



# LEAGUE OF CITIES OF THE PHILIPPINES

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October 19, 2018

**Honorable Pedro B. Acharon, Jr.**

Chairman

Committee on Local Government

House of Representatives

Batasan Complex, Quezon City

**Dear Congressman Acharon,**

Thank you for soliciting our inputs on House Bill 6338 authored by Congressman Jose Enrique S. Garcia III and House Bill 8221 authored by Congressman Luis Raymund "LRAY" Villafuerte which seek to institutionalize the Seal of Good Local Governance (SGLG) and allocate a fund for its purpose. We support the laudable intention of these House Bills as both aim to incentivize good performance and transparency in local government operations. LCP strongly supports and advocates for performance-based grants to supplement the local coffers.

Given the two versions in institutionalizing the SGLG and the SGLG fund, it is our humble opinion that there is a need to consolidate the two bills to facilitate the achievement of the desired outcome, i.e. a cadre of cities, municipalities, and provinces that exemplifies good local governance. Also, we recommend that SGLG be designed in such a way that is attainable and challenging at the same time. Lastly, we believe that the current scope of SGLG should not be limited to provinces, cities, and municipalities. It should also include barangays.

## **DISCUSSION**

The excellent provisions of the two bills are worth consolidating to strengthen the argument for the establishment of a performance-based grant. There are five major differences in House Bill 6338 and House Bill 8221. These are on the membership of the Council of Good Governance, on the requisites to qualify for the SGLG, on the description of criteria, on the provision of the technical assistance for capacity-building, and on the amount of incentives each LGU can get from the SGLG fund.

1. **Membership on the Council of Good Governance needs to be inclusive.** While both bills provide for the establishment of the Council of Good Local Governance tasked to provide advisory services to DILG for the proper implementation of SGLG, Section 4 of HB 8221 involves two additional members. These are the Union of Local Authorities of the Philippines and a representative from the Civil Society Organization. We prefer Section 4 of HB 8221 to be included in the consolidated bill. Further, we humbly request for the inclusion of a representative from the League of Cities of the Philippines.
2. **Requisites to qualify for SGLG must be realistic.** Section 6 of HB 8221 requires LGUs to be assessed in all areas, namely: financial sustainability; HEART compliance and responsiveness; disaster preparedness; social protection and sensitivity program;



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programs for sustainable education; business friendliness and competitiveness; safety, peace and order; environmental management, tourism, culture and the arts, while Section 7 of HB 6338 provides for more attainable requirements with combination of core and essential indicators dubbed as “4 +1.” This means that to qualify, LGUs must comply with the list of all core areas of concern, namely: (1) good fiscal or financial administration; (2) health compliance and responsiveness; (3) disaster management, preparedness and timelines; (4) social protection and sensitivity program plus one (1) essential areas of consideration which include: local business sociability and viability; safety, peace and order; environmental progressive management and protection; and local tourism/heritage development and advancement. Given the reality of governance and description of each criteria in both bills, we prefer that language of HB 6338 as it is more realistic and attainable.

3. **SGLG criteria must be attainable.** At first glance, HB 6338 and HB8221 appear to have the same set of indicators for health, environment, and social protection. But careful scrutiny of these criteria would show that HB8221 is more outcome oriented than HB 6338. On the other hand, HB 6338 is more realistic than HB 8221. The stark difference is on education. HB 6338 does not provide for a specific criterion on education while item 5, Section 5 of HB 8221 requires LGUs to have Programs for Sustainable Education. While this provision appears good in paper and should be included in the SGLG, the challenge is it is written as an outcome indicator. As education is not a devolved function, it is difficult to correlate LGU efforts with these outcomes. The inclusion of this criteria would render LGUs ineligible for the SGLG. We suggest that it should not be included in the list of SGLG criteria.
4. **Provision of technical assistance for capacity-building should be enhanced.** One of the major criticisms on SGLG is its inability to assist those LGUs that did not receive the award. Based on our research, there are 56 cities or 38% of the total number of cities that has not received SGLG, most of these cities are from the Visayas wherein 51% of cities have not received the SGLG. Section 11 of HB 8221, provides a positive reinforcement for LGUs and sends a strong signal on the commitment of the authors of the bill to elevate service standards in the country. This section needs to be further developed and can be assigned to the Local Government Academy, the training arm of DILG or to the Development Academy of the Philippines. It is also in the strengthening of this provision that the League of Cities can be of assistance. We have developed various capacity-building programs designed to assist cities in improving the delivery of basic services to their constituents.
5. **Amount of incentives for awarded LGUs should be better designed.** While both bills set aside P1billion pesos as seed funding for the SGLG through the establishment of the SGLG Fund, the amount of incentive is more specified on HB 6338 compared to HB 8221. For instance, Section 10 of HB 6338, provides 7 million, 5 million, and 3 million pesos each as cash incentives for provinces, cities, and municipalities that are conferred with SGLG while Section 9 of HB 8221 is more pragmatic. It recognizes the authority of the Council to determine the amount of incentives.

When it is time to consolidate the two bills, we prefer that the incentives provided for under Section 10 of HB 6338 to be the lowest amount of incentives that each LGU will receive from the SGLG fund. The Council can increase the amount depending on the



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number of LGUs that are set to receive the award for the current year which is the language of HB 8221.

## RECOMMENDATION

While the weaknesses of the two bills have been addressed through consolidation, there is a need to rethink the current requisites of SGLG. **Good local governance is a marathon not a race.** It is not about which cities get there first or get sealed first. It is more about ensuring that those who did get it will be able to sustain it and those who did not will be assisted to get it. As a performance-based grant, SGLG has to be attainable and challenging at the same time.

Currently, HB 8221 is challenging but not attainable, while HB 6338 is attainable but not as challenging. To cure this weakness, we are proposing a hybrid in the requisites of SGLG, Section 7 of HB 6388 as drafted will be the bronze standard of excellence for SGLG, “4+4” of HB 6338 is the silver standard for SGLG while Section 6 of HB 8221 as drafted is the gold standard of SGLG. In this set-up, LGUs will be highly encouraged to get the coveted SGLG.

Based on our study, there are only seven (7) cities that are four-time SGLG awardees. These are the cities of Bacoor, Balanga, Caloocan, Mabalacat, Mandaluyong, Santiago, and Vigan. In terms of profile, all these cities are from Luzon and majority are first class cities. Next year or in the years to come, what would happen to these cities? What would they look forward to? By distinguishing the SGLG from bronze, silver, and gold standards, we believe that it would provide the necessary and sufficient conditions for compliance and sustainability.

## CONCLUSION

To conclude, we see the value in institutionalizing the Seal of Good Local Governance to incentivize LGUs that are complying with the requisites of the law despite the location, income class, and other challenges on the ground. These cities, municipalities, and provinces need to be recognized for their exemplary performance. This will truly elevate the service standards in the country. However, as the seals of all seals, it has to be designed in such a way that the criteria are attainable and there is enough challenge for exemplary performance. We see the potential in House Bill 8221 and House Bill 6338 to achieve this goal but their good points need to be consolidated while the not-so good points need to be rewritten or removed altogether, specifically, those criteria that are not devolved to LGUs such as education.

We hope you find merit in our suggestions.

Thank you for the opportunity to be of assistance.

Very truly yours,

**Atty. Shereen Gail C. Yu-Pamintuan**  
Executive Director