



Republic of the Philippines
House of Representatives
Quezon City

TWENTIETH CONGRESS

First Regular Session

House Bill No. 1110



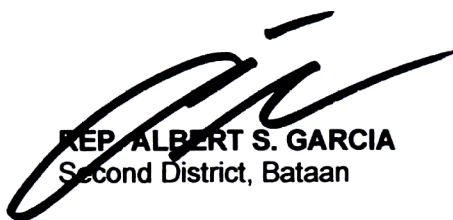
**Introduced by Representatives Albert S. Garcia, Maria Angela S. Garcia, and
Jernie Jett V. Nisay**

EXPLANATORY NOTE

The bill aims to institutionalize a modified version of the Human Development Index (HDI) as a performance measurement tool for Philippine local government units (LGUs). The proposal is designed as an amendment to the Seal of Good Local Governance (SGLG) Act of 2019. With the aim of promoting a stronger culture of meritocracy among public servants in the country, LGUs who consistently perform well according to the indicators of the index will be recognized and given incentives while those who see sustained decreases in their indicators may face disciplinary action or disincentives.

The index under the proposed bill includes the following dimensions: health, education, standards of living, and peace & order. The performance of LGUs will be gauged based on how well they are able to achieve increases in the outcomes defined under these dimensions as measured by indicators that will be finalized by the implementing agencies.

We believe this bill can be a catalyst to raise the level of performance among our local officials. As such, support for this measure is earnestly sought from my colleagues.


REP. ALBERT S. GARCIA
Second District, Bataan


REP. MARIA ANGELA S. GARCIA
Third District, Bataan


REP. JERNIE JETT V. NISAY
Pusong-Pinoy Partylist



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House Bill No. **1110**

Introduced by Representatives Albert S. Garcia, Maria Angela S. Garcia, and
Jernie Jett V. Nisay

AN ACT

**CONSOLIDATING ALL PERFORMANCE MEASUREMENT TOOLS AND REWARDS
SYSTEMS FOR ALL LOCAL GOVERNMENT UNITS BY INSTITUTIONALIZING
MERITOCRACY IN THE PHILIPPINES, AMENDING CERTAIN PROVISIONS OF
REPUBLIC ACT NO. 11292, OTHERWISE KNOWN AS "THE SEAL OF GOOD
LOCAL GOVERNANCE ACT OF 2019"**

*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 "**Local Governance
Meritocracy Act.**"

SEC. 2. Section 2 of Republic Act No. 11292, otherwise known as "The Seal of
Good Local Governance Act of 2019," is hereby amended to read as follows:

"SEC. 2. Declaration of Policy. - It is hereby declared the policy of
the State to recognize the good performance of local government units
(LGUs) in transparency and accountability in the use of public funds,
preparedness for challenges posed by disasters, sensitivity to the needs of
vulnerable and marginalized sectors of society, implementation of health
programs, 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 LGUs to take on greater challenges, encourage outcome-
based performance, and [to] reward local governments for their effort in
pursuing [the] **POLICIES THAT PROMOTE** the general welfare of their
constituency and in enforcing existing laws.

1 TO THIS END, A UNIFIED, PRACTICAL, AND REAL-TIME
2 PERFORMANCE MEASUREMENT TOOL SHALL BE
3 INSTITUTIONALIZED TO GAUGE THE EFFECTIVENESS OF LGUs IN
4 ACHIEVING THEIR RESPECTIVE LOCAL DEVELOPMENT OUTCOMES
5 IN THE AREAS OF HEALTH, EDUCATION, STANDARDS OF LIVING,
6 AND PEACE AND ORDER. LGUS UNDER THIS ACT SHALL INCLUDE
7 PROVINCES, CITIES, MUNICIPALITIES, AND BARANGAYS.”
8

9 **SEC. 3.** Section 4 of the same Act is hereby amended to read as follows:
10

11 “**SEC. 4.** *The Council of Good Local Governance.* -There is hereby
12 established a Council of Good Local Governance (the "Council"), which shall be
13 composed of the following:
14

- 15 (a) Department of the Interior and Local Government (DILG);
- 16 (b) Department of Budget and Management (DBM);
- 17 (c) Department of Finance (DOF);
- 18 (d) Department of Health (DOH);
- 19 (e) Department of Social Welfare and Development (DSWD);
- 20 (f) Department of Education (DepEd);
- 21 (g) Department of Tourism (DOT) ;
- 22 (h) Department of Environment and Natural Resources (DENR) ;
- 23 (i) ~~National Economic and Development Authority (NEDA)~~

