

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session
HOUSE BILL NO. 8221



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

Introduced in 2014, the Seal of Good Local Governance was launched to promote strong and responsive governance among the Local Government Units (LGUs). It encouraged good performance and transparency by incentivizing through performance-based grants that LGUs may use as supplemental funding for local development projects.

The Seal of Good Housekeeping is an award given to LGUs that meet the standards and exceed them. It seeks to assess the minimum governance standards being attained by LGUs. This award entitled the LGU to receive a grant from the Performance Challenge Fund, which this bill proposes to be re-established as the "Seal of Good Local Governance Fund".

The program, led by the Department of Interior and Local Government, has since had notable benefits since its launch—increase in transparency among LGUs in compliance with the Full Disclosure Policy provided in the program, and instilling prudence in local fund management for development projects. It is for this reason that this representation proposes to institutionalize this program to further promote performance, accountability, transparency and participation among LGUs. This will also help LGUs be recognized for their achievements and progress. It is hoped that this bill will help strengthen the LGUs and add to the progress of this nation.

The approval of this bill is earnestly sought.


LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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HOUSE BILL NO. 8221

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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:

SECTION 1. *Short Title.* – This Act shall be known as "The Seal of Good Local Governance Act of 2018 or The SGLG Act of 2018."

SECTION 2. *Declaration of Policy.* – It is hereby the declared policy of the State to recognize the good performance of Local Government Units (LGUs) 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 government to take on greater challenges, encourage outcome-based performance and to reward local government 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 LGUs 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, set-up and sustain 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. Institute education reforms and programs to improve the quality of education in the country;
- f. Encourage investment and employment;
- g. Protect constituents from threats to life and damage to property; and
- h. Safeguard and protect the integrity of the environment through adaptive social responsibility.

SECTION 4. *Institutional Mechanism; Implementing Agency.* – There is hereby established a Council of Good Local Governance (the "Council"), which shall be composed of the following:

- a. Department of the Interior and Local Government (DILG);
- b. Department of Budget and Management (DBM);
- c. Department of Finance (DOF);
- d. National Economic Development Authority (NEDA);
- e. Representative from the Union of Local Authorities of the Philippines (ULAP);
and
- f. Representative from Civil Society Organizations (CSOs).

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

Every year, the Council shall, if necessary, review and/or revise the criteria consistent with long-term development plans of the National Government. The

development of these indicators should reflect outcomes that are performance-based, encouraging outputs that reflect concrete benefits to the community in terms of policy, rules regulation, behavior and skill competencies, knowledge or attitude.

For education, the development of the indicators should be based on outcomes that demonstrate positive changes in the behavior and performance of children as evidence of their equal access to quality education.

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, in consultation and coordination with partner agencies or sectors, be responsible for assessment and evaluation of each LGU relative to their compliance with the Criteria, and recommend to the Council whether an LGU qualifies to be conferred or awarded the SGLG.

SECTION 5. *Criteria.* – For the purposes of this Act, the areas in the Criteria shall be understood and interpreted as follows:

1. **GOOD FISCAL OR FINANCIAL ADMINISTRATION OR FINANCIAL SUSTAINABILITY** – 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, (b) full, strict, and exacting compliance with the Full Disclosure Policy (FDP) of Local Budget and Finances, Bids and Public Offerings, and (c) posting of financial documents required to be posted in the FDP Portal in the local government's website.

2. **HEART 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.
3. **DISASTER PREPAREDNESS** – 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 for 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) providing access for PWDs, senior citizens and pregnant women in frontline services, (c) enhancing mobility for PWDs in public infrastructures like local government centers and hospitals in accordance with the Accessibility Law, (d) mandatory representation of indigenous people in compliance with the Indigenous Peoples Rights Act of 1997, (e) compliance with the mandatory representation in the sanggunian with representative accorded with regular privileges and emoluments of a sanggunian member, (f) the presence of at least one accredited LGU-managed residential care facility

for the vulnerable sectors, and (g) representation from NGOs in the local development council consistent with the pertinent provisions of the Local Government Code.

