

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10792



Introduced by Representative ANTOLIN “LENLEN” A. ORETA III

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"

EXPLANATORY NOTE

The proposed measure seeks to institutionalize a modified version of the Human Development Index (HDI) as a performance measurement tool for Philippine local government units (LGUs). It proposes to amend the Seal of Good Local Governance (SGLG) Act of 2019 by adding a system that will measure the progress of LGUs based on selected indicators of human development.

Under the proposed system, LGUs will be assessed based on their progress and performance in these indicators. The assessment will focus on whether LGUs are able to improve the outcomes within their respective areas of responsibility. The indicators may also take into account the different circumstances and capacities of LGUs to provide a fair and practical basis for evaluation.

The measure also provides for the recognition of LGUs that consistently perform well under the index. LGUs that meet the established standards may be given appropriate recognition and incentives. On the other hand, LGUs that experience sustained decreases in their performance indicators may be subject to appropriate interventions or disincentives, in accordance with existing laws, rules, and regulations.

The proposed index is intended to complement the existing SGLG framework by giving greater consideration to actual development outcomes.

In view of the foregoing, the passage of this measure is respectfully sought.


ANTOLIN A. ORETA III
Lone District of Malabon City

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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:

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "*Local Governance Meritocracy*
2 *Act.*"

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

5 **"SEC. 2. *Declaration of Policy.*** - It is hereby declared the policy of the State to recognize
6 the good performance of local government units (LGUs) in transparency and
7 accountability in the use of public funds, preparedness for challenges posed by disasters,
8 sensitivity to the needs of vulnerable and marginalized sectors of society, implementation
9 of health programs, investment and employment promotion, protection of constituency
10 from threats to life and damage to property, and safeguarding the integrity of the
11 environment. In such recognition, the State hopes to encourage all LGUs to take on
12 greater challenges, encourage outcome-based performance, and [to] reward local
13 governments for their effort in pursuing [the] **POLICIES THAT PROMOTE** the
14 general welfare of their constituency and in enforcing existing laws.

15 **PERFORMANCE TOOL TO THIS END, A UNIFIED, PRACTICAL, AND**
16 **REAL-TIME MEASUREMENT INSTITUTIONALIZED TO GAUGE THE**
17 **EFFECTIVENESS OF LGUS IN ACHIEVING THEIR RESPECTIVE LOCAL**
18 **DEVELOPMENT OUTCOMES IN THE AREAS OF HEALTH, EDUCATION,**
19 **STANDARDS OF LIVING, AND PEACE AND ORDER. LGUS UNDER THIS**
20 **ACT SHALL INCLUDE PROVINCES, CITIES, MUNICIPALITIES, AND**
21 **BARANGAYS."**

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

"SEC. 4. The Council of Good Local Governance. -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) Department of Health (DOH);
- (e) Department of Social Welfare and Development (DSWD);
- (f) Department of Education (DepEd);
- (g) Department of Tourism (DOT) ;
- (h) Department of Environment and Natural Resources (DENR) ;
- (i) National Economic and Development Authority (NEDA)

DEPARTMENT OF PLANNING, ECONOMY, AND DEVELOPMENT (DEPDEV);

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

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

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

CRITERIA AS ENUMERATED UNDER SECTION 7 HEREOF, AS FOLLOWS:

- 1. COMMITTEE ON HEALTH - TO BE CHAIRED BY THE SECRETARY OF THE DOH AND SUPPORTED BY THE SOCIAL DEVELOPMENT**

58 COMMITTEE OF THE REGIONAL DEVELOPMENT COUNCILS AND
59 LOCAL HEALTH BOARDS;

60 2. COMMITTEE ON EDUCATION - TO BE CHAIRED BY THE
61 SECRETARY OF THE DEPED, CO-CHAIRLED BY THE CHAIRPERSON
62 OF THE CHED, AND SUPPORTED BY THE SOCIAL DEVELOPMENT
63 COMMITTEE OF THE REGIONAL DEVELOPMENT COUNCILS AND
64 THE LOCAL SCHOOL BOARDS;

