



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

**Joint Memorandum Circular (JMC) No. 01**  
Date: APR 27 2023

To : Local Chief Executives, Members of the Local Sanggunian, Members of the Local Finance Committee, Local Accountants, Heads and Directors of the Central and Regional Offices/Field Offices of the DBM,DOF-Bureau of Local Government Finance (BLGF), and DILG, and All Others Concerned

Subject : **SUPPLEMENTAL GUIDELINES TO DBM-DOF-DILG JMC NO. 1, s. 2020 RELATIVE TO THE UTILIZATION OF THE TWENTY PERCENT (20%) COMPONENT OF THE ANNUAL NATIONAL TAX ALLOTMENT<sup>1</sup> (20% DEVELOPMENT FUND) FOR THE IMPLEMENTATION OF COMMUNITY-BASED MONITORING SYSTEM**

## 1.0 BACKGROUND

Section 4 of Republic Act (RA) No. 11315 or the Community-Based Monitoring System (CBMS) Act provides for the nationwide adoption of the CBMS, to wit:

"Section 4. Data Collection. – A CBMS is hereby established and instituted in every city and municipality as an economic and social tool towards the formulation and implementation of poverty alleviation and development programs which are specific, targeted and responsive to the basic needs of each sector of the community. x x x"

Moreover, Section 5 of said law provides that the regular and synchronized data collection shall be conducted by every city and municipality every three (3) years with financial and technical assistance from the appropriate national government agencies.

Further, Section 11, Ibid. provides that the national government (NG) shall provide financial assistance to fourth (4<sup>th</sup>) to sixth (6<sup>th</sup>) class cities and municipalities for the implementation of the CBMS during the first three (3) years of implementation scheduled to commence in FY 2022. However, due to limited financial resources, the NG can only accommodate sixth (6<sup>th</sup>) income class local government units (LGUs) and provide only counterpart funding for fifth (5<sup>th</sup>) class income LGUs. Given this, higher income class LGUs who wish to participate in the scheduled roll-out this year shall use their respective local funds.

<sup>1</sup> Previously known as Internal Revenue Allotment

One of the identified possible sources of funds for the LGU's implementation of CBMS is the 20% Development Fund (DF). However, majority of the sub-components/activities of the CBMS, if expended or disbursed individually, will fall within the negative list of expenditure items that cannot be funded through the 20% DF pursuant to Item 3.2.5 of the DBM-DOF-DILG JMC No. 1 s. 2020 dated November 4, 2020.<sup>2</sup>

Acknowledging that the overall intent of the CBMS, as provided by R.A No. 11315, is aligned with the provision provided under Item 3.2.2 of the DBM-DOF-DILG JMC No. 1, to wit, "[t]he development projects that may be included [by the LGUs] under the 20% DFs shall be those that are necessary, appropriate, or incidental to the efficient and effective local governance, and those which are essential to the promotion of the general welfare of the people," it is imperative that supplemental guidelines be issued for the utilization of the 20% DF for the implementation of CBMS.

## **2.0 PURPOSE**

This JMC is being issued to supplement the existing policies and guidelines on the utilization of the 20% DF by providing guidelines for LGUs in utilizing their respective 20% DFs as they fulfill their mandates and functions in line with the implementation of CBMS as prescribed under R.A No. 11315.

## **3.0 POLICY GUIDELINES**

3.1 CBMS-related programs, projects, and activities (PPAs) and expenses may be charged against the 20% DF, as long as the same do not fall within the purview of the expenditure items that are not allowed to be charged against the 20% DF pursuant to Item 3.2.5 of DBM-DOF-DILG JMC No. 1; provided that the CBMS-related PPAs and expenses shall be implemented as a comprehensive program/project.

3.2 Accordingly, this may be done through outsourcing the CBMS implementation as a whole, and guided by the following:

3.2.1 LGUs may engage a third-party organization/service provider to assist in the CBMS implementation through consultancy services or direct contracting following the rules and policies on government procurement prescribed under the Government Procurement Reform Act (R.A No. 9184) and its 2016 Revised Implementing Rules and Regulations (IRR), and all relevant policies issued by the Government Procurement Policy Board.

3.2.2 Engagements of LGUs with a third-party organization/service provider shall be in compliance with the requirements stipulated in Section E (7) of the Memorandum of Agreement (MOA) of the DILG, Philippine Statistics Authority (PSA), and LGU in the

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<sup>2</sup> Revised Guidelines on the Appropriation and Utilization of the Twenty Percent (20%) of the Annual Internal Revenue Allotment for Development Projects

implementation of CBMS, to wit:

"7. Whenever the funding source is the 20% Development Fund, outsource all the CBMS deliverables through procurement of consultancy services following the alternative mode/s of procurement prescribed by R.A. No. 9184, otherwise known as the "Government Procurement Reform Act" and its Implementing Rules and Regulations.

Should the LGU opt to enter this mode of procurement, the LGU shall: (a) provide PSA a copy of the MOA to be entered into with the consultancy agency/entity (after the awarding of contract following the procurement procedure pursuant to R.A No. 9184 and its IRR) to ensure inclusion of provisions related to the adherence to the PSA CBMS protocols and to the Data Privacy Act of 2012; and (b) ensure participation of its personnel (to the extent possible, the consultancy agency/entity's personnel) during the CBMS operational training to be capacitated in the collection of poverty data at the local level in adherence to Section 6 (b) of the CBMS Act;"


3.3 Consistent with Section 3.2.1 of DBM-DOF-DILG JMC No. 1 s. 2020, CBMS-related PPAs shall be embodied in the LGUs' duly approved local development plans, and medium-term and annual investments programs.

#### 4.0 ITEMS FOR INTERPRETATION

Interpretation of the provisions of this JMC, including cases not covered herein, shall be referred to DBM, DOF, and DILG for joint resolution.


#### 5.0 EFFECTIVITY

This JMC shall take effect immediately upon its complete publication in the Official Gazette or in a newspaper of general circulation.

  
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