

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. 2373



Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
INSTITUTIONALIZING THE SEAL OF GOOD LOCAL GOVERNANCE,
ESTABLISHING A PERFORMANCE-BASED SPECIAL LOCAL GOVERNMENT
SUPPORT FUND, PROMOTING MERITOCRACY IN LGU FISCAL SUPPORT,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Local government units (LGUs) are the backbone of service delivery and development at the grassroots level. They are tasked with implementing national policies, ensuring public welfare, and managing resources that directly impact the lives of their constituents. However, the level of governance, transparency, and efficiency varies greatly among LGUs. There is a need to institutionalize a system that not only benchmarks good governance but also rewards and sustains it.

The *Seal of Good Local Governance* (SGLG), launched by the Department of the Interior and Local Government (DILG) in 2014, is a pioneering performance-based recognition system that promotes integrity and excellence among LGUs. It measures compliance across key areas such as financial administration, disaster preparedness, social protection, peace and order, environmental management, and business-friendliness, among others. Over the years, the SGLG has not only raised the bar for local governance but has also become a symbol of LGU credibility and public trust.

This bill seeks to institutionalize the *Seal of Good Local Governance* and establish a *Performance-Based Special Local Government Support Fund* that provides additional national government support to LGUs that qualify under the SGLG. This measure promotes meritocracy, ensures that public funds are invested in high-performing LGUs, and motivates others to improve their governance systems and services.

The positive impact of the SGLG is already evident across the country, including in Albay. In 2023, the Municipality of Polangui in Albay's 2nd District was recognized as the sole SGLG awardee in the province, earning access to the SGLG Incentive Fund and other support programs. In 2025, the Municipality of Camalig, from the 3rd District, followed suit and earned its first-ever SGLG award, marking a milestone in its local governance journey and receiving over ₱1.1 million in performance-based incentives.

These examples prove that with the right policies and recognition systems in place, even resource-constrained municipalities can rise to meet national standards and deliver better services to their people. Institutionalizing this mechanism ensures that local governments are continuously guided and motivated by clear, measurable benchmarks, and rewarded accordingly.

The primary beneficiaries of this measure are the constituents of high-performing LGUs, who will experience improved access to social services, disaster-resilient infrastructure, safer communities, and more inclusive local development. At the same time, local leaders and civil servants are incentivized to pursue excellence, transparency, and innovation.

By linking recognition to tangible fiscal support, this Act will drive a nationwide culture of performance and accountability in local governance. It ensures that the best-performing LGUs are empowered to do more, and that others are encouraged to follow suit, thus accelerating inclusive and sustainable development across the country.

In view of the foregoing, the immediate approval of this measure is earnestly sought.


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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 "Good Local Governance Advancement Act."

SEC. 2. *Declaration of Policy.* – The State shall promote excellence, accountability, and meritocracy in local governance to enhance the delivery of public services and foster sustainable development, as mandated by Republic Act No. 7160, otherwise known as the Local Government Code. It shall institutionalize the Seal of Good Local Governance as a statutory mechanism to assess and reward local government unit performance. The State shall establish a performance-based Special Local Government Support Fund to provide fiscal support to high-performing LGUs, leverage public-private partnerships, ensure anti-corruption safeguards, and align with national development goals to empower local communities and advance decentralized governance.

SEC. 3. *Definition of Terms.* – For the purposes of this Act, the following terms are defined as follows:

(a) Seal of Good Local Governance (SGLG) refers to the recognition awarded by the Department of the Interior and Local Government to local government units that meet performance standards in governance, financial administration, service delivery, and compliance with national laws;

(b) Special Local Government Support Fund refers to the fund established under this Act, allocated to LGUs achieving the Seal of Good Local Governance, to finance local development projects;

(c) Local Government Unit (LGU) refers to provinces, cities, municipalities, and barangays, as defined under Republic Act No. 7160;

(d) National Tax Allotment (NTA) refers to the share of local government units in national internal revenue taxes, as provided under Republic Act No. 7160;

(e) Performance-Based Assessment refers to the evaluation process for the Seal of Good Local Governance, based on criteria such as financial housekeeping, disaster preparedness, social protection, and service delivery;

(f) Local Development Project refers to infrastructure, social services, or economic initiatives undertaken by LGUs to address community needs, funded through the Special Local Government Support Fund; and

(g) Public-Private Partnership (PPP) refers to a cooperative arrangement between LGUs and private entities to support capacity-building, infrastructure, or service delivery, as defined under Republic Act No. 6957, as amended.

