

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

SENATE

S.B. No. 1656

13 JUN 22 2:45 PM

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Introduced by SENATOR SONNY ANGARA

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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

EXPLANATORY NOTE

The Seal of Good Local Governance (SGLG) recognizes local government units (LGU) who are exemplary in the provision of public services and in good governance. SGLG recipients have proven their effectiveness and efficiency in fulfilling civic functions by exceeding specific hallmarks set, reviewed and appraised by the Department of Interior and Local Government (DILG).

Piloted as the Seal of Good Housekeeping in 2010 and fully implemented in 2014 in its current form, the Seal is a mark of accomplishment for provinces, cities, and municipalities to be recognized by their constituents.

A Performance Challenge Fund (PCF) was created in 2010 as an incentive for local government units (LGUs) to pursue the SGLG. The PCF is granted to outstanding LGUs who have earned the SGLG for their high-impact local development projects that are consistent with national priorities and goals.

The Seal and the PCF have increased transparency in local government budgets and plans by incentivizing compliance with the Full Disclosure Policy. These initiatives have also instilled prudence and discipline in local fund management, and served as initial benchmarks for good local governance. They have also, through the new funds available, augmented local government resources for development projects.

This Act would institutionalize the Seal as the primary performance-based measuring program of the government. In the process of identifying paragons in local

governance, the Seal sets benchmarks for other LGUs to improve their standard of local governance for the benefit of all Filipinos. Under the legislation, the DILG is mandated the lead implementing agency supported by an interagency council to oversee and administer the implementation of the Seal and Performance Challenge Fund.

Clearly, the Seal reverberates the clamor for inclusive growth and, more importantly, advances fairer distribution of progress to all regions of the country. These principles must be institutionalized, and, therefore, the swift passage of the foregoing measure is earnestly sought.



**SONNY ANGARA**

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

**CHAPTER I**  
**GENERAL PROVISIONS**

1  
2  
3     **SECTION 1. Short Title.** – This Act shall be known as “*The Seal of Good Local*  
4     *Governance Act of 2018 or The SGLG Act of 2018*”.

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



1       **SEC. 3. *The Seal of Good Local Governance.*** – The Seal of Good Local  
2 Governance Program (SGLG) is an award, incentive, honor and recognition based  
3 program for all local government units (LGUs), except barangays, and is a continuing  
4 commitment for LGUs to continually progress and improve its performance in the  
5 following areas (the “Criteria”):

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

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

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

26       **SEC. 4. *Scope of Application.*** – The SGLG shall cover all LGUs, except for  
27 Barangays.

28       **SEC. 5. *Institutional Mechanism; Implementing Agency.*** – There is hereby  
29 established a Council of Good Local Governance (the “Council”), which shall be  
30 composed of the Secretaries of the following entities:

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

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

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

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

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

18 **SEC. 6. Criteria.** – For the purpose of this Act, the areas in the Criteria shall be  
19 understood and interpreted as follows:

20 **I. CORE AREAS OF CONCERN AND INDISPENSABLE AREAS OF**  
21 **CONSIDERATON:**

- 22 1. **GOOD FISCAL OR FINANCIAL ADMINISTRATION** – This refers to  
23 the condition where an LGU maintains, preserves and mandatorily  
24 upholds the practice of accountability and transparency by adhering to  
25 the generally accepted and recognized accounting and auditing  
26 standards. Indicators include but are not limited to (a) the issuance of  
27 an unqualified or qualified opinion on the financial statements of an  
28 LGU by the Commission on Audit (COA) in the immediately preceding



1 year, and (b) full, strict, and exacting compliance with the Full  
2 Disclosure Policy of Local Budget and Finances, Bids and Public  
3 Offerings.

4 2. **HEALTH COMPLIANCE AND RESPONSIVENESS** – This refers to the  
5 condition where an LGU provides concrete and hands-on action that  
6 elevates the status, awareness, preparedness, and responsiveness in  
7 delivering its health services. Indicators include but are not limited to  
8 (a) the implementation of practical information dissemination and  
9 education measures, (b) the implementation of training and/or  
10 schooling measures, (c) building the efficiency, competency and skill of  
11 concerned personnel to comply with international health standards and  
12 responsiveness, and (d) ensuring the operational preparedness,  
13 readiness and vigilance via the availability and accessibility of the  
14 necessary tools, medical and health equipment and machinery,  
15 supplies and such other resources and technology intended for health  
16 and medical purposes.

