. Filing and processing fee

FILING AND PROCESSING FEE	RATE (Php)
1. Guano Permit Application Filing Fee	300.00
2. Guano Permit Processing Fee	500.00
3. Gemstone Permit Application Filing Fee	300.00
4. Gemstone Permit Processing Fee	500.00

Monitoring fees are to be paid by the mining applicants. Table 18 contains the provisions in Section 50 of the Provincial Revenue Code providing for the monitoring fees to be paid by the mining proponent according to the type of mineral resources applied for.

Table 18. Monitoring Fees

MONITORING FEE	RATE (hP)
1. Commercial Permit Application	700.00
2. Industrial Permit Application	1,500.00
3. Exclusive Permit Application	1,500.00
4. Gratuitous Permit Application	300.00
5. Private Gratuitous Permit Application	300.00
6. Guano Permit Application	1,000.00

7. Gemstone Gathering Permit Application	700.00
8. Ordinary Earth Application Permit	1,500.00
9. Other Quarry Application Permit	1,500.00

Table 14 itemizes other administrative fees which the province charge to mining applicants. These are all listed in Section 51 of the Provincial Revenue Code.

Table 19. Other Administrative Fees

OTHER ADMINISTRATIVE FEES	RATE (Php)
1. Deed of Assignment	250.00
2. Special Power of Attorney	250.00
3. Oath Fee	50.00
4. Amendment Fee	1,000.00
5. Ore Transportation Permit Fee	500.00
6. River Profiling (Trust Fund Account)	1,000.00
7. Section 4, Presidential Decree No. 1856	150.00
8. Inspection Fee on Ore Transportation Permit	500.00

VII. Economic Contribution

The rising demand for sand and gravel aggregates and related products brought about by the Province's construction boom is adequately provided by the Iloilo's extractive industry. In major urban centers one can notice several construction projects either public or private infrastructure being put up. All these infrastructural developments are in place as Iloilo vies itself not only as a premier city, but as one of the fastest growing province in the country.

Western Visayas is considered as one of the fastest growing regions in the country. In 2014, the region posted a GDP growth of 4.1 and remained 5th largest contributor to the country's GDP (PSA-NSCB, 2014). The region's economy is largely dominated by the service sector comprising 55% of total gross domestic product (GDP) in 2015 followed by agriculture sector (23%) and industry sector (22%). Mining and quarrying makes a small portion of the regional economy during the same period contributing 1.59% of regional GDP.

The extractive industries play a critical role in support of the province's growth despite small contribution to regional GDP in absolute terms. Trucks hauling sand and gravel aggregates from various municipalities of the province are common sight in the provincial highways of Iloilo. These sand and gravel aggregates are delivered to various construction sites serving as primary construction materials. Regionally, the construction subsector has grown tremendously. In 2013, the subsector contributed 9% of regional GDP or about PhP 40.4 billion in current prices. This went up to PhP 71.5 billion in 2015 or 13% of regional GDP.

In addition, demand for hollow blocks is also increasing thus a good number of permit holders in the province have ventured into hollow blocks production. A key informant who is a permittee and has ventured into hollow blocks production mentioned that he could hardly meet the contractor's

daily orders for hollow blocks. There are lots of building contractors who are willing to buy from him hollow blocks that have not yet reached the ideal curing period just so work in the construction site continue.

Sand and Gravel Quarry. The boom in construction industry in Iloilo offers quarry operators business opportunities to take advantage of. Those who are in the aggregates business are apt to serve the increasing demand for sand and gravel and other aggregates products to help sustain the construction projects taking place (Sunstar, Sept. 2013).

Table 9. Five-year production quantity & value (MPP) 2009-2013

Calendar Year	Quantity, in cubic meter	Value (In PHP)
2009	942,880	159,347,000
2010	953,969	163,249,000
2011	1,051,144	187,104,000
2012	1,096,696	198,272,000
2013	1,462,288	271,254,000
TOTAL	5,506,977	979,226,000

Data taken from the Mines and Geosciences Bureau’s Mining Industry Statistics 2015 edition shows an increasing quantity of minerals extracted by permittees in the province. Total extraction of sand and gravel in the span of five years totaled to 5,506,977 cu. m. as reflected in Table 9 while value of mineral extracted amounted close to a billion peso.

Employment Generation. With a highly mechanized quarry extraction projects where quarry operators have availed of Pay loaders, Backhoe, dump trucks and related machines, unskilled laborers are rarely hired permanently by permit holders. Majority of those who worked with the industry are heavy equipment drivers and office staff for quarrying business operations. According to a key informant, a typical quarry business simply needs a barangay tanod for site security, loaders, back hoe operators, truck drivers and all depending on the number of the machineries or trucks owned and an office clerk/supervisor for clerical and supervision-related functions. Unskilled workers which abound in the local communities are occasionally hired and only when there are demands for their labor such as when there are orders for washed sand. Laborers in the local communities get to work in hollow blocks factories where skills are not really necessary.

