

Assessment of the Performance Challenge Fund and the Seal of Good Local Governance: Perceptions from Municipalities

Charlotte Justine Diokno-Sicat, Maria Alma P. Mariano, Angel Faye Castillo, and Ricxie B. Maddawin



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Abstract

The **Performance Challenge Fund (PCF)**, established by the DILG in 2010, is a performance-based incentive program that gives financial subsidies to local government units (LGUs) that are awarded with the Seal of Good Local Governance (SGLG) (DILG MC No. 2017-160). It may be used for projects that are aligned with national government priorities, such as the Millennium Development Goals (MDGs), improved solid waste management, disaster risk reduction and management (DRRM), and tourism and local economic development.

Almost a decade after its introduction, how has the PCF evolved and been appreciated by local governments? Facing challenges such as budgetary constraints and the presence of other national government programs that offer support to local governments, is there a need for improvements in the design of the PCF and what are these areas that might foster improved governance for all local governments?

To answer these questions, this study uses the results of a nationwide survey of all municipalities in the Philippines. The survey focused on the perceptions of core members of the municipal planning team on the usefulness and importance of the PCF. It provided evidence on how majority of the local government respondents appreciated the PCF and recognized its importance. But the evidence also showed that about 20% of surveyed municipalities were never eligible to receive the PCF. Most of these municipalities were from the 5th and 6th Income Class, concentrated in the Bicol, Central and Eastern Visayas regions. In addition, there were some LGUs that were either consistently or not consistent recipients of the PCF. These results must be considered by policymakers especially with the recent passage of the Seal of Good Local Governance Law.

Keywords: Local governance, incentives, asymmetry

Assessment of the Performance Challenge Fund and the Seal of Good Local Governance (SGLG): Perceptions from municipalities*

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and Ricxie Maddawin***

1. Introduction and objectives of the study

The Performance Challenge Fund (PCF) is a performance-based program of the Department of the Interior and Local Government (DILG) that rewards local governments for attaining a certain level of governance. It provides incentives to qualified LGUs for the implementation of local development projects, rationalizes intergovernmental transfers of the national government to local government units and encourages the convergence of local development initiatives with national government strategic thrusts and goals (DILG 2013).

The Seal of Good Local Governance¹ (SGLG), another DILG program, is the performance assessment tool used to establish LGU eligibility for availing of the PCF. Its' evolution from the Seal of Good Housekeeping (SGH), involved increasing the number of and sharpening existing criteria and indicators needed to be conferred said award.

Recently, Republic Act No. 11292 known as “The Seal of Good Local Governance Act of 2019”² the SGLG Act of 2019 was passed institutionalizing this “award, incentive, honor and recognition-based program for all LGUs to continually progress and improve their performance” in varied areas of governance. Furthermore, this law established the intragovernmental Council of Good Local Governance and the SGLG Fund that seems to serve the same purpose as the PCF as an incentive to LGUs.

After almost a decade, how have these programs fared in their objective of eliciting improved local governance? Though an increase in the number of LGUs that receive the SGLG is one indication of improved governance, an important question is who are the counterfactual LGUs, i.e. those who have not received? The SGLG Act of 2019 goal for improved governance in all LGUs including those who are good local governance performers and those left behind, what lessons can be learned from the implementation of the PCF and SGLG that could contribute to said goal?

The overall objective is to assess the PCF as an incentive program for good local governance. Based on a nationwide survey of Philippine municipalities, evidence of the characteristics of recipient and non-recipient LGUs and perceptions of municipal officials will be presented. This would help determine both the merits and demerits in the existing design and inform policymakers in enhancing these or future performance-based programs for improved local governance.

* This study is part of the joint research project of the Department of the Interior and Local Government (DILG) and the Philippine Institute for Development Studies (PIDS), called the Baseline Study on Policy and Governance Gaps for the Local Government Support Fund – Assistance to Municipalities (LGSF-AM).

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¹ Before 2014, the assessment program was known as the Seal of Good Housekeeping.

² This law will be referred to as the “SGLG Act of 2019” for brevity.

The expected outcome of this study contributes to the Philippine Development (PDP) Plan 2017-2022 goal of Enhancing the Social Fabric (“Malasakit”) of Ensuring People-Centered, Clean and Efficient Governance. Creating a more purposeful and current program will ensure a more focused program, enhanced delivery of basic services and a more efficient public sector.

2. The Performance Challenge Fund and the Seal of Good Local Governance

2.1 The Performance Challenge Fund (PCF)

The PCF is a performance-based reform program of the DILG that seeks to rationalize intergovernmental transfers of the national government to local government units and encourage the convergence of local development initiatives with national government strategic thrust and goals (DILG 2013). It serves as an incentive program for LGUs to attain a certain level of governance and be entitled to the PCF to implement priority local development projects.

Specifically, the PCF aims to stimulate local governments to put a premium on performance particularly on the areas of transparency and accountability in order to avail themselves of financial support to jumpstart and sustain local economic development initiatives in their localities (Panadero 2011). The PCF subsidy was intended to finance local development projects supportive of the following:

1. achieving Millennium Development Goals (MDGs) /Sustainable Development Goals (SDGs);
2. stimulating Local Economic Development;
3. preparing for disasters and adapting to Climate Change;
4. promoting Environmental protection; and
5. furthering transparency and accountability.

The PCF grant can be used as: (1) a subsidy for big projects; (2) counterpart funds for foreign assisted projects of the LGUs; (3) co-financing for joint projects with other LGUs; and, (4) counterpart for LGU projects with the private sector (PPP) (DILG 2011). Table 1 presents eligible projects per area of development under the PCF.

On the other hand, the PCF cannot be used: (1) to finance tax payments (DILG 2010), projects exclusively on training or capacity development; (2) to finance of microcredit loans; administrative expenses; salaries, wages and overtime pay; (3) for travelling expenses, whether domestic or foreign; (4) for registration or participation fees in training, seminars conferences and conventions; (5) for construction, repair or refinishing of admin offices; and, (6) for the purchase of administrative office furniture, fixtures, equipment or appliances (DILG 2015).

Table 1. Eligible projects under the PCF

Area of development/Pillar	Eligible projects
Attainment of MDGs/Sustainable Development Goals	School buildings, rural health units/health centers, birthing or lying-in facilities, water and sanitation, housing and settlements, rehabilitation center, patrol cars, and public safety and security command center equipment
Stimulation Local Economic Development and Promotion of Ease of Doing Business	Core local roads and bridges, access roads, irrigation systems, post-harvest facilities, cold storage facilities, ports and wharves and other economic structures and growth enhancement projects like tourism facilities, public market, slaughterhouse, automation of permits and licenses
Preparing for Disaster and Adapting to Climate Change	Flood control, storm drainage, dikes, seawall and related flood protection measures and slope protection, evacuation centers, early warning system/devices and rescue equipment, motor vehicles
Promoting Environmental Protection*	Purchase of solid waste management equipment, material recovery facilities, sewerage system
Furthering Transparency and Accountability**	Website development and equipment

Source: Department of the Interior and the Local Government MC 2017-160 (2017)

Note: *Promoting environmental protection is added in 2011; **Furthering Transparency and Accountability is added in 2012

The PCF was established based on the following legal bases (Panadero 2011) (DILG 2015):

a. 2009 Development Budget Coordinating Committee (DBCC) approved the Performance Based Incentive Policy (PBIP) for the Philippines. The PBIP is “an incentive framework to rationalize government inter-governmental fiscal transfers to LGUs towards improving overall LGU performance in governance and delivery of basic services. The PBIP seeks improvement on LGU performance by linking incentives to the achievement of a set of performance targets”^{3,4}

b. Chapter VII of the Philippine Development Plan of 2011-2016 which puts premium on the promotion of effective and honest governance to create an enabling environment for citizens and the private sector to reach their maximum potential. Locally, the PDP acknowledges the value of empowering LGUs to improve their capabilities to deliver public service and promoting accountability (DILG 2015); and

³ Department of the Interior and Local Government, *Performance Challenge Fund for Local Government Units*, (Quezon City, 2011)

⁴ The said DBCC approval is likewise cited as the legal bases of incentive schemes for LGUs as implemented by MDFO.

c. In 2011, the President directed NEDA, DILG, DA and DTI to create a system of incentives (e.g. grants, concessional loans) and disincentives to ensure that LGUs local projects are aligned with national priorities⁵.

A recent legal development was the passage of RA 11292, SGLG Act of 2019, that institutionalizes the performance assessment program, introduces an intragovernmental SGLG Council, and creates an SGLG Fund. This fund seems to serve the same purpose as the PCF since it is to be utilized to pay out incentives to LGUs that were qualified for the SGLG (Congress of the Philippines 2019, Sec. 11). Upon enactment, however, the law specified that the existing PCF will be accessed to fund the activities and operational expenses related to its implementation but excluding incentive payouts (Congress of the Philippines 2019, Sec. 16). The SGLG Act of 2019 indicates further that both the succeeding operational expenses and incentives will be funded from the SGLG fund that should be included as part of the annual appropriations of the DILG.

The PCF was launched during the 20th anniversary of the Local Government Code of 1991. The PCF conferment started in 2010 with an initial allotment of PhP 30 Million, sourced from realigned Personal Service (PS) savings, released to 30 recipient Pilot 4th to 6th Municipalities that received the SGH.⁶ In 2011, the DILG received an appropriation of PhP 500 Million for the “Local Governance Performance Management Program - Performance-Based Challenge Fund for LGUs.” This was in response to an Office of the President (OP) directive mandating the DILG, among others, to create a system of incentive and disincentives to ensure that LGUs’ local projects are aligned with national priorities (DBM 2011).⁷ Of the PhP 500 Million, PhP 10 Million was allocated for operational expenses of the DILG (validation and monitoring activities) while PhP 490 Million was allocated for subsidy/incentive to LGUs that were SGH passers and *Gawad Pamana ng Lahi* (GPL) winners.⁸

The PCF has also been used to finance different programs and purposes. In 2011 and 2012, DILG conferred the *Gawad Pamana ng Lahi* (GPL) award to deserving LGUs (one (1) province, one (1) city and one (1) municipality) in each region (except NCR and ARMM). The PCF was also identified as a facility to support LGUs in the delivery of their responsibilities including the supply side of the *Pantawid Pamilyang Pilipino Program* (4Ps) (DILG 2012). In 2013, the PCF was the source of financial assistance to LGUs that were affected by Typhoon Yolanda.

Similarly, the conditions to avail of the PCF changed through the years of its implementation though the process generally remained the same. The steps to access the PCF involved coordination within the central and regional offices of the DILG (Table 2) (DILG 2011; DILG 2010). First, the DILG Bureau of Local Government Supervision (BLGS) conducts an annual assessment of LGUs’ good housekeeping practices in the governance areas of planning, fiscal management, transparency. Second, within thirty (30) working days of being conferred the Seal of Good Housekeeping (a precedent of the SGLG), an LGU must submit the application form and proof of compliance to PCF requirements to the Bureau of Local Government

⁵ Department of the Interior and Local Government, 2015 Annual Accomplishment Report, (Quezon City, 2015), 1.

⁶ For a complete list of recipient municipality for 2010, see Annex A

⁷ Special Provision states that the PCF shall cover financial subsidy to qualified LGUs, under the Local Governance Performance Management Program. The fund shall be used for the implementation of priority projects of the National Government in order to achieve the Millennium Development Goals, maintain core road network to boost tourism and local economic developments and to comply with the Philippine Disaster Risk Reduction and Management Act of 2010, and Ecological Solid Waste Management Act of 2000. (DBM 2011, 483)

⁸ Award conferred by DILG to LGUs exhibiting exemplary performance in five areas of governance, namely: administrative, social, economic and environmental governance. graduated from Seal of Good Housekeeping to Seal of Good Governance.

Development (BLGD). One of the requirements to avail of the PCF, that was eventually discontinued in subsequent years, was to for the eligible LGU to have a matching counterpart fund for proposed PCF projects (DILG 2011). Third, within fifteen (15) days after receiving applications, DILG Provincial Offices check the completeness of documents and appraise the projects while the Regional Offices review and approve Project Proposals. Fourth, the Financial Management Service of the DILG prepares to transfer funds by issuing Sub-Allotments to the Regional Office which shall then release the checks to the LGUs. Finally, during project implementation and in addition to the monthly submission of reports and updating of the PCF Portal, the Internal Audit Service and the Office of Public Affairs may conduct monitoring visits and spot checks of ongoing PCF projects.

