



HOUSE OF REPRESENTATIVES

H. No. 8719

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BY REPRESENTATIVES GARCIA (J.E.), VILLAFUERTE, ACHARON,  
CERILLES, GO (M.), LOBREGAT, MENDING, ORTEGA (P.),  
REVILLA, YAP (V.), BORDADO, SALON, PALMA, AGGABAO,  
SANDOVAL, GONZALEZ, NIETO, PIMENTEL, MARQUEZ,  
LIMKAICHONG, ARCILLAS, ACOSTA-ALBA, DATOL,  
HERNANDEZ (F.), RODRIGUEZ (M.), LOYOLA, TAMBUNTING,  
SY-ALVARADO AND ANDAYA, PER COMMITTEE REPORT NO. 1001

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

3       SEC. 2. *Declaration of Policy.* – It is hereby declared  
4 policy of the State to recognize the good performance of local  
5 government units (LGUs) in transparency and accountability in the  
6 use of public funds, preparedness for challenges posed by disasters,  
7 sensitivity to the needs of vulnerable and marginalized sectors of  
8 society, implementation of health programs, investment and  
9 employment promotion, protection of constituency from threats to

1 life and damage to property, and safeguarding the integrity of the  
2 environment. In such recognition, the State hopes to encourage all  
3 LGUs to take on greater challenges, encourage outcome-based  
4 performance and to reward local governments for their effort in  
5 pursuing the general welfare of their constituency and in enforcing  
6 existing laws.

7 SEC. 3. *The Seal of Good Local Governance.* – The Seal of  
8 Good Local Governance (SGLG) is an award, incentive, honor and  
9 recognition-based program for all LGUs and is a continuing  
10 commitment for LGUs to continually progress and improve their  
11 performance in the following areas by:

12 (a) Upholding the practice of transparency and accountability  
13 in the use of public funds;

14 (b) Preparing for challenges brought about by unpredictable  
15 natural calamities;

16 (c) Demonstrating the readiness to help and sensitivity to the  
17 needs of vulnerable and marginalized sectors of society;

18 (d) Implementing and sustaining health policies and  
19 programs that would strengthen and promote the well-being,  
20 healthy lifestyle and safety of the public, ensuring that all  
21 individuals especially the vulnerable have fair opportunities for  
22 better health;

23 (e) Instituting education reforms and programs to improve  
24 the quality of education in the country;

25 (f) Encouraging pro-competitive policies and government  
26 interventions that promote market efficiency and consumer welfare;

1 (g) Protecting constituents from threats to life and damage to  
2 property;

3 (h) Safeguarding and preserving the integrity of the  
4 environment through adaptive social responsibility; and

5 (i) Conserving local culture and heritage and fostering their  
6 value and significance for tourism opportunity.

7 SEC. 4. *The Council of Good Local Governance.* – There is  
8 hereby established a Council of Good Local Governance (the  
9 “Council”), which shall be composed of the following:

10 (a) Secretary of the Department of the Interior and Local  
11 Government (DILG);

12 (b) Secretary of the Department of Budget and Management  
13 (DBM);

14 (c) Secretary of the Department of Finance (DOF);

15 (d) Secretary of the Department of Health (DOH);

16 (e) Secretary of the Department of Social Welfare and  
17 Development (DSWD);

18 (f) Secretary of the Department of Education (DepEd);

19 (g) Secretary of the Department of Tourism (DOT);

20 (h) Secretary of the Department of Environment and Natural  
21 Resources (DENR);

22 (i) Director-General of the National Economic and  
23 Development Authority (NEDA); and

24 (j) Administrator of the Office of Civil Defense.

25 The Secretary of the DILG shall act as Chairperson of the  
26 Council. The appropriate office of the DILG, as the latter may  
27 designate, shall serve as the Secretariat of the Council.

1           SEC. 5. *Powers and Functions of the Council.* – The Council  
2 shall act as policy-making and advisory body to ensure the proper  
3 implementation of the SGLG. It shall perform the following powers  
4 and functions:

5           (a) Develop and promulgate the performance indicators that  
6 shall serve as standards for evaluating the LGUs' compliance and/or  
7 satisfaction of each of the criteria prescribed above: *Provided, That*  
8 the Council shall designate each Council member to lead the  
9 development of performance indicators in one's area of jurisdiction  
10 or expertise and recommend the approval of such performance  
11 indicators by the Council. *Provided, further, That* in the  
12 development and approval of the performance indicators, the  
13 Council shall take into consideration that LGUs may not be  
14 similarly situated and that one or more indicators may be peculiarly  
15 inapplicable or extremely difficult to meet given the inherent  
16 limitations or circumstances of the LGUs;

17           (b) Review and/or revise the performance indicators  
18 consistent with the long-term development plans of the National  
19 Government. The development of these indicators should reflect  
20 outcomes that are performance-based, encouraging outputs that  
21 reflect concrete benefits to the community in terms of policy, rules,  
22 regulation, behavior, skill competencies, knowledge, or attitude;