Revenue Generation. The Statement of Income report obtained from the Provincial Treasurer’s office show that income derived from sand and gravel extraction is very minimal. Processed data show a significant variance between estimated collections and actual collections especially when the estimate/income target was increased from PHP 3 million to PHP 10 million in 2013 and 2014.

According to the Chief of Internal Control Unit (ICU) of the Provincial Treasurer’s office, the increase of estimate was to challenge the concerned units to do their share in increasing the collection of taxes and related fees under their respective units. Processed data in Table 11, however, shows that actual collections were only 29.24% and 32.12% of the estimated collection in 2013 and

2014 respectively. Taken as a whole, the income from sand and gravel represents a modest average of 0.18% of the province's annual income or the last three (3) years from 2012-2014. This is despite the huge jump in extraction of natural resources.

Table 11. Provincial Income from Sand and Gravel, Fiscal Year 2012-2014

Fiscal Year	Estimated Income	Actual Collection	Variance	% of Actual collection	% of Annual Provincial Income
2012	₱3,000,000.00	₱2,158,703.40	(₱841, 296.60)	71.96%	0.15%
2013	₱10,000,000.00	₱2,923,661.87	(₱7,076,338.13)	29.24%	0.19%
2014	₱10,000,000.00	₱3,213,702.87	(₱6,786,297.13)	32.12%	0.19%

Source: Provincial Treasurer's Office

The Provincial Treasurers' Office releases to the various municipalities their corresponding share of the sand and gravel income at least two (2) times a year. The sharing is 30% for the Province, 30% for the municipalities and 40% for the barangays. When the local shares are due for release, the municipal treasurer receives a detailed sand and gravel transfer communication from the province. In this communication, the name of the specific barangay where quarry resources were extracted as well as its corresponding share is indicated. The municipal's share is also indicated as well as the date when payments were made by the permit holders to the province. Key informants cited that the share from the sand and gravel go straight to the general funds of the respective municipalities and barangays. They become part of the funds of the municipal or barangay and spent on projects which the local officers deem fit. There are no clear guidelines as to where the share from sand and gravel will be spent.

In terms of income disclosure, key informants from the provincial to the municipal level shared that there are no deliberate efforts to inform the stakeholders how much was received by the province from sand or gravel. There is no disclosure of how the share of the province, municipality and barangays are being spent nor do municipal and barangay stakeholders know how much was the total collection of the province from the extractive industries including the base amount from which their respective shares were derived.

Table 12 shows a sample of the summary of taxes share for the Municipality of Dueñas. This town is seated just about 43 km north of the provincial capital which is Iloilo City. This communication was received by the Municipal Treasurer, January 29, 2012.

Based on this summary report, taxes collected from the last quarter of 2009 up to the later part of 2011 was forwarded to the Municipal Treasury only on January 2012. It takes a considerable time before the municipalities and the barangays get their shares given the standard operating procedures followed by the Provincial Treasurers' Office concerning the releases of tax shares. From the Municipal Treasury, the barangay will have to wait for a month or two before this will be finally released to them, making host communities the unit with the longest waiting period for their tax shares.

Table 12. Summary of Sand and Gravel Tax Shares due to the Municipality of Dueñas

Date	Brgy. Source	SHARING (in PhP)		Total
		Municipal 30%	Barangay 40%	
11/10/2009	Angare	6,000.00	8,000.00	14,000.00
3/9/2010	Angare	18,000.00	24,000.00	42,000.00
12/15/2011	Angare	18,000.00	24,000.00	42,000.00
Subtotal		42,000.00	56,000.00	98,000.00
7/6/2010	Pader	12,000.00	16,000.00	28,000.00
7/13/2010	Pader	12,162.00	16,216.00	28,378.00
1/24/2011	Pader	6,000.00	8,000.00	14,000.00
9/28/2011	Pader	12,000.00	16,000.00	28,000.00
Subtotal		42,162.00	56,216.00	98,378.00
3/23/2010	Batuan	12,000.00	16,000.00	28,000.00
5/24/2010	Batuan	12,000.00	16,000.00	28,000.00
7/13/2010	Batuan	6,000.00	8,000.00	14,000.00
Subtotal		30,000.00	40,000.00	70,000.00
3/1/2011	Calang	24,000.00	32,000.00	56,000.00
Subtotal		24,000.00	32,000.00	56,000.00
4/8/2010	Capuling	12,000.00	16,000.00	28,000.00
11/15/2010	Capuling	24,000.00	32,000.00	56,000.00
Subtotal		36,000.00	48,000.00	84,000.00
7/13/2010	Jagdang	6,000.00	6,000.00	14,000.00
GRAND TOTAL		180,162.00	240,216.00	420,378.00

Social Development and Management Program. As previously mentioned, permit holders are required to undertake programs for the social development of the affected communities. These programs, however, are minimal in absolute terms which totaled only PhP 7 million in nine years both for individual and unified SDMPs as shown in Table 20.

