



REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**  
A. Francisco Gold Condominium II, EDSA corner Mapagmahal Street,  
Diliman, Quezon City

**OFFICE OF THE SECRETARY**

**MEMORANDUM CIRCULAR**  
**NO. 2010 - 138**

**December 02, 2010**

**TO : ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, PRESIDING OFFICERS OF THE SANGGUNIANG PANLALAWIGAN, SANGGUNIANG PANLUNGSOD AND SANGGUNIANG BAYAN, PUNONG BARANGAYS, REGIONAL GOVERNOR OF THE ARMM AND DILG REGIONAL DIRECTORS**

**SUBJECT : USE OF THE 20% COMPONENT OF THE ANNUAL INTERNAL REVENUE ALLOTMENT SHARES**

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Section 287 of the Local Government Code mandates every local government to appropriate in its annual budget no less than 20% of its annual revenue allotment for development projects. In common understanding, development means the realization of desirable social, economic and environmental outcomes essential in the attainment of the constitutional objective of a desired quality of life for all.

In this connection, all local authorities are enjoined to utilize the said 20% component of the Internal Revenue Allotment for meaningful and rooted development, and to refrain from using such fund for:

1. Administrative expenses such as cash gifts, bonuses, food allowance, medical assistance, uniforms, supplies, meetings, communication, water and light, petroleum products, and the like;
2. Salaries, wages or overtime pay;
3. Travelling expenses, whether domestic or foreign;
4. Registration or participation fees in training, seminars, conferences or conventions;
5. Construction, repair or refinishing of administrative offices;
6. Purchase of administrative office furniture, fixtures, equipment or appliances; and
7. Purchase, maintenance or repair of motor vehicles or motorcycles, except ambulances.

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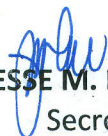
All local authorities are further reminded that utilizing the 20% component of the Internal Revenue Allotment, whether willfully or through negligence, for any purpose beyond those expressly prescribed by law or public policy shall be subject to the sanctions provided under the Local Government Code and under such other applicable laws.

All DILG Regional Directors and the Regional Governor of the ARMM are directed to:

1. Cause the immediate and widest dissemination of this Memorandum Circular;
2. Ensure that this Circular is effectively communicated to concerned local authorities; and
3. Exercise administrative oversight pursuant to Memorandum dated April 1, 2008, on the Exercise of General Supervision over Local Government Units.

This Department Issuance amends or supplements: (a) Memorandum Circular No. 95-155, dated September 22, 1995, on the subject, Submission of Financial reports on the Utilization of the 20% Development Fund and Annual Investment Programs to the Commission on Audit; (b) Memorandum Circular No. 95-216, dated December 15, 1995, entitled, Policies and Guidelines on the Utilization of the Twenty Percent (20%) Development Fund and Related Matters; (c) Memorandum Circular No. 99-66, dated April 23, 1999, on the subject, Reiterating, or Further Amending, the Provisions of Memorandum Circular No. 95-216 dated December 14, 1995, Entitled, Policies and Guidelines on the Utilization of the Twenty Percent (20%) Development Fund and Related Matters, as Amended; (d) Memorandum Circular No. 2000-97, dated August 1, 2000, entitled, Financing Anti-Illegal Drug Activities; and (e) Joint Memorandum Circular No. 1, s. 2005, dated September 20, 2005, titled, Guidelines on the Appropriation and Utilization of the 20% of the Annual Internal Revenue Allotment (IRA) for Development Projects.

Any future reference with respect to Department Issuances in relation to the utilization of the 20% component of the IRA shall be made in reference to this Memorandum Circular.

  
**JESSE M. ROBREDO**  
Secretary



Republic of the Philippines  
DEPARTMENT OF THE INTERIOR  
AND LOCAL GOVERNMENT  
IN REPLYING, PLS CITE:

SILG 10 00-4751



2010-12-17-08-10