24 **DEPARTMENT OF PLANNING, ECONOMY, AND DEVELOPMENT**
25 **(DEPDEV);**

- 26 (j) Office of Civil Defense; [and]
- 27 (k) [One (1) representative from the basic sectors to be nominated by
- 28 the National Anti-Poverty Commission (NAPC)] **COMMISSION ON**
- 29 **HIGHER EDUCATION (CHED);**
- 30 **(L) PHILIPPINE STATISTICS AUTHORITY (PSA) ;**
- 31 **(M) PHILIPPINE NATIONAL POLICE (PNP);**
- 32 **(N) DEPARTMENT OF INFORMATION AND COMMUNICATIONS**
- 33 **TECHNOLOGY (DICT);**
- 34 **(O) COMMISSION ON AUDIT (COA)**
- 35 **(P) CIVIL SERVICE COMMISSION (CSC)**
- 36 **(Q) One (1) representative from the basic sectors to be nominated by**
- 37 **the National Anti-Poverty Commission (NAPC).**

38
39 The Secretary of the DILG shall act as Chairperson of the Council,
40 **WITH THE PSA NATIONAL STATISTICIAN AS CO-CHAIRPERSON.**
41 The appropriate office of the DILG, as the latter may designate, shall serve
42 as the Secretariat of the Council.
43

44 **FOR PURPOSES OF THE DETERMINATION OF THE GRANTING**
45 **OF THE SGLG, THERE SHALL BE FIVE (5) COMMITTEES TO BE**
46 **FORMED WITHIN THE COUNCIL TO CORRESPOND WITH EACH OF**
47 **THE DIMENSIONS OF HUMAN DEVELOPMENT MERITOCRACY**

1 CRITERIA AS ENUMERATED UNDER SECTION 7 HEREOF, AS
2 FOLLOWS:
3

- 4 1. COMMITTEE ON HEALTH – TO BE CHAIRED BY THE
5 SECRETARY OF THE DOH AND SUPPORTED BY THE SOCIAL
6 DEVELOPMENT COMMITTEE OF THE REGIONAL
7 DEVELOPMENT COUNCILS AND LOCAL HEALTH BOARDS;
8
- 9 2. COMMITTEE ON EDUCATION – TO BE CHAIRED BY THE
10 SECRETARY OF THE DEPED, CO-CHAIRLED BY THE
11 CHAIRPERSON OF THE CHED, AND SUPPORTED BY THE
12 SOCIAL DEVELOPMENT COMMITTEE OF THE REGIONAL
13 DEVELOPMENT COUNCILS AND THE LOCAL SCHOOL
14 BOARDS;
15
- 16 3. COMMITTEE ON PEACE AND ORDER AND PUBLIC SAFETY –
17 TO BE CHAIRED BY THE SECRETARY OF THE DILG AND
18 SUPPORTED BY THE NATIONAL PEACE AND ORDER
19 COUNCIL AND THE PEACE AND ORDER COUNCILS AT THE
20 REGIONAL AND LOCAL LEVELS; AND
21
- 22 4. COMMITTEE ON STANDARDS OF LIVING – TO BE CHAIRED
23 BY THE DEPDEV AND SUPPORTED BY THE REGIONAL AND
24 LOCAL DEVELOPMENT COUNCILS.
25
- 26 5. COMMITTEE ON INFLATION - TO BE CHAIRED BY THE
27 DEPDEV AND SUPPORTED BY THE REGIONAL AND LOCAL
28 DEVELOPMENT COUNCILS.
29

30 THE COUNCIL SHALL DESIGNATE EACH COUNCIL MEMBER TO
31 BE PART OF THE APPROPRIATE COMMITTEE TO COINCIDE WITH ITS
32 OFFICIAL MANDATE OR FUNCTION.”
33

34 **SEC. 4.** Section 5 of the same Act is hereby amended to read as follows:
35

36 “**SEC. 5. Powers and Functions of the Council.** -The Council shall act
37 as A policy-making and advisory body to ensure the proper implementation
38 of the SGLG. It shall perform the following powers and functions:
39