Table 20. SDMP in Iloilo Province, C Y 2005-2013

Year	Individual SDMP		Unified SDMP	
	No. of Proponents	SDMP Budget	No. of Proponents	Amount Lodged
2005	14	73,685.00	19	49,660.00
2006	44	1,310,882.00	14	42,800.00
2007	58	590,700.00	6	8,800.00
2008	60	344,350.00	12	38,741.00
2009	54	468,576.00	32	132,340.00
2010	25	334,500.00	39	131,400.00
2011	48	652,447.00	35	105,880.00
2012	68	1,313,888.00	30	336,505.00
2013	46	755,103.00	11	84,390.00
Total		5,844,131.00		930,516.00

VIII. Stakeholder Mapping

Line Agencies and LGUs. The extractive industry in the Province is manned by duly designated government agencies local government units with the local stakeholders ranging from the permit holders, sectoral representatives, host and adjacent communities, CSOs, churches and the academe.

Topmost LGU which attends to the regulation, review, monitoring and approval of quarrying permits is the Provincial Mining and Regulatory Board (PMRB). This board consists of the Regional Director of the MGB Region 6 as Chairman, the Provincial Governor as vice-chairman, representatives from the small scale mining industry, quarry permit holders, and non-government organization whose advocacy includes environmental protection. These representatives were chosen based on their capacities as key officers of the sector which they represent. The PENRO served as the Secretariat of the PMRB. Members of the board particularly the Regional Director, the Governor and PENRO designate their own representatives

to attend the board meetings in their behalf in times when they cannot personally make it due to important office functions.

Multi-partite Monitoring Team (MMT). The Province of Iloilo has a functional and operational MMT which is responsible in monitoring the permit holder's compliance to their Environmental Protection and Enhancement Program (EPEP) and to the provisions stipulated in the Environmental Compliance Certificate (ECC), the EMP and applicable laws, rules and regulations. In Iloilo Province the MMT consists of representatives from the Provincial and Environment and Natural Resource Office (PENRO), City/Municipal Environment and Natural Resource Office (C/MENRO), Department of Environment and Natural Resources (DENR) and its sub-offices (the MGB and the Environment Management Bureau), local government units, representative from the permit holders, and non-government organizations. The MMT in Iloilo conducts inspection to check on environment and safety measures in the various quarry sites. It also submits monitoring reports to the PMRB which serves as a basis for the latter for appropriate actions on small scale mining permit applications.

Iloilo Quarry Permittees Association, Inc. (IQPAI). In 2002, permit holders of Iloilo decided to form an association and register it with the Securities and Exchange Commission under the name Iloilo Quarry Permittees Association, Inc. (IQPAI). Recent available data from IQPAI shows a total membership of one hundred eight (108) permit holders actively taking part in the various undertakings of the association. Major activities which bring together the members of IQPAI are the Unified SDMP where the members come together for the association's agreed community outreach projects. There are also periodic trainings and capability building sessions facilitated by the CSO for the association as well as meetings and orientation set by MGB-6 for the updating of the members on matters concerning the EI.

Under the Unified SDMP, the IQPAI has implemented various environmental and social development projects to include tree planting, textbooks distribution, school and church renovations, road maintenance, jetmatic pumps distribution, and other several projects as requested by the host communities. They too have organized successful blood-letting activities in partnership with the Philippine National Red Cross (PNRC) Western Visayas Regional Chapter, Iloilo Provincial Government, Department of Environment and Natural Resources, Mines and Geosciences Bureau Region 6 and Environmental Management Bureau Region 6.

The association may also benefit from CSOs' facilitated trainings on environmental preservation, promotion of ecological, and planning for sustainable community development. Successful IQPAI team building may strengthen the permit holders socioeconomic network, provide opportunities for business referrals and partnerships as well as lobby for certain policies beneficial not only for the association but for the betterment of the entire EI.

Host communities and adjacent barangays. The local barangays are the primary stewards of mineral resources mined by the quarry operators and contractors. They too are critical stakeholders as they are the ones who either benefit from responsible mining or suffer the

consequences of quarry-related violations as provided in the ECC. Host communities need to be involved in preserving the environmental balance as well as in the promotion of sound quarrying practices. This is possible if the community is well-informed about their rights and responsibilities in relation to the quarry operations taking place in their respective communities, including income derived from quarrying and how this income is managed and utilized by their local leaders.

Civil Society Organizations (CSOs). Iloilo has accredited various civil society organizations (CSOs) which can be mobilized as partners in advocating for transparency and accountability in the extractive industry. Among the CSOs which may be utilized for a possible coalition are the regional network members of Caucus of Development NGO Networks (CODE-NGO) which are actively involved in various development works in the Province of Iloilo. These include among others Process Foundation of Panay Inc. (PFPI), Iloilo Caucus of Development NGO Networks (ICODE-NGO) and Western Visayas Network of Development NGOs (VISNET). Key officers of these NGOs sit in the PMRB and MMT serving in various capacities. They are recognized for their objectivity and as champions of environmental-related advocacies.

In addition, there are active CSOs in the province representing various sectors coming from the church, academe, NGOs, and business community. They may be enlisted for a possible coalition if they so commit to be active members of the proposed multi-stakeholder alliance. A list of existing and accredited CSOs may be found in the Annex Section of this paper.