SEC. 4. *Institutionalization of the Seal of Good Local Governance.* – The Seal of Good Local Governance is hereby institutionalized as a mandatory annual assessment for all local government units, administered by the Department of the Interior and Local Government. The SGLG shall operate with the following features:

(a) **Assessment Criteria.** The SGLG assessment shall evaluate LGU performance based on the following core areas:

- (1) Financial housekeeping, including transparency, accountability, and compliance with Republic Act No. 9184, shall be assessed;
- (2) Disaster preparedness and climate resilience, aligned with Republic Act No. 10121, shall be evaluated;
- (3) Social protection and service delivery, including health, education, and child welfare, shall be measured;
- (4) Economic development and investment promotion, supporting local businesses and employment, shall be reviewed;
- (5) Environmental management, ensuring compliance with Republic Act No. 9003, shall be appraised; and
- (6) Peace and order, as well as compliance with national laws and policies, shall be considered.

(b) **Assessment Process.** The assessment process shall ensure fairness and transparency. The following procedures shall be adopted:

- (1) Annual assessments shall be conducted by the Department of the Interior

and Local Government, in coordination with national agencies and civil society organizations;

- (2) LGUs shall submit performance data through a digital platform maintained by the Department of the Interior and Local Government;
- (3) Independent validation teams, composed of government and non-government representatives, shall verify LGU submissions; and
- (4) Assessment results shall be published on the Department of the Interior and Local Government's website, ensuring public access.

(c) **Recognition and Incentives.** LGUs achieving the SGLG shall receive recognition and support. The following measures shall be implemented:

- (1) The Seal of Good Local Governance shall be awarded annually to qualifying LGUs during a national ceremony;
- (2) SGLG awardees shall receive priority access to the Special Local Government Support Fund, as provided in Section 5;
- (3) Technical assistance and capacity-building programs shall be offered to SGLG awardees through public-private partnerships; and
- (4) Non-awardee LGUs shall receive tailored support plans to improve performance, facilitated by the Department of the Interior and Local Government.

SEC. 5. *Creation of the Special Local Government Support Fund.* – The Special Local Government Support Fund is hereby established, administered by the Department of the Interior and Local Government, to provide performance-based fiscal support to LGUs achieving the Seal of Good Local Governance. The Fund shall operate with the following features:

(a) **Funding Sources.** The Fund shall be sourced from the following:

- (1) An initial appropriation of One Billion Pesos (₱1,000,000,000.00) shall be allocated under the General Appropriations Act;
- (2) Two percent (2%) of the annual National Tax Allotment shall be allocated to the Fund, as determined by the Department of Budget and Management; and

- (3) Voluntary contributions from private sector partners through public-private partnerships shall augment the Fund.

(b) **Fund Utilization.** The Fund shall be utilized exclusively to support local development projects of SGLG awardees. The following initiatives shall be prioritized:

- (1) Infrastructure projects, such as roads, health centers, and water systems, shall be funded;
- (2) Social service programs, including education, healthcare, and child welfare, shall be supported;
- (3) Economic development initiatives, such as livelihood programs and market facilities, shall be financed;
- (4) Environmental management projects, including waste management and reforestation, shall be prioritized; and
- (5) Disaster resilience programs, such as evacuation centers and early warning systems, shall be implemented.

(c) **Allocation Criteria.** The allocation of funds shall be performance-based. The following criteria shall be applied:

- (1) Only LGUs achieving the Seal of Good Local Governance shall be eligible to access the Fund;
- (2) Fund allocations shall be proportional to the LGU's performance score in the SGLG assessment, as determined by the Department of the Interior and Local Government;
- (3) LGUs shall submit project proposals aligned with their Local Development Plans, subject to approval by the Department of the Interior and Local Government; and
- (4) Fund utilization shall be monitored through geo-tagged reports submitted by LGUs, ensuring transparency.