- 40 (a) Develop and promulgate the performance indicators that shall serve as
41 standards for evaluating the LGUs’ compliance [and/or] AND
42 satisfaction [of] WITH each of the criteria prescribed under Section 7 of
43 this Act. *Provided, That* the Council shall designate each Council
44 member to lead the development of performance indicators [his/her] in
45 THE area of jurisdiction or expertise and recommend the approval of

1 such performance indicators by the Council: *Provided, further*, That in
2 the development and approval of the performance indicators, the
3 Council shall take into consideration that LGUs may not be similarly
4 situated and that one (1) or more indicators may be peculiarly
5 inapplicable or extremely difficult to meet given the inherent limitations
6 or circumstances of the LGUs[:]; **PROVIDED FINALLY, THAT THE**
7 **COUNCIL SHALL CONSIDER THE INDIVIDUAL PERFORMANCE OF**
8 **EACH LEVEL OF LGU VIS-À-VIS THEIR RESPECTIVE HISTORICAL**
9 **PERFORMANCES BASED ON THE STANDARDS FOR**
10 **EVALUATING EACH DIMENSION UNDER THE HUMAN**
11 **DEVELOPMENT MERITOCRACY CRITERIA AS DEFINED UNDER**
12 **SECTION 7 OF THIS ACT;**

13
14 (b) Review [and/or] **OR** revise the performance indicators consistent with
15 the long-term development plans of the National Government. The
16 [development] **IDENTIFICATION** of indicators should reflect
17 **DEVELOPMENT** outcomes that are performance-based, encouraging
18 outputs that reflect concrete benefits to the community in terms of policy,
19 rules, regulations, behavior, skill competencies, knowledge, or attitude;

20
21 (c) Conduct an **IMPACT** evaluation [of the impact] of this Act on the
22 performance of the LGUs for purposes of determining the need for
23 enhancing or continuing the SGLG, rolling out the SGLG in barangays
24 **AND NATIONAL GOVERNMENT AGENCIES** and recommending any
25 amendatory legislation. For this purpose, the Council shall institute an
26 effective feedback mechanism where the concerns of LGUs and other
27 stakeholders on the implementation of the SGLG are appropriately
28 considered;

29
30 (d) Create technical working groups, upon the recommendation of the
31 Council member concerned, composed of experts from government
32 agencies, representatives from the leagues of provinces, cities and
33 municipalities, **BARANGAYS**, and other sectors, to assist the Council
34 members in the performance of their respective functions as provided
35 for in paragraph (a) of this section;

36
37 (e) Submit to the President of the Philippines, the President of the Senate,
38 and the Speaker of the House of Representatives, on an annual basis,
39 copies of the performance indicators approved by the Council together
40 with the performance indicators developed and recommended by the
41 lead Council member, and the result of the impact assessment
42 conducted pursuant to paragraph (c) of this section; [and]

43
44 (f) **BE IN CHARGE OF DATA COLLECTION, INTEGRATION, AND**
45 **PROCESSING STANDARDS FOR THIS MEASURE AND**

1 **SUPPORT THE LGUS BY PROVIDING ANY DATA THEY NEED TO**
2 **REGULARLY UPDATE THEIR DIMENSIONS UNDER THE HUMAN**
3 **DEVELOPMENT MERITOCRACY CRITERIA; AND**

4
5 **(G) Perform such other functions as are necessary or incidental to properly**
6 **carry out the purposes of this Act.”**

7
8 **SEC. 5.** Section 6 of the same Act is hereby amended to read as follows:
9

10 **“SEC. 6. *Implementing [Agency] AGENCIES.* -The DILG AND THE**
11 **PSA shall be the JOINT implementing [agency] AGENCIES of this Act. [It]**
12 **THEY shall, through [its] THEIR relevant bureaus and offices, and in**
13 **consultation and coordination with partner agencies or sectors,**
14 **RESPECTIVE LEAGUES OF LGUs AND LOCAL OFFICIALS, AND**
15 **CONCERNED LGUs, be responsible for the assessment and evaluation of**
16 **each LGU relative to its compliance with the criteria[,] and SHALL**
17 **recommend to the Council whether an LGU qualifies to be conferred or**
18 **awarded the SGLG[,] OR OTHER APPROPRIATE ACTION AS MAY BE**
19 **ALLOWED IN THIS ACT, SUCH AS:**

