



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS

Second Regular Session

House Bill No. **6338**

Introduced by Representative Jose Enrique S. Garcia III

EXPLANATORY NOTE

The Seal of Good Local Governance, first introduced in 2014 was a way of assessing Local Government Units (LGUs) on whether they attain minimum government standards. As a means of providing incentives for LGUs, they must receive the seal before receiving a grant from the Performance Challenge Fund. Local Government Units that receive the seal are provided with a performance-based grant which they can then use to supplement funding for local development projects.

While the grant may not be that big, they go a long way in extending assistance for development projects, especially for low-income municipalities and cities that have inadequate funds to provide services and projects that have been devolved to them by the national government. These LGUs often have to rely on their provincial governments or district representatives in Congress to provide supplemental funding for their local projects.

The Seal and the Performance Challenge Fund have had notable benefits – increasing transparency in local government budgets and plans by incentivizing compliance with the Full Disclosure Policy, instilling prudence and discipline in local fund management, and providing an initial benchmark for good local governance by identifying concrete assessment criteria. They have also, through the new funds available, augmented local government resources for development projects.

With this in mind, it is important to institutionalize a program that advances the primacy of performance, accountability, transparency, and participation, and recognizes LGUs with good performance in financial administration, disaster preparedness, social protection, peace and order, business friendliness and competitiveness, and environmental management.

The capabilities of local government units will be enhanced and strengthened by providing them with opportunities and recognizing their accomplishments in actively taking a role in pre-designated core and essential areas of development. Earmarking and revitalizing the mechanisms of

accountability and transparency of local government units to their respective constituents shall be strengthened in while undertaking projects and program that will reinvigorate the quality of local leadership, responsiveness, and delivery of much needed services and programs.

This Act is envisioned to fortify the LGUs to be more responsive, maverick, and pro-active in their service delivery, performance, local policy and programs, to be better partners in nation building and keeping abreast with the global challenges of active social leadership and responsibility.

The passage of this bill is earnestly and sincerely sought.


JOSE ENRIQUE S. GARCIA III
Second District, Bataan



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**AN ACT ESTABLISHING AND INSTITUTIONALIZING
THE SEAL OF GOOD LOCAL GOVERNANCE FOR LOCAL GOVERNMENT
UNITS, AND ALLOCATING FOR THIS PURPOSE THE SEAL OF GOOD
LOCAL GOVERNANCE FUND**

*Be it enacted by the Senate and House of Representatives of the Philippines
in Congress assembled:*

**CHAPTER I
GENERAL PROVISIONS**

SECTION 1. SHORT TITLE – This Act shall be known as “**THE SEAL OF
GOOD LOCAL GOVERNANCE ACT OF 2017** or **THE SGLG ACT OF
2017**”

SECTION 2. DECLARATION OF POLICY. – It is hereby the declared
policy of the State to recognize the good performance of provincial, city and
municipal governments in transparency and accountability in the use of public
funds, organization of health programs, preparedness for challenges posed by
disasters, sensitivity to the needs of vulnerable and marginalized sectors of
society, investment and employment promotion, protection of constituency
from threats to life and damage to property, and safeguarding the integrity of
the environment. In such recognition, the State hopes to encourage all local
governments to take on greater challenges, and to reward local governments
for their effort in pursuing the general welfare of their constituency and in
enforcing existing laws.

SECTION 3. THE SEAL OF GOOD LOCAL GOVERNANCE. – **THE
SEAL OF GOOD LOCAL GOVERNANCE PROGRAM (SGLG)** is an
award, incentive, honor and recognition based program for all local
government units (LGUs), except barangays, and is a continuing commitment
for LGUs to continually progress and improve its performance in the following
areas (the “Criteria”):

- a. Uphold the practice of transparency and accountability in the use of public funds;
- b. Organize and set-up health programs that would strengthen and benefit its constituents;
- c. Prepare for challenges brought about by unpredictable natural calamities;
- d. Demonstrate the readiness to help and sensitivity to the needs of vulnerable and marginalized sectors of society;
- e. Encourage investment and employment;
- f. Protect constituents from threats to life and damage to property; and,
- g. Safeguard and protect the integrity of the environment through adaptive social responsibility.

Every three (3) years after the effectivity of this Act, the Department of the Interior and Local Government (DILG), upon recommendation of its Bureau of Local Government Development and Bureau of Local Government Supervision, shall, if necessary, recommend to Congress the expansion of the Criteria; *Provided that*, such additional areas shall be in line with the long-term development plan of the National Government.