Table 2. Accessing the PCF in 2011

Steps in Accessing the PCF	Prescriptive Period	DILG Bureaus/Office in charge	LGUs role
1. Assessment of SGH		BLGS	
2. Application and Compliance to PCF Requirements	Within 30 working days of conferment of SGH/SGLG	DILG Regional Offices (ROs) and BLGD	LGUs to submit letter of interest to DILG ROs the ff: <ul style="list-style-type: none"> • Project Proposal • <i>Sanggunian</i> Resolution • Certification from Budget Officer that the project is contained in the 20% IRA component for development projects
3. Review of Project Proposals and Approval of PCF Subsidy	Within 15 days calendar days of receipt of LGU documentary requirements	Office of Project Development Services (OPDS) DILG ROs	Once, satisfactorily complied, the LGU shall enter MOA with the DILG through the DILG Regional Director LGU to open a trust fund account for PCF and LGU Counterpart; certification of availability of project counterpart fund from the Local Treasurer; and Appropriations Ordinance
4. Release of PCF Subsidy to LGUs	Within 5 days	Financial Management Service (FMS) for fund releases to DILG ROs	LGU to issue Official Receipt corresponding to the amount received
5. Monitoring and Evaluation of PCF-funding Projects		Internal Audit Service (IAS), BLGD, Office of Public Affairs (OPA), DILG ROs to conduct spot checks	LGU to submit monthly reports/quarterly progress report of physical accomplishment and fund utilization and report of disbursement

Source: (DILG 2011, 3-5)

In continuing to improve the facility, there were several modifications in the preconditions and procedural implementation of the PCF. Some notable changes include: (1) the discontinuation

of the requirement of an LGU counterpart sharing fund (DILG 2011); (2) an increase in the amount of grant per LGU; and, (3) the addition of the promotion of transparency and accountability in the menu of eligible projects in 2012 (DILG 2012).

Furthermore, the coverage of the PCF expanded from prioritizing poorer 4th to 6th income class LGUs to all income classes. In monitoring and reporting, LGUs were required to post status of PCF funded projects via the PCF website (DILG 2013), brass markers were considered a requirement in 2016, and recently, LGUs were required to submit geotagged photos of proposed sites (DILG 2018).⁹ Even the manner of transferring funds to recipient LGUs changed. Before 2016, it was the DILG Central Office that prepared sub-allotment releases of funds to the DILG Regional Offices to facilitate processing of checks to LGUs. Now, PCF grants are directly released to LGUs by the Bureau of the Treasury (DBM and DOF 2016).

2.2 The Seal of Good Housekeeping and the Seal of Good Local Governance

To put the PCF in context, this section discusses the evolution of the performance management assessment programs on which the granting of the PCF is based, the Seal of Good Housekeeping (2010-13) and the Seal of Good Local Governance (2014- present).

2.2.1 Seal of Good Housekeeping (SGH) (2010-2013)

The SGH, introduced in 2010, was an effort to measure financial transparency and institute public reporting of budget and expenditures of local governments (Medina-Guce 2016). It measured the levels of compliance to the DILG's Full Disclosure Policy (FDP), particularly in the areas of budget, revenues and procurement, among others, having no adverse COA findings, as well as compliance to the Anti Red Tape Act. If conferred the SGH, the LGU could use the SGH and proof of compliance to the Full Disclosure Policy as part of the documentary requirement in securing authority from the DOF to borrow money from banks and other financial institutions (DOF 2012). Another benefit that could be derived from the conferment of the Seal is that LGUs may implement BUB projects, otherwise the project will be implemented by the concerned participating agency (DBM-DILG-DSWD-NAPC 2012).

The initial intention of the PCF was to give incentives to poorer LGUs to encourage improved governance.¹⁰ The 30 recipient municipalities conferred with the SGH in 2010 were from the 4th to 5th income class. However, for the year 2011, four (4) Memorandum Circulars were issued by the DILG to prescribe the guidelines for the implementation of the PCF, recognizing the limitations in catering only to poorer LGUs both in terms of compliance with the SGH as well as the financial capacity to provide counterpart funding and the absorptive capacity to implement projects. This resulted in the relaxing some of the criteria and preconditions. For one, eligible LGUs pertain to those who passed the assessment on good housekeeping, i.e., conferred with the SGH, and priority will be given to less able LGUs (4th to 6th class municipalities) (DILG 2011, 2-3). However, in the event that there is a remaining balance after covering the 4th to 6th class LGUs, the next priority will be opened to 3rd class LGUs, which shall be ranked according to poverty incidence (DILG 2011). Another issuance was issued in the same year relative to the removal of the required LGU counterpart, in view of the temporary suspension of NG-LGU cost-sharing policy, which was a previous requirement (DILG 2012; DILG 2011). Subsequently, in 2012, eligible LGUs now included those belonging to the 1st to

⁹ See Annex B for a detailed listing of DILG Memorandum Circulars relative to the PCF grant.

¹⁰ The Department of Finance (DOF) classifies provinces, cities and municipalities based on their average annual income DOF Order No. 23-08 dated July 29, 2008. The range of income classes were 1st to 6th class, with the 1st earning PhP 55 Million and more and the 6th income bracket earning below PhP 15 Million (en.wikipedia n.d.).

3rd income class. From 2013 to present time, the PCF grant can be availed by all LGU income classes.

Table 3 shows the progression of SGH eligibility criteria from 2010 to 2013. These criteria included having sound financial management, measured solely by the absence of an adverse Commission on Audit (COA) opinion on local financial transactions and transparency and accountability, measured through the observance of full disclosure policy (FDP), compliance to the Government Procurement Act and the Civil Service Commission's (CSC) Anti-Red Tape Report Card (Department of the Interior and Local Government 2011).

Table 3. Criteria Used for the SGH

Criteria	2010	2011	2012	2013
Absence of negative COA Finding on LGU financial statements	✓	✓	✓	✓
Compliance to Full Disclosure Policy	✓	✓	✓	✓
Compliance to the Government Procurement Reform Act			✓	✓
Anti-Red Tape Report Card Survey of the CSC			✓	✓

Source: various DILG MC for Implementation of SGH for 2011 (MC 2011-095); and 2012-2013 (MC 2012-078)

Table 4 shows that 866 of the 1,327 LGUs assessed passed the SGH criteria in 2011. Of those that passed, only 397 were 3rd to 6th class LGUs that were awarded the PCF subsidy. Furthermore, 397 LGUs submitted a total of 622 project proposals of which only 610 were approved, and subsequently, only 417 were completed within the year (COA 2011).

Table 4. 2011 SGH Assessment results

Components	No. of LGUs (2011)
SGH Assessment	1,327 (of 1,714 or 77%)
Passed the SGH	866 (of 1,327 or 65%)
Eligibility requirement	397 (of 866 or 45%)

Source: (COA 2011, 53-54)

In the desire to build up governance efforts in 2012, the DILG introduced three (3) categories of assessment namely, 'Bronze', 'Silver' and 'Gold' (Table 5) (DILG 2012). Applying the assessment criteria for SGH Bronze and Silver were as follows: (1) for LGUs that did not qualify for CY 2011, these will be assessed against the Bronze level; and, (2) while CY 2011 recipients will be subjected under the SGH Silver (DILG 2012). In 2013, LGUs were supposed to be assessed using the SGH Gold criteria, however, there were no assessments made pending the 2012 SGH revalidation of some 248 1st class LGUs (DILG 2015).

Table 5. Scaled Up Seal of Good Housekeeping, 2012

Award Levels	Assessment Criteria
Bronze	<ul style="list-style-type: none"> accountable governance <ul style="list-style-type: none"> ✓ “unqualified” or “qualified” COA opinion on financial transactions of the immediately preceding year transparent governance <ul style="list-style-type: none"> ✓ full compliance to the Full Disclosure Policy (posting of budget and finance, bids and public offering)
Silver	<ul style="list-style-type: none"> accountable governance <ul style="list-style-type: none"> ✓ “unqualified” or “qualified” COA opinion on financial transactions of the immediately preceding year transparent governance <ul style="list-style-type: none"> ✓ full compliance to the Full Disclosure Policy (posting of budget and finance, bids and public offering) ✓ compliance to the Government Procurement Act (organized and functional Bids and Awards Committee and compliance to online posting requirement through the Philippine Government Electronic Procurement System (PhilGEPS) frontline service performance <ul style="list-style-type: none"> ✓ excellent or good performance rating as indicated in the Anti-Red Tape Act-Report Card Survey of the CSC
Gold	<ul style="list-style-type: none"> accountable governance <ul style="list-style-type: none"> ✓ Above Benchmark Performance on the Local Governance Performance Management System (LGPMS) ✓ “unqualified” or “qualified” COA opinion on financial transactions of the immediately preceding year ✓ Adherence to Administrative Order No 70, s. 2003, pertaining to the organization or strengthening of the Internal Audit Service transparent governance <ul style="list-style-type: none"> ✓ full compliance to the Full Disclosure Policy (posting of budget and finance, bids and public offering) ✓ compliance to the Government Procurement Act (organized and functional BAC and compliance to online posting of Bid Notice Abstract and Award Notice Abstract requirement through the PhilGEPS; frontline service performance <ul style="list-style-type: none"> ✓ excellent or good performance rating as indicated in the Anti-Red Tape Act-Report Card Survey of the CSC participatory governance <ul style="list-style-type: none"> ✓ functional Local Development Council, Local School Board, Local Health Board and Peace and Order Council ✓ linkages with People’s or NGOs ✓ representation of the Indigenous Cultural Community or Indigenous People in the <i>Sangguniang Bayan</i>, <i>Sangguniang Panlungsod</i> and <i>Sangguniang Panlalawigan</i>¹¹ (See Annex C)

Source: (DILG 2012)

In 2014, DILG reclassified the Seal of Good Housekeeping to “Seal of Good Financial Housekeeping (SGFH)” to refer to the compliance of the local government unit with sound financial transparency. After four (4) years of implementation of the SGH, a total of 1,372 LGUs or almost 84% of LGUs had met the minimum requirements on financial housekeeping

¹¹ Per interview with BLGD staff, the gold level was not used in the assessment of LGUs (Tablanza 2019).

(Rappler 2014). This perhaps served as an indication that LGUs were ready to take on more challenges, hence, the introduction by the DILG of the Seal of Good Local Governance (SGLG). The criteria used for SGFH was reclassified under the Financial Administration, one of the six (6) assessment areas for an LGU to be awarded the Seal of Good Local Governance (Table 7).

2.2.2 Seal of Good Local Governance (SGLG) (2014 to the present)

The SGLG raised the bar of excellence for qualified LGUs (DILG 2015). It was envisioned to symbolize integrity and good performance through continuing governance reform and sustained local development. As an emerging and progressive assessment system it gave distinction to remarkable local government performance across several areas. Aside from financial transparency, other governance conditions relative to disaster preparedness, social protection, peace and order, business friendliness and competitiveness and environmental management were identified as assessment areas.

Though the SGLG was launched in 2014, LGU assessments under this new Seal started only in 2015.¹² With the increased assessment criteria, it was necessary for DILG to issue a supplemental guideline to extend the period of assessment and validation to cover the entire performance validation of all LGUs (DILG 2015). Similar to the SGH, LGUs that passed the SGLG of the DILG are eligible to avail of the PCF subsidy. The Bureau of Local Government Supervision (BLGS), particularly its Local Governance Performance Management System Team, supervises the identification and conferment of the Seal. All projects proposed by recipient LGUs should be implemented and completed within one year.

At this time, to qualify for the SGLG, a local government must pass the “3+1” principle” – all three core components, and one from the “essential” components (DILG 2014). These components, as categorized as core or essential were based on the service delivery functions of local governments (Table 6). The detailed assessment criteria is differentiated based on LGU level and income class range, i.e. for provinces, for highly urbanized cities; independent component cities (ICCs) and component cities and from 1st to 3rd class municipalities and 4th to 6th class municipalities.

Table 6. Assessment Criteria into core and essential

Core Components	Good Financial Housekeeping
	Social Protection
	Disaster preparedness
Essential Components	Business Friendliness and competitiveness
	Peace and Order ¹³
	Environment Management
	Tourism, Culture and Arts ¹⁴

Source: (DILG 2014)

The SGLG assessment process starts with data collection (from both secondary sources and primary sources) by the Regional Assessment Team (RAT) of the respective DILG Regional Office. The team organizes cross posting assignments in provinces, cities and municipalities. At the same time, CSO representatives are present during the regional validation process. Initial

¹² In the same year, the SGLG was included as a Philippine OGP Commitment in the 2nd Action plan (Medina-Guce, Open Government Partnership 2016)

¹³ In 2017, Peace and Order was regarded as a core component (DILG MC 2017-160)

¹⁴ Tourism, Culture and Arts was added as essential component (DILG 2017)

feedback on the results is presented to the LGU being assessed. The next step is validation where the National Assessment Team (NAT) conduct validation through spot checks on selected LGUs, and finalize the list of LGU passers for submission to the Secretary of the DILG. Chaired by Undersecretary for Local Government, the members of the NAT include representatives from the DILG-BLGS, the Leagues of Provinces, Cities and Municipalities and Union of Local Authorities of the Philippines (ULAP), other NGAs, academe, private sectors and CSOs.