65 3. COMMITTEE ON PEACE AND ORDER AND PUBLIC SAFETY - TO BE
66 CHAIRED BY THE SECRETARY OF THE DILG AND SUPPORTED BY
67 THE NATIONAL PEACE AND ORDER COUNCIL AND THE PEACE
68 AND ORDER COUNCILS AT THE REGIONAL AND LOCAL LEVELS;
69 AND

70 4. COMMITTEE ON STANDARDS OF LIVING - TO BE CHAIRED BY
71 THE DEPDEV AND SUPPORTED BY THE REGIONAL AND LOCAL
72 DEVELOPMENT COUNCILS.

73 5. COMMITTEE ON INFLATION - TO BE CHAIRED BY THE DEPDEV
74 AND SUPPORTED BY THE REGIONAL AND LOCAL DEVELOPMENT
75 COUNCILS.

76 THE COUNCIL SHALL DESIGNATE EACH COUNCIL MEMBER TO BE
77 PART OF THE APPROPRIATE COMMITTEE TO COINCIDE WITH ITS
78 OFFICIAL MANDATE OR FUNCTION."

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

80 "SEC. 5. Powers and Functions of the Council. -The Council shall act as a policy-making
81 and advisory body to ensure the proper implementation of the SGLG. It shall perform
82 the following powers and functions:

83 (a) Develop and promulgate the performance indicators that shall serve as standards
84 for evaluating the LGUs' compliance [and/or] **AND** satisfaction [of] **WITH** each
85 of the criteria prescribed under Section 7 of Provided, That the Council shall
86 designate each Council member to lead the development of performance
87 indicators [his/her] in THE area of jurisdiction or expertise and recommend the
88 approval of such performance indicators by the Council: *Provided, further,* That
89 in the development and approval of the performance indicators, the Council shall
90 take into consideration that LGUs may not be similarly situated and that one (1)
91 or more indicators may be peculiarly inapplicable or extremely difficult to meet
92 given the inherent limitations or circumstances of the LGUs[;]: **PROVIDED**
93 **FINALLY, THAT THE COUNCIL SHALL CONSIDER THE**
94 **INDIVIDUAL PERFORMANCE OF EACH LEVEL OF LGU VIS-A-VIS**
95 **THEIR RESPECTIVE HISTORICAL PERFORMANCES BASED ON**
96 **THE STANDARDS FOR EVALUATING EACH DIMENSION UNDER**
97 **THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA AS**
98 **DEFINED UNDER SECTION 7 OF THIS ACT;**

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

105 (c) Conduct an **IMPACT** evaluation [of the impact] of this Act on the performance
106 of the LGUs for purposes of determining the need for enhancing or continuing

the SGLG, rolling out the SGLG in barangays **AND NATIONAL GOVERNMENT AGENCIES** and recommending any amendatory legislation. For this purpose, the Council shall institute an effective feedback mechanism where the concerns of LGUs and other stakeholders on the implementation of the SGLG are appropriately considered;

- (d) Create technical working groups, upon the recommendation of the Council member concerned, composed of experts from government agencies, representatives from the leagues of provinces, cities and municipalities, **BARANGAYS**, and other sectors, to assist the Council members in the performance of their respective functions as provided for in paragraph (a) of this section;
- (e) Submit to the President of the Philippines, the President of the Senate, and the Speaker of the House of Representatives, on an annual basis, copies of the performance indicators approved by the Council together with the performance indicators developed and recommended by the lead Council member, and the result of the impact assessment conducted pursuant to paragraph (c) of this section; [and]
- (f) **BE IN CHARGE OF DATA COLLECTION, INTEGRATION, AND PROCESSING STANDARDS FOR THIS MEASURE AN SUPPORT THE LGUS BY PROVIDING ANY DATA THEY NEED TO REGULARLY UPDATE THEIR DIMENSIONS UNDER THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA; AND**
- (g) Perform such other functions as are necessary or incidental to properly carry out the purposes of this Act."