Iloilo's business community. The business sector may also be tapped for support. As among the primary users of the quarry mineral resources of the Province, the business community's support may be vital to the success of the initiatives of the LGUs and CSOs in achieving transparency and accountability of the province's EI. Through their corporate social responsibility programs, the CSOs may explore possible partnership with these businesses to achieve the multi-stakeholders' goals of transparency and accountability.

IX. Issues and Challenges

Regulatory capacity of local government. At present, the **barangay monitoring teams (BMT)** as envisioned in the provincial ordinance is not functional for various reasons. One constraint cited by key informants is the inability of the local BMT volunteers to apprehend violations committed by the contractors. As mere volunteers they do not have the personality to insist upon these contractors. It was alleged that some of these contractors have strong connections with local officials and there are allegations that some of these officials gave out instructions to allow the trucks to pass regardless of their violations. As appointed volunteers, the BMTs are in an awkward position to check on certain violations making them ineffective in their functions as quarry monitors.

Some key informants also shared that there are BMT members who received monetary favors from these contractors and/or truck drivers just so they are allowed to pass without strict scrutiny and corresponding reprimand of the violations committed. Although minimal and sometimes just

enough to fill in their empty stomachs while on duty, the token amount received is enough to make the BMT ignore the violation and let the truck drivers pass without due inspection. This happens because BMTs are not well provided with logistical support and monetary compensations for doing their functions. These all explains why it is difficult to find a functional BMT all over the Province.

Social and Environmental Concerns

- **Violation of the 5-meter buffer zone.** Contracting is a common practice among permittees in the Province. This arrangement allows the contractor to extract mineral resources from the quarry site owned by a specific permit holder. The contractor is billed by the permittee based on the number of truckloads and not by cubic meters of quarry extracted. The contractor brings his own workmen, backhoe, payloader and trucks in the quarry site. The task of extraction is done by the workers of the contractor with the supervision of the quarry staff. There are also permit holders who do the extraction themselves and deliver the quarry to construction sites of their clients.

As shared by key informants who sit at the MMT and PRMB, violations against the policy of no extraction within the 5-meter buffer zone in both riverbanks are oftentimes committed by the contractors in the quarry site. A substantial penalty of ₱50,000 as set by the DENR EMB is enforced by the PMRB on this violation but because of the contractor's desire for higher profit, at times this ECC provision is ignored since the value of what they can extract from the buffer zone far exceeds the penalty that they will have to pay if and when they are caught of their violation.

A key informant who works as a backhoe operator in one of the major quarry sites in the Province admitted that he is not aware of the 5-meter buffer zone limit. As far as he is concerned all available aggregates in the site are to be extracted in as much as he is also tasked to fill up all the ten-wheeler trucks that his contractor deploys at the least cost possible. He is conscious of minimizing his gasoline consumption to avoid reprimand from the contractor and this means extracting what is available before going further to other parts of the quarry site. The backhoe is also rented in an hourly basis and extracting in the nearby areas maximizes the use of the equipment even if at times it violates the buffer zone limit.

- **Going beyond the one (1) meter excavation limit.** In order to maintain the ideal depth of riverbeds, there is a policy requiring limiting the extraction up to one (1) meter depth only. However huge quarrying equipment such as the backhoe used by some contractors go beyond the one-meter limit. Without regular monitoring, this violation deepens the river beds which normally takes longer before it gets replenished naturally. A key informant shared that it is difficult to calculate the one-meter limit, he is conscious that he should not deepen the river beds further to the extent of endangering his own life and that of the backhoe as well. The driver knows of the possible threats that it could cause should he go far enough. Continuous deepening of the river bed poses as a threat to the host community whose residents have varied use of the river.

- **Uneven extraction.** Another violation common among quarry sites according to key informants is uneven extraction of quarry materials. This practice creates possible hazard as it may cause unpredictable movement of vehicles used in the quarry site or an accidental landslide. As shared by a permit holder and other key informants, uneven terrain which resulted from extraction of quarry materials are only leveled by the concerned permittee if the monitoring team schedules a visit to the quarry site. Announced monitoring visits give permit holders enough time to rectify the flaws they have committed in the quarry site before they are caught with their violation.
- **Overloading and over extraction.** To maximize the use of trucks when hauling, some contractors load their trucks beyond the allowed limit of 10 to 12 cu. m. depending on the truck's ideal capacity. For higher profit though, some contractors instruct their drivers to fill their trucks up to the brim. This practice is common though in the absence of diligent local monitors who are supposed to check on the compliance of the haulers to loading limits.
- **Monitoring.** Some operators extract more than the volume of aggregates stipulated in their small scale mining permits. This happens in the absence of a regular and diligent monitoring of quarrying activities in the quarrying site and in the other exit points of the barangay. As shared by a driver who works for a contractor, he is not to leave the quarry site not until his ten-wheeler truck is full to the brim of aggregates. In his estimate his truck full load is more or less 20 cu.m. In the delivery receipt though, the indicated volume of quarry is only 10 cu.m. which is way below his actual load. Based on his experience the community monitor in the barangay where his contractor operates does not bother to inspect his actual load but simply signs the delivery receipt without any question asked and keeps the barangay's copy of the delivery receipt.

