

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



18 MAY 31 12:39

SENATE

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COMMITTEE REPORT NO. 397

Submitted jointly by the Committees on Local Government and Finance on  
**MAY 30 2018**

Re : Senate Bill No. 1843

Recommending its approval in substitution of Senate Bill No. 1656

Sponsor : Senator Angara

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**MR. PRESIDENT:**

The Committees on Local Government and Finance to which were primarily and secondarily referred **Senate Bill No. 1656**, introduced by **Senator Angara**, entitled:

**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**

have considered the same and have the honor to report it back to the Senate with the recommendation that the attached bill, Senate Bill No. 1843, entitled:

**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 approved in substitution of Senate Bill No. 1656 with Senators Angara and Legarda as authors.

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Respectfully submitted:

**CHAIRPERSONS:**



**SONNY ANGARA**  
*Chairperson, Committee on Local Government*  
*Vice-Chair, Committee on Finance*

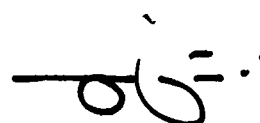


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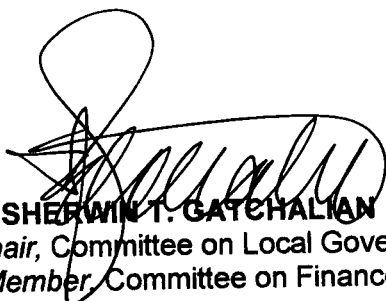
**VICE CHAIRPERSONS:**



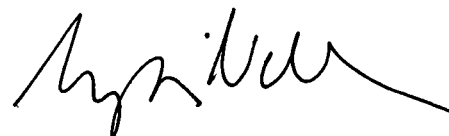
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**PAOLO BENIGNO "BAM" AQUINO IV**  
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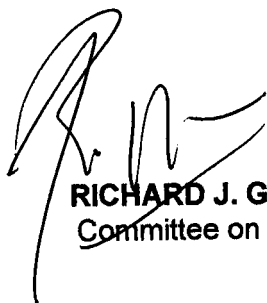
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**MEMBERS:**



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Committees Local Government and Finance


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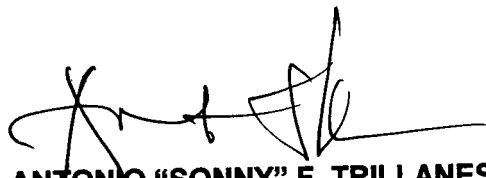
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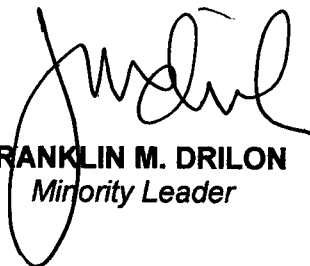
**EX OFFICIO MEMBERS:**



**RALPH G. RECTO**  
*President Pro Tempore*



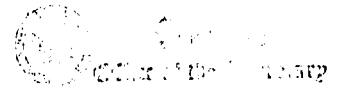
**JUAN MIGUEL F. ZUBIRI**  
*Majority Leader*



**FRANKLIN M. DRILON**  
*Minority Leader*

**HON. VICENTE C. SOTTO III**  
*Senate President*  
Senate of the Philippines

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'18 MAY 31 A12 :39

SENATE

S.B. No. 1843

Referred to \_\_\_\_\_

(In Substitution of S.B. No. 1656)

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

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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**

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

1  
2

**CHAPTER I  
GENERAL PROVISIONS**

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,*