Table 7. Criteria Used for the Seal of Good Local Governance

Criteria	Definition	Latest Indicators ¹⁵ (Data Source)
Financial Administration	The practice of LGU accountability and transparency by adherence to accounting and auditing standards and compliance with the Full Disclosure Policy (Good Financial Housekeeping); sound management of resources (Financial Performance); and optimal utilization of available mechanisms and resources to support local development (Financing Development).	<ul style="list-style-type: none"> • Audit Opinion and percentage of previous years' audit recommendations acted upon (COA); • average local revenue for 3 consecutive years; e-SRE online posting compliance; and utilization rate of 20% component of the IRA (BLGF); • Compliance with full disclosure policy (BLGS-DILG); • Utilization of and physical accomplishment for Assistance to Municipalities Fund (DILG BUB AM PMO); and • Utilization of and physical accomplishment for Performance Challenge Fund (DILG ROs)
Disaster Preparedness	Proactive LGU actions to prepare for disasters through mobilization of local DRRM structures and systems; development and/or implementation of appropriate programs and plans and the use of funds provided; building competencies of concerned personnel; and ensuring operational readiness with the availability of equipage, supplies and other resources intended for early warning and/or response.	<ul style="list-style-type: none"> • <i>Gawad KALASAG</i> Awardees for Best LDRRMC and Hall of Fame Awardees (OCD); and • Comprehensive Land Use Plan (HLURB) Reports on Casualties and damages during disasters (DILG Disaster Information Coordination Center)
Social Protection	LGU actions to respond to the needs of disadvantaged sectors like women, children, senior citizens, indigenous peoples and persons with disability (PWDs), urban poor, among others, by managing facilities or services	<ul style="list-style-type: none"> • Accredited LGU managed hospitals and RHUs (PhilHealth); • Accredited LGU-managed residential care facilities (DSWD); • List of LGU-managed hospitals and main health facilities (DOH);

¹⁵ Per 2018 DILG MC 2018-49 dated April 6, 2018

Criteria	Definition	Latest Indicators ¹⁵ (Data Source)
	that cater to their needs such as residential care facilities; providing support to basic education and accessibility features in local government buildings; enhancing means of social welfare services; providing housing; and ensuring participation of the sector(s) in local special bodies and in the local <i>Sanggunian</i> .	<ul style="list-style-type: none"> • Indigenous Peoples Mandatory Representation (NCIP); • Seal of Child-friendly Local Governance Awardee (DILG National Barangay Operations Office); and • Utilization of and physical accomplishment for SALINTUBIG Project Fund (OPDS)
Peace and Order	LGU efforts in maintaining peace and order with the implementation of activities and providing support mechanisms to protect constituents from threats to life and security; and ensuring drug-free communities.	<ul style="list-style-type: none"> • Drug-free city/municipality or drug-cleared barangay (PDEA)
Business – Friendliness and Competitiveness (<i>Attract more business for investments and employment</i>)	LGU actions to bring about business and employment opportunities through systems, structures and/or legislation to support local economic development.	<ul style="list-style-type: none"> • Competitiveness Index (National Competitiveness Commission); and • Most Business-Friendly LGU Awardees (Philippine Chamber of Commerce and Industry (PCCI))
Environmental Management (<i>Uphold the integrity of the environment</i>)	LGU efforts in safeguarding the integrity of the environment with an initial focus on the compliance with the Ecological Solid Waste Management Act of 2000.	<ul style="list-style-type: none"> • Open/controlled dumpsite (DENR); and • Sanitary landfill and Solid Waste Management Plan (DENR National Solid Waste Management Commission)
Tourism, Culture and the Arts (<i>Optimize tourism potential, and enrich cultural heritage and community</i>)	LGU efforts to promote and develop the local tourism industry, preserve and enrich cultural heritage, and advance creativity through local support.	None

Source: various DILG Memorandum Circulars (DILG 2015; DILG 2017; DILG 2017; DILG 2018)

Table 8 shows the progression of the SGLG assessment criteria for LGUs. In 2015 and 2016, the ‘3 + 1’ principle was used and meant that all three core components, and one “essential” component must be satisfied. In 2017, the DILG raised its assessment criteria from “3+1” to “4+1”. In the same year, Peace and Order was reclassified as a core component, while Tourism, Culture and the Arts criteria, was added under essential area. Subsequently in 2018 and 2019, the “ALL IN” principle was applied meaning that an LGU must pass all seven (7) governance areas.

Table 8. SGLG Assessment Criteria (2015-2019)

Year	2015-2016	2017	2018-2019
Assessment Criteria	3 + 1	4 + 1	'all in'

Source: Various DILG Memorandum Circulars

2.3 The PCF Statistics

In its nine (9) years of implementation, a total of 3,256 LGUs were given a PCF grant amounting to PhP 6.8 Billion (Table 9). Since its pilot implementation in 2010, when only 30 LGUs belonging to the 4th to 6th class municipalities availed the PCF grant, the number of LGUs increased continuously until 2013. Part of the reason was the expansion of LGU income class coverage and the removal of the counterpart LGU sharing scheme. In 2013, however, though the PCF facility was available, it was not implemented based on the proposed SGH Gold criteria. Instead, PCF grants given in 2013 and 2014 were for LGUs that passed the SGH in 2012, these number 734 and 248 LGUs, respectively (Table 11) (DILG 2015; DILG 2016). In that same year Typhoon Yolanda devastated the Philippines and the PCF was used to grant financial subsidy to thirteen (13) LGUs in Regions 4B, VI and VIII, including 1 province, 2 cities and 10 municipalities (DILG 2013).

With the introduction of the SGLG in 2014, the number of recipients dropped perhaps because of the more stringent criteria. Up until 2017, there was an increasing trend of LGUs that received the PCF grant. However, in 2018, the number of LGU passers were went down perhaps due to the stricter “ALL-IN” criteria.

Table 9. Number of recipients LGUs through the years, 2010-2018

Year	No. of LGUs	Amount (in PhP Million)
2010	30	30
2011	397	490
2012	560	987
2013	734	990
2014	248	470
2015	254	982
2016	306	981.4
2017	464	951.4
2018	263	980.3
Total	3,256	6,862.1

Source: PCF portal (DILG n.d.)

As presented in Table 10, from 2010 to 2018, a total of PhP 6.86 Billion had been allocated for the PCF program. This amount funded a total of 3,577 projects, possibly larger than the number of LGUs since more than one proposed project is allowed. In terms of budget utilization, it can be observed that there were years of low utilization, some of which were due to delayed SGH/SGLG evaluation.

This year, the PCF was allocated PhP 1 Billion to cover the financial subsidy to qualified LGUs under the Local Governance Performance Management Program for the implementation of priority projects to ensure compliance by the LGUs to national programs and priorities (Congress of the Philippines 2019).

Table 10. Number of Projects and Appropriations for the PCF, 2010-2019

Year	No. of Projects	Appropriations	Utilized
2010	31	30,000,000	28,700,000
2011	568	500,000,000	404,975,320
2012	690	750,000,000	873,020,022
2013*	760	1,256,700,000	991,866,500
2014	263	500,000,000	459,645,134
2015	314	1,003,700,000	968,363,273
2016	291	1,003,700,000	907,537,455
2017	397	1,003,700,000	812,986,472
2018	263	1,003,700,000	435,000,000
2019		1,000,000,000	-

Source: GAA, various years; utilized amount from the PCF portal (DILG n.d.)

*Note: in 2013, DILG PCF program received an additional Php 253 Million from the Disbursement Acceleration Program (DAP)¹⁶

By design, the amount of the PCF grant depends on the level of local government as well as the number of those eligible for the grant (Table 11). From 2011 to 2014, the amount of the grant was fixed and consistent for each level of LGU: provinces received Php 7 Million, cities Php 3 Million, and municipalities Php 1 Million. In 2015, perhaps because of the doubling of the total PCF allocation, the amount of grant for cities and municipalities increased to Php 5 Million and Php 3 Million, respectively. The total PCF budgetary allocation remained the same in the ensuing years and its' administration and amount per LGU depended on the number of eligible LGUs. For example, the number of LGU passers increased in 2016, hence the amount granted to provinces decreased from Php 7 Million to Php 4 Million, as well as for cities from Php 5 Million to Php 3.4 Million. With 56% decrease in the number of passers in 2018, the grant amount more than doubled for the provinces and cities, while municipalities enjoyed 62% increase in the grant amount.

Table 11. Breakdown of Recipient LGUs per amount of grant, 2010-2018

Year	Province			Cities			Municipalities			Total LGUs
	No. of LGUs	Amount per LGU (in Php million)	Total Amount (in Php million)	No. of LGUs	Amount per LGU (in Php million)	Total Amount (in Php million)	No. of LGUs	Amount per LGU (in Php million)	Total Amount (in Php million)	
2010							30	1	30	30
2011	17	7	119	33	3	99	347	1	347	397
2012	58	7	406	70	3	210	432	1	432	560
2013	22	7	154	62	3	186	650	1	650	734
2014	28	7	196	27	3	81	193	1	193	248
2015	41	7	287	28	5	140	185	3	555	254

¹⁶ Based on an interview with Mr. Raymark Tablanza of DILG-BLGD and also discussed in the 2014 COA audit report

2016	43	4	172	51	3.4	173.4	212	3	636	306
2017	30	3	90	65	2.4	156	369	2	738	464
2018	17	7	119	39	5.1	198.9	207	3.2	662.4	263

Source: PCF Portal (DILG n.d.)

2.4 Existing studies on the PCF and SGLG.

In 2012, World Bank and AUSAid with the assistance of the La Salle Institute of Governance conducted a rapid assessment of the 2011 SGH and PCF program.¹⁷ They found that while LGUs appreciated the financial assistance from the PCF incentivizing them to adopt good practices, the potential benefits were likely weakened by the ineffective communication and information dissemination of the DILG that the LGUs were being assessed for a seal that is linked to the grant. Some LGUs claimed, being awarded the SGH was an incentive in itself and served as a stronger motivating factor than the PCF Grants in 2011 (World Bank 2012). The results also showed, the lack of time, human resources and technical capacity on the part of DILG ROs were perceived as reasons for the inconsistent, rushed implementation of the grant program. In the point of view of the early grantees, such accommodations were made to allow the DILG to meet national deadlines.

The SGLG, that was launched in 2014 was part of the Philippine Open Government Partnership (OGP) Commitment in the 2nd National Action Plan (Medina-Guce 2016). This time around, the DILG along with the ULAP upscaled the performance measurements to include financial transparency and citizen engagement for local governments. The aim was to increase the number of passers through the years and, though the SGLG was perceived as an indicator of non-performing LGUs, it should serve as a guide to improve governance. An example is that these LGUs were compelled to level up the disaster preparedness plans, increase their standards for access ramps for persons with disabilities, and to engage the representation of sectors in local development planning councils (Medina-Guce 2016). Perhaps learning from the SGH and seeing that increasing level of difficulty in getting the Seal resulted in a low passing rate, the DILG, ULAP and SGLG partners pursued information dissemination and the capacity building support to LGUs.

In 2017, DILG published *Kwentong PCF-Heartwarming Stories of Change through Good Local Governance*. It compiled the struggles undergone by various LGUs in their quest for passing the SGH/SGLG as well as the triumphs in reaping the fruits of the PCF grant. For some LGUs, the PCF empowered them to do projects by themselves (by administration) as well as challenged them to do well. For others, due to insufficient sources of financing, the PCF helped them prioritize projects that would improve the lives of their constituents, while instilling in them the values of transparency and good governance. Other testimonies would tell of improved health, educational outcomes and living conditions brought about by the construction of health centers, school buildings and other economic enterprise and tourist centers. A City Director from Mindanao held that what matters most is not the amount of award, but it is the status that is essential.

¹⁷ The objective was to examine the incentive effects of the 2011 PCF on LGU behavior including a review of the DILG processes in developing SGH criteria and the subsequent assessment implemented. The study methodology implemented was desk review, case studies and key informant interviews and survey among 4th to 6th class municipalities.

A recent UNDP study of the SGLG found that with respect to qualifying criteria, overall LGU performance improved within two years, from 2014 to 2016, when LGs were given a post-compliance period and were assessed after with relatively the same set of criteria. It affirmed the downward trend of LGU performance for provinces, municipalities and highly urbanized cities but upward for component cities and independent component cities (Medina-Guce 2019). For the downward trend, the study suggested it could be attributed to various factors such as, differences in the level of difficulty of the Assessment Criteria per LGU type and the differences in the general learning retention ability among local government levels. The study also noted that more municipalities were intent on qualifying for the SGLG and this is due to the incentives tied to the Seal and the access to financial support from the national government (Medina-Guce 2019).

There was also evidence of inconsistent LGU performance in that some LGUs received the SGLG in one year but not in another. This may be due to the stricter criteria every year. Moreover, Medina-Guce (2019) reported that LGUs have a two-year learning curve, hence complying to additional SGLG criteria will be more difficult. At the same time, there was also evidence of consistent performance: (1) there were 35 LGUs that were consistent SGLG passers; (2) two (2) 5th class municipalities from Region 2 (Cagayan Valley) passed seven (7) times; (3) all municipalities in two regions (Region 1 and Region XI) passed the SGH/SGLG at least once, and, (4) provinces that consistently qualify (e.g. Ilocos Sur, La Union, Pangasinan, Isabela, Bataan) with at least 20% component LGUs also qualifying per year.

Finally, Annual Audit reports by COA on DILG found that (1) frequent guideline modification in 2011 contributed to the delay in processing of requirements by the LGUs (COA 2011) ; (2) releases for PCF were made even without complete documentation (COA 2012); and (3) reports are being received by the Regional Offices and no project monitoring was made to determine actual progress of project (COA 2012).

Similarly, some irregularities in the implementation of the PCF funds were also noted by COA in its Audit Report to select LGUs. For instance, in the Province of Pampanga, the PCF was not deposited at a separate Trust Fund (COA 2016); the municipality of Paete, Laguna was instructed to return excess project funds (COA 2014); and the construction of the Evacuation Center in Corella, Bohol was not part of the Annual Investment Plan (COA 2016).

These results show that there have been continuous efforts to improve this program based on experiences in implementation and results. At the same time, it seems that there is no straightforward explanation why some LGUs consistently, inconsistently or never receive the SGLG and therefore the PCF.