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

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

- (a) **THE DILG AND PSA MAY, INDIVIDUALLY OR JOINTLY, CALL ON ANY OTHER CONCERNED AGENCIES AND INSTRUMENTALITIES, LGU LEAGUES, CSOS, SECTORS, OR OTHER BODIES, AS THEY MAY DEEM NECESSARY, TO ASSIST IN CARRYING OUT THEIR RESPONSIBILITIES UNDER THIS ACT.**
- (b) **THE PSA SHALL SERVE AS THE PRIMARY DATA CUSTODIAN AT THE NATIONAL LEVEL. IT SHALL BE IN CHARGE OF SETTING UP A DATA REPOSITORY THAT SHALL BE ACCESSIBLE TO THE PUBLIC IN COMPLIANCE WITH THE DATA PRIVACY ACT.**
- (c) **THE DILG SHALL, IN COORDINATION WITH PSA, RECOGNIZE WELL-PERFORMING LGUs AND GRANT FINANCIAL INCENTIVES TO THE BEST-PERFORMING LGUS OR ENFORCE THE APPROPRIATE MEASURES, AS PROVIDED IN THIS ACT: PROVIDED, THAT IT CONFORMS TO THE PRINCIPLE OF**

SUBSIDIARITY AS GUARANTEED UNDER SEC. 4, ARTICLE X OF
THE 1987 CONSTITUTION.

(d) THE PSA SHALL FINALIZE THE DATA COLLECTION,
INTEGRATION, AND PROCESSING STANDARDS THE LGUS SHALL
SHARE AND USE.

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

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

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

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

"(1) GOVERNANCE CRITERIA

(a) x x x

(b) xxx

(c) xx x

(d) xxx

(e) xxx

(f) xxx

(g) xxx

(h) xxx

(i) xxx

(j) xxx

"(1) HUMAN DEVELOPMENT MERITOCRACY CRITETIA

(A)HEALTH AND SOCIAL DIMENSION - THIS DIMENSION
MEASURES THE OVERALL QUALITY OF HEALTH WITHIN A
LOCALITY THROUGH THE LONGEVITY OF LIFE OF ITS
CONSTITUENTS.

(B) EDUCATION - THIS DIMENSION MEASURES THE ACCESS OF
A LOCALITY'S CONSTITUENTS TO QUALITY EDUCATION.

193 (C)STANDARD OF LIVING - THIS DIMENSION MEASURES THE
194 LEVEL OF INCOME OF CONSTITUENTS AND ECONOMIC
195 OPPORTUNITIES WITHIN A LOCALITY.

196 (D)PEACE AND ORDER AND PUBLIC SAFETY - THIS DIMENSION
197 MEASURES THE PREVALENCE OF CRIMES WITHIN A
198 LOCALITY.

199 (E)INFLATION - THIS DIMENSION MEASURES INFLATION AND
200 ITS EFFECT ON A LOCALITY'S CONSTITUENTS.

201 EACH DIMENSION UNDER THE HUMAN DEVELOPMENT MERITOCRACY
202 CRITERIA SHALL BE MEASURED USING A SET OF INDICATORS TO BE
203 FORMULATED AND DETERMINED BY THE CONCERNED COMMITTEE AND
204 APPROVED BY THE COUNCIL BASED ON ACCEPTABLE NATIONAL OR
205 INTERNATIONAL STANDARDS, TOGETHER WITH THE DATA IN THE
206 PHILIPPINE HUMAN DEVELOPMENT REPORT. IN DETERMINING SUCH, THE
207 COUNCIL SHALL PRIORITIZE INDICATORS THAT CAN BE GENERATED FROM
208 NATIONAL AND LOCAL GOVERNMENT SOURCES WITHOUT THE NEED FOR
209 PRIMARY DATA GATHERING METHODOLOGIES SUCH AS STATISTICAL
210 SURVEYS, CENSUS, AND REGISTERS.