Reporting of the volume of quarry extracted solely depend on the declarations contained on the delivery receipts. In most cases, these figures are understated and in many quarries, there seem to exist a common understanding between the permit holders and the contractors that the loading depends on the maximum load that the trucks can carry and not by cubic meters. The cubic meters are indicated only for delivery receipt purposes but actual practices in the field are by truck loads. Aside from higher profit, this under reporting of the exact volume of aggregates according to a key informant who sits in the PMRB, is due to the system of reporting which mostly depends on the declarations of the permit holders and the contractors. Both parties can agree in favor of their business interests and with a weak monitoring system at the barangay level, then the practice of underreporting continues to thrive. This fraudulent reporting harms not only the LGUs but also the permit holders. The former can only tax the volume of quarry materials declared by the operator. On the other hand, it also deprives the permit holders of the payments of the volume of aggregates that were not accounted for. A key informant who is also a permittee himself shared that at times

quarry permit holders are at the mercy of big time contractors in the Province who threatens the permittees to withdraw and pull out their equipment from the quarry site if the permit holder will insist on accurate and straightforward reporting of actual volume of aggregates extracted. These big time haulers can afford to do so as there are other permittees who are willing to tolerate under reporting of hauled aggregates if only to attract contractors to buy from their quarry or make them stay. In anticipation of these field practices and the contractors' tendency to extract more than what they have paid for, permit holders either understate the volume of quarry to be extracted in their mining permits or engaged in over extraction of mineral resource than what their permit provides for. Thus the cycle of under reporting of the actual volume of quarry production is perpetuated. A review of existing policies concerning the reporting of actual volume of extraction needs to be done as well as the strengthening of the monitoring system in all levels is necessary in order to correct prevailing practices.

Transparency and accountability in nonmetallic and quarrying sector still remains to be an issue in the province. In the barangay level, various kinds of violations by some quarry operators were reported. In various instances, members of the PMRB have to call the attention of the applicant concerning the obvious understatement of the intended volume of aggregates to be quarried. Most often, the volume of quarry applied for is obviously an understatement of what the permit holders can extract given their resources and capacity as quarry operators in one year. PMRB members evaluating their permits usually advised them to increase accordingly the volume applied for before their applications are approved.

- **Encroachment on another's quarry area.** Another violation, although infrequent, are the complaints raised by some quarry permit holders against another who extracts sand and gravel aggregate beyond territorial limit or boundary. This unauthorized quarrying often results from the non-familiarity of some contractors about the territorial limits or the boundaries of the quarry site of the actual permit holders. These issues are resolved by the PMRB following the due process of filing complaints as stipulated in the Provincial Ordinance involving quarrying.
- **Social Development and Management Program Challenges.** DAO 2010-021 reinforced Republic Act 7942's provision which requires all contractors, permit holders, and lessees to assist in the development of its mining community, promotion of the general welfare of its inhabitants, and the development of science and mining technology. It is in this context that MGB-6 required compliance to SDMP as a requirement for the issuance of all small-scale mining permits. Holders of MGB-issued and LGU-issued quarry permits, are expected to implement projects which are responsive to the needs of the host communities, and supportive of the community's development agenda. The implementation of a unified SDMP as envisioned by MGB-6 is to pool SDMP Funds of LGU-issued quarry, sand and gravel and small scale mining permit holders to come-up

with relevant, projects will yield long term development for the host communities. Its main goal is to empower the host and neighboring communities towards self-governance; improve their quality of life; and promote greater awareness on responsible mining. Despite its effectiveness in creating a positive image for the quarry operators in the Province, the Unified SDMP is challenged by some community leaders whose barangays have not availed of the SDMP projects. Normally the association selects priority projects and while prioritizing other areas, some host communities complain of not having projects in their areas as they too affected.

Since permit holders also extract quarry materials from the rivers located within the barangay territories, local officials from these areas are also clamoring to be beneficiaries of SDMP projects. To address this problem, permit holders who are joining the Unified SDMP were advised to set aside a portion of their SDMP contribution for projects in their host communities while at the same time continuing their subsequent contribution to the Unified SDMP. This is true for most MGB-issued permits because majority of the LGU-issued permit holders opted for individual implementation of their SDMPs.

Permit holders who opted for individual implementation of SDMPs must have to deal with issues resulting from their decision. Given the limited amount allocated for their community development and management programs, they could hardly engage in sustainable development projects which will have long term effects in the development of their host communities. Based on MGB-6's 2015 preliminary evaluation report of the SDMP, there are several permit holders whose annual SDMP actual costs ranged only from ₱1,400 to ₱7,275 annually. Apparently, these amounts can only afford educational materials, medicines, sports equipment, and medical missions. There were a handful that spent a total cost of ₱ 30,000 and above, the highest of which are ₱67,000 and these amounts were also spent on the same welfare projects with a few exceptions. A small number of permit holders utilized their SDMP funds for the maintenance of the barangay roads and cow dispersal as a livelihood project. Although these assistances are highly appreciated by the host and adjacent communities, in most cases these are welfare activities which benefit the actual recipients momentarily. At best they are no more than community outreach activities whose benefits are apparently short term.