23           (c) Conduct an evaluation of the impact of this Act on the  
24 performance of the LGUs for purposes of determining the need for  
25 enhancing or continuing the SGLG and recommending any remedial  
26 legislation. For this purpose, the Council shall institute an effective  
27 feedback mechanism where the concerns of LGUs and other

1 stakeholders on the implementation of the SGLG are appropriately  
2 considered;

3 (d) Create technical working groups, upon the  
4 recommendation of the Council member concerned, composed of  
5 experts from government agencies, representatives from the leagues  
6 of provinces, cities and municipalities, and other sectors, to assist  
7 the Council members in the performance of their respective  
8 functions as provided for in paragraph (a) of this section;

9 (e) Submit to the President of the Philippines, the President  
10 of the Senate and the Speaker of the House of Representatives, on  
11 an annual basis, copies of the performance indicators approved by  
12 the Council together with the performance indicators developed and  
13 recommended by the lead Council member, and the result of the  
14 impact assessment conducted pursuant to paragraph (c) of this  
15 section; and

16 (f) Perform such other functions as are necessary or  
17 incidental to properly carry out the purposes of this Act.

18 SEC. 6. *Implementing Agency.* – The DILG shall be the  
19 implementing agency of this Act. It shall, through its relevant  
20 bureaus and offices, and in consultation and coordination with  
21 partner agencies or sectors, be responsible for the assessment and  
22 evaluation of each LGU relative to its compliance with the criteria,  
23 and recommend to the Council whether an LGU qualifies to be  
24 conferred or awarded the SGLG.

25 The DILG may, from time to time, call on any other concerned  
26 agencies, civil society organizations (CSOs), or sectors, as it may



1 deem necessary, to assist in carrying out its responsibilities under  
2 this Act.

3 SEC. 7. *Criteria.* – The criteria for evaluating the LGUs  
4 qualified to be conferred the SGLG, which shall be understood and  
5 interpreted as described below, shall include the following:

6 (a) Good Fiscal or Financial Administration or Financial  
7 Sustainability – This refers to the condition where an LGU  
8 demonstrates positive and stable economic performance, and  
9 maintains, preserves and mandatorily upholds the practice of fiscal  
10 discipline, accountability and transparency by adhering to  
11 budgetary rules, public financial management, generally accepted  
12 and recognized accounting and auditing standards and full  
13 disclosure policy.

14 (b) Disaster Preparedness – This refers to an LGU's  
15 preparedness for any disaster or natural or man-made calamity, by  
16 adopting relevant plans, taking proactive actions, and building its  
17 capacity to respond effectively to emergencies when needed.

18 (c) Social Protection and Sensitivity Program – This refers  
19 to an LGU's sensitivity and responsiveness to the needs of its  
20 constituents, recognizing and upholding the rights and privileges  
21 particularly those belonging to the vulnerable or disadvantaged  
22 sectors, such as but not limited to, women, children, indigenous  
23 people, elderly, persons with disability (PWD), and informal  
24 settlers.

25 (d) Health Compliance and Responsiveness – This refers to  
26 the LGU's capability to effectively implement and deliver health  
27 services and information as well as pursue evidenced-based health

1 promotion and protection policies scientifically proven and accepted  
2 to advance population health and individual well-being, reduce the  
3 prevalence of non-communicable diseases and its risk factors, lower  
4 the incidence of new infectious diseases, address mental health  
5 issues and improve health indicators throughout the life course.

6 (e) Programs for Sustainable Education – This refers to the  
7 initiatives of an LGU to institute education reforms and programs,  
8 provide equal access to quality education, promote lifelong learning  
9 opportunities for all, foster sports development and instill  
10 leadership and patriotism among the youth, as demonstrated by  
11 positive changes in the behavior and performance of individual  
12 citizens and the community as a whole.

13 (f) Business Friendliness and Competitiveness – This refers  
14 to an LGU's unconventional initiative in encouraging local  
15 investment, together with local business enterprises and the  
16 working sector, through the adoption of policies, programs, systems,  
17 structures and/or local legislation that attract and create  
18 investment opportunities, and promote a business climate conducive  
19 to sustainable business growth.

20 (g) Safety, Peace and Order – This refers to a condition where  
21 an LGU establishes good and respectable performance in terms of  
22 maintaining peace and order in the community as demonstrated by  
23 reduced crime rate, effective anti-illegal drugs campaign, and  
24 efficient traffic management, among others, through the  
25 implementation of activities, programs and policies, and the  
26 appropriate provision of support mechanisms to ensure the safety

1 and protection of its constituencies from injuries and unnecessary  
2 threats to life, security and property.

3 (h) Environmental Management – This refers to an LGU's  
4 initiative to institute policies and programs that consistently and  
5 significantly preserves and protects the integrity of the environment  
6 with primary focus on solid waste management and ecological  
7 balance, as well as mitigates and adapts to climate change.

