



**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG)  
DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)**

**Joint Memorandum Circular (JMC) No. 02  
Date: **30 March 2020****

To : Local Chief Executives, Members of the Local Sanggunian, Members of the Local Finance Committees, Local Accountants, Heads and Directors of the Central and Regional Offices/Field Offices of the DBM and DILG, and All Others Concerned

Subject : **PROVISIONAL GUIDELINES ON THE PREPARATION AND APPROVAL OF THE ANNUAL INVESTMENT PROGRAMS OF LOCAL GOVERNMENT UNITS IN VIEW OF THE CORONAVIRUS DISEASE 2019 (COVID-19) SITUATION**

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**1.0 RATIONALE**

Section 305 (i) of the Local Government Code of 1991 (Republic Act No. 7160), hereinafter referred to as the Code, provides that local budgets shall operationalize approved local development plans.

Moreover, under Article 410 of the Implementing Rules and Regulations (IRR) of the Code, the local development council (LDC) shall submit to the local finance committee (LFC) a copy of the local development plan and Annual Investment Program (AIP) prepared and approved during the fiscal year before the calendar for budget preparation in accordance with applicable laws, specifying therein projects proposed for inclusion in the local government budget, as well as, in the budgets of National Government Agencies or Government-Owned or –Controlled Corporations concerned.

Accordingly, to ensure that the local budgets truly operationalize approved local development plans, it is imperative that: (i) the investment programs contain priority programs, projects, and activities (PPAs) that will directly contribute to the achievement of the goals and objectives of the LGU, as embodied in their development plans; and (ii) the local budgets fund the PPAs included in the investment programs, particularly the AIP.

In view thereof, in the various issuances of the DILG and DBM, it has been emphasized that all PPAs to be funded by the LGUs should be part of their respective approved AIPs. In case the PPAs are not among those included in the approved AIP, the LDC is required to prepare a supplemental investment program for the purpose, to be approved by the local sanggunian.

Recently, Presidential Proclamation No. 922, s. 2020, was issued declaring a State of Public Health Emergency throughout the Philippines due to the Coronavirus Disease 2019 (Covid-19) and the Code Alert System for COVID-19 was raised to Code Red Sublevel Two (2) in accordance with the recommendation of the Department of Health and the Inter-Agency Task Force for Emerging Infectious Diseases. Further, Presidential Proclamation No. 929, s. 2020, was issued declaring a State of Calamity throughout the Philippines due to Covid-19.

Both Proclamations<sup>1</sup> enjoined all government agencies and LGUs to render full assistance to and cooperation with each other and mobilize the necessary resources to undertake critical, urgent, and appropriate disaster response aid and measures in a timely manner to curtail and eliminate the threat of COVID-19.

Moreover, Section 4 of RA No. 11469 (the *Bayanihan to Heal as One Act*) granted the President the power to adopt various temporary emergency measures to respond to crisis brought about by the pandemic. Under Section 4 (g) thereof, the President is empowered to ensure that all LGUs are acting within the letter and spirit of all the rules, regulations and directives issued by the National Government pursuant to the said law, and are implementing standards of Community Quarantine consistent with what the National Government has laid down for the subject area, while allowing the LGUs to continue exercising their autonomy on matters undefined by the National Government or are within the parameters it has set, and are fully cooperating towards a unified, cohesive and orderly implementation of the national policy to address COVID-19.

The declaration of a State of Public Health Emergency throughout the country and the implementation of the Enhanced Community Quarantine (ECQ) imposed restrictions on the mobility and physical interaction of the general public with the adoption of strict social distancing measures.

Consequently, it has been reported that many LDCs are not able to appropriately convene in order to prepare and approve the AIPs or the necessary supplemental investment programs of their respective LGUs under the circumstances consistent with Local Budget Circular No. 124<sup>2</sup> dated 26 March 2020 and DILG-DBM JMC No. 01<sup>3</sup> dated 27 March 2020. In this regard, since the LGUs are at the forefront of implementing the necessary measures to curtail and eliminate the threat of COVID-19, there is an urgent need to provide greater flexibility to enable them to adequately and effectively respond to the crisis in a timely manner.

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<sup>1</sup> Section 2 of Presidential Proclamation (PP) No. 922, s. 2020, and Section 3 of PP No. 929, s. 2020.

<sup>2</sup> Policy Guidelines on the Provision of Funds by Local Government Units for Programs, Projects and Activities to Address the Corona Virus Disease 2019 (COVID-19) Situation

<sup>3</sup> Additional guidelines on the Utilization of the Twenty Percent (20%) of the Annual Internal Revenue Allotment for Development Programs in view of the Coronavirus Disease 2019 (COVID-19) Situation





Accordingly, this JMC is issued to provide provisional guidelines on the preparation and approval of the AIPs and supplemental investment programs of LGUs to enable them to expeditiously undertake critical, urgent, and appropriate disaster response aid and measures to curtail and eliminate the threat of COVID-19.

## **2.0 POLICY GUIDELINES**

- 2.1 All COVID-19-related PPAs and expenses to be funded by the LGUs should be part of their respective approved AIPs. In case the COVID-19-related PPAs and expenses are not among those included in the approved AIP, the LDC shall prepare a supplemental investment program for the purpose, to be approved by the local sanggunian.
- 2.2 However, in view of the implementation of the ECQ and the physical distancing measures which renders the LDC unable to convene to prepare the AIP or supplemental investment program/s, the COVID-19-related PPAs and expenses may still be funded by the LGU concerned, provided that upon normalization of the situation, the LDC shall prepare the necessary AIP or supplemental investment program/s, to be approved by the local sanggunian.
- 2.3 It is understood that the foregoing policy guidelines shall apply to all changes in the respective FY 2020 Annual Budgets (ABs) of LGUs through supplemental budget/s pursuant to Section 321 of the Code and Article 417 of its IRR, as amended by Administrative Order No. 47<sup>7</sup> dated April 12, 1993, or use of appropriated funds and savings to augment any item in the approved AB pursuant to Section 336 of the Code and Article 454 (b) of its IRR.

## **3.0 RESPONSIBILITY AND ACCOUNTABILITY**

The responsibility and accountability for the proper implementation of this JMC shall rest upon the LCE and other local officials concerned. The responsible officials shall be held liable for any disbursement not in accordance with the provisions of this JMC.

## **4.0 PROVISION OF TECHNICAL ASSISTANCE TO LGUs**

The LGUs may coordinate with the Regional Offices of the DILG and DBM for the necessary technical assistance in the implementation of this JMC.

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<sup>7</sup> Amending Article 417 of the Rules and Regulations Implementing the Local Government Code of 1991 Approved and Adopted by Administrative Order No. 270 (1992)



## 5.0 **SEPARABILITY CLAUSE**


If any provision of this JMC is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

## 6.0 **REPEALING CLAUSE**

All provisions of existing guidelines that are not consistent with this JMC are hereby revised, modified and/or repealed accordingly.

## 7.0 **EFFECTIVITY**

This JMC shall take effect immediately upon its complete publication in the Official Gazette or in a newspaper of general circulation, and shall remain in force throughout the duration of the State of Calamity as declared by the President through Proclamation No. 929.

  
**EDUARDO M. AÑO**  
Secretary, DILG

  
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