20
21 **(a) THE DILG AND PSA MAY, INDIVIDUALLY OR JOINTLY, CALL ON**
22 **ANY OTHER CONCERNED AGENCIES AND INSTRUMENTALITIES,**
23 **LGU LEAGUES, CSOS, SECTORS, OR OTHER BODIES, AS THEY**
24 **MAY DEEM NECESSARY, TO ASSIST IN CARRYING OUT THEIR**
25 **RESPONSIBILITIES UNDER THIS ACT.**

26
27 **(b) THE PSA SHALL SERVE AS THE PRIMARY DATA CUSTODIAN AT**
28 **THE NATIONAL LEVEL. IT SHALL BE IN CHARGE OF SETTING UP**
29 **A DATA REPOSITORY THAT SHALL BE ACCESSIBLE TO THE**
30 **PUBLIC IN COMPLIANCE WITH THE DATA PRIVACY ACT.**

31
32 **(c) THE DILG SHALL, IN COORDINATION WITH PSA, RECOGNIZE**
33 **WELL-PERFORMING LGUS AND GRANT FINANCIAL INCENTIVES**
34 **TO THE BEST-PERFORMING LGUS OR ENFORCE THE**
35 **APPROPRIATE MEASURES, AS PROVIDED IN THIS ACT:**
36 **PROVIDED, THAT IT CONFORMS TO THE PRINCIPLE OF**
37 **SUBSIDIARITY AS GUARANTEED UNDER SEC. 4, ARTICLE X OF**
38 **THE 1987 CONSTITUTION.**

39
40 **(d) THE PSA SHALL FINALIZE THE DATA COLLECTION,**
41 **INTEGRATION, AND PROCESSING STANDARDS THE LGUS**
42 **SHALL SHARE AND USE.**
43

1 THE DILG SHALL, IN COORDINATION WITH THE PSA, BE IN CHARGE OF
2 PROVIDING CAPACITY-BUILDING AND TRAINING SESSIONS FOR LGUS IN VIEW
3 OF FULFILLING THE LATTER'S RESPONSIBILITIES UNDER THIS ACT.
4

5 The DILG shall call on any other concerned agencies, civil society organizations
6 (CSOs), or THE PRIVATE sector[s], as it may deem necessary, to assist in
7 carrying out its responsibilities under this Act.”
8
9

10 SEC. 6. Section 7 of the same Act is hereby amended to read as follows:
11

12 “SEC. 7. *Criteria.*— For the purpose of this Act, TWO CRITERIA
13 CATEGORIES SHALL BE APPLIED ON DIFFERENT ASPECTS OF
14 LOCAL GOVERNANCE: (1) “GOVERNANCE CRITERIA” WHICH
15 EMPHASIZES PROCESSES AND INPUTS FOR STRENGTHENING
16 LOCAL GOVERNANCE, AND (2) “HUMAN DEVELOPMENT
17 MERITOCRACY CRITERIA” WHICH FOCUSES ON GAUGING
18 DEVELOPMENT OUTCOMES THAT AN LGU IS EXPECTED TO
19 ACHIEVE. The [areas] DIMENSIONS in [the] EACH criteria CATEGORY
20 shall be understood and interpreted as follows:
21

22 “(1) GOVERNANCE CRITERIA
23

24 (a) x x x
25

26 (b) x x x
27

28 (c) x x x
29

30 (d) x x x
31

32 (e) x x x
33

34 (f) x x x
35

36 (g) x x x
37

38 (h) x x x
39

40 (i) x x x
41

42 (j) x x x”
43
44
45

46 “(2) HUMAN DEVELOPMENT MERITOCRACY CRITERIA
47

48 (A)HEALTH AND SOCIAL DIMENSION – THIS DIMENSION
49 MEASURES THE OVERALL QUALITY OF HEALTH WITHIN A

1 LOCALITY THROUGH THE LONGEVITY OF LIFE OF ITS
2 CONSTITUENTS.

3
4 **(B) EDUCATION – THIS DIMENSION MEASURES THE ACCESS OF A**
5 **LOCALITY’S CONSTITUENTS TO QUALITY EDUCATION.**

6
7 **(C) STANDARD OF LIVING – THIS DIMENSION MEASURES THE**
8 **LEVEL OF INCOME OF CONSTITUENTS AND ECONOMIC**
9 **OPPORTUNITIES WITHIN A LOCALITY.**

10
11 **(D) PEACE AND ORDER AND PUBLIC SAFETY – THIS DIMENSION**
12 **MEASURES THE PREVALENCE OF CRIMES WITHIN A**
13 **LOCALITY.**