For the avoidance of doubt, the Criteria shall be interpreted in accordance with Sections 6 and 8 of this Act.

SECTION 4. SCOPE OF APPLICATION. The SGLG shall cover all LGUs, except for Barangays.

SECTION 5. INSTITUTIONAL MECHANISM; IMPLEMENTING AGENCY – There is hereby established a Council of Good Local Governance (the “Council”), which shall be composed of the Secretaries of the following entities:

- a. Department of the Interior and Local Government (DILG);
- b. Department of Budget and Management (DBM);
- c. Department of Finance (DOF); and
- d. National Economic Development Authority (NEDA)

The Council shall act as an advisory body to ensure the proper implementation of the SGLG.

The Secretary of the DILG shall act as Chairperson of the Council. The appropriate office of the DILG, as the latter may designate, shall serve as the Secretariat of the Council.

The DILG shall be the implementing agency of this Act. It shall, through its relevant bureaus and offices, be responsible for evaluating each LGU relative to their compliance with the Criteria, and determining whether an LGU qualifies with the minimum requirements to be conferred or awarded the SGLG. The vetting of the SGLG recipients shall be the responsibility of the DILG.

The DILG may, from time to time, call on any other concerned agencies or sectors, as it may deem necessary, to assist in carrying out its responsibilities under this Act.

SECTION 6. CRITERIA –For the purpose of this Act, the areas in the Criteria shall be understood and interpreted as follows:

I. CORE AREAS OF CONCERN AND INDISPENSABLE AREAS OF CONSIDERATON.

1. **GOOD FISCAL or FINANCIAL ADMINISTRATION.** – This refers to the condition where an LGU maintains, preserves and mandatorily upholds the practice of accountability and transparency by adhering to the generally accepted and recognized accounting and auditing standards. Indicators include but are not limited to (a) the issuance of an unqualified or qualified opinion on the financial statements of an LGU by the Commission on Audit (COA) in the immediately preceding year, and (b) full, strict, and exacting compliance with the Full Disclosure Policy of Local Budget and Finances, Bids and Public Offerings.
2. **HEALTH COMPLIANCE and RESPONSIVENESS** – This refers to the condition where an LGU provides concrete and hands-on action that elevates the status, awareness, preparedness, and responsiveness in delivering its health services. Indicators include but are not limited to (a) the implementation of practical information dissemination and education measures, (b) the implementation of training and/or schooling measures, (c) building the efficiency, competency and skill of concerned personnel to comply with international health standards and responsiveness, and (d) ensuring the operational preparedness, readiness and vigilance via the availability and accessibility of the necessary tools, medical and health equipment and machinery, supplies and such other resources and technology intended for health and medical purposes.
3. **DISASTER MANAGEMENT, PREPAREDNESS AND TIMELINESS** - This refers to an LGU's preparedness for any disaster, or natural or man-made calamity, by taking proactive actions and building capacity to provide remedial action when needed. Indicators include but are not limited to (a) being an awardee of the National Gawad KALASAG for Best Local Disaster Risk Reduction and Management Council, (b) having structures, plans and systems in place for disaster preparedness, such as the creation and mobilization of local Disaster Risk Reduction Management (DRRM) Council and DRRM Office, (c) the availability of a Provincial Development and Physical Framework Plan/Comprehensive Land Use Plan, DRRM Plan, Contingency Plan, and Local Climate Change Action Plan, (d) the availability of working early warning and evacuation alert systems, evacuation centers, standard operating procedures in the event of disaster or

calamity, emergency transportation facilities, relief operation equipment and tools, medical services, registration and security.

4. **SOCIAL PROTECTION, AND SENSITIVITY PROGRAM** – This refers to an LGU's sensitivity and responsiveness to the needs of its constituents particularly those belonging to the vulnerable or disadvantaged sectors, such as but not limited to, women, children, indigenous people, elderly, and persons with disability (PWD). Indicators include but are not limited to (a) providing access to justice, particularly in cases of violence against women and children, (b) access to quality public health facilities certified by PhilHealth, (c) support to basic education particularly alignment of the Local School Board (LSB) Plan with the School Improvement Program certified by the Department of Education-representative in the LSB, (d) providing access for PWDs, senior citizens and pregnant women in frontline services, (e) enhancing mobility for PWDs in public infrastructures like local government centers and hospitals in accordance with the Accessibility Law, (f) mandatory representation of indigenous people in compliance with the Indigenous Peoples Rights Act of 1997, (g) compliance with the mandatory representation in the sanggunian with representative accorded with regular privileges and emoluments of a sanggunian member, (h) the presence of at least one accredited LGU-managed residential care facility for the vulnerable sectors, and (i) representation from NGOs in the local development council consistent with the pertinent provisions of the Local Government Code.