In the process of requiring SDMP to LGU-issued permits, MGB-6 experienced several constraints. Some proponents lack the capability to prepare an acceptable full blown SDMP individually. The problem is compounded given that the scale of operation is small and that majority of the LGU-issued permits involved commercial sand and gravel (CSAG) with a one (1) year permit validity. This implies the yearly submission of SDMP which to many small scale miners is burdensome. As individual SDMPs proposal and reports pile up in the MGB-6 office, there are not enough MGB-6 personnel to attend to the initial processing and preliminary evaluation of these SDMPs.

X. Recommendations

A. National

For BK National to Revive and Strengthen the Panay Sub-national. Given the prevailing challenges faced by the EI in Iloilo and the distance of the region from the rest of the Provinces in the country, it is recommended that the sub-national BK in Panay and Western Visayas be activated. The BK sub-national may spearhead the organization of a possible coalition of NGOs who will help promote transparency and accountability in the EI of the Province. Collectively the coalition may explore possibilities of engaging the line agencies, local government units and community stakeholders in the drafting of policies and measures which will improve certain practices which are detrimental to the industry

Promotion of transparency and accountability mechanisms from the national to the barangay level. As previously discussed, much is left to be desired in terms of promoting transparency and accountability in Iloilo's EI. Collections made by the LGUs are at most reported following their standard reporting procedures and oftentimes for office and interoffice use only. It is not published for public knowledge nor do local municipalities and barangay knew about the actual income of the extractive industry and how these incomes are utilized.

B. Provincial

Establish linkages between upstream and downstream to maximize benefits. Presently, quarry alone might not provide adequate tax revenues to the LGU but it is providing supply to other businesses. Provincial stakeholders need to examine if the low tax collection of LGUs from quarry is because of weak monitoring or inherently low tax rates. Stakeholders also need to evaluate taxes it collects from the businesses in the downstream particularly the trucking and construction subsectors to ensure the province benefits from natural resource extraction.

Earmarking of quarry revenues. The province should also devise a program on how revenues from finite natural resources are to be spent. In many countries, governments establish a natural resource trust fund where revenues from finite resources such as minerals are lodged. In practice, these funds are managed such that benefits do not only accrue to the present generation but also to the future generations by way of saving the money or investing it elsewhere. The province of Iloilo may consider establishing a fund solely for human capital investments such as health and education expenditures.

Fielding of full time community development specialists to assist the permit holders in the preparation, implementation, monitoring and evaluation of SDMPs. Currently the responsibility of evaluation and approval of proposed SDMPs lies in the Mining Environment and Safety Division of MGB-6. The division is manned by mining engineers and specialists whose expertise is more on the technical aspects of mining. These engineers-turned development planners and analysts are burdened with other technical functions that a prompt review of the bulk of SDMP proposals submitted to their office proved to be a challenged. Much as the division would want to review the

proposals on time but they are deterred from doing so due to the bulk of workload in the department other than SDMP-related tasks.

Monitoring of the SDMP proved to be a more difficult challenge as MGB-6 staff and officers could hardly leave their post to validate and assess the impact of these projects in the local communities. Given the current staffing of MGB-6 it could hardly schedule actual field visit and monitoring to LGU-issued permits' SDMPs and have a direct interface with the local residents. These actual visits could have yield valuable information which can be used in the enhancement of the program than mere reporting, documentation and certification by concerned barangay officials.

Review the existing policy concerning the review, evaluation and approval of proposed SDMPs.

Given the functions and existing workloads of the MGB-6's Mining Environment and Safety Division staff plus the bulk of SDMP applications and reports submitted to their office, there is a need to reconsider the assigning of SDMP review and evaluation functions to the provincial and municipal LGUs. The local LGUs with the assistance of qualified CSOs may do the tasks of reviewing, monitoring and endorsing for appropriate actions to concerned government agencies all the SDMP proposals and reports submitted by the permit holders. A review and monitoring initiated by municipal LGUs and CSO partners may expedite the process and help ensure that SDMP implemented in the host and neighboring communities are relevant to the development needs of the concerned communities.

Devolution of the implementation of the SDMP for LGU-issued permits to the provincial LGUs.

Transferring the processing, preliminary evaluation and implementation of the LGU-issued permits to the provincial LGUs would help decongest MGB-6 of backlogs of SDMPs due for evaluation and approval and will help enhance the attainment of the primary goals of SDMPs which is the sustainable development of the community. MGB-6 has limited staff who can attend to the implementation and monitoring of SDMP. Moreover, their staff's expertise is more on mining and less on social development planning and evaluation. The SDMP would be better off if placed under the direct supervision of community development specialists of the LGU whose expertise can steer the SDMP to the right direction. With full time staff to attend to SDMP proponents, the application process will be shortened and made more efficient.