3. Methodology and data

This study adopted a descriptive research design involving desk review using both secondary and primary data (i.e. as a rider to the LGSF-AM survey). Key Informant Interviews (KIIs) with members of oversight government agencies involved in the design, implementation and monitoring of the PCF were also conducted to validate the findings.

There two sources of data for this study, the PCF portal and the Local Government Support Fund Assistance to Municipalities (LGSF-AM) Baseline Study survey. Interlaced in the discussion is the profiling of SGH/SGLG passers and non-passers as well as PCF recipients

and non-recipients. By looking at characteristics of these municipalities, there might be patterns that emerge that will help policymakers focus efforts to target local governments that are left behind. The initial plan was to use the survey data in this profiling, however, when compared against the official PCF portal figures, there were slight differences. As a result, the profiling for the PCF and the SGLG will be based on the PCF Portal data but municipal official survey responses will be used as basis for perceptions of these programs which will be useful in moving forward with the SGLG and SGLG fund.

The primary data collection was done as a rider to the LGSF-AM Baseline Survey questionnaire on the LGU Planning Process Questionnaire wherein a section was added pertaining to the PCF and SGLG. The purpose of these questions was to elicit the PCF and SGLG experiences of respondent municipalities as well as the perceptions of LGU officials of these programs. The questions were:

1. Do SGLG criteria to qualify for a PCF grant affect the way you identify your vision, policy options, goals, objectives and priorities in the Comprehensive Development Plan (CDP)?
2. Was your municipality a recipient of the SGH/SGLG any time before 2018?
3. If yes, which years?
4. Are you aware of the PCF Grant?
5. Was your municipality an awardee of the PCF Grant any time before 2018?
6. If yes, which years?
7. Is the PCF facility considered as an important source of financing AIP PPAs?
8. If not, identify which of the following are the reasons for not considering PCF facility as an important source of financing AIP PPAs? Stringent requirements? Monetary value of the PCF grant is small? Others?
9. Do you think the PCF is able to achieve its purpose?
10. If yes, why do you think so?
11. If no, why and how can it be improved to achieve its purpose?

4. Results

The SGLG and LGU vision and priorities.

Seventy four percent (74%) or 1,010 respondents, out of the 1,373 municipalities surveyed, affirmed that the criteria of SGLG to qualify for PCF affect the way they identify their vision, policy options, goals objectives and priorities in the CDP. Around 46% reasoned that “SGLG criteria serve as a bases/guide for goal, vision and in PPA identification and plan formulation,” another 16% claims that “LGU complies with the SGLG criteria and meet the standards,” some 12% said that the SGLG criteria motivates the LGU and its partners to perform, and achieve program goals, while 8% acknowledged that SGLG is a good funding source. Table 12 provides the other reasons wherein the LGU felt they were affected by the SGLG criteria.

Table 12. How the SGLG criteria affect the identification of vision, policy options, goals, objectives and priorities of the municipalities

Category	Number of responses	In %
SGLG criteria serve as bases/guide for goal, vision and in PPA identification and plan formulation, SGLG is a good funding source	460	46%
LGU complies with the SGLG criteria and meet the standards	166	16%
Motivates the LGU and its partners to perform and achieve program goals	119	12%
SGLG is a good funding source	85	8%
Ensures accountability and good governance	39	4%
Align plans with NGA guidelines and provincial targets	23	2%
Adopted in the institutional mechanism and policy implementation	16	2%
LGU's choices become limited and they face constraints in complying with the standards	11	1%
Others	91	9%

N = 1,010

Source: LGSF-AM Baseline survey results

On the other hand, twenty six percent (26%) or 360 municipalities stated that the SGLG criteria did not affect the way they identify their vision, policy options, goals, objectives and priorities in the CDP. Thirty two percent (32%) of the respondents allege that the “criteria were already aligned with the priorities, plans and is consistent with their vision,” while 21% said that the “LGUs sets its own standards and/or follows other criteria and guidelines,” another 12% claimed that they “could not comply with the requirements, and they are not recipient of the grant,” some 8% said that the “LGU responds to the needs of the LGUs and its constituents/communities and [could] provide the funds,” and some 7% of the LGUs concern was “more on compliance; SGLG is just for guidance. Table 13 enumerates the other reasons the LGU felt they were not affected by the SGLG criteria.

Table 13. Reasons that the LGUs are not affected by the SGLG criteria

Category	Number of responses	In %
Criteria were already aligned with the priorities and plans and/or consistent with our vision, mission and PPAs	115	32%
LGUs sets its own standards and/or follows other criteria and guidelines	74	21%
Could not comply with the requirements; non-recipient of the award/grant	43	12%
LGU responds to the needs of the LGU and its constituents/communities and providing the required funds	30	8%
More on compliance, SGLG is just for guidance	24	7%
Criteria were not relevant; LGU is not interested	15	4%
Criteria keep on changing; criteria are too strict and/or structured	9	2%
No comment/not aware or have limited knowledge about SGLG	7	2%
Other	25	7%
No CDP and/or CLUP	18	5%

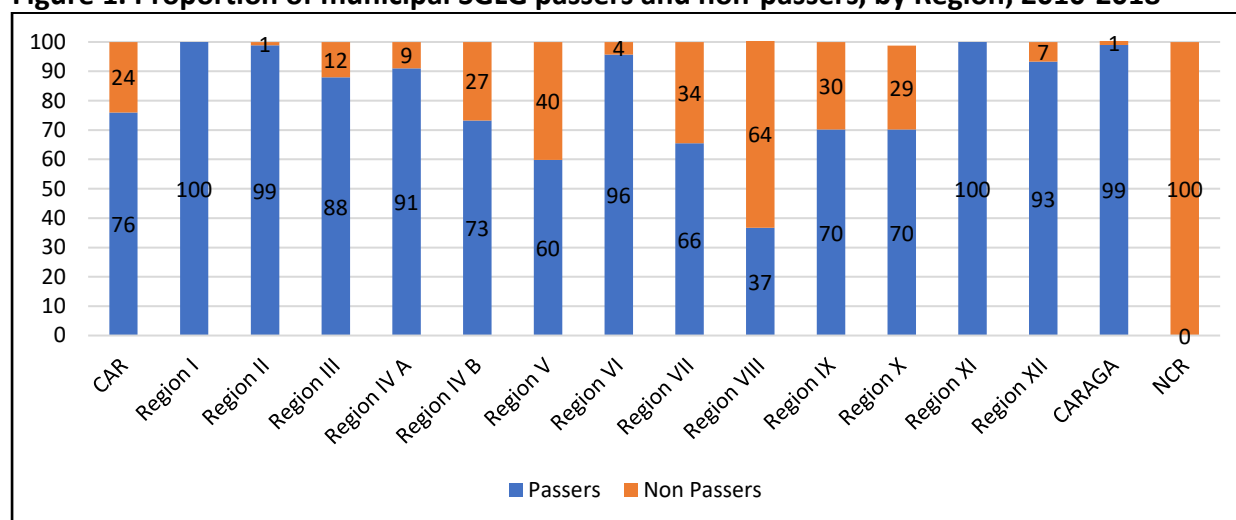
N=360

Source: LGSF-AM Baseline survey results

Profiling SGLG Municipal Passers and Non-passers

Figure 1 presents a regional breakdown of SGH/SGLG passers in any year from 2010 to 2018. All municipalities of Region I and XI, at one point in time, qualified for the Seal and majority of municipalities in most regions were passers of the SGH/SGLG, except for Regions V and Region VIII. Pateros, the lone municipality in NCR never passed the SGH nor the SGLG since its initial implementation in 2010.

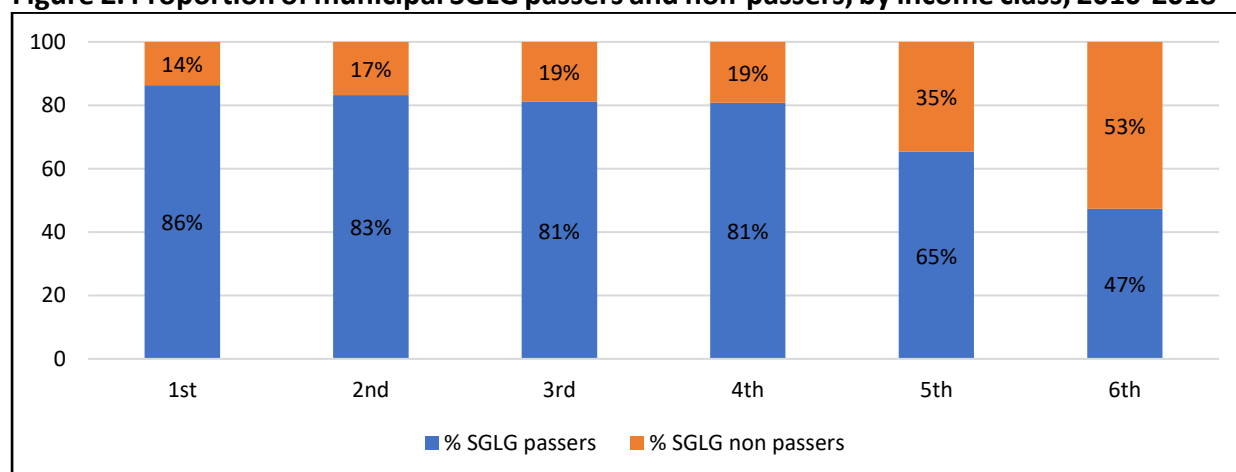
Figure 1. Proportion of municipal SGLG passers and non-passers, by Region, 2010-2018



Source: PCF portal (DILG n.d.)

In terms of LGU income class, there is a declining trend in the proportion of LGUs passing the Seal (Figure 2). More financially able municipalities qualify for the SGLG as compared to poorer municipalities.

Figure 2. Proportion of municipal SGLG passers and non-passers, by income class, 2010-2018



Source: PCF portal (DILG n.d.)

Table 14 below shows the regional breakdown of the percentage share of municipalities that are beneficiaries of the PCF grant. Similar to the results of the SGH/SGLG passers above, all municipalities of Regions I and XI availed of the PCF grant at one point in time. All of the municipalities of twelve (12) provinces in other regions, i.e., Batanes, Cagayan, Antique, Capiz, Guimaras, South Cotabato, Agusan del Norte, Agusan del Sur, Surigao del Norte,

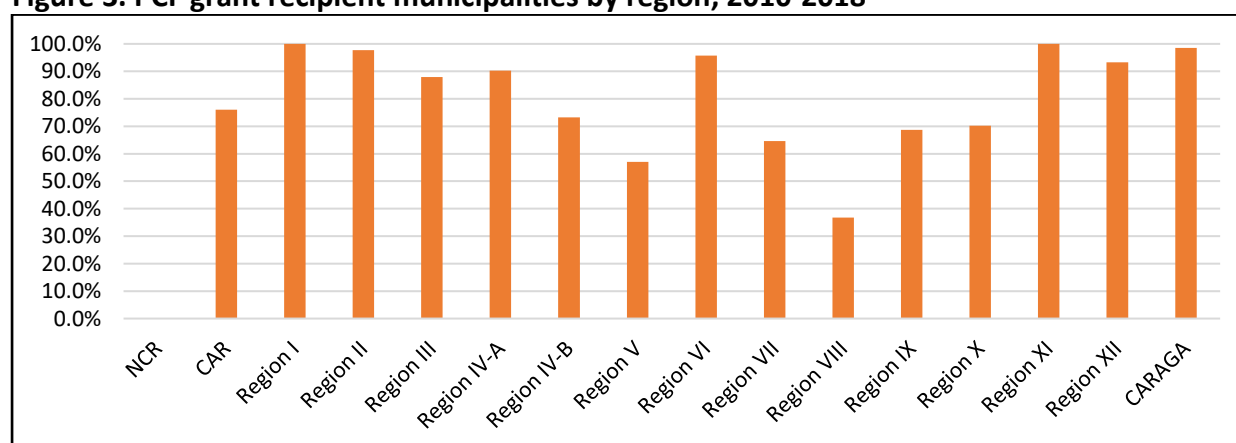
Dinagat Islands, Apayao and Ifugao were recipients of the same. In fact, the bulk of PCF recipients come from Regions I, III, IV-A and VI, and the bottom three regions in terms of PCF recipient municipalities are Regions V, VII and VIII (Figure 3).

Table 14. Profile of PCF grant recipient municipalities, by region (2010-2018)

Region	Count	% share of the total PCF Recipients	Total municipalities	% of the total municipalities
NCR	0	0.0%	1	0.0%
CAR	57	5.3%	75	76.0%
Region I	116	10.8%	116	100.0%
Region II	87	8.1%	89	97.8%
Region III	102	9.5%	116	87.9%
Region IV-A	111	10.3%	123	90.2%
Region IV-B	52	4.8%	71	73.2%
Region V	61	5.7%	107	57.0%
Region VI	112	10.4%	117	95.7%
Region VII	75	7.0%	116	64.7%
Region VIII	50	4.6%	136	36.8%
Region IX	46	4.3%	67	68.7%
Region X	59	5.5%	84	70.2%
Region XI	43	4.0%	43	100.0%
Region XII	42	3.9%	45	93.3%
CARAGA	66	6.1%	67	98.5%
Total	1,079	100%	1,373	78.6%

Source: PCF Portal (DILG n.d.)

