



SENATE

S. No. 1843

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:*

1 CHAPTER I

2 GENERAL PROVISIONS

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

6 SEC. 2. *Declaration of Policy.* – It is hereby the
7 declared policy of the State to recognize the good
8 performance of Local Government Units (LGUs) in

1 transparency and accountability in the use of public funds,
2 organization of health programs, preparedness for
3 challenges posed by disasters, sensitivity to the needs of
4 vulnerable and marginalized sectors of society, investment
5 and employment promotion, protection of constituency
6 from threats to life and damage to property, and
7 safeguarding the integrity of the environment. In such
8 recognition, the State hopes to encourage all local
9 governments to take on greater challenges, encourage
10 outcome-based performance and to reward local
11 governments for their effort in pursuing the general
12 welfare of their constituency and in enforcing existing
13 laws.

14 SEC. 3. *The Seal of Good Local Governance.* – The
15 Seal of Good Local Governance (SGLG) Program is an
16 award, incentive, honor and recognition based program for
17 all LGUs and is a continuing commitment for LGUs to
18 continually progress and improve its performance in the
19 following areas (the “Criteria”):

1 (a) Uphold the practice of transparency and
2 accountability in the use of public funds;

3 (b) Organize, set-up and sustain health programs
4 that would strengthen and benefit its constituents;

5 (c) Prepare for challenges brought about by
6 unpredictable natural calamities;

7 (d) Demonstrate the readiness to help and
8 sensitivity to the needs of vulnerable and marginalized
9 sectors of society;

10 (e) Institute education reforms and programs to
11 improve the quality of education in the country;

12 (f) Encourage investment and employment;

13 (g) Protect constituents from threats to life and
14 damage to property; and

15 (h) Safeguard and protect the integrity of the
16 environment through adaptive social responsibility.

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

1 (a) Department of the Interior and Local Government
2 (DILG);

3 (b) Department of Budget and Management (DBM);

4 (c) Department of Finance (DOF);

5 (d) National Economic Development Authority
6 (NEDA);

7 (e) Representative from the Union of Local
8 Authorities of the Philippines (ULAP); and

9 (f) Representative from Civil Society Organizations
10 (CSOs).

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

13 Every year, the Council shall, if necessary, review
14 and/or revise the criteria consistent with long-term
15 development plans of the national government. The
16 development of these indicators should reflect outcomes
17 that are performance-based, encouraging outputs that
18 reflect concrete benefits to the community in terms of
19 policy, rules, regulation, behavior and skill competencies,
20 knowledge or attitude.

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

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

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

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

18 (a) Good fiscal or financial administration or
19 financial sustainability refers to the condition where an
20 LGU maintains, preserves and mandatorily upholds the

1 practice of accountability and transparency by adhering to
2 the generally accepted and recognized accounting and
3 auditing standards. Indicators include, but are not limited
4 to: (1) the issuance of an unqualified or qualified opinion on
5 the financial statements of an LGU by the Commission on
6 Audit (COA) in the immediately preceding year; (2) full,
7 strict, and exacting compliance with the Full Disclosure
8 Policy (FDP) of Local Budget and Finances, Bids and
9 Public Offerings; and (3) posting of financial documents
10 required to be posted in the FDP Portal in the local
11 government's website.

12 (b) Health compliance and responsiveness refers to
13 the condition where an LGU provides concrete and hands-
14 on action that elevates the status, awareness,
15 preparedness, and responsiveness in delivering its health
16 services.

17 (c) Disaster preparedness refers to an LGU's
18 preparedness for any disaster, or natural or man-made
19 calamity, by taking proactive actions and building capacity
20 to provide remedial action when needed. Indicators

1 include, but are not limited to: (1) being an awardee of the
2 National Gawad KALASAG for Best Local Disaster Risk
3 Reduction and Management Council; (2) having structures,
4 plans and systems in place for disaster preparedness, such
5 as the creation and mobilization of local Disaster Risk
6 Reduction Management (DRRM) Council and DRRM
7 Office; (3) the availability of a Provincial Development and
8 Physical Framework Plan/Comprehensive Land Use Plan,
9 DRRM Plan, Contingency Plan, and Local Climate Change
10 Action Plan; and (4) the availability of working early
11 warning and evacuation alert systems, evacuation centers,
12 standard operating procedures in the event of disaster or
13 calamity, emergency transportation facilities, relief
14 operation equipment and tools, medical services,
15 registration and security.