As to the monitoring of LGU-issued permits' SDMP, the current MGB staff can only demand for actual proof of implementation as actual visits to all SDMP sites is next to impossible. Among the documentary evidence required by MGD-6 from permit holders are photo documentation of the project implemented, receipts from purchases, and the Barangay Captain's endorsement and certification of project completion as the case may be. Actions on the proposed SDMPs are solely based on these documentary evidences. With other major office functions, MGB-6 has very little time left for SDMP evaluation and monitoring. As such MGB-6 recommends that SDMP will be included in the periodic monitoring of the Multi-Partite Monitoring Team for LGU-issued permits. The MMT has adequate logistical support and personnel to do the monitoring as compared to MGB-6 whose hands are full and could hardly schedule a monitoring visit to SDMP sites.

Install effective monitoring system in the barangay level. Monitoring of the permit holders and contractor's compliance to the ECC as well as the hauling of quarry resources must begin in the barangay level. Succeeding reports as to volume of mineral resources extracted for taxation for taxation purposes can be later verified from the reports submitted by the barangay monitors.

Education and information campaign among host and adjacent communities. Residents of host communities need to be knowledgeable and informed about environmental issues and preservation. They need to understand responsible mining practices as well as basic mining laws and ordinances so that they can effectively guard their communities from individuals or groups who would want to take advantage of their resources. Most importantly, locals need to be well-informed of disaster risk reduction practices and methods to prepare them in cases of possible eventualities that might take place in their community. These education and information campaigns may be facilitated by the LGUs in partnership with the CSOs and the quarry association in the province.

Convening of a multi-stakeholder coalition for transparency and accountability. Iloilo has numerous potential CSOs which can be tapped for a possible coalition to promote transparency and accountability in the EI. A survey can be made as to the expertise and advocacies of these CSOs so they can be mobilized for various functions such as information and education campaigns, capability building, monitoring and evaluation of EI-related projects. With the LGU and line agencies taking the lead together with concerned government agencies, the CSOs can be effective partners in the promotion of transparency and accountability in the EI of Iloilo.

Assistance in the IQPAI's Capacity Building Programs. Although the Iloilo Quarry Permittees Association (IQPAI) has been in existence for more than a decade already, there is still a need to continuously strengthen the association as well as build their organizational capacity. They can be updated of latest Executive Orders, national and local ordinances affecting the EI. Every now and then, there are new entrants to the industry who needs to be informed about important policies and ordinances. In the same manner that a refresher training for old time members may update their knowledge about the industry and to challenge them to actively support the goal for transparency and accountability in the EI of the Province.

Resolving SDMP issues. Challenged by a lack of personnel to review and evaluate the acceptability of the SDMP, the Mining Environment and Safety Division of MGB-6 developed innovative strategies to improve SDMP compliance of small scale mining operators in the Province. The standard SDMP form was modified into a checklist format to make it easy for proponents especially those who implement SDMP individually. MGB-6 also introduced the Unified SDMP concept in order to minimize the number of applications coming in their office given their lack of manpower to do the initial screening, review and approval of proposed SDMPs.

To strengthen the implementation of SDMP and to enhance permittees' compliance, MGB-6 sought the collaboration of the LGU in making the applicants comply with the SDMP. It was agreed that the LGU will require from the applicants the MGB-issued Certificate of Environmental Management

and Community Relations Record (CEMCRR) as a mandatory requirement for small-scale mining permits. The CEMCRR is to be secured from MGB-6 and will only be issued by the latter upon successful compliance of the SDMP. By making the SDMP a prerequisite for CEMCRR, permit holders are obliged to comply with the SDMP first for the PMRB to accept their small-scale mining permit applications.

To address the applicants' difficulty in the preparation of SDMP, MGB-6 held extensive Information and Educational Campaigns (IEC) among permit holders giving emphasis on SDMP's guidelines and tips in its formulation. MGB-6 also facilitated the provision of technical assistance to mining proponents if only to enhance their capabilities in relation to environmental management and community relations.

For effective tracking of SDMP implementation, MGB-6 established a database to keep track of SDMP compliance by permit holders of MGB-6 and LGU issued permits.

In Region 6, the implementation of the SDMP has still a long way to go before it can have achieved its goal of implementing sustainable development projects in the host and adjacent communities. So far, SDMPs implemented though lauded by its beneficiaries, is successful only in terms of helping create a positive image for the mining industry. It also has efficaciously changed the mindset of those who were once critical of the quarrying operations to something positive this time. SDMP permit holders are well appreciated for their concern for the environment and the welfare of the host communities. While it has positively changed the once negative perceptions concerning the permit holders the SDMP still has to work for the realization of their SDMP's goal of helping host and adjacent communities attain self-sufficiency and foster holistic and sustainable development of their partner communities. The veering away of SDMPs from mere dole outs to its alignment to the barangay's development plan for sustainable results in the long run remains to be a major challenge that needs to be reviewed by the government agencies, LGUs and other concerned stakeholders of the program.

XI. Prospects and Opportunities for a CSO Coalition.

A coalition of CSOs focused on transparency and accountability initiatives the province's extractive industries may be considered. Mobilizing the constituency will not be difficult with active participation the coalition in their respective development activities as well as their advocacies for the environment and transparency.