Figure 3. PCF grant recipient municipalities by region, 2010-2018



Source: PCF portal (DILG n.d.)

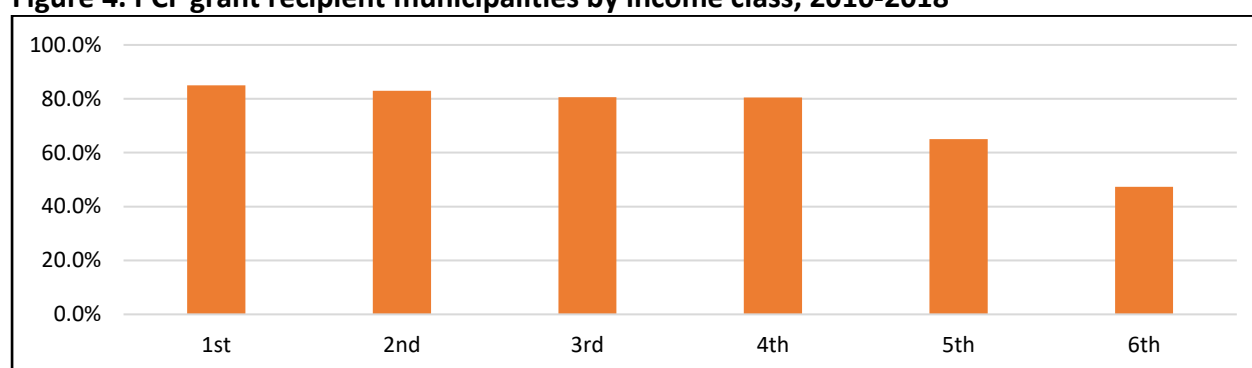
With regard to the proportion of municipalities per income class, most LGUs that availed of the PCF grant belong to the 1st to 4th income class (Table 15). The result is consistent with the SGH/SGLG results with a larger proportion of passers coming from 1st to 4th LGU income classes. As expected, fewer municipalities classified under the 5th to 6th income classes benefitted from the PCF grant. Hence, it is more likely that a rich municipality will be a PCF-grant recipient than a municipality that is poor (Figure 4).

Table 15. Profile of PCF grant municipal recipients, by income class, 2010-2018

Income Class	Count	% share of the total PCF Recipients	Total municipalities	% of the total municipalities
1 st	273	25.3%	321	85.0%
2 nd	141	13.1%	170	82.9%
3 rd	203	18.8%	252	80.6%
4 th	289	26.8%	359	80.5%
5 th	164	15.2%	252	65.1%
6 th	9	0.8%	19	47.4%
Total	1,079	100%	1,373	78.6%

Source: PCF portal (DILG n.d.)

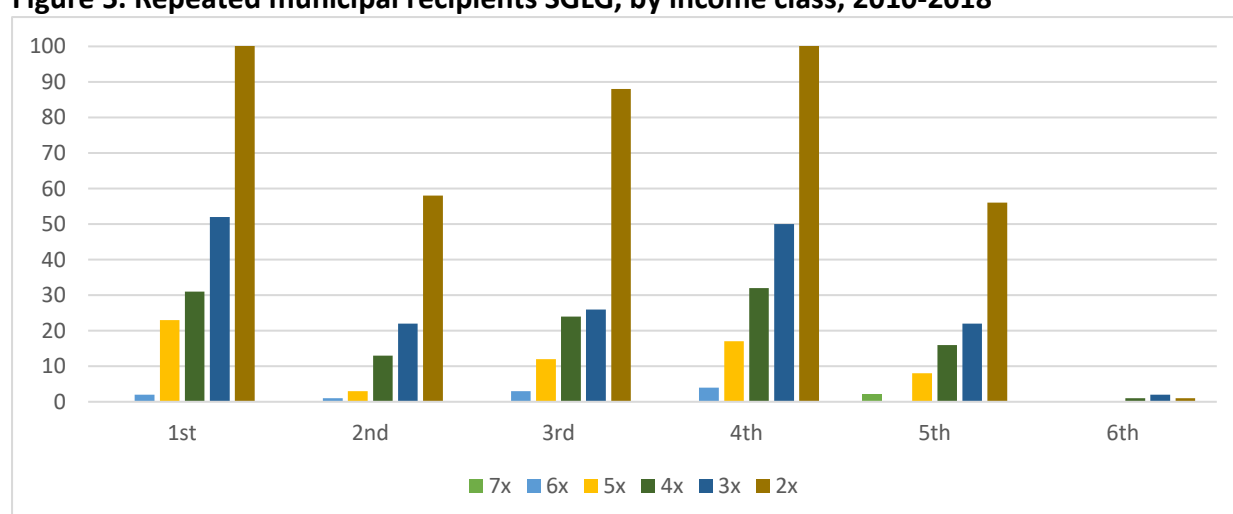
Figure 4. PCF grant recipient municipalities by income class, 2010-2018



Source: PCF portal (DILG n.d.)

Looking at repeated recipients of the SGLG, also known as Hall of Famers, the most frequent number of repeated awardees comes from the 1st and 4th income classes (Figure 5). Two (2) 5th income class municipalities from Region II received the SGH/SGLG seven (7) times. Ten (10) municipalities, received the SGH/SGLG six (6) times; 63 municipalities received the Seal five (5) times; 117 municipalities have received the Seal four (4) times; 174 municipalities received of the Seal thrice, while 409 municipalities received the Seal twice.

Figure 5. Repeated municipal recipients SGLG, by income class, 2010-2018

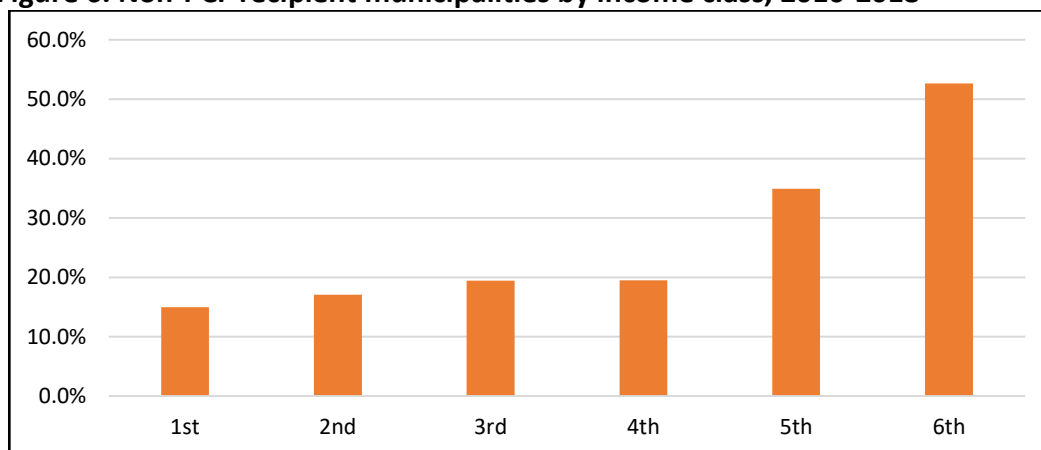


N = 775

Source: PCF Portal (DILG n.d.)

There are, however, 294 municipalities that have never been recipients of the PCF Grant in its nine (9) years of implementation. As can be seen in Figure 6, most municipalities that did not avail of the PCF grant belong to the 3rd to the 6th class municipalities. It could be that these municipalities lack funding or capacity to improve services in order to pass the DILG criteria. Surprisingly, one third of the 44 1st class municipalities, belong to Regions III, IV-A, IV B and NCR. As presented in Figure 6, in terms of the distribution of non-PCF recipient municipalities, the lower the income class the higher the proportion of non-PCF recipient municipalities to total municipalities.

Figure 6. Non-PCF recipient municipalities by income class, 2010-2018



Source: PCF Portal (DILG n.d.)

The results of the PIDS-DILG LGSF-AM Baseline Study (Forthcoming) survey on comprehensive development planning practices reported that out of 1,373 municipalities, there were only 926 (67.44%) municipalities that were recipients of the SGLG and PCF. With regard to PCF awareness of respondent municipalities, out of 1,373 municipalities surveyed, 1,231 responded that they were aware, 100 were unaware and 42 did not provide an answer.

The primary reason given by the 599 respondent municipalities that said there were years they were not able to avail of the PCF was because they did not pass the requirements since the criteria were difficult to meet (Table 16). More specifically, criteria that were difficult to meet included: (1) Disaster Preparedness (No CLUP/hazard maps/CIDRA, and DRRMO); (2) Financial Administration (Low fund utilization/adverse COA opinion, financial constraint, no/little financial growth, and failed to pay loan); (3) Social protection (PWD accessibility); (4) Environmental management (no landfill); and, (5) some respondents even mentioned Peace and order, since there are allegations against their local chief executives. Some other reasons cited are: (1) the presence of unfilled mandatory position, which may fall under financial administration; (2) disaster preparedness or social protection; (3) busy in other projects; and, (4) not aware or little knowledge of the PCF. All of these could also be the reason why there are still municipalities that have never been a recipient of the PCF Grant despite its nine (9) years of implementation.

Table 16. Reasons for failing to pass the SGLG and consequently not being able to avail of the PCF

SGLG Criteria	Reason	Count
Disaster Preparedness	No CLUP/hazard maps/CIDRA	35
	DRRMO	20
Financial Administration	Low fund utilization/Adverse COA opinion	19
	Financial constraint	12
	No/little financial growth	11
	Failed to pay loan	2
Social Protection	Social protection/PWD accessibility	4
Environmental management	No landfill	4
Peace and order	Mayor is in the “narco list”	2
	Criteria is difficult to meet/did not passed the requirement	453
	Unfilled mandatory position	23
	Busy in other projects	5
	Not aware/little knowledge of the PCF	12

Source: LGSF-AM Baseline Survey results

Overall, the PCF grant is considered a significant and important source of financing of the projects contained in the Annual Investment Plan of LGUs. In fact, 1,095 municipalities or 80% claimed that the PCF is an important source of financing; 175 municipalities or 13% assert that it is not an important source of financing; while 103 municipalities or 8% of the LGUs did not gave an answer.

For the 175 who responded that the PCF is not an important source of financing, they offered reasons such as: stringent eligibility requirements, the small amount of the PCF grant, being just an incentive and not a regular source of funding, the menu or list of priority projects funded out of the PCF is limited and does not match the needs of the LGU. These reasons could account for those municipalities that have never been recipients of the PCF grant. Furthermore, some municipalities would not even try to qualify for the grant since they think that it is not an important source of financing.

However, those who answered that the PCF is an important source of financing believed that the PCF achieved its purpose. Reasons given included: that most projects of the LGU are implemented using the PCF grant, the grant motivates the LGUs to perform better, the grant is regarded as an additional budget or source of fund of the LGUs, and that the grant improves governance, thereby benefitting the people or constituents (Table 17). Given that 80% of municipalities believe that the PCF has indeed achieved its purpose, this can be one indication that municipal governments believe that the PCF has become an effective incentive program for local governance.

Table 17. 'Do you think PCF is able to achieve its purpose?'

Reason	Frequency	Percentage
Projects are implemented using the PCF grant	438	32
Motivates the LGUS to perform better	322	23
Additional budget/source of fund of LGUs	315	23
Improves governance	148	11
Beneficial to the people	104	8
Meets/addresses the needs/problems of the LGU	40	3

Source: LGSF-AM Baseline Survey results

Table 18. Reasons that the PCF has not achieved its purpose

Reasons	Frequency
Grant is too small	37
Lighten up or decrease the standard/criteria for eligibility	27
Not an awardee of the PCF/SGLG	20
Standard and qualification is difficult to meet	16
Not applicable to low class LGUs	14

Source: LGSF-AM Baseline Survey results

5. General findings and Recommendations

Crucial to the success of any policy is clarity, not only in its objectives, but also in identifying the intended beneficiaries, how the intervention will be implemented, monitored and deemed successful. In the case of the Performance Challenge Fund, the initial objective was to incentivize improved local governance for poorer local governments. The coverage was subsequently expanded to include richer local governments primarily because of the difficulty of poorer ones to comply with the requirements which, alternatively meant that funds allocated would not be utilized.