16 (d) Social protection and sensitivity program refers
17 to an LGU's sensitivity and responsiveness to the needs of
18 its constituents particularly those belonging to the
19 vulnerable or disadvantaged sectors, such as, but not
20 limited to, women, children, indigenous people, elderly,

1 and persons with disability (PWD). Indicators include, but
2 are not limited to: (1) providing access to justice,
3 particularly in cases of violence against women and
4 children; (2) providing access for PWDs, senior citizens and
5 pregnant women in frontline services; (3) enhancing
6 mobility for PWDs in public infrastructures like local
7 government centers and hospitals in accordance with the
8 Accessibility Law; (4) mandatory representation of
9 indigenous people in compliance with the Indigenous
10 Peoples Rights Act of 1997; (5) compliance with the
11 mandatory representation in the *sanggunian* with
12 representative accorded with regular privileges and
13 emoluments of a *sanggunian* member; (6) the presence of
14 at least one (1) accredited LGU-managed residential care
15 facility for the vulnerable sectors; and (7) representation
16 from NGOs in the local development council consistent
17 with the pertinent provisions of the Local Government
18 Code.

19 (e) Programs for sustainable education refers to the
20 initiatives of an LGU to institute education reforms and

1 programs for the purpose of improving the quality of
2 education in the country. Indicators include, but are not
3 limited to, the: (1) increased participation rate of students;
4 (2) decreased number of drop-outs as well as out-of-school
5 youths; (3) increase in cohort survival rates; (4) increase in
6 achievement scores as measured by National Tests or
7 Assessment Tools; and (5) establishment of child
8 development centers, support to special education and the
9 alternative learning system.

10 (f) Business friendliness and competitiveness refers
11 to an LGU's unconventional initiative in encouraging local
12 investment, together with local business enterprises and
13 the working sector, through the adoption of policies,
14 programs, systems, structures and/or local legislation in
15 order to support and promote a business climate conducive
16 to sustainable business growth. Indicators include, but are
17 not limited to: (1) having a simplified business processing
18 and licensing system; (2) tracking of economic data of the
19 locality and the sharing of the same with investors; (3)
20 having a designated local economic investment promotion

1 officer or its equivalent; (4) an updated Citizen's Charter;
2 (5) an updated Local Investment Incentive Code; and (6)
3 good performance in business promotion as a result of
4 Business-Friendliness or Competitiveness Assessment by
5 the Philippine Chamber of Commerce and Industry or the
6 National Competitiveness Council.

7 (g) Safety, peace and order refers to a condition
8 where an LGU establishes and demonstrates good and
9 respectable performance in terms of maintaining peace and
10 order in the community with the implementation of
11 activities, programs and policies, and the appropriate
12 provision of support mechanisms to ensure the safety and
13 protection of its constituencies from unnecessary threats to
14 life, security and property. Indicators include, but are not
15 limited to: (1) adopting a Local Anti-Criminality Action
16 Plan or Peace and Order and Public Safety Plan; (2)
17 providing logistical or financial support to the local police;
18 (3) convening the local Peace and Order Council; and (4)
19 establishing a functional local Anti-Drug Abuse Council,

1 and (5) establishing and implementing a community-
2 oriented policing mechanism.

3 (h) Environmental management refers to an LGU's
4 initiative that consistently and significantly preserves and
5 protects the integrity of the environment. Indicators
6 include, but are not limited to: (1) advancing local policy
7 and programs of action on Environmental Impact
8 Assessment; (2) promoting social awareness and social
9 responsibility programs; (3) managing and maintaining
10 ecological balance within their territorial jurisdiction; (4)
11 complying with at least the minimum standards set by the
12 provisions of the Ecological Solid Waste Management Act
13 of 2000, (5) establishing a material recovery facility or an
14 existing partnership with an entity with facilities that may
15 be used for such purpose; (6) having access to a sanitary
16 landfill or alternative technology; (7) maintaining an
17 organized local Solid Waste Management Board, and (8)
18 instituting policies, programs, systems, structures and/or
19 local legislation in order to support and promote

1 environmental protection in all levels of human
2 transaction.