5. **PROGRAMS FOR SUSTAINABLE EDUCATION** – This refers to the initiatives of an LGU to institute education reforms and programs for the purpose of improving the quality of education in the country. Indicators include but are not limited to the (a) increased participation rate of students, (b) decreased number of drop-outs as well as out-of-school youths, (c) increase in cohort survival rates, (d) increase in achievement scores as measured by National Tests, or Assessment Tools, and (e) establishment of child development centers, support to special education and the alternative learning system.
6. **BUSINESS FRIENDLINESS AND COMPETITIVENESS** – 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.
7. **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 ensure the safety and protection of its constituencies from unnecessary threats to life, security and property. Indicators include but are

not limited to (a) adopting a Local Anti-Criminality Action Plan or Peace and Order and Public Safety Plan, (b) providing logistical or financial support to the local police, (c) convening the local Peace and Order Council, (d) establishing a functional local Anti-Drug Abuse Council, and (e) establishing and implementing a community-oriented policing mechanism.

8. **ENVIRONMENTAL MANAGEMENT** – This refers to an LGU's initiative that consistently and significantly preserves and protects the integrity of the environment. Indicators include but are not limited to (a) advancing local policy and programs of action on Environmental Impact Assessment, (b) promoting social awareness and social responsibility programs, (c) managing and maintain ecological balance within their territorial jurisdiction, (d) complying with at least the minimum standards set by the provisions of the Ecological Solid Waste Management Act of 2000, (e) establishing a material recovery facility or an existing partnership with an entity with facilities that may be used for such purpose, (f) having access to a sanitary landfill or alternative technology, (g) maintaining an organized local Solid Waste Management Board, and (h) instituting policies, programs, systems, structures and/or local legislation in order to support and promote environmental protection in all levels of human transaction.
9. **TOURISM, CULTURE AND ARTS** – This refers to an LGU's ability to promote and protect local heritage and culture, or local legacy, in terms of preserving the cultural, historical and indigenous significance of the community, marketing the characteristics which the LGU is known or recognized for, and attracting foreign and local visitors and tourists to the locality. Indicators include but are not limited to (a) the presence of a Local Tourism Officer or designated officer, (b) the establishment of a Tourist Information and Assistance Center, (c) the establishment of a tracking system of tourism data, (d) the presence of a local council for the promotion of culture and the arts, (e) the approval and implementation of a budget appropriated for the conservation and preservation of cultural property, and (f) existence of an updated cultural property inventory in the LGU;

Provided, that, the Council shall determine the criteria applicable to barangays aimed at enhancing the delivery of basic services and facilities as provided under Republic Act. No. 7160, otherwise known as the "Local Government Code of 1991".

SECTION 6. *Requisites to Qualify for SGLG.* – An LGU, which, according to the assessment of the DILG, complies, qualifies, and passes all assessment areas as provided in Section 5 of this Act, subject to the approval of the DILG, shall be conferred and awarded the SGLG and granted the corresponding incentive as provided under Section 9 of this Act.

SECTION 7. *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 8. *Implementing Rules and Regulations.* – The Council 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 9. *The SGLG Incentive Fund.* – There is hereby created a special account under the General Fund called the "SGLG Fund" with an initial allocation of One Billion Pesos (Php 1,000,000,000.00). The Fund shall be utilized only to pay out the incentives granted to LGUs which qualify for the SGLG.

The Council established under Section 4 of this Act shall have the authority to determine the monetary incentives for LGUs based on the number of awardees. It shall also 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 10. *Use and Limitations on Expenditures.* – Payouts from the SGLG Fund shall be governed by the policies governing the utilization of the 20% of the Annual IRA for local development projects, the Annual Investment Program (AIP) and the Local Development Investment Program (LDIP).

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 the 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.

SECTION 11. *Technical Assistance for Capacity-Building.* – The DILG shall release the governance assessment report which shall, in part, identify the local governance gaps to the respective LGUs. The respective national agencies shall provide technical assistance for capacity-building to the identified gaps of the LGUs which have not qualified for the award of the SGLG.

SECTION 12. *Management and Administration of the SGLG Fund.* – The SGLG Fund established under Section 9 of this Act shall be managed and administered by the DILG upon advice 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 activities and operational expenses, other than the incentive payouts, related to the implementation of this Act shall be initially funded from the DILG's Performance Challenge Fund. Thereafter, the DILG shall include in its annual budget to be incorporated in the GAA such sums for the continued 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. *Separability Clause.* – Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

SECTION 18. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed, amended, 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.

SECTION 19. *Effectivity Clause.* – This Act shall take effect in fifteen (15) days after publication in the Official Gazette or in one (1) newspaper of general circulation in the Philippines.

Approved,