17 3. **DISASTER MANAGEMENT, PREPAREDNESS AND TIMELINESS** –  
18 This refers to an LGU's preparedness for any disaster, or natural or  
19 man-made calamity, by taking proactive actions and building capacity  
20 to provide remedial action when needed. Indicators include but are not  
21 limited to (a) being an awardee of the National Gawad KALASAG for  
22 Best Local Disaster Risk Reduction and Management Council, (b)  
23 having structures, plans and systems in place for disaster  
24 preparedness, such as the creation and mobilization of local Disaster  
25 Risk Reduction Management (DRRM) Council and DRRM Office, (c)  
26 the availability of a Provincial Development and Physical Framework  
27 Plan/Comprehensive Land Use Plan, DRRM Plan, Contingency Plan,  
28 and Local Climate Change Action Plan, (d) the availability of working  
29 early warning and evacuation alert systems, evacuation centers,  
30 standard operating procedures in the event of disaster or calamity,  
31 emergency transportation facilities, relief operation equipment and  
32 tools, medical services, registration and security.

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

## 23           **II. ESSENTIAL AREAS OF CONSIDERATION:**

24           1. **LOCAL BUSINESS SOCIABILITY AND VIABILITY** – This refers to an  
25           LGU's unconventional initiative in encouraging local investment,  
26           together with local business enterprises and the working sector,  
27           through the adoption of policies, programs, systems, structures and/or  
28           local legislation in order to support and promote a business climate  
29           conducive to sustainable business growth. Indicators include but are  
30           not limited to (a) having a simplified business processing and licensing  
31           system, (b) tracking of economic data of the locality and the sharing of  
32           the same with investors, (c) having a designated local economic  
33           investment promotion officer or its equivalent, (d) an updated Citizen's



1 Charter, (e) an updated Local Investment Incentive Code, and (f) good  
2 performance in business promotion as a result of Business-  
3 Friendliness or Competitiveness Assessment by the Philippine  
4 Chamber of Commerce and Industry or the National Competitiveness  
5 Council.

6 2. **SAFETY, PEACE AND ORDER** – This refers to a condition where an  
7 LGU establishes and demonstrates good and respectable performance  
8 in terms of maintaining peace and order in the community with the  
9 implementation of activities, programs and policies, and the appropriate  
10 provision of support mechanisms to ensure the safety and protection of  
11 its constituencies from unnecessary threats to life, security and  
12 property. Indicators include but are not limited to (a) adopting a Local  
13 Anti-Criminality Action Plan or Peace and Order and Public Safety  
14 Plan, (b) providing logistical or financial support to the local police, (c)  
15 convening the local Peace and Order Council, (d) establishing a  
16 functional local Anti-Drug Abuse Council, and (e) establishing and  
17 implementing a community-oriented policing mechanism.

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



1                   legislation in order to support and promote environmental protection in  
2                   all levels of human transaction.

3                   4. **LOCAL TOURISM / HERITAGE DEVELOPMENT AND**  
4                   **ADVANCEMENT** – This refers to an LGU's ability to promote and  
5                   protect local heritage and culture, or local legacy, in terms of  
6                   preserving the cultural, historical and indigenous significance of the  
7                   community, marketing the characteristics which the LGU is known or  
8                   recognized for, and attracting foreign and local visitors and tourists to  
9                   the locality. Indicators include but are not limited to (a) the presence of  
10                  a Local Tourism Officer or designated officer, (b) the establishment of a  
11                  Tourist Information and Assistance Center, (c) the establishment of a  
12                  tracking system of tourism data, (d) the presence of a local council for  
13                  the promotion of culture and the arts, (e) the approval and  
14                  implementation of a budget appropriated for the conservation and  
15                  preservation of cultural property, and (f) existence of an updated  
16                  cultural property inventory in the LGU.

17                **SEC. 7. Requisites to Qualify for SGLG; The "4 Plus 1" Doctrine.** – An LGU  
18                covered by this Act, which, according to the assessment of the DILG, complies,  
19                qualifies, and passes all four core assessment areas as provided in Section 6(I) of  
20                this Act, and also complies, qualifies, and passes at least one essential assessment  
21                area as provided in Section 6(II), subject to the approval of the DILG, shall be  
22                conferred and awarded the SGLG and granted the corresponding incentive as  
23                provided under Section 10 of this Act.

