



REPUBLIC OF THE PHILIPPINES
Department of the Interior and Local Government
Department of Budget and Management



Joint Memorandum Circular No. 2011-1

Date: April 13, 2011

TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, PRESIDING OFFICERS AND MEMBERS OF THE SANGGUNIANs, PUNONG BARANGAYS AND ALL OTHERS CONCERNED

SUBJECT : AMENDING DILG-DBM JOINT MEMORANDUM CIRCULAR NO. 1, DATED SEPTEMBER 20, 2005, ENTITLED, "*GUIDELINES ON THE APPROPRIATION AND UTILIZATION OF THE 20% OF THE ANNUAL INTERNAL REVENUE ALLOTMENT FOR DEVELOPMENT PROJECTS*" AND DILG MEMORANDUM CIRCULAR NO. 2010-138 DATED DECEMBER 2, 2010, ENTITLED "*USE OF THE 20% COMPONENT OF THE ANNUAL INTERNAL REVENUE ALLOTMENT SHARES*"

1.0 PURPOSES

- 1.1 To provide guidelines on the appropriation and utilization of no less than twenty percent (20%) of the Internal Revenue Allotment (IRA) for development projects.
- 1.2 To enhance transparency and accountability of local government units in undertaking development projects.
- 1.3 To include projects in addressing and responding to natural and man-made disasters and calamities.

2.0 GENERAL POLICIES

- 2.1 In accordance with Section 287 of the Local Government Code, every LGU shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects.
- 2.2 It may be utilized to finance the priority development projects and programs, as embodied in the duly approved local development plan that directly support the Philippine Development Plan, the Medium-Term Public Investment Program and the Annual Investment Program.
- 2.3 All projects to be funded shall contribute to the attainment of desirable socio-economic development and environmental management outcomes and shall partake the nature of investment or capital expenditures.



3.0 PROJECTS COVERED

The 20% of the IRA intended for development projects may be utilized for the following priority programs and projects:

3.1 Social Development

- 3.1.1 Construction or rehabilitation of health centers, rural health units or hospitals, and purchase of medical equipment;
- 3.1.2 Construction or rehabilitation of local government-owned potable water supply system;
- 3.1.3 Establishment or rehabilitation of Manpower Development Centers;
- 3.1.4 Construction or rehabilitation of evacuation centers;
- 3.1.5 Purchase or repair of area-wide calamity related alarm or warning system;
- 3.1.6 Rehabilitation of cultural/historical sites;
- 3.1.7 Purchase or repair of appropriate calamity-related rescue operations equipment such as inflatable boats, breathing apparatus, extraction tools, safe line rescue ropes, fire extinguishers, chainsaws, two (2) way handheld radios and the like;
- 3.1.8 Purchase and development of land for the relocation of informal settlers and relocation of victims of calamities;
- 3.1.9 Construction or rehabilitation of facilities such as multi-purpose hall intended to cater out-of-school youths, women, senior citizens, minors, displaced families, indigenous people and differently-abled persons; and
- 3.1.10 Installation and maintenance of street lighting system except payment of electric bills.

3.2 Economic Development

- 3.2.1 Construction or rehabilitation of communal irrigation or water impounding system and purchase of post harvest facilities such as farm or hand tractor with trailer, thresher and mechanical driers;
- 3.2.2 Construction or rehabilitation of local roads or bridges and purchase of appropriate engineering equipment such as dump trucks, graders and pay loaders;
- 3.2.3 Capital expenditures related to the implementation of livelihood or entrepreneurship/local economic development projects; and

- 3.2.4 Amortization of loans used to finance development projects cited in this Joint Circular, subject to the 20% debt service cap.

3.3 Environmental Management

- 3.3.1 Reforestation and urban greening;
- 3.3.2 Construction or rehabilitation of sanitary landfills, material recovery facilities and purchase of garbage trucks and related equipment;
- 3.3.3 Implementation of flood and erosion control projects such as rehabilitation and construction of drainage systems, de-silting of rivers, de-clogging of canals; and
- 3.3.4 Other environmental management projects that promote air and water quality, as well as productivity of the coastal or freshwater habitat, agricultural land and forest land.

4.0 EXPENDITURE ITEMS NOT COVERED

The following expense items that are not related to and/or not connected with the implementation of development projects, programs and activities shall not be paid out of the 20% development fund:

- 4.1 Administrative expenses such as cash gifts, bonuses, food allowance, medical assistance, uniforms, supplies, meetings, communication, water and light, petroleum products and the like;
- 4.2 Salaries, wages or overtime pay;
- 4.3 Travelling expenses, whether domestic or foreign;
- 4.4 Registration or participation fees in training, seminars, conferences or conventions;
- 4.5 Construction, repair or refinishing of administrative offices;
- 4.6 Purchase of administrative office' furniture, fixtures, equipment or appliances; and
- 4.7 Purchase, maintenance or repair of motor vehicles or motor cycles.

5.0 RESPONSIBILITY OF THE LOCAL CHIEF EXECUTIVE

It is the responsibility of every Provincial Governor, City and Municipal Mayor and Punong Barangay to ensure that the 20% of the IRA is optimally utilized to help achieve desirable socio-economic development and environmental outcomes. The appropriations for development projects shall not include items for personal services and those mentioned in the immediately preceding Item No. 4 hereof. Further, all concerned local chief executives are hereby reminded that utilizing

such fund, whether willfully or through negligence, for any purpose beyond those expressly prescribed by law or public policy shall be subject to the sanctions provided under the Local Government Code and under such other applicable laws.

6.0 SUBMISSION OF THE ANNUAL INVESTMENT PROGRAM (AIP)

Provinces, Cities and Municipalities shall furnish DILG, thru its Regional Offices copies of the Annual Investment Program (AIP) containing the projects to be funded out of the 20% Development Fund.

7.0 MONITORING

The DILG, through its Bureau of Local Government Supervision (BLGS), shall review the utilization of the 20% of the IRA through the Local Government Performance Management System (LGPMS) and maintain database system on the 20% Development Fund.

8.0 REPEALING CLAUSE

All existing issuances issued either by the Department of the Interior and Local Government (DILG) or the Department of Budget and Management (DBM), which are inconsistent herewith, are hereby superseded. Any future reference with respect to issuances of both the DBM and the DILG in relation to the utilization of the 20% component of the IRA shall be made in reference to this Joint Memorandum Circular.

9.0 EFFECTIVITY

This Joint Memorandum Circular shall take effect immediately.



FLORENCIO B. ABAD

Secretary

Department of Budget and Management



JESSE M. ROBREDO

Secretary

Department of the Interior and Local
Government



Republic of the Philippines
DEPARTMENT OF THE INTERIOR
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