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Prepared and submitted jointly by the Committees on Local Government and Finance, with Senators Angara and Legarda as authors.

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:

CHAPTER I
GENERAL PROVISIONS

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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 Local Government Units (LGUs) in transparency
7 and accountability in the use of public funds, organization of health programs,
8 preparedness for challenges posed by disasters, sensitivity to the needs of
9 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, encourage
13 outcome-based performance and to reward local governments for their effort in
14 pursuing the general welfare of their 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 LGUs and is a continuing commitment for LGUs to continually
4 progress and improve its performance in the following areas (the “Criteria”):

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

19 **SEC. 4. *Institutional Mechanism; Implementing Agency.*** – There is hereby
20 established a Council of Good Local Governance (the “Council”), which shall be
21 composed of the following:

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

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

1 Every year, the Council shall, if necessary, review and/or revise the criteria
2 consistent with long-term development plans of the national government. The
3 development of these indicators should reflect outcomes that are performance-
4 based, encouraging outputs that reflect concrete benefits to the community in terms
5 of policy, rules, regulation, behaviour and skill competencies, knowledge or attitude.

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

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

12 The DILG shall be the implementing agency of this Act. It shall, in consultation
13 and coordination with partner agencies or sectors, be responsible for assessment
14 and evaluation of each LGU relative to their compliance with the Criteria, and
15 recommend to the Council whether an LGU qualifies to be conferred or awarded the
16 SGLG.

17 **SEC. 5. Criteria.** – For the purpose of this Act, the areas in the Criteria shall be
18 understood and interpreted as follows:

- 19 1. **GOOD FISCAL OR FINANCIAL ADMINISTRATION OR FINANCIAL**
20 **SUSTAINABILITY** – This refers to the condition where an LGU
21 maintains, preserves and mandatorily upholds the practice of
22 accountability and transparency by adhering to the generally accepted
23 and recognized accounting and auditing standards. Indicators include
24 but are not limited to (a) the issuance of an unqualified or qualified
25 opinion on the financial statements of an LGU by the Commission on
26 Audit (COA) in the immediately preceding year, (b) full, strict, and
27 exacting compliance with the Full Disclosure Policy (FDP) of Local
28 Budget and Finances, Bids and Public Offerings, and (c) posting of

1 financial documents required to be posted in the FDP Portal in the local
2 government's website.

3 2. **HEALTH COMPLIANCE AND RESPONSIVENESS** – This refers to the
4 condition where an LGU provides concrete and hands-on action that
5 elevates the status, awareness, preparedness, and responsiveness in
6 delivering its health services.

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

22 4. **SOCIAL PROTECTION AND SENSITIVITY PROGRAM** – This refers
23 to an LGU's sensitivity and responsiveness to the needs of its
24 constituents particularly those belonging to the vulnerable or
25 disadvantaged sectors, such as but not limited to, women, children,
26 indigenous people, elderly, and persons with disability (PWD).
27 Indicators include but are not limited to (a) providing access to justice,
28 particularly in cases of violence against women and children, (b)
29 providing access for PWDs, senior citizens and pregnant women in
30 frontline services, (c) enhancing mobility for PWDs in public
31 infrastructures like local government centers and hospitals in

1 accordance with the Accessibility Law, (d) mandatory representation of
2 indigenous people in compliance with the Indigenous Peoples Rights
3 Act of 1997, (e) compliance with the mandatory representation in the
4 sanggunian with representative accorded with regular privileges and
5 emoluments of a sanggunian member, (f) the presence of at least one
6 accredited LGU-managed residential care facility for the vulnerable
7 sectors, and (g) representation from NGOs in the local development
8 council consistent with the pertinent provisions of the Local
9 Government Code.

10 **5. PROGRAMS FOR SUSTAINABLE EDUCATION** – This refers to the
11 initiatives of an LGU to institute education reforms and programs for
12 the purpose of improving the quality of education in the country.
13 Indicators include but are not limited to the (a) increased participation
14 rate of students, (b) decreased number of drop-outs as well as out-of-
15 school youths, (c) increase in cohort survival rates, (d) increase in
16 achievement scores as measured by National Tests or Assessment
17 Tools, and (e) establishment of child development centers, support to
18 special education and the alternative learning system.

19 **6. BUSINESS FRIENDLINESS AND COMPETITIVENESS** – This refers
20 to an LGU's unconventional initiative in encouraging local investment,
21 together with local business enterprises and the working sector,
22 through the adoption of policies, programs, systems, structures and/or
23 local legislation in order to support and promote a business climate
24 conducive to sustainable business growth. Indicators include but are
25 not limited to (a) having a simplified business processing and licensing
26 system, (b) tracking of economic data of the locality and the sharing of
27 the same with investors, (c) having a designated local economic
28 investment promotion officer or its equivalent, (d) an updated Citizen's
29 Charter, (e) an updated Local Investment Incentive Code, and (f) good
30 performance in business promotion as a result of Business-
31 Friendliness or Competitiveness Assessment by the Philippine