8 (i) Tourism, Heritage Development, Culture and Arts – This  
9 refers to an LGU's ability to promote and protect Philippine identity  
10 through local heritage and culture, or local legacy, in terms of  
11 preserving the cultural, historical and indigenous significance of the  
12 community, marketing the characteristics which the LGU is known  
13 or recognized for, and attracting foreign and local visitors and  
14 tourists to the locality.

15 SEC. 8. *Requisites to Qualify for SGLG.* – An LGU, which,  
16 according to the assessment of the DILG, complies, qualifies, and  
17 passes all assessment criteria as provided in Section 7 of this Act,  
18 shall be conferred and awarded the SGLG and granted the  
19 corresponding incentive as provided under Section 11 of this Act.

20 SEC. 9. *Rules of Interpretation.* – In order to ensure and  
21 preserve the prestige of the SGLG, in the interpretation of the  
22 provisions of this Act, all definitions of the criteria and all rules and  
23 regulations issued pursuant to this Act shall be strictly construed  
24 against the LGUs. It shall be the burden of an LGU to show that it  
25 qualifies for the SGLG.

26 SEC. 10. *Implementing Rules and Regulations.* – The  
27 Council and the chairpersons of the Committees on Local



1 Government of the Senate and the House of Representatives,  
2 respectively, shall formulate and promulgate the rules and  
3 regulations to implement the provisions of this Act within ninety  
4 (90) days from the effectivity thereof.

5 SEC. 11. *The SGLG Incentive Fund.* – There is hereby  
6 established the SGLG Incentive Fund with an allocation of at least  
7 Three billion pesos (P3,000,000,000.00) to cover the incentives to  
8 LGUs that qualify for the SGLG.

9 The Council established under Section 4 of this Act shall have  
10 the authority to determine the monetary incentives for LGUs based  
11 on the number of awardees. It shall also have the authority to  
12 reevaluate and increase the amount of SGLG incentive to be  
13 awarded to LGUs: *Provided*, That the increase shall be subject to  
14 the sufficiency of the Fund at the time the increment is  
15 implemented.

16 SEC. 12. *Utilization and Limitations of the Incentives under*  
17 *the SGLG Fund.* – The incentives under the SGLG Fund shall be  
18 governed by the policies on the utilization of the twenty percent  
19 (20%) of the annual Internal Revenue Allotment (IRA) for local  
20 development projects, the Annual Investment Program (AIP) and  
21 the Local Development Investment Program (LDIP).

22 In no case shall the incentives paid out of the SGLG Fund be  
23 used for the following:

- 24 (a) Financing micro credits and loans;  
25 (b) Travel expenses, whether domestic or foreign;

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

4 (d) Purchase, maintenance or repair of any motor vehicle or  
5 motorcycle;

6 (e) Salaries, wages, emoluments, per diems or overtime pay of  
7 employees;

8 (f) Construction, repair, or refurnishing of administrative  
9 offices; and

10 (g) Loan guarantee.

11 SEC. 13. *Technical Assistance for Capability-Building of*  
12 *LGUs.* – The Office of the Secretary of the DILG shall provide the  
13 necessary technical assistance for the capability-building of LGUs  
14 that did not qualify for the SGLG. The amounts necessary for the  
15 continued capability-building of LGUs shall be included in the  
16 budget of the DILG in the annual General Appropriations Act.

17 SEC. 14. *Management and Administration of the SGLG Fund.*  
18 – The SGLG Fund established under Section 11 of this Act shall be  
19 managed and administered by the DILG with the supervision of the  
20 Council.

21 SEC. 15. *Guarantee of Local Government Autonomy.* – The  
22 autonomy of LGUs shall be respected at all times. Nothing in this  
23 Act shall be interpreted as limiting the autonomy of LGUs to  
24 establish policies and pursue programs and projects designed not  
25 only to qualify for the SGLG award but also to ensure the  
26 enjoyment of their constituency the right to life, liberty, property,

1 health, education, balanced and healthful ecology, among others, in  
2 the exercise of their powers under the general welfare clause.

3 SEC. 16. *Appropriations.* — The current year's appropriations  
4 for the Performance-based Challenge Fund under the DILG shall be  
5 used to initially fund the SGLG Incentive Fund. Thereafter, the  
6 funding of the SGLG Fund shall be included in the annual General  
7 Appropriations Act. The operational expenses necessary to cover the  
8 implementation of this Act shall be charged against the  
9 appropriations of the Office of the Secretary of the DILG.

10 SEC. 17. *Separability Clause.* — If any part of this Act is  
11 declared invalid or unconstitutional, the other parts or provisions  
12 thereof shall remain valid and effective.

13 SEC. 18. *Repealing Clause.* — All laws, decrees, orders, rules  
14 and regulations or other issuances or parts thereof inconsistent with  
15 the provisions of this Act are hereby repealed, amended, or modified  
16 accordingly.

17 SEC. 19. *Effectivity.* — This Act shall take effect fifteen (15)  
18 days after its publication in the *Official Gazette* or in a newspaper  
19 of general circulation.

Approved,