24                **SEC. 8. Rules of Interpretation.** – In order to ensure the prestige of the SGLG,  
25                in the interpretation of the provisions of this Act, all definitions of the areas of the  
26                Criteria and all issuances and rules and regulations issued pursuant to this Act shall  
27                be strictly construed against LGUs. It shall be the burden of an LGU to show that it  
28                qualifies for the SGLG.

1       **SEC. 9. *Implementing Rules and Regulations.*** – The Secretary of the DILG  
2 shall formulate and promulgate the rules and regulations to implement the provisions  
3 of this Act within ninety (90) days from the effectivity of this Act.

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

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

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

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

19       **SEC. 11. *Limitations on Expenditures.*** – Payouts from the SGLG Fund to  
20 LGUs shall not be used for programs that duplicate or overlap with programs and  
21 projects that are already being implemented and funded by the National  
22 Government. In the same manner, the fund may not serve as a counterpart fund by  
23 LGUs to support projects identified and primarily implemented by the National  
24 Government.

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

- 26           a. Financing micro credits and loans;  
27           b. Travel expenses, whether domestic or foreign, Except when the  
28           purpose is to effect the purposes of this Act;



- 1 c. Administrative expenses of the LGU including but not limited to cash
- 2 gifts, bonuses, food allowances, staff uniforms, communication bills,
- 3 utilities, transportation costs and the like;
- 4 d. Purchase, maintenance or repair of any motor vehicles or motorcycles
- 5 not directly used for the SGLG undertaking;
- 6 e. Salaries, wages, emoluments, per diems or overtime pay of
- 7 employees;
- 8 f. Construction, repair, or refurnishing of administrative offices; and
- 9 g. As a loan guarantee.

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

13 **SEC. 12. *Management and Administration of the SGLG Fund.*** – The SGLG  
14 Fund established under Section 10 of this Act shall be managed and administered by  
15 the DILG upon advise of the Council. Appropriation to replenish the amount paid out  
16 from the Fund during the year and/or to augment the Fund shall be proposed by and  
17 included in the budget of the DILG under the General Appropriations Act (GAA) for  
18 the ensuing year.

19 **SEC. 13. *Guarantee of Local Government Autonomy.*** – The autonomy of local  
20 government units shall be respected at all times. Nothing in this Act shall be  
21 interpreted as limiting the autonomy of local governments.

22 **SEC. 14. *Funding.*** – The DILG shall include in its annual budget to be  
23 incorporated in the GAA such amount necessary to cover the expenditures, other  
24 than the incentive payouts, to be incurred in carrying out the implementation of this  
25 Act.

26 **SEC. 15. *Joint Congressional Oversight Committee.*** – A Joint Congressional  
27 Oversight Committee (the “Oversight Committee”), shall be constituted in  
28 accordance with the provisions of this Act. The Oversight Committee shall be  
29 composed of the respective Chairpersons of the Committees on Local Government

1 of the Senate and of the House of Representatives serving as co-Chairpersons, the  
2 Chairperson of the Committees on Ways and Means of the Senate and of the House  
3 of Representatives serving as co-Vice Chairpersons, and three (3) additional  
4 members from each House to be designated by the Senate President and the  
5 Speaker of the House of Representatives, respectively. The Oversight Committee  
6 shall monitor and ensure the proper implementation of this Act.

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

11 **SEC. 16. *Retroactivity Clause.*** – This Act shall have retroactive effect insofar as  
12 it does not prejudice or impair vested or acquired rights.

13 **SEC. 17. *Repealing Clause.*** – All laws, presidential decrees, executive orders,  
14 rules and regulations or parts thereof which are inconsistent with the provisions of  
15 this Act are hereby repealed or modified accordingly.

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

19 **SEC. 18. *Separability Clause.*** – Should any part or provision of this Act be held  
20 unconstitutional or invalid, all other provisions hereof which are not affected thereby  
21 shall continue to be in full force and effect.

22 **SEC. 19. *Effectivity.*** – This Act shall take effect after fifteen (15) days following  
23 its complete publication in the Official Gazette or in two (2) newspapers of general  
24 circulation whichever is earlier.

*Approved,*