SEC. 6. Mandates for Implementation. – To ensure the effective implementation of this Act, the following mandates shall be enforced:

(a) **National Government Agencies.** National agencies shall lead policy implementation and coordination. The following responsibilities shall be assigned:

- (1) The Department of the Interior and Local Government shall oversee the

SGLG assessment, administer the Special Local Government Support Fund, and provide technical assistance;

- (2) The Department of Budget and Management shall ensure adequate funding for the Fund through National Tax Allotment allocations and General Appropriations Act appropriations;
- (3) The Commission on Audit shall conduct regular audits of Fund disbursements to ensure compliance with Republic Act No. 9184;
- (4) The Department of Social Welfare and Development shall support LGUs in aligning social protection programs with SGLG criteria; and
- (5) The Department of Environment and Natural Resources shall assist LGUs in meeting environmental management standards for SGLG eligibility.

(b) Local Government Units. LGUs shall comply with SGLG requirements and utilize Fund allocations effectively. The following mandates shall be enforced:

- (1) LGUs shall participate in the annual SGLG assessment, submitting required data through the digital platform;
- (2) A Local Governance Performance Plan, aligned with the Local Development Plan and approved by the local sanggunian, shall be submitted to qualify for SGLG assessment;
- (3) A registry of local development projects funded by the Special Local Government Support Fund shall be maintained, in coordination with the Department of the Interior and Local Government;
- (4) LGUs shall allocate a portion of their general funds to support SGLG-related capacity-building and project implementation, as determined by the local sanggunian; and
- (5) LGUs shall publish SGLG assessment results and Fund utilization reports on their official websites to ensure transparency.

(c) Private Sector and Civil Society. Non-government stakeholders shall support implementation. The following roles shall be encouraged:

- (1) Private sector partners shall provide technical expertise, training, and infrastructure support through public-private partnerships;
- (2) Civil society organizations shall participate in SGLG validation teams and

conduct advocacy for good governance; and

- (3) Academic institutions shall develop training modules to enhance LGU capacity for SGLG compliance.

SEC. 7. *Inter-Agency Convergence Program.* – The Good Local Governance Convergence Program, chaired by the Department of the Interior and Local Government, is hereby established, with the Department of Budget and Management, Commission on Audit, Department of Social Welfare and Development, Department of Environment and Natural Resources, and Department of Health as members. The Program shall undertake the following:

(a) An annual Good Local Governance Implementation Plan targeting low-performing LGUs for capacity-building shall be published;

(b) National agency budgets and Special Local Government Support Fund allocations shall be coordinated under a unified framework;

(c) The effectiveness of the SGLG assessment and Fund utilization shall be evaluated annually, with reports submitted to Congress; and

(d) LGU performance shall be monitored using the Seal of Good Local Governance metrics, integrated with other national governance standards.

SEC. 8. *Anti-Corruption Safeguards.* – Disbursements from the Special Local Government Support Fund and national agency budgets for the SGLG Program shall comply with Republic Act No. 9184, otherwise known as the Government Procurement Reform Act, and be subject to audit by the Commission on Audit. Local government units and agencies shall publish fund utilization reports on their official websites, including geo-tagged project documentation, to ensure transparency and accountability.

SEC. 9. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Department of the Interior and Local Government, in coordination with the Department of Budget and Management, Commission on Audit, Department of Social Welfare and Development, Department of Environment and Natural Resources, and Department of Health, shall promulgate the implementing rules and regulations to ensure effective execution of this Act.

SEC. 10. *Appropriations.* – The amount necessary for the initial implementation of this Act, including the establishment of the Special Local Government Support Fund and SGLG assessment processes, shall be charged against the current year's appropriations of the Department of the Interior and Local Government. Subsequent funding shall be included in the annual General Appropriations Act, supplemented by National Tax Allotment allocations.

SEC. 11. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in full force and effect.

SEC. 12. *Repealing Clause.* – All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 13. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,