

EXECUTIVE ORDER NO. 189

**DIRECTING ALL LOCAL GOVERNMENT UNITS TO SUBMIT TO THE
DEPARTMENT OF BUDGET AND MANAGEMENT THEIR
RESPECTIVE ANNUAL INVESTMENT PLAN**

WHEREAS, Local Government Units (LGUs) are mandated to appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects with copies of their respective Development Plans to be furnished the Department of the Interior and Local Government, pursuant to Section 287 of R.A. No. 7160, the Local Government Code of 1991, as implemented by Article 384 of its Implementing Rules and Regulations;

WHEREAS, while the Local Government Code empowers local authorities to manage their internal affairs consistent with devolution and local autonomy, it should be emphasized that part of the responsibility of the national government is to help ensure that public funds, particularly the 20% Development Fund, shall be appropriated and disbursed only for the very purpose or purposes for which such Fund was established; and

WHEREAS, it has been observed that most LGUs, if not all, do not submit an Annual Investment Plan (Local Development Plan) as required under the Local Government Code of 1991.

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Republic of the Philippines, by virtue of the powers vested in me by law and the Constitution, do hereby order the following:

SECTION 1. Use of the 20% Development Fund. The Internal Revenue Allotment (IRA) share of local government units equivalent to twenty percent (20%) set aside for development projects shall be used for specific sectoral programs, projects and activities in furtherance of the development agenda of the government. Accordingly, priority consideration shall be given to the following areas:

- a. Solid waste management which may include purchase of related equipment, trucks and compactors, as well as purchase of land for sanitary landfill purposes;



- b. Purchase of lots for hospitals, health centers, day care centers and similar facilities which may include construction, repair and/or maintenance of such facilities;
- c. Purchase of lot for resettlement of squatters, including construction of housing units and facilities;
- d. Activities in support of the Food Security Program, and the Livestock Dispersal, Fisheries Development and Fish Culture Farming Programs;
- e. Initiatives in support of Cooperative Development;
- f. Construction, maintenance and/or repair of post-harvest facilities, irrigation and other agricultural production systems;
- g. Construction, maintenance and/or repair of local roads and bridges;
- h. Construction, maintenance and/or repair of water and sewerage system, as well as, power and communication facilities; and
1. Construction, maintenance and/or repair of public buildings which may include purchase of equipment necessary in the implementation of infrastructure undertakings.

SECTION 2. Submission of the Annual Investment Plan. All local government units shall submit their respective Annual Investment Plan (Development Plan) as approved by their Local Development Council, to the appropriate regional office of the Department of Budget and Management, not later than January 31st of each year; provided, however, that the submission of this Annual Investment Plan for the year 2000 shall be not later than March 31, 2000. More specifically, said Annual Investment Plan shall contain specific programs, projects and activities, as aforementioned, the corresponding project cost including the necessary fund flows to approximate the reasonable timing in the release of funds.

SECTION 3. Direct Release of the Internal Revenue Allotment Representing the 20% Development Fund. The DBM Regional Office shall release the twenty percent (20%) Development Fund of the LGU on the basis of programs, projects, and activities embodied in the Annual Investment Plan direct to the LGU concerned considering the appropriate schedule for the release of funds. When appropriate, the initial release for mobilization and the subsequent progress billing scheme may be adopted for the purpose.

SECTION 4. Implementing Guidelines. The Department of Budget and Management, in consultation with all the Leagues of the local government units, shall formulate the necessary guidelines for the effective implementation of this Order and may prescribe appropriate forms for the purpose.

SECTION 5. Review of the Project List to Implement the 20% Development Fund. The Development Budget Coordinating Committee (DBCC) shall conduct a semestral review of the list of eligible projects and shall provide the Office of the President with a report and recommendation on the effective implementation thereof.



SECTION 6. Effectivity. This Executive Order shall take effect on January 1, 2000.

DONE, in the City of Manila, this 21st day of December in the Year of Our Lord, Nineteen Hundred and Ninety Nine.


JOSEPH EJERCITO ESTRADA

By the President:



RONALDO B. ZAMORA
Executive Secretary



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