



January 4, 2013

MARIQUITA P. ORTEGA
Area Head-NOL 1
PNB – La Union Branch
San Fernando City, La Union

received
1/11/13

Dear Ms. Ortega:

This refers to your letter seeking the Department's clarification whether the inclusion of the Construction of Public Market of Bantay, Ilocos Sur in its Executive Legislative Agenda (ELA) and Annual Investment Program is regular and sufficient and will not render the LGU's budget inoperative despite non-inclusion in its Annual Development Plan (ADP).

In dealing with the issues, please be informed that the Annual Development Plan is the formulated plan of development projects, programs and activities of LGU, sourced or funded from not less than 20% of its Internal Revenue Allotment (IRA). It is a component part of the Annual Budget of the LGU, pursuant to Section 287 of R.A. 7160 (The 1991 Local Government Code of the Philippines).

The utilization of the 20% Development Fund is guided by DILG – MC No. 2010-138 dated December 2, 2010 and DBM-DILG JMC 2011-1 dated April 13, 2011 which set the realization of priority projects on *social, economic and environmental outcomes essential in the attainment of the desired quality of life for all*.

The Annual Investment Program (AIP) on the otherhand, is the public investment program which serves as the blueprint of present and future development plans, budgetary aspirations and priority project needs that has to be pursued to realize the progress and development of the LGU. It is the total budgetary requirement for a fiscal year of the LGU. It embodies all funds of the LGU like the General Fund, the 20% Development fund, 5% DRRM Fund and other external or internal sources.

Likewise, the Annual Budget is the annual financial plan of the LGU. It includes list of planned expenses, revenues, savings and borrowing. The Local Government Code provides that the Annual Budget must be enacted through an ordinance. Sec.319 of RA 7160 requires a legislative authorization, through an ordinance, of the executive budget

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