211 THE SET OF INDICATORS FOR EACH DIMENSION SHALL BE USED TO
212 COMPUTE THE QUALIFICATIONS OF EACH LGU AND ASSESS BASED ON THEIR
213 RESPECTIVE HISTORICAL GROWTH OR PERFORMANCE SO THAT EACH
214 LEVEL OF LGU COMPETES AGAINST ITSELF AND NOT AS AGAINST OTHER
215 LGUS.

216 THE COUNCIL SHALL CONTINUOUSLY EXPLORE ALTERNATIVE
217 STATISTICAL INDICATORS FOR THE HUMAN DEVELOPMENT MERITOCRACY
218 CRITERIA AS MAY BE NECESSARY AND APPROPRIATE FOR PURPOSES OF
219 FASTER DATA COLLECTION AND PROCESSING. THESE INDICATORS SHALL
220 BE UPDATED ANNUALLY BY THE CONCERNED AGENCY AND SHARED WITH
221 THE CONCERNED LGUS TO ENSURE THAT THE DATA EFFECTIVELY REFLECT
222 THE KEY DIMENSIONS OF THE HUMAN DEVELOPMENT MERITOCRACY
223 CRITERIA AS STIPULATED

224 UNDER THIS ACT AND ARE MORE READILY TRANSPARENT AND ACCESSIBLE
225 FOR EFFICIENT COLLECTION AND PROCESSING OF THE LGUS AND
226 IMPLEMENTING AGENCIES.

227 The foregoing criteria may be expanded by the Council to align with the thrusts of the National
228 Government and attune them [with] TO the changing times."

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

231 "SEC. 7-A. *DATA COLLECTION.* -LGUS SHALL BE DESIGNATED AS THE
232 PRIMARY DATA COLLECTING AGENCY WITHIN THEIR RESPECTIVE
233 LOCALITIES. FOR PURPOSES OF THIS ACT, LGUS MAY OPT TO HIRE
234 THE NECESSARY PERSONNEL, SUCH AS STATISTICIANS AND OTHERS,
235 THE NUMBER AND POSITIONS OF WHICH SHALL BE DETERMINED BY
236 THE COUNCIL THROUGH THE REVISED IMPLEMENTING RULES AND
237 REGULATIONS TO BE ISSUED THEREFOR. CONSISTENT WITH SECTION
238 7 OF THIS ACT, DATA THAT MAYBE ACCESSED WITHOUT THE NEED

FOR PRIMARY DATA-GATHERING METHODOLOGIES AS DESCRIBED ABOVE SHALL BE PRIORITIZED.

"SEC. 7-B. PERIODICITY OF DATA COLLECTION. - FOR THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA UNDER SECTION 7 OF THIS ACT, REGULAR AND SYNCHRONIZED DATA COLLECTION SHALL BE CONDUCTED BY LGUS ANNUALLY OR ON SHORTER PERIODS BASED ON THE LATEST AVAILABILITY OF IDENTIFIED INDICATORS. IN THE CONDUCT OF DATA COLLECTION, LGUS SHALL BE GIVEN TECHNICAL ASSISTANCE FROM THE APPROPRIATE NATIONAL GOVERNMENT AGENCIES, AS NEEDED.

TO THE EXTENT POSSIBLE, HOWEVER, LGUS ARE EXPECTED TO MONITOR INDICATORS AT SHORTER INTERVALS AS IMPLEMENTATION OF THIS ACT BECOMES MUCH MORE ESTABLISHED."

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

"SEC. 8. Requisites to Qualify for SGLG. - An LGU, which, according to the assessment of the DILG, complies, qualifies, and passes all assessment criteria as provided in Section 7 of this Act, AND APPROVED BY THE COUNCIL, shall be conferred and awarded the SGLG and granted the corresponding RECOGNITION, AWARDS AND MONETARY incentives as provided under Section 11 of this Act. IN ASSESSING AN LGU'S QUALIFICATION FOR THE SGLG, GREATER CONSIDERATION SHALL BE GIVEN TO THE LOCAL GOVERNMENT'S COMPLIANCE WITH THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA AS ENUMERATED UNDER SECTION 7 OF THIS ACT. SEVENTY PERCENT (70%) OF ANY NUMERICAL ASSESSMENT WEIGHT SHALL BE ASSIGNED TO THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA, WHILE THIRTY PERCENT (30%) SHALL BE FOR THE GOVERNANCE CRITERIA."