14
15 **(E) INFLATION - THIS DIMENSION MEASURES INFLATION AND ITS**
16 **EFFECT ON A LOCALITY’S CONSTITUENTS.**

17
18 **EACH DIMENSION UNDER THE HUMAN DEVELOPMENT**
19 **MERITOCRACY CRITERIA SHALL BE MEASURED USING A SET OF**
20 **INDICATORS TO BE FORMULATED AND DETERMINED BY THE**
21 **CONCERNED COMMITTEE AND APPROVED BY THE COUNCIL**
22 **BASED ON ACCEPTABLE NATIONAL OR INTERNATIONAL**
23 **STANDARDS, TOGETHER WITH THE DATA IN THE PHILIPPINE**
24 **HUMAN DEVELOPMENT REPORT. IN DETERMINING SUCH, THE**
25 **COUNCIL SHALL PRIORITIZE INDICATORS THAT CAN BE**
26 **GENERATED FROM NATIONAL AND LOCAL GOVERNMENT**
27 **SOURCES WITHOUT THE NEED FOR PRIMARY DATA GATHERING**
28 **METHODOLOGIES SUCH AS STATISTICAL SURVEYS, CENSUS,**
29 **AND REGISTERS.**

30
31 **THE SET OF INDICATORS FOR EACH DIMENSION SHALL BE USED**
32 **TO COMPUTE THE QUALIFICATIONS OF EACH LGU AND ASSESS**
33 **BASED ON THEIR RESPECTIVE HISTORICAL GROWTH OR**
34 **PERFORMANCE SO THAT EACH LEVEL OF LGU COMPETES**
35 **AGAINST ITSELF AND NOT AS AGAINST OTHER LGUS.**

36
37 **THE COUNCIL SHALL CONTINUOUSLY EXPLORE ALTERNATIVE**
38 **STATISTICAL INDICATORS FOR THE HUMAN DEVELOPMENT**
39 **MERITOCRACY CRITERIA AS MAY BE NECESSARY AND**
40 **APPROPRIATE FOR PURPOSES OF FASTER DATA COLLECTION**
41 **AND PROCESSING. THESE INDICATORS SHALL BE UPDATED**
42 **ANNUALLY BY THE CONCERNED AGENCY AND SHARED WITH**
43 **THE CONCERNED LGUS TO ENSURE THAT THE DATA**
44 **EFFECTIVELY REFLECT THE KEY DIMENSIONS OF THE HUMAN**
45 **DEVELOPMENT MERITOCRACY CRITERIA AS STIPULATED**

1 UNDER THIS ACT AND ARE MORE READILY TRANSPARENT AND
2 ACCESSIBLE FOR EFFICIENT COLLECTION AND PROCESSING OF
3 THE LGUS AND IMPLEMENTING AGENCIES.
4

5 The foregoing criteria may be expanded by the Council to align with the thrusts
6 of the National Government and attune them [with] TO the changing times.”
7

8 **SEC. 7.** Two new sections denominated as Section 7-A and Section 7-B,
9 respectively, are inserted after Section 7 of the same Act to read as follows:
10

11 **“SEC. 7-A. DATA COLLECTION. – LGUS SHALL BE DESIGNATED**
12 **AS THE PRIMARY DATA COLLECTING AGENCY WITHIN THEIR**
13 **RESPECTIVE LOCALITIES.**
14

15 **FOR PURPOSES OF THIS ACT, LGUS MAY OPT TO HIRE THE**
16 **NECESSARY PERSONNEL, SUCH AS STATISTICIANS AND OTHERS,**
17 **THE NUMBER AND POSITIONS OF WHICH SHALL BE DETERMINED**
18 **BY THE COUNCIL THROUGH THE REVISED IMPLEMENTING RULES**
19 **AND REGULATIONS TO BE ISSUED THEREFOR.**
20

21 **CONSISTENT WITH SECTION 7 OF THIS ACT, DATA THAT MAY**
22 **BE ACCESSED WITHOUT THE NEED FOR PRIMARY DATA-**
23 **GATHERING METHODOLOGIES AS DESCRIBED ABOVE SHALL BE**
24 **PRIORITIZED.**
25