In almost a decade of existence, the PCF program and its prerequisite SGLG experienced several redesigns, maintaining its objective of being an incentive for improved local governance. At the same time, though the evidence showed that there have been continuous successes with some local governments consistently making the mark despite the increasing difficulty in eligibility criteria, there have also been those who have never satisfied the criteria for the Seal and therefore not being able to avail of the PCF. Given this and the recent passage of the SGLG Act, **it is the best time to revisit the objective and design of the Seal and the PCF, whether this should be exclusively for the best performing local governments in terms of governance or if the objective is to ensure that all local governments become eligible for the PCF or maybe both.** Whichever may be the decision of policymakers, the following results should be considered in the discussion:

- The desire to improve the PCF and SGH/SGLG programs by learning from challenges in its implementation in previous years is evident. These changes focused on: (1) balancing the desire to incentivize lower income class LGUs and ensuring the utilization of the PCF facility by relaxing some preconditions; (2) encourage continuing improvements in transparency, accountability and local governance by adding additional criteria in performance evaluation but considering the varied capacity of LGUs to comply; and, (3) addressing administrative/procedural concerns to facilitate fund utilization.
- The SGLG and SGLG Fund design should consider the evidence that 5th and 6th classes have the largest number of non-passers of the SGLG and that repeated recipients come from the 1st to 4th income classes. Evidence also shows that LGUs need at least two years to comply to additional requirements, hence in order to help LGUs, especially those coming from lower income classes catch up, SGLG criteria has to be the same for at least two years (Medina-Guce 2019). Furthermore, the regions with more than 30 percent non-passers are Bicol, Eastern Visayas, and Central Visayas. Moving forward, the redesign of the PCF (or what may now come to be the SGLG Fund) could perhaps offer different eligibility criteria or incentives to different LGUs by income class or

regional location (e.g. benchmarked and gradually increasing utilization rates). Similarly, another study suggested that the SGLG and the SGLG fund consider an asymmetric approach to incentivizing behavior (Medina-Guce 2019). Sec. 13 of the SGLG Law is a move in the right direction by mandating that “concerned national government agencies should provide technical assistance for capacity-building for identified gaps of LGUs which have not qualified for the SGLG award.”

- Though the numbers were small, there was evidence from the LGSF-AM Baseline Study survey that there were local government officials that were unaware of the PCF and SGLG facility. With this, it is crucial that capacity-building programs designed for the SGLG should not just create awareness and concrete steps to addressing the identified gaps, but also highlight the importance of the objective of improved governance over and above the perceived difficulty in receiving the Seal.
- Another important insight from the survey results is one the reasons given that LGUs did not get to avail of the PCF is the lack of certain plans. LGU planning should be highlighted as an area of improvement especially with the evidence on the significant number of delayed projects and poor utilization of the local development fund (Annex H). Failure to implement investment programs in a timely manner leads to delayed development in the local economy. Furthermore, current assessment is based on the presence and absence of certain requirements, efforts should now focus on the in-depth evaluation of the plans submitted.

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7. List of Annexes

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Annex A. 30 LGU Grantees of Php 1 Million PCF in its Pilot implementation in 2010

No.	Region	LGU	Income Class
1	I	Santol, La Union	4th
2	I	Alilem, Ilocos Sur	4th
3	II	Quezon, Isabela	4th
4	II	Saguday, Quirino	5th
5	CAR	Banaue, Ifugao	4th
6	CAR	Lagawe, Ifugao	4th
7	IV A	Pitogo, Quezon	4th
8	IV A	Mataas Na Kahoy, Batangas	4th
9	V	Mobo, Masbate	4th
10	V	Sto. Domingo, Albay	4th
11	V	Camaligan, Camarines Sur	5th
12	VI	Anilao, Iloilo	4th
13	VI	Balete, Aklan	4th
14	VII	Balilihan, Bohol	4th
15	VII	Catigbian, Bohol	4th
16	VII	Amlan, Negros Oriental	4th
17	VII	Maribojoc, Bohol	4th
18	VIII	Kawayan, Biliran	5th
19	IX	Leon B. Postigo, Zamboanga del Norte	4th
20	IX	Tampilisan, Zamboanga del Norte	4th
21	X	Clarin, Misamis Occidental	4th
22	X	Damulog, Bukidnon	4th
23	X	Naawan, Misamis Oriental	4th
24	X	Calamba, Misamis Occidental	4th
25	XI	Dujali, Davao del Norte	4th
26	XIII	San Agustin, Surigao del Sur	4th
27	XIII	Cagwait, Surigao del Sur	4th
28	XIII	Carrascal, Surigao del Sur	4th
29	XIII	San Jose, Dinagat Island	4th
30	ARMM	Datu Piglas, Maguindanao	4th

Annex B. Compilation of DILG Memorandum Circular (MC) for PCF

DILG MC No.	Date	Title	Salient Features
2010- Unnumbered	10/14/2010	Interim Guidelines on the Pilot implementation of the Performance Challenge Fund (PCF) for local government units	PCF open to 4th to 6th class Municipalities that passed the test of good housekeeping. There is a required LGU counterpart fund to the PCF grant; PCF should NOT be used to finance tax payment; salaries and recurrent cost and microcredits and loans
2010- Unnumbered	10/29/2010	Supplemental Guidelines for the 2010 Pilot Implementation of the PCF Grant	Provision of a standard format for the Memorandum of Agreement (MOA) and the sample format of program
2011-62	4/27/2011	Guidelines in the Implementation of the PCF	Only eligible LGUs can avail of the PCF; passed the SGH; priority to be given to less able LGUs (4-6th class MLGUs; 4th - 5th class cities; 4th to 5th Provinces); maximum PCF subsidy for a PLGU - P7M; CLGU-P3M; and MLGU for P1M. The PCF Fund to match the investment of the LGUs. An LGU may receive only one PCF grant, but as to many projects the LGUs may wish to propose for cost-sharing with NGs; PCF grant may be used as subsidy for big LGU projects; as co-financing for joint projects with other LGUs, as counterpart fund for FAPs; as counterpart for projects of LGUs with the private sector. PCFs shall only be released upon full disbursement of the LGU counterpart.
2011-123	8/31/2011	Supplemental Guidelines in accessing the 2011 PCF	The priority in releasing PCF is for 4 th to 6 th class LGUs. In case there is still a remaining balance, the next priority is the 3 rd class LGU which should be ranked according to poverty incidence. Reiteration of the timeframe of submission of LGU documents, which is within one (1) month
2011-162	11/8/2011	Supplemental guidelines in the implementation of 2011 PCF to support the <i>Gawad Pamana ng Lahi</i> (GPL) Award	GPL Award conferred to LGUs for 2011 are entitled to access the PCF subsidy to jumpstart local development initiatives aligned with thrusts and priorities of the national government
2011-170	11/16/2011	Revised Guidelines on the Implementation of PCF in view of the Temporary Suspension and Rationalization of the National	in view of the Memorandum Order No. 24 from the Office of the President, a temporary suspension of NG-LGU cost-sharing policy is to be observed.

DILG MC No.	Date	Title	Salient Features
		Government-Local Government Unit Cost-sharing Policy	
2012-68	4/13/2012	Implementing Guidelines in the Availment of 2012 PCF	Promotion of transparency and accountability is added to the menu of eligible projects
2013-148	12/19/2013	Guidelines in the implementation of the CY 2013 PCF	Eligible LGUs must have NO uncompleted PCF projects in the previous years, and no unliquidated PCF subsidy. Remaining balance allocated for 1 st class LGUs will be given to Yolanda-affected LGUs in the Visayas Region Online reporting at the PCF website
2015-111	9/28/2015	Operational Guidelines on the Implementation of 2015 PCF	Eligible LGUs to pass the Seal of Good Local Governance (SGLG)
2016-153	10/28/2016	Guidelines for the Release of the 2016 PCF	306 recipient LGUs, who have NO uncompleted projects from 2011-13, NO Not yet started projects under PCF 2014-2015 Permanent brass- plate markers specification
2016-167	11/23/2016	Operational Guidelines on the implementation of 2016 PCF	Eligible LGUs who have NO uncompleted projects from 2011-13, NO Not yet started projects under PCF 2014-2015
2017-152	11/10/2017	Guidelines in the Release of the 2017 PCF	464 LGUs recipient of the SGLG for 2017
2017-160	11/29/2017	Operational Guidelines on the Implementation of the 2017 PCF	All LGUs who passed the 2017 SGLG; all projects must be completed within 12 months upon receipt of Notice to Implement (NTI)
2018-10	1/30/2018	Simplified Confirmation of Good Financial Housekeeping Passers	263 LGUs recipient of the SGLG for 2018 P7M for Provinces; P5.1M for Cities; and P3.2M for Municipalities
2018-177	10/12/2018	Guidelines for the Release of the 2018 PCF	All LGUs who passed the 2018 SGLG. PCF amount can be utilized by the LGU only upon the issuance of NTI. Submission of geotagged photos of proposed site (2 different angles)

Annex C. Time Series of Criteria for the SGH

2011	2012		2013
	Bronze	Silver	Gold
<u>Sound Fiscal Management</u>	<u>Accountable Governance</u>	<u>Accountable Governance</u>	<u>Accountable Governance</u>
absence of an "adverse" or "disclaimer" COA opinion on its financial statements on the immediately preceding year prior to the roll-out of the Seal	"unqualified" or "Qualified" COA Opinion on financial transactions of the immediately preceding year	"unqualified" or "Qualified" COA Opinion on financial transactions of the immediately preceding year	"unqualified" or "Qualified" COA Opinion on financial transactions of the immediately preceding year
			Above Benchmark performance on the Local Governance Performance Management System, which means that the Performance Area Index in Administrative Governance and Valuing Fundamentals of Good Governance must be at least 4.0, and their corresponding service areas must have individual indices above 3.0
			Adherence to Administrative Order No. 70, s. 2003, pertaining to the organization or strengthening of the Internal Audit Service to ensure an efficient and effective fiscal administration and performance of local government functions
<u>Accountable and Transparent Governance</u> Compliance to the Full Disclosure Policy on local budget and finances, bids and public offerings	<u>Transparent Governance</u> Full compliance to the Full Disclosure Policy on local budget and finances, bids and public offerings. Required documents are those to be posted during the 1st and 2nd quarters of the current year on	<u>Transparent Governance</u> Full compliance to the Full Disclosure Policy on local budget and finances, bids and public offerings. Required documents are those to be posted during the 1st and 2nd quarters of the current year on	<u>Transparent Governance</u> Full compliance to the Full Disclosure Policy on local budget and finances, bids and public offerings. Required documents are those to be posted during the 1st and 2nd quarters of the current year on billboards in all publicly accessible and conspicuous places in the local government unit, in its website and or in newspaper of general

2011	2012		2013
	Bronze	Silver	Gold
	billboards in all publicly accessible and conspicuous places in the local government unit, in its website and or in newspaper of general circulation within its territorial jurisdiction	billboards in all publicly accessible and conspicuous places in the local government unit, in its website and or in newspaper of general circulation within its territorial jurisdiction	circulation within its territorial jurisdiction
		Compliance to the Government Procurement Act	Compliance to the Government Procurement Act
		- organized and functional Bids and Awards Committee pursuant to the policy standards set by law;	- organized and functional Bids and Awards Committee pursuant to the policy standards set by law;
		- compliance to on-line posting requirement through the Philippine Government Electronic Procurement System of Bid Notice Abstract and Award Notice Abstract	- compliance to on-line posting requirement through the Philippine Government Electronic Procurement System of Bid Notice Abstract and Award Notice Abstract
		<u>Frontline Service Performance</u>	<u>Frontline Service Performance</u>
		excellent or good performance rating as indicated in the Anti-Red Tape Act - Report Card Survey of the CSC	excellent or good performance rating as indicated in the Anti-Red Tape Act - Report Card Survey of the CSC

2011	2012		2013
	Bronze	Silver	Gold
			<u>Participatory Governance</u> Functional Local Development Council, Local School Board, Local Health Board and Peace and Order Council
			- membership, meetings and performance of mandated functions as proven by outputs, plans, resolutions
			linkages with People's or Non-Government Organizations through joint venture or cooperative arrangements in the delivery of basic services, capability building, livelihood projects, agriculture and other socio-economic development endeavors
			representation of the Indigenous Cultural Community or Indigenous People in the <i>Sangguniang Bayan</i> , <i>Sangguniang Panlungsod</i> and <i>Sangguniang Panlalawigan</i>

Annex D. Time Series of Criteria for SGLG

Areas	SGLG				
	2014	2015	2016	2017	2018
Financial Administration	<u>Good Financial Housekeeping</u>	<u>Good Financial Housekeeping</u>	<u>1.1 Good Financial Housekeeping</u>	<u>1.1 Good Financial Housekeeping</u>	<u>1.1 Good Financial Housekeeping</u>
	1. 2013 "unqualified" or "qualified" audit opinion	1. 2013 "unqualified" or "qualified" audit opinion	2014 "unqualified" or "qualified" audit opinion	2015 unqualified or qualified audit opinion	1. Most recent audit opinion is unqualified or qualified plus 30% of recommendations acted upon
	2. compliance with Full Disclosure Policy (FDP) of Local Budget Finances, Bids and Public Offerings	2. compliance with Full Disclosure Policy (FDP) of Local Budget Finances, Bids and Public Offerings	1.2 compliance with Full Disclosure Policy (FDP) of Local Budget Finances, Bids and Public Offerings	compliance with Full Disclosure Policy (FDP) of Local Budget Finances, Bids and Public Offerings	2. compliance with Full Disclosure Policy (FDP) of Local Budget Finances, Bids and Public Offerings (CY 2017 4th quarter and CY 2018 1st quarter posting period)
	2. a. posting in 3 conspicuous places	2. a. posting in 3 conspicuous places	2. a. posting in 3 conspicuous places	2. a. posting in 3 conspicuous places	2. a. posting in 3 conspicuous places
	2. b. posting in the FDP portal	2. b. posting in the FDP portal	2. b. posting in the FDP portal	2. b. posting in the FDP portal	2. b. posting in the FDP portal
			<u>1.2 Financial Performance</u>	<u>1.2 Financial Performance</u>	<u>1.2 Financial Performance</u>
			1.3 above "0" average local collection growth for the last 3 consecutive years (2013-2015)	above "0" average local collection growth for the last 3 consecutive years (2013-2015)	at least 5% increase in average local revenue growth for the last 3 consecutive years (2014-2016)
			1.4 LGU remittance of GSIS obligations for CY 2015	LGU remittance of GSIS obligations for CY 2015	