CSOs may be tapped in various ways. They may be engaged in any of the following developmental activities depending on their expertise and advocacies.

Intensification of information and education campaigns among various stakeholders. Information and education campaigns on topics related to environmental preservation, transparency and accountability are among development activities which the CSOs can actively pursue. Trainings and workshops may be extended by qualified CSOs to LGUs and other stakeholders who are supervising

the EI of the Province. These trainings may include topics on strategies for effective monitoring, report preparation, program development, review and evaluation.

Active participation in EI's monitoring. With their expertise in program review and development, CSOs can take an active part in monitoring permit holder's compliance to ECC and other Provincial ordinances related to quarrying. They can sit with the various LGUs and line agencies such as the PENRO, DENR, EMB, MGB and PRMB who are directly supervising mineral quarrying activities in the region. CSOs' objectivity, expertise and active participation in the monitoring as well as the deliberation of mining permits may result to the enhancement of the permit holders' compliance to mining-related ordinances and in the drafting of quarrying policies in aid of legislation. At the same time, CSOs' expertise as development specialists may ably assist permit holders in the planning, implementation, monitoring and evaluation of the various SDMP projects proposed and/or implemented by the permittees.

Another aspect to be closely monitored by the LGUs with the assistance of CSOs is the mandatory tree planting required from the permit holder. The required number of trees is a hundred (100) trees per hectare of mining area as approved in the mining permit. Permit holders just submit reports as compliance to this requirement and this is seldom verified physically by the monitoring team. In most cases permit holders are able to get endorsement or certification from the barangay as to their compliance to this ordinance even if survival is nil or significantly low. The permit holders' close familiarity with barangay officials or simple donations given to the barangay is enough for them to get this tree planting compliance certificate.

The coalition of CSOs may also engage themselves in the revival of the barangay monitoring teams (BMT). Obviously, the monitoring teams need to be restructured and be given enough financial and logistical support being the primary vanguards of the barangay's mineral resources. Aside from strengthening the team, the CSOs can provide them trainings on apprehension procedures, monitoring quarry operations as well as detecting violations.

Assist the line agencies and the LGUs in the drafting of accreditation policies for quarry contractors.

In order to improve contractor's compliance to environmental management and protection, there is a need to orient them of certain policies implemented by the national and provincial governments. This is possible through the institutionalization of contractors' accreditation which will require not only the contractors but their workers to undergo orientations and related quarry ordinance briefing. A highly informed quarry operators including their people who are at the forefront of the quarrying business will help address the prevailing violations happening in the quarry sites of the Province

With a strong involvement and partnership of concerned stakeholders in the province, the goal of achieving transparency and accountability is possible. When the public is made to participate in matters which affect their lives, inclusion in the development process will take place and sustainable development will be achieved.

Annexes

1. Buasdamlag Youth Foundation
2. Bubong Ilonggo Inc.
3. Chamber of Commerce and Industry, Inc.
4. Chamber of Real Estate & Builders Assn. (CREBA)
5. City Agricultural and Fishery Council
6. City Dev't Council of the Rising Sun Assn. of Iloilo Inc.
7. Community Extension Services Center, De Paul Colleges
8. Community Extension Services Center, Univ. of Iloilo
9. Community Extension Services, Social Laboratory Extension Program- St. Paul College
10. Creative Community Foundation
11. Federation of Bantay Bayan, Incorporated, Region VI
12. Federation of Filipino Chinese Chamber of Commerce of Panay, Inc.
13. Filipino Chinese Chamber of Commerce of Iloilo, Inc.
14. Gov't Assn. of Certified Public Accountants (GAGPA)
15. Green Forum – Western Visayas
16. Hodges Estate Tenants Federation of Iloilo City & Suburbs, Inc.
17. Honest & Accountable Living Ilonggos for a Graft Free Iloilo (HALIGI) Foundation, Inc.
18. Iloilo Business Club
19. Iloilo Caucus of Dev't Non-Gov't Org., Inc. (ICODE NGOs, Inc)
20. Iloilo City Convention Bureau
21. Iloilo City Realty Board
22. Iloilo Multi-Sectoral Business Organization
23. Iloilo People's Habitat Foundation, Inc.
24. Iloilo Young Women's Christian Assn. (YWCA)
25. Ilonggo Producer's Association
26. Jaro Archdiocesan Social Action Center
27. Kahublagan sang Panimalay Foundation, Inc. (KSPI)
28. Katin-aran Center Foundation, Inc. (Central Phil. University)
29. Magbinuligay Volunteer Group
30. People's Consultative Council, Inc.
31. Philippine Retailers Association (Iloilo Chapter)
32. Process Foundation – Panay, Inc.
33. Purok Paghidaet Urban Poor Tenants Association
34. Small and Medium Enterprises Development Council (SMEDC)
35. Taos Puso Foundation, Inc. (TPFI)
36. Taytay sa Kauswagan, Inc. (TSKI)
37. Urban People Development Cooperative (UPDC)
38. Urban Poor Development Cooperative (UPDC)
39. Visayas Cooperative Development Center (VICTO)
40. World Vision Development Foundation, Inc.



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