II. ESSENTIAL AREAS OF CONSIDERATON.

1. **LOCAL BUSINESS SOCIABILITY AND VIABILITY.** This refers to an LGU's unconventional initiative in encouraging local investment, together with local business enterprises and the working sector, through the adoption of policies, programs, systems, structures and/or local legislation in order to support and promote a business climate conducive to sustainable business growth. Indicators include but are not limited to (a) having a simplified business processing and licensing system, (b) tracking of economic data of the locality and the sharing of the same with investors, (c) having a designated local economic investment promotion officer or its equivalent, (d) an updated Citizen's Charter, (e) an updated Local Investment Incentive Code, and (f) good performance in business promotion as a result of Business-Friendliness or Competitiveness Assessment by the Philippine Chamber of Commerce and Industry or the National Competitiveness Council.
2. **SAFETY, PEACE AND ORDER.** This refers to a condition where an LGU establishes and demonstrates good and respectable performance in terms of maintaining peace and order in the community with the implementation of activities, programs and policies, and the appropriate provision of support mechanisms to

1 ensure the safety and protection of its constituencies from
2 unnecessary threats to life, security and property. Indicators include
3 but are not limited to (a) adopting a Local Anti-Criminality Action
4 Plan or Peace and Order and Public Safety Plan, (b) providing
5 logistical or financial support to the local police, (c) convening the
6 local Peace and Order Council, (d) establishing a functional local
7 Anti-Drug Abuse Council, and (e) establishing and implementing a
8 community-oriented policing mechanism.
9

- 10 3. **ENVIRONMENTAL PROGRESSIVE MANAGEMENT AND**
11 **PROTECTION.** This refers to an LGU's initiative that consistently
12 and significantly preserves and protects the integrity of the
13 environment. Indicators include but are not limited to (a) advancing
14 local policy and programs of action on Environmental Impact
15 Assessment, (b) promoting social awareness and social
16 responsibility programs, (c) managing and maintaining ecological
17 balance within their territorial jurisdiction, (d) complying with at
18 least the minimum standards set by the provisions of the Ecological
19 Solid Waste Management Act of 2000, (e) establishing a material
20 recovery facility or an existing partnership with an entity with
21 facilities that may be used for such purpose, (f) having access to a
22 sanitary landfill or alternative technology, (g) maintaining an
23 organized local Solid Waste Management Board, and (h) instituting
24 policies, programs, systems, structures and/or local legislation in
25 order to support and promote environmental protection in all levels
26 of human transaction.
27

- 28 4. **LOCAL TOURISM/HERITAGE DEVELOPMENT and**
29 **ADVANCEMENT.** This refers to an LGU's ability to promote and
30 protect local heritage and culture, or local legacy, in terms of
31 preserving the cultural, historical and indigenous significance of the
32 community, marketing the characteristics which the LGU is known
33 or recognized for, and attracting foreign and local visitors and
34 tourists to the locality. Indicators include but are not limited to (a)
35 the presence of a Local Tourism Officer or designated officer, (b) the
36 establishment of a Tourist Information and Assistance Center, (c)
37 the establishment of a tracking system of tourism data, (d) the
38 presence of a local council for the promotion of culture and the arts,
39 (e) the approval and implementation of a budget appropriated for
40 the conservation and preservation of cultural property, and (f)
41 existence of an updated cultural property inventory in the LGU.

42 **SECTION 7. REQUISITES TO QUALIFY FOR SGLG; The "4 Plus 1"**
43 **DOCTRINE.** – An LGU covered by this Act, which, according to the
44 assessment of the DILG, complies, qualifies, and passes all four core
45 assessment areas as provided in Section 6(I) of this Act, and also complies,
46 qualifies, and passes at least one essential assessment area as provided in
47 Section 6(II), subject to the approval of the DILG, shall be conferred and
48 awarded the SGLG and granted the corresponding incentive as provided
49 under Section 10 of this Act.

Section 8. RULES OF INTERPRETATION – In order to ensure the prestige of the SGLG, in the interpretation of the provisions of this Act, all definitions of the areas of the Criteria and all issuances and rules and regulations issued pursuant to this Act shall be strictly construed against LGUs. It shall be the burden of an LGU to show that it qualifies for the SGLG.

SECTION 9. IMPLEMENTING RULES AND REGULATIONS – The Secretary of the DILG shall formulate and promulgate the rules and regulations to implement the provisions of this Act within ninety (90) days from the effectivity of this Act.