Areas	SGLG				
	2014	2015	2016	2017	2018
			a. at least 98% on payment of members' premium contributions	a. at least 100% on payment of members' premium contributions	
			b. at least 80% overall payment of members' loan	b. at least 80% overall payment of members' loan	
				<u>1.3 Financing Development</u>	<u>1.3 Financing Development</u>
				1. functional local development council	1. <i>functional</i> municipal development council
				2. % utilization of the 20% component of the 2015 IRA (benchmark to be determined once national average is derived, OR average utilization of the fund provided by the BUB or ADM - benchmark to be determined once national average is derived	2. fund utilization or completion of NGA-supported capital investment projects:
					2. a. full utilization of the 20% component of the 2016 IRA (Development Fund, CY 2016) benchmark is at least 66%
					2. b. full utilization or, or completion of projects funded by, Performance Challenge Fund (CY 2015 and 2016), <i>if applicable</i>

Areas	SGLG				
	2014	2015	2016	2017	2018
					2. c. full utilization of, or completion of projects funded by Assistance to Municipalities (formerly BUB), <i>if applicable</i> , benchmark for CY 2016 is at least 85%
					3. CY 2018 annual budget is approved within the prescribed period
Disaster Preparedness	3. 2013 <i>Gawad KALASAG</i> 1st Place National Awardee for Best Local Disaster Risk Reduction Management Council, Hall of Famer Awardee (2013 onwards), OR ALL OF THE FF:	3. 2013 <i>Gawad KALASAG</i> 1st Place National Awardee for Best Local Disaster Risk Reduction Management Council, Hall of Famer Awardee (2013 onwards), OR ALL OF THE FF:	1. 2015 <i>Gawad KALASAG</i> Hall of Famer, or 1st Place National Awardee for Best Local Disaster Risk Reduction Management Council, OR ALL OF THE FF:	1. 2016 <i>Gawad KALASAG</i> 1st Place National Awardee for Best Local Disaster Risk Reduction Management Council, Hall of Famer Awardee (2013 onwards), OR ALL OF THE FF:	2017 <i>Gawad KALASAG</i> 1st Place National Awardee for Best MDRRMC, Hall of Famer Awardee (2014 onwards) OR <u>ALL OF THE FF</u> :
	3.a. has structure for: (a) LDRRMC and (b) LDRRMO	3.a. has structure for: (a) LDRRMC and (b) LDRRMO	has established structures and manpower complement: (a) organized LDRRMC; (b) plantilla L DRRMO	has established structures and manpower complement: (a) organized LDRRMC; (b) plantilla LDRRMO head and 1 staff complement (for 1 st to 3 rd	1. established structures and manpower complement: (a) organic MDRRMC; (b) plantilla MDRRMO head; and (c) plantilla MDRRMO staff complement for

Areas	SGLG				
	2014	2015	2016	2017	2018
				<i>class</i>); at least designated LDRRMO head and 1 staff complement (provided that position for plantilla LDRRMO Head has already been created <i>(for 4th to 6th class)</i>)	research and planning, administration and training, and operations and warning <i>[for 1st to 3rd class: at least one staff complement; for 4th to 6th class: at least one designated staff complement]</i>
	3.b. has at least two plans (a) Comprehensive Land Use Plan; (b) DRRM Plan (c) Contingency Plan and /or (d) Local Climate Change Action Plan	3.b. has at least two plans (a) Comprehensive Land Use Plan; (b) DRRM Plan (c) Contingency Plan and /or (d) Local Climate Change Action Plan	has the ff. plans (a) CLUP; (b) LDRRM Plan (c) Zoning Ordinance; (d) at least 50% of barangays have CBDRRM Plans, and either (e) Contingency Plan or (f) Local Climate Change Action Plan	plans available and funds utilized (a) CLUP; (b) LDRRM Plan and Budget; (c) Zoning Ordinance; <i>[1st to 3rd class]</i> : (d) at least 50% of barangays have CBDRRM Plans, (e) Local Climate Change Action Plan; and either (f) Contingency Plan OR (g) % utilization of LDRMM Funds - benchmark to be determined once national average is derived <i>[4th to 6th class]</i> : (d)	2. plans are available and funds are utilized

Areas	SGLG				
	2014	2015	2016	2017	2018
				Local Climate Action Plan; and any one of the following – (e) Contingency Plan, (f) at least 50% of barangays have CBDRRM Plans, OR (g) % utilization of LDRMM Fund – benchmark to be determined once national average is derived	
	3.c. has a system in place for: a) early warning system and evacuation alert system; b) evacuation centers; c) command line and standard operating procedures; (d) search and rescue; (e) relief operations; f) medical services; g) registration and h) security	3.c. has a system in place for: a) early warning system and evacuation alert system; b) evacuation centers; c) command line and standard operating procedures; (d) search and rescue; (e) relief operations; f) medical services; g) registration and h) security	has the ff: a) established early warning system and evacuation alert system, and preemptive and forced evacuation; b) evacuation center management system and evacuation guide; c) LDRRM Operations Center at least functioning during disaster OR incident command system; d) equipped and	has the ff: a) early warning system and evacuation alert system, and preemptive and forced evacuation; b) evacuation center management system and evacuation guide; c) LDRRM Operations Center at least functioning during disaster OR incident command system; d) equipped and trained search	3. Early warning system 4. Evacuation management: (a) system for registration; (b) equipped and trained search and rescue or emergency response teams; (c) prepositioned goods and resources; and (d) at least 75% of barangays have CBDRRM Plans 5. Standard Operating Procedures: [1st to 3rd class] LDRRM operations center

Areas	SGLG				
	2014	2015	2016	2017	2018
			trained search and rescue or emergency response teams; e) system of prepositioning goods and resources; f) medical services; g) registration and h) security	and rescue or emergency response teams; e) system of prepositioning goods and resources; f) medical services; g) registration and h) security	functions at least during disaster; basic ICS Training; SOP for pre-emptive and forced evacuation [4th to 6th class] any two of the ff: a) LDRRM operations center functions at least during disaster; b) basic ICS Training; c) SOP for pre-emptive and forced evacuation
Social Protection				Meets ALL of the ff:	
				1. 2016 Passers of the Seal of Child-Friendly Local Governance; OR ALL of the ff:	1. 2017 Seal of Child-Friendly Local Governance awardee
	6.a. A Local School Board Plan for 2013 that is aligned with the School Improvement Plan, and (see 6.b)	6. A Local School Board Plan for 2013 that is aligned with the School Improvement Plan	9. A Local School Board Plan for 2015 that is aligned with the School Improvement Plan	a. at least 80% completion or utilization rate of fund intended for the 2016 Local School Board Plan	2. at least 85% completion or utilization rate of fund intended for the 2017 Municipal School Board Plan
	6.b. Completed at least 70% of its LSB Plan for CY 2013	7. Completed at least 70% of its LSB Plan	10. Completed at least 80% of its LSB Plan		

Areas	SGLG				
	2014	2015	2016	2017	2018
	4.a. An Ordinance establishing Barangay Violence Against Women and their Children (VAWC) desks; or (see 4.b)	4.1. Ordinance establishing Barangay Violence Against Women and their Children (VAWC) desks; OR	4. At least 70% of barangays submitted their VAWC report for the 3rd and 4th quarter of 2015	b. meets the ff: a) presence of ordinance establishing Barangay Violence Against Women and their Children (VAWC) desks; b) 100% of barangays with VAWC desks; c) at least 70% of barangays submitted their VAWC report for the 3rd and 4th quarter of 2016	3. mechanism for gender and development and violence against women and their children: a) focal point system; b) updated GAD Code; c) GAD database; d) 2017 GAD Accomplishment report; e) CY 2018 GAD plan and budget submitted to DILG-FO for review; f) 100% of barangays with VAWC desks; and g) at least 80% of barangays submitted their quarterly VAWC reports for CY 2017 4th Quarter and CY 2018 1st Quarter
			15.a. has an updated Local Code for Children	c. updated Local Code for Children	4. updated municipal code for children
	5. 2013 PhilHealth accreditation of at least one main health facility or rural health unit for at least two of the following:	5. 2013 PhilHealth accreditation of at least one main health facility or rural health unit for at least two of the following:	8. 2015 PhilHealth accreditation of at least one main hospital or health facility for (a) maternal care services, and	2. 2016 PhilHealth accreditation of at least one main hospital or health facility for the ff: a) maternal health	5. PhilHealth accreditation of at least one hospital or health facility for maternal health package, and either primary care

Areas	SGLG				
	2014	2015	2016	2017	2018
	(a) maternal care services, (b) primary care or (c) TB-detection and treatment	(a) maternal care services, (b) primary care or (c) TB-detection and treatment	either (b) primary care or TB-detection and treatment	package, and either b) primary care benefits or TB-detection and treatment services	benefits or TB-directly observed treatment short course (TB-DOTS)
				3. presence of mechanism in support of gender and development (meets at least 4 of the ff) a. 2016 GAD Accomplishment Report b. CY 2017 GAD Plan and Budget submitted to DILG-FO for review c. presence of updated Local GAD Code d. presence of GAD database e. LGU GAD focal point system f. 100% barangays with VAW desk (to be derived from 3.c)	
	8. Designated express lanes for PWDs, senior citizens and pregnant women for frontline services and	8. Designated express lanes for PWDs, senior citizens and pregnant women for frontline services	11. Designated express lanes for PWDs, senior citizens and pregnant women for frontline		6. promoting the welfare of PWDs

Areas	SGLG				
	2014	2015	2016	2017	2018
			services at the: (a) business processing and licensing office, (b) civil registry, (c) main health facility or rural health unit		
Social Protection	9. compliance with Accessibility Law, i.e., provision of ramps with handrails at the entrance/exit of the municipal hall and main RHU	9. compliance with Accessibility Law, i.e., provision of ramps with handrails at the entrance/exit of the municipal hall and main health facility	12. compliance with Accessibility Law, i.e., provision of ramps with handrails at the entrance/exit, and toilets with grab bars of the municipal hall and main health facility or rural health unit	4. compliance with Accessibility Law; provision of ramps with handrails at the entrance/exit, special lift/elevator, as applicable; and wheelchair-accessible toilets with grab bars in the city hall and main health facility	a. compliance with the Accessibility Laws (ramps and handrails at the entrance/exit, special lift/elevator, as applicable; and wheelchair-accessible toilets with grab bars in the city hall and main city hospital/health facility
					b. designated Person with Disability Affairs Officer
	4. b. A licensed Local Social Welfare and Development Officer	4.2 A licensed Local Social Welfare and Development Officer	7. LSWDO is a registered social worker OR in the case where the head of Office was hired prior to the enactment of RA 9433 (Magna Carta for Social	6. LSWDO is a registered social worker OR in the case where the head of Office was hired prior to the enactment of RA 9433 (Magna Carta for Social	7. municipal social work and development officer holder of plantilla position and is a registered social worker

Areas	SGLG				
	2014	2015	2016	2017	2018
			Workers), there must be at least a registered social worker serving as technical staff in the office	Workers), there must be at least a registered social worker serving as technical staff in the office	
	10. compliance with the indigenous people mandatory representation, if applicable,	10. compliance with the indigenous people mandatory representation, if applicable, in the local <i>Sanggunian</i>	13. Representatives of Indigenous Peoples in the <i>Sanggunian</i> are accorded with the regular privileges and emoluments of a <i>Sanggunian</i> member	5. compliance with mandatory representation in the <i>sanggunian</i> with representative accorded with regular privileges and emoluments of a <i>sanggunian</i> member, if applicable	8. compliance with mandatory representation in the <i>sanggunian</i> with representative accorded with regular privileges and emoluments of a <i>sanggunian</i> member, if applicable
	11. Representation of non-government organization (s), from any of the ff. sector: (a) PWD); (b) Women; (c) farmers and landless rural workers, (d) artisanal fisher folk, (e) urban poor, (f) workers in formal labor and migrant workers; (g) workers in the	11. Representation of non-government organization (s), from any of the ff. sector: (a) PWD); (b) Women; (c) farmers and landless rural workers, (d) artisanal fisher folk, (e) urban poor, (f) workers in formal labor and migrant workers; (g) workers in the	14. Representation of non-government organization (s), from any of the ff. sector: (a) PWD); (b) Women; (c) farmers and landless rural workers, (d) artisanal fisher folk, (e) urban poor, (f) workers in formal labor and migrant workers; (g) workers in the		

Areas	SGLG				
	2014	2015	2016	2017	2018
	informal sector; (h) children, (i) youth and students; (j) senior citizens; (k) victims of disasters and calamities; (l) cooperatives or (m) other sector.	informal sector; (h) children, (i) youth and students; (j) senior citizens; (k) victims of disasters and calamities; (l) cooperatives or (m) other sector.	informal sector; (h) children, (i) youth and students; (j) senior citizens; (k) victims of disasters and calamities; (l) cooperatives or (m) other sector.		
			15. has implemented at least one social protection-related programs for the following sectors: (a) children and youth; (b) women; (c) PWDs; (d) senior citizens; € family and community; and (f) internally displaced persons and families; OR (see 15 b.)		
					9. full utilization of funds for, or completion of the SALINTUBIG project for CY 2013-2015, if applicable (Benchmark for