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

"SEC. 11. [The] SGLG [Incentive] Fund. -There is hereby created a special account under the General Appropriations Act (GAA) called the "SGLG Fund". The Fund shall be utilized only to pay out the incentives granted to LGUs [which] THAT 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 incentives to be awarded to LGUs: Provided, That, the increase shall be subject to the sufficiency of the Fund at the time the increment is implemented.

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

LGUS EXPERIENCING PERSISTENT AND UNJUSTIFIABLE DECLINE IN THE INDICATORS IDENTIFIED UNDER THE HUMAN DEVELOPMENT MERITOCRACY CRITERIA UNDER SECTION 7 OF THIS ACT MAY BE DISINCENTIVIZED IN THE FORM OF LOWER OR ZERO INCENTIVE:

285 **PROVIDED, HOWEVER, THAT THESE DECLINES ARE NOT DUE TO**
286 **EXTERNAL SHOCKS, SUCH AS NATURAL CALAMITIES, PANDEMICS, OR**
287 **UNFORESEEABLE EVENTS BEYOND THE CONTROL OF THE LGUS:**
288 **PROVIDED, FINALLY, THAT THE SPECIFIC BENCHMARKS OR**
289 **STANDARDS ABOUT THE QUALIFYING PERCENTAGE DECREASE AND**
290 **THE SUPPLEMENTARY CRITERIA WILL BE DETERMINED BY THE**
291 **COUNCIL.”**

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

293 "SEC. 12. Utilization and Limitations on Expenditures of the Incentives Under the SGLG Fund.
294 -The use of the incentives paid out of the SGLG Fund shall be governed by the policies governing
295 the utilization of the twenty percent (20%) of the annual [Internal Revenue Allotment (IRA)]
296 **NATIONAL TAX ALLOTMENT (NTA)** for local development projects, the Annual
297 Investment Program (AIP), and the Local Development Investment Program (LDIP).

298 The **MONETARY** incentives paid out of the SGLG Fund shall not be used for any of the
299 following:

300 x x X."

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

302 "**SEC. 14. *Management and Administration of the SGLG Fund.*** - The SGLG Fund established
303 under Section 11 of this Act shall be managed and administered by the DILG with the
304 supervision of the Council. Appropriation to replenish the amount paid out from the Fund during
305 the year [and/or] **OR** to augment the Fund shall be proposed by **THE COUNCIL** and
306 **ANNUALLY** included in the budget of the DILG under the GAA."

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

308 "**SEC. 15. *Guarantee of Local Government Autonomy.*** - The **LOCAL AND FISCAL**
309 **autonomy of LGUs, AS GUARANTEED UNDER THE 1987 CONSTITUTION,** shall
310 be respected at all times. Nothing in this Act shall be interpreted as limiting the autonomy
311 of LGUs to establish policies and pursue programs and projects designed not only to
312 qualify for the SGLG award but also to ensure the enjoyment of their constituency the
313 right to life, liberty, property, health, education, balanced and healthful ecology, among
314 others, in the exercise of their **POLICE** power under the general welfare clause. **THE**
315 **CONSTITUTIONAL MANDATE ON SUBSIDIARITY PURSUANT TO THE**
316 **PRESIDENT'S SUPERVISION POWER OVER LGUS SHALL BE RESPECTED**
317 **AT ALL TIMES."**

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

319 "**SEC. 16. *SGLG Operating Fund.*** - The activities and operational expenses, other than
320 the incentive payouts, related to the implementation of this Act shall be initially funded
321 from the DILG's Performance Challenge Fund. Thereafter, the DILG shall include in its
322 annual budget to be incorporated in the GAA[,] the item for the SGLG operating fund in
323 the amount equivalent to [two percent (2%)] **NOT LESS THAN FIVE PERCENT**
324 **(5%)** of the SGLG Fund."

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

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

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

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

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

339 *Approved,*