26 **“SEC. 7-B. PERIODICITY OF DATA COLLECTION. – FOR THE**
27 **HUMAN DEVELOPMENT MERITOCRACY CRITERIA UNDER SECTION**
28 **7 OF THIS ACT, REGULAR AND SYNCHRONIZED DATA COLLECTION**
29 **SHALL BE CONDUCTED BY LGUS ANNUALLY OR ON SHORTER**
30 **PERIODS BASED ON THE LATEST AVAILABILITY OF IDENTIFIED**
31 **INDICATORS. IN THE CONDUCT OF DATA COLLECTION, LGUS**
32 **SHALL BE GIVEN TECHNICAL ASSISTANCE FROM THE**
33 **APPROPRIATE NATIONAL GOVERNMENT AGENCIES, AS NEEDED.**
34

35 **TO THE EXTENT POSSIBLE, HOWEVER, LGUS ARE EXPECTED**
36 **TO MONITOR INDICATORS AT SHORTER INTERVALS AS**
37 **IMPLEMENTATION OF THIS ACT BECOMES MUCH MORE**
38 **ESTABLISHED.”**
39

40 **SEC. 8.** Section 8 of the same Act is hereby amended to read as follows:
41

42 **“SEC. 8. Requisites to Qualify for SGLG. – An LGU, which, according**
43 **to the assessment of the DILG, complies, qualifies, and passes all**
44 **assessment criteria as provided in Section 7 of this Act, AND APPROVED**
45 **BY THE COUNCIL, shall be conferred and awarded the SGLG and granted**

1 the corresponding **RECOGNITION, AWARDS AND MONETARY**
2 **incentiveS** as provided under Section 11 of this Act. **IN ASSESSING AN**
3 **LGU'S QUALIFICATION FOR THE SGLG, GREATER CONSIDERATION**
4 **SHALL BE GIVEN TO THE LOCAL GOVERNMENT'S COMPLIANCE**
5 **WITH THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA AS**
6 **ENUMERATED UNDER SECTION 7 OF THIS ACT. SEVENTY PERCENT**
7 **(70%) OF ANY NUMERICAL ASSESSMENT WEIGHT SHALL BE**
8 **ASSIGNED TO THE HUMAN DEVELOPMENT MERITOCRACY**
9 **CRITERIA WHILE THIRTY PERCENT (30%) SHALL BE FOR THE**
10 **GOVERNANCE CRITERIA."**

11
12 **SEC. 9.** Section 11 of the same Act is hereby amended to read as follows:

13
14 **"SEC. 11. [The] SGLG [Incentive] Fund.** -There is hereby created a
15 special account under the General Appropriations Act (GAA) called the
16 "SGLG Fund". The Fund shall be utilized only to pay out the incentives
17 granted to LGUs [which] **THAT** qualify for the SGLG.

18
19 The Council established under Section 4 of this Act shall have the
20 authority to determine the monetary incentives for LGUs based on the
21 number of awardees. It shall also have the authority to re[-]evaluate and
22 increase the amount of SGLG incentiveS to be awarded to LGUs:
23 *Provided, That,* the increase shall be subject to the sufficiency of the Fund
24 at the time the increment is implemented.

25
26
27 **LGU RECOGNITION FOR THE SGLG SHALL BE CONDUCTED**
28 **ANNUALLY. QUARTERLY OR BI-ANNUAL RECOGNITIONS CAN BE**
29 **EXPLORED AS THE IMPLEMENTATION OF THIS INCENTIVE**
30 **BECOMES MUCH MORE ESTABLISHED. MONETARY INCENTIVES**
31 **FOR LGUS UNDER THIS ACT MAY ALSO BE SOURCED FROM OTHER**
32 **FUND ASSISTANCE SOURCES TO LGUS UNDER THE DILG OR**
33 **OTHER AGENCIES.**

34
35 **LGUS EXPERIENCING PERSISTENT AND UNJUSTIFIABLE**
36 **DECLINE IN THE INDICATORS IDENTIFIED UNDER THE HUMAN**
37 **DEVELOPMENT MERITOCRACY CRITERIA UNDER SECTION 7 OF**
38 **THIS ACT MAY BE DISINCENTIVIZED IN THE FORM OF LOWER OR**
39 **ZERO INCENTIVE: *PROVIDED, HOWEVER,* THAT THESE DECLINES**
40 **ARE NOT DUE TO EXTERNAL SHOCKS, SUCH AS NATURAL**
41 **CALAMITIES, PANDEMICS, OR UNFORESEEABLE EVENTS BEYOND**
42 **THE CONTROL OF THE LGUS: *PROVIDED, FINALLY,* THAT THE**
43 **SPECIFIC BENCHMARKS OR STANDARDS ABOUT THE QUALIFYING**
44 **PERCENTAGE DECREASE AND THE SUPPLEMENTARY CRITERIA**
45 **WILL BE DETERMINED BY THE COUNCIL."**

