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Republic of the Philippines  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**  
A. Francisco Gold Condominium II EDSA cor. Mapagmahal St.,  
Diliman, Quezon City

January 16, 2007

**MEMORANDUM CIRCULAR**  
NO. 2007-5

**TO :** ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS,  
PUNONG BARANGAYS AND DILG REGIONAL DIRECTORS

**SUBJECT :** APPROPRIATION AND UTILIZATION OF THE 20% OF THE ANNUAL  
INTERNAL REVENUE ALLOTMENT

All local authorities are hereby reminded of the provision of Section 287 of the Local Government Code, quote:

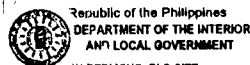
*Each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects. (Underscoring Supplied)*

It has to be emphasized that the development projects mandated in the above-quoted provision of law refer to those that contribute to the attainment of desirable socio-economic development and environmental management outcomes. Sections 16 and 17 of the Code, as well as DILG-DBM Joint Memorandum Circular No. 1 dated September 20, 2005, are instructive towards this end.

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 explicitly required by law or public policy shall be subject to sanctions provided under the Local Government Code and under such other applicable laws.

All DILG Regional Directors are directed to cause the immediate and widest dissemination of this Memorandum Circular to all local government units within their regional assignments.

  
**RONALDO V. PUNO**  
Secretary



Republic of the Philippines  
DEPARTMENT OF THE INTERIOR  
AND LOCAL GOVERNMENT

IN REPLYING, PLS CITE:  
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