1 Chamber of Commerce and Industry or the National Competitiveness
2 Council.

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

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

30 **9. TOURISM, CULTURE AND ARTS** – This refers to an LGU’s ability to
31 promote and protect local heritage and culture, or local legacy, in terms

1 of preserving the cultural, historical and indigenous significance of the
2 community, marketing the characteristics which the LGU is known or
3 recognized for, and attracting foreign and local visitors and tourists to
4 the locality. Indicators include but are not limited to (a) the presence of
5 a Local Tourism Officer or designated officer, (b) the establishment of a
6 Tourist Information and Assistance Center, (c) the establishment of a
7 tracking system of tourism data, (d) the presence of a local council for
8 the promotion of culture and the arts, (e) the approval and
9 implementation of a budget appropriated for the conservation and
10 preservation of cultural property, and (f) existence of an updated
11 cultural property inventory in the LGU;

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

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

20 **SEC. 7. Rules of Interpretation.** – In order to ensure the prestige of the SGLG,
21 in the interpretation of the provisions of this Act, all definitions of the areas of the
22 Criteria and all issuances and rules and regulations issued pursuant to this Act shall
23 be strictly construed against LGUs. It shall be the burden of an LGU to show that it
24 qualifies for the SGLG.

25 **SEC. 8. Implementing Rules and Regulations.** – The Council shall formulate
26 and promulgate the rules and regulations to implement the provisions of this Act
27 within ninety (90) days from the effectivity of this Act.

28 **SEC. 9. The SGLG Incentive Fund.** – There is hereby created a special account
29 under the General Fund called "SGLG Fund" with an initial allocation of One Billion

1 Pesos (P1,000,000,000.00). The Fund shall be utilized only to pay out the incentives
2 granted to LGUs which qualify for the SGLG.

3 The Council established under Section 4 of this Act shall have the authority to
4 determine the monetary incentives for LGUs based on the number of awardees. It
5 shall also have the authority to re-evaluate and increase the amount of SGLG
6 incentive to be awarded to LGUs; *Provided That*, such re-evaluation and increase
7 shall not be done more often than every three (3) years after the effectivity of this
8 Act; *Provided further That*, the increase shall be subject to the sufficiency of the
9 Fund at the time the increment is implemented.

10 **SEC. 10. Use and Limitations on Expenditures.** – Payouts from the SGLG
11 Fund shall be governed by the policies governing the utilization of the 20% of the
12 Annual IRA for local development projects, the Annual Investment Program (AIP)
13 and the Local Development Investment Program (LDIP).

14 Payouts from the SGLG Fund to LGUs shall not be used for programs that
15 duplicate or overlap with programs and projects that are already being implemented
16 and funded by the National Government. In the same manner, the fund may not
17 serve as a counterpart fund by LGUs to support projects identified and primarily
18 implemented by the National Government.

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

- 20 a. Financing micro credits and loans;
- 21 b. Travel expenses, whether domestic or foreign, Except when the
22 purpose is to effect the purposes of this Act;
- 23 c. Administrative expenses of the LGU including but not limited to cash
24 gifts, bonuses, food allowances, staff uniforms, communication bills,
25 utilities, transportation costs and the like;
- 26 d. Purchase, maintenance or repair of any motor vehicles or motorcycles
27 not directly used for the SGLG undertaking;
- 28 e. Salaries, wages, emoluments, per diems or overtime pay of
29 employees;
- 30 f. Construction, repair, or refurbishing of administrative offices; and

1 g. As a loan guarantee.

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

7 **SEC. 12. Management and Administration of the SGLG Fund.** – The SGLG
8 Fund established under Section 9 of this Act shall be managed and administered by
9 the DILG upon advice of the Council. Appropriation to replenish the amount paid out
10 from the Fund during the year and/or to augment the Fund shall be proposed by and
11 included in the budget of the DILG under the General Appropriations Act (GAA) for
12 the ensuing year.

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

16 **SEC. 14. Funding.** – The activities and operational expenses, other than the
17 incentive payouts, related to the implementation of this Act shall be initially funded
18 from the DILG's Performance Challenge Fund. Thereafter, the DILG shall include in
19 its annual budget to be incorporated in the GAA such sums for the continued
20 implementation of this Act.

21 **SEC. 15. Joint Congressional Oversight Committee.** – A Joint Congressional
22 Oversight Committee (the "Oversight Committee"), shall be constituted in
23 accordance with the provisions of this Act. The Oversight Committee shall be
24 composed of the respective Chairpersons of the Committees on Local Government
25 of the Senate and of the House of Representatives serving as co-Chairpersons, the
26 Chairperson of the Committees on Ways and Means of the Senate and of the House
27 of Representatives serving as co-Vice Chairpersons, and three (3) additional
28 members from each House to be designated by the Senate President and the

1 Speaker of the House of Representatives, respectively. The Oversight Committee
2 shall monitor and ensure the proper implementation of this Act.

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

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

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

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

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

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

Approved,