3 (i) Tourism, culture and arts refers to an LGU's
4 ability to promote and protect local heritage and culture, or
5 local legacy, in terms of preserving the cultural, historical
6 and indigenous significance of the community, marketing
7 the characteristics which the LGU is known or recognized
8 for, and attracting foreign and local visitors and tourists to
9 the locality. Indicators include, but are not limited to: (1)
10 the presence of a Local Tourism Officer or designated
11 officer; (2) the establishment of a Tourist Information and
12 Assistance Center; (3) the establishment of a tracking
13 system of tourism data; (4) the presence of a local council
14 for the promotion of culture and the arts, (5) the approval
15 and implementation of a budget appropriated for the
16 conservation and preservation of cultural property; and (6)
17 existence of an updated cultural property inventory in the
18 LGU;

19 (j) Youth development programs refers to an LGU's
20 ability to promote and establish adequate, effective,

1 responsive and enabling mechanisms and support systems
2 that will ensure the meaningful participation of the youth
3 in local governance and nation-building. Indicators include,
4 but are not limited to: (1) adopting a local youth
5 development program; (2) establishing a local youth
6 development council; (3) providing a youth development
7 office which shall be headed by a youth development
8 officer; and (4) instituting policies, programs and systems
9 in order to support and promote the vital role of youth in
10 local governance:

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

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

1 corresponding incentive as provided under Section 9 of this
2 Act.

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

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

14 *SEC. 9. The SGLG Incentive Fund.* – There is hereby
15 created a special account under the General Fund called
16 “SGLG Fund” with an initial allocation of One billion pesos
17 (P1,000,000,000.00). The Fund shall be utilized only to pay
18 out the incentives granted to LGUs which qualify for the
19 SGLG.

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

11 SEC. 10. *Use and Limitations on Expenditures.* -
12 Payouts from the SGLG Fund shall be governed by the
13 policies governing the utilization of the twenty percent
14 (20%) of the Annual Internal Revenue Allotment (IRA) for
15 local development projects, the Annual Investment
16 Program (AIP) and the Local Development Investment
17 Program (LDIP).

18 Payouts from the SGLG Fund to LGUs shall not be
19 used for programs that duplicate or overlap with programs
20 and projects that are already being implemented and

1 funded by the national government. In the same manner,
2 the fund may not serve as a counterpart fund by LGUs to
3 support projects identified and primarily implemented by
4 the national government.

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

7 (a) Financing micro credits and loans;

8 (b) Travel expenses, whether domestic or foreign,

9 Except when the purpose is to effect the purposes of this
10 Act;

11 (c) Administrative expenses of the LGU including,
12 but not limited to, cash gifts, bonuses, food allowances,
13 staff uniforms, communication bills, utilities,
14 transportation costs and the like;

15 (d) Purchase, maintenance or repair of any motor
16 vehicles or motorcycles not directly used for the SGLG
17 undertaking;

18 (e) Salaries, wages, emoluments, *per diems* or
19 overtime pay of employees;

1 (f) Construction, repair, or refurbishing of
2 administrative offices; and

3 (g) As a loan guarantee.

4 SEC. 11. *Technical Assistance for Capacity-Building.*

5 – The DILG shall release the governance assessment
6 report which shall, in part, identify the local governance
7 gaps to the respective LGUs. The respective national
8 agencies shall provide technical assistance for capacity-
9 building to the identified gaps of the LGUs which have not
10 qualified for the award of the SGLG.

11 SEC. 12. *Management and Administration of the*
12 *SGLG Fund.* – The SGLG Fund established under Section
13 9 of this Act shall be managed and administered by the
14 DILG upon advice of the Council. Appropriation to
15 replenish the amount paid out from the Fund during the
16 year and/or to augment the Fund shall be proposed by and
17 included in the budget of the DILG under the General
18 Appropriations Act (GAA) for the ensuing year.

19 SEC. 13. *Guarantee of Local Government Autonomy.* –
20 The autonomy of local government units shall be respected

1 at all times. Nothing in this Act shall be interpreted as
2 limiting the autonomy of local governments.

3 SEC. 14. *Funding.* – The activities and operational
4 expenses, other than the incentive payouts, related to the
5 implementation of this Act shall be initially funded from
6 the DILG's Performance Challenge Fund. Thereafter, the
7 DILG shall include in its annual budget to be incorporated
8 in the GAA such sums for the continued implementation of
9 this Act.

10 SEC. 15. *Joint Congressional Oversight Committee.* –
11 A Joint Congressional Oversight Committee (the
12 "Oversight Committee"), shall be constituted in accordance
13 with the provisions of this Act. The Oversight Committee
14 shall be composed of the respective Chairpersons of the
15 Committees on Local Government of the Senate and of the
16 House of Representatives serving as co-Chairpersons, the
17 Chairperson of the Committees on Ways and Means of the
18 Senate and of the House of Representatives serving as co-
19 Vice Chairpersons, and three (3) additional members from
20 each House to be designated by the Senate President and

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

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

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

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

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

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

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

Approved,