SECTION 10. THE SGLG INCENTIVE FUND – There is hereby created a special account under the General Fund called “SGLG Fund” with an initial allocation of One Billion Pesos (P1,000,000,000.00). The Fund shall be utilized only to pay out the incentives granted to LGUs which qualify for the SGLG.

The incentives to be awarded to each LGU conferred with the SGLG shall be capped as follows:

- a. Provinces – Seven Million Pesos (P7,000,000.00);
- b. Cities – Five Million Pesos (P5,000,000.00); and
- c. Municipalities – Three Million Pesos (P3,000,000.00).

The Council established under Section 5 of this Act shall have the authority to re-evaluate and increase the amount of SGLG incentive to be awarded to LGUs; *Provided That*, such re-evaluation and increase shall not be done more often than every three (3) years after the effectivity of this Act; *Provided further That*, the increase shall be subject to the sufficiency of the Fund at the time the increment is implemented.

SECTION 11. LIMITATIONS ON EXPENDITURES – Payouts from the SGLG Fund to LGUs shall not be used for programs that duplicate or overlap with programs and projects that are already being implemented and funded by the National Government. In the same manner, the fund may not serve as a counterpart fund by LGUs to support projects identified and primarily implemented by the National Government.

Payouts from the SGLG Fund shall not also be used for any of the following:

- a. Financing micro credits and loans;
- b. Travel expenses, whether domestic or foreign, Except when the purpose is to effect the purposes of this Act;
- c. Administrative expenses of the LGU including but not limited to cash gifts, bonuses, food allowances, staff uniforms, communication bills, utilities, transportation costs and the like;
- d. Purchase, maintenance or repair of any motor vehicles or motorcycles not directly used for the SGLG undertaking;
- e. Salaries, wages, emoluments, per diems or overtime pay of employees;
- f. Construction, repair, or refurnishing of administrative offices; and
- g. As a loan guarantee.

Furthermore, the guidelines and limitations on the utilization of the annual Internal Revenue Allotment shall govern; insofar as practicable; the use of payouts from the SGLG Fund.

SECTION 12. MANAGEMENT AND ADMINISTRATION OF THE SGLG FUND - The SGLG Fund established under Section 10 of this Act shall be managed and administered by the DILG upon advise of the Council. Appropriation to replenish the amount paid out from the Fund during the year and/or to augment the Fund shall be proposed by and included in the budget of the DILG under the General Appropriations Act (GAA) for the ensuing year.

SECTION 13. GUARANTEE OF LOCAL GOVERNMENT AUTONOMY - The autonomy of local government units shall be respected at all times. Nothing in this Act shall be interpreted as limiting the autonomy of local governments.

SECTION 14. FUNDING. - The DILG shall include in its annual budget to be incorporated in the GAA such amount necessary to cover the expenditures, other than the incentive payouts, to be incurred in carrying out the implementation of this Act.

SECTION 15. JOINT CONGRESSIONAL OVERSIGHT COMMITTEE. - A Joint Congressional Oversight Committee (the "Oversight Committee"), shall be constituted in accordance with the provisions of this Act. The Oversight Committee shall be composed of the respective Chairpersons of the Committees on Local Government of the Senate and of the House of Representatives serving as co-Chairpersons, the Chairperson of the Committees on Ways and Means of the Senate and of the House of Representatives serving as co-Vice Chairpersons, and three (3) additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The Oversight Committee shall monitor and ensure the proper implementation of this Act.

Five (5) years following the effectivity of this Act, or as the need may necessitate, the Oversight Committee shall conduct an evaluation of the impact of this Act on the performance of LGUs for purposes of determining the need for the continuation of the SGLG program or any remedial legislation.

SECTION 16. RETROACTIVITY CLAUSE. - This Act shall have retroactive effect insofar as it does not prejudice or impair vested or acquired rights.

SECTION 17. REPEALING CLAUSE - All laws, presidential decrees, executive orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Further, all LGUs previously conferred with the SGLG under previous rules and regulations prior to the effectivity of this Act shall remain qualified as recipients of SGLG under this Act.

1 **SECTION 18. SEPARABILITY CLAUSE** – Should any part or provision of
2 this Act be held unconstitutional or invalid, all other provisions hereof which
3 are not affected thereby shall continue to be in full force and effect.
4

5 **SECTION 19. EFFECTIVITY.** – This Act shall take effect after fifteen (15)
6 days following its complete publication in the Official Gazette or in two (2)
7 newspapers of general circulation whichever is earlier.
8

9 **Approved**