1
2 **SEC. 10.** Section 12 of the same Act is hereby amended to read as follows:

3
4 *“SEC. 12. Utilization and Limitations on Expenditures of the Incentives*
5 *Under the SGLG Fund.* -The use of the incentives paid out of the SGLG
6 Fund shall be governed by the policies governing the utilization of the
7 twenty percent (20%) of the annual [Internal Revenue Allotment (IRA)]
8 **NATIONAL TAX ALLOTMENT (NTA)** for local development projects, the
9 Annual Investment Program (AIP), and the Local Development Investment
10 Program (LDIP).

11
12 The **MONETARY** incentives paid out of the SGLG Fund shall not be used
13 for any of the following:

14
15 x x x.”

16
17
18 **SEC. 11.** Section 14 of the same Act is hereby amended to read as follows:

19
20 *“SEC. 14. Management and Administration of the SGLG Fund. –*
21 *The SGLG Fund established under Section 11 of this Act shall be*
22 *managed and administered by the DILG with the supervision of the*
23 *Council. Appropriation to replenish the amount paid out from the Fund*
24 *during the year [and/or]OR to augment the Fund shall be proposed by*
25 **THE COUNCIL** and **ANNUALLY** included in the budget of the DILG
26 under the GAA.”

27
28
29 **SEC. 12.** Section 15 of the same Act is hereby amended to read as follows:

30
31 *“SEC. 15. Guarantee of Local Government Autonomy. – The LOCAL*
32 **AND FISCAL** autonomy of LGUs, **AS GUARANTEED UNDER THE 1987**
33 **CONSTITUTION**, shall be respected at all times. Nothing in this Act shall
34 be interpreted as limiting the autonomy of LGUs to establish policies and
35 pursue programs and projects designed not only to qualify for the SGLG
36 award but also to ensure the enjoyment of their constituency the right to life,
37 liberty, property, health, education, balanced and healthful ecology, among
38 others, in the exercise of their **POLICE** power under the general welfare
39 clause. **THE CONSTITUTIONAL MANDATE ON SUBSIDIARITY**
40 **PURSUANT TO THE PRESIDENT’S SUPERVISION POWER OVER**
41 **LGUS SHALL BE RESPECTED AT ALL TIMES.”**

42
43 **SEC. 13.** Section 16 of the same Act is hereby amended to read as follows:
44

1 **"SEC. 16. SGLG Operating Fund.** - The activities and operational
2 expenses, other than the incentive payouts, related to the implementation
3 of this Act shall be initially funded from the DILG's Performance Challenge
4 Fund. Thereafter, the DILG shall include in its annual budget to be
5 incorporated in the GAA[,] the item for the SGLG operating fund in the
6 amount equivalent to [two percent (2%)] **NOT LESS THAN FIVE**
7 **PERCENT (5%)** of the SGLG Fund."
8

9 **SEC. 14. Data Privacy.** This data collection system shall respect the
10 fundamental human right of privacy, ensure data quality, and uphold data protection
11 principles of legitimate purpose, transparency, and proportionality.
12

13 **SEC. 15. Implementing Rules and Regulations.** Within ninety (90) days from
14 the effectivity of this Act, the members of the Council led by the DILG and the PSA,
15 together with the Union of Local Authorities of the Philippines and the Leagues of LGUs
16 and local officials, shall promulgate the rules and regulations necessary for the effective
17 implementation of this Act.
18

19 **SEC. 16. Separability Clause.** If any provision or part of this Act is held
20 unconstitutional or invalid, the remaining parts or provisions not affected shall remain in
21 full force and effect.
22

23 **SEC. 17. Repealing Clause.** All laws, presidential decrees, executive orders,
24 letters of instructions, administrative orders, rules and regulations contrary to or
25 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
26 accordingly.
27

28 **SEC. 18. Effectivity.** – This Act shall take effect fifteen (15) days after its
29 publication in the *Official Gazette* or in a newspaper of general circulation.
30

31 Approved,
32