Areas	SGLG				
	2014	2015	2016	2017	2018
					CY 2016 is at least 50%)
Peace and Order	1. Convened, at least once, the Municipal Peace and Order Council (MPOC) in 2013 up to 1st Quarter 2014	1. Convened the Municipal Peace and Order Council, at least once every quarter in 2013 up to 1st quarter, 2014	1. Convened the Municipal Peace and Order Council, at least once every quarter, in the 3rd and 4th quarters of 2015	1. Convened the Municipal Peace and Order Council, at least once every quarter	1. municipal peace and order council convened
				5. activated municipal anti-drug abuse council	2. activated municipal anti-drug abuse council
				5.1 duly organized council with prescribed composition	
				5.2 conduct regular meetings at least once every quarter	
				5.3 presence of ordinance or similar issuance in support of campaign or activities to strengthen illegal drug awareness and to promote related LGU programs	
				5.4 appropriate budget for the	

Areas	SGLG				
	2014	2015	2016	2017	2018
				CY 2017 Municipal ADAC Action Plan, either as separate plan or integrated into the POPS Plan	
				5.5 50% of barangays with Executive Order or similar issuance on the implementation of MASA MASID Program	
	2. adopted a Local Anti-Criminality Action Plan (whether a separate plan or embodied in the MPOC action Plan) for CY 2013	2. The Local Anti-Criminality Action Plan (whether a separate plan or embodied in the PPOC action Plan) for CY 2013	2. The Local Anti-Criminality Action Plan for 2015 (whether a separate plan or embodied in the Integrated Area Community Public Safety Plan or Local Peace and Order, and Public Safety Plan) attained at least 75% implementation rate of planned activities; and 75% utilization rate of fund allocation	2. The Local Anti-Criminality Action Plan for 2016 (whether a separate plan or embodied in the Integrated Area Community Public Safety Plan or Local Peace and Order, and Public Safety Plan) attained at least: 75% implementation rate of planned activities; 75% utilization rate of fund allocation	3. Peace and Order, and Public Safety Plan attained; <i>at least 75%</i> implementation rate of planned activities or 75% utilization rate of fund allocation

Areas	SGLG				
	2014	2015	2016	2017	2018
	3. provided logistical support to the PNP Municipal Office in 2013 up to 1st Quarter, 2014	3. provided logistical support to the PNP Municipal Office in 2013 up to 1st Quarter, 2014	3. provided logistical support to the PNP Municipal Office for the 3rd and 4th quarters of 2015	3. provided logistical support to the PNP Municipal Office (CY 2016 4th Quarter and CY 2017 1st Quarter)	4. provided logistical support to the PNP Municipal Office (CY 2017 4th Quarter and CY 2018 1st Quarter)
	4. Support the organization of the Barangay Peacekeeping Action Teams or its equivalent	4. Support the organization of the Barangay Peacekeeping Action Teams or its equivalent	4. 100% of barangays have Barangay Peacekeeping Action Teams and at least 80% have trained BPATs	4. 100% of barangays have Barangay Peacekeeping Action Teams and at least 90% have trained BPATs	5. Barangay peacekeeping action teams: 100% organized and 100% trained
				6. increased percentage of drug-cleared barangays	6. drug free municipalities or increase in drug free barangays
				7. logistical support provided to Katarungang Pambarangay	7. logistical support provided to Katarungang Pambarangay
				8. designated firecracker zones: manufacturing zone, display center or firecracker and pyrotechnic zone, and fireworks exhibit zone	8. designated firecracker zones

Areas	SGLG				
	2014	2015	2016	2017	2018
Business Friendliness and Competitiveness	1. Ranked among the Top 50 of the Competitiveness Index of the National Competitiveness Council (NCC), or a Finalist of the Philippine Chamber of Commerce and Industry (PCCI) Most Business-Friendly LGUs award, (2013 results) OR ALL of the ff:	1. Ranked among the Top 50 of the Competitiveness Index of the National Competitiveness Council or a 2013 Finalist of the PCCI's Most Business-Friendly LGUs award, OR ALL of the ff:	1. Ranked among the Top 50 of the 2015 Competitiveness Index of the National Competitiveness Council or a 2015 Finalist of the PCCI's Most Business-Friendly LGUs award, OR ALL of the ff:	1. 2016 finalist of PCCIs Most Business Friendly LGUs Award or ranked among the top 50 (Top 25 Cities and Top 25 Municipalities) of the 2016 Competitiveness Index; OR ALL of the ff:	finalist of PCCIs Most Business Friendly LGUs Award or ranked among the top 50 cities and top 50 Municipalities in the 2017 Competitiveness Index; OR ALL of the ff:
	1.1. a designated local economic investment promotion officer or its equivalent	1.1. a designated local economic investment promotion officer or its equivalent	1.1. a designated local economic investment promotion officer or its equivalent	1.1. an office or designated officer for local economic and investment promotion (LEIPO)	1. an office or designated officer for local economic and investment promotion
				1.2. updated Citizen's Charter	2. updated citizens charter
	1.2. simplified business processing and licensing system: (a) not more than 5 steps, both for new and renewal of business; b) not more than 1 day processing time for	1.2. simplified business processing and licensing system: (a) not more than 5 steps, both for new and renewal of business; b) not more than 1 day processing time for	1.2. simplified business processing and licensing system: (a) not more than 5 steps, both for new and renewal of business; b) not more than 1 day processing time for	1.3. simplified business processing and licensing system: (a) not more than 5 steps, both for new and renewal of business; b) not more than 1 day processing time for	3. simplified business processing and licensing system (not more than 3 steps, both for new and renewal of business) (not more than 1 day processing time for business

Areas	SGLG				
	2014	2015	2016	2017	2018
	business renewal; c) not more than 5 days processing for new businesses; d) Business One Stop Shop)	business renewal; c) not more than 5 days processing for new businesses; d) Business One Stop Shop)	business renewal; c) not more than 5 days processing for new businesses; d) Business One Stop Shop)	business renewal; c) not more than 3 days processing for new businesses; d) Business One Stop Shop)	renewal) (not more than 2 days processing for new businesses) (Business One Stop Shop)
	1.3. Tracking of at least 2 of the ff economic data: a) no. of new businesses; b) no. of business renewal; c) amount of capital investment derived from registered new business and d) no. of employees derived from registered new businesses and business renewal	1.3. Tracking of at least 2 of the ff economic data: a) no. of new businesses; b) no. of business renewal; c) amount of capital investment derived from registered new business and d) no. of employees derived from registered new businesses and business renewal	1.3. computerized tracking system of at least 2 of the ff economic data: a) no. of new businesses; b) no. of business renewal; c) amount of capital investment derived from registered new business and d) no. of employees derived from registered new businesses and business renewal	1.4. computerized tracking system of at least 2 of the ff economic data: a) no. of new businesses; b) no. of business renewal; c) amount of capital investment derived from registered new business and d) no. of employees derived from registered new businesses and business renewal	4. computerized tracking system of at least 3 of the ff economic data: no. of new businesses; no. of business renewal; amount of capital investment derived from registered new business) and (no. of employees derived from registered new businesses and business renewal
Environmental Management					1. municipal solid waste management board organized
					2. no operating open or controlled dumpsite

Areas	SGLG				
	2014	2015	2016	2017	2018
	Any TWO of the ff:	Any TWO of the ff:	Any TWO of the ff:	Any THREE of the ff:	3. any 2 of the ff:
	3. Ten-year Solid Waste Management (SWM) Plan approved by the <i>Sanggunian</i> or NWMC	3. Ten-year Solid Waste Management Plan approved by the <i>Sanggunian</i> or NWMC	3. Ten-year Solid Waste Management Plan at least submitted for review to the NSWMC	a. Ten (10) year Solid Waste Management (SWM) Plan at least submitted to review by to the NSWMC	a. approved 10-year solid waste management plan
	1. an ordinance on solid waste management	1. an ordinance on solid waste management	1. implements solid waste segregation in the city hall, hospital or main health, public schools and public market	b. solid waste management implementation: ordinance and implementation in the city hall, hospital or main health facility, public school and public market	
	2. A Material Recovery Facility (MRF), or an existing partnership with similar entity	2. A Material Recovery Facility (MRF), or an existing partnership with similar entity	2. A Material Recovery Facility (MRF), or an existing partnership with similar entity	c. material recovery facility	b. material recovery facility
	4. access to sanitary landfill	4. access to sanitary landfill	4. access to sanitary landfill or alternative technology	d. access to sanitary landfill or alternative technology	c. access to sanitary landfill or alternative technology as final disposal
				e. Organized Municipal Solid Waste Management Board	
Tourism, Culture and the Arts				1. tourism development, any two of the ff:	1. tourism development, any two of the ff:

Areas	SGLG				
	2014	2015	2016	2017	2018
				a. presence of a local Tourism Office or designated officer	a. municipal tourism office/officer
				b. tourist information and assistance center or desk	b. tourist information and assistance center or desks
				c. tracking system of tourism data (at the minimum: tourist arrivals and tourism enterprises)	c. tracking system of tourism data
				2. cultural heritage promotion and conservation, any two (2) of the ff:	2. cultural heritage promotion and conservation, any three (3) of the ff:
				a. presence of a council for the promotion of culture and arts	a. municipal council for the promotion of culture and arts
				b. budget appropriated for the conservation and preservation of cultural property, CY 2017	b. at least 75% completion or utilization rate of the budget appropriated for the conservation and preservation of cultural property of 2017
				c. cultural property inventory in the LGU (at	c. cultural property inventory

Areas	SGLG				
	2014	2015	2016	2017	2018
				least updated within the last 2 years)	
					d. documented and published narrative of history and culture
TEST OF RESULTS-ACCEPTABILITY					1. zero-deaths after disaster
					2. institutional integrity, e.g., non-involvement to cases that may be subjected to disciplinary action

Annex E. Phases of Implementation, Indicative Schedule and Responsible Person for SGLG (2019)

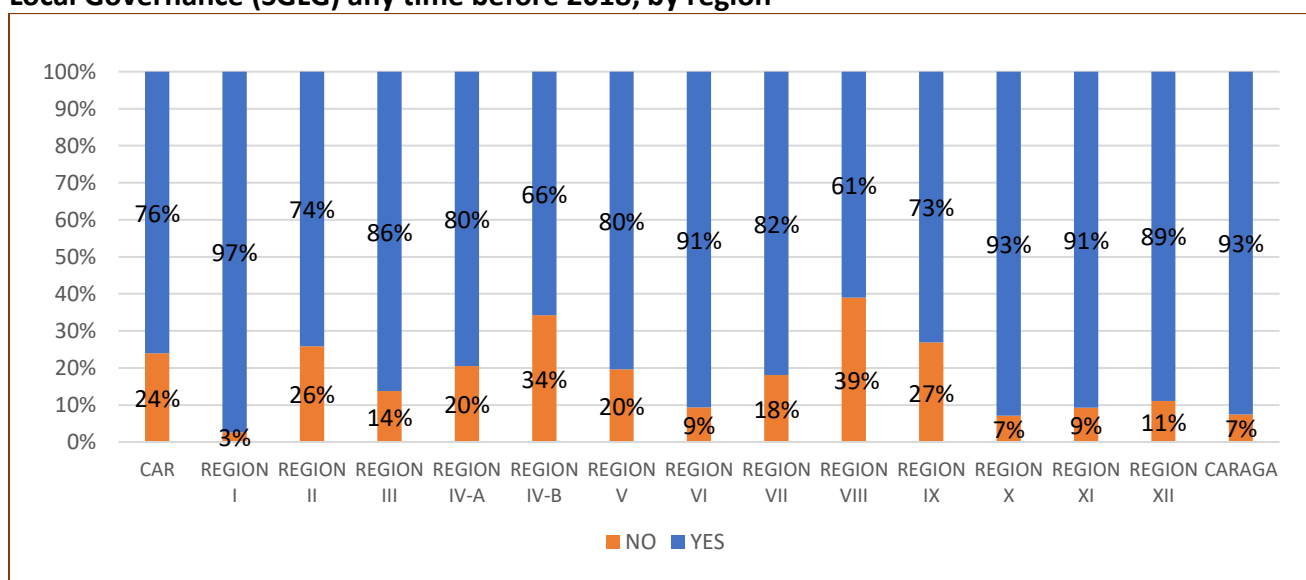
Phase of Implementation	Indicative Schedule	Responsibilities
<p>Regional Assessment</p> <p>Data gathering and certification</p> <p>Onsite visit and documentary review</p> <p>Calibration and first shortlisting</p> <p>Online data entry</p>	March 25-May 31	<p>LGPMS-LGU Team shall collect LGU basic information.</p> <p>RAT (Regional Assessment Teams) shall spearhead the validation and certification of LGU evidence through online visit, interview or documentary review</p> <p>Focal persons at the DILG provincial and regional offices checks documents submitted by the RATs to verify completeness of data and documentary requirements. DILG ROs and RATs to identify shortlisted LGU passers, and endorse to the Regional Director.</p> <p>SGLG Regional Focal Person – encode data for provinces, HUCs and ICCs while LGPMS-SGLG Provincial Focal Person will encode for component cities and municipalities.</p>

National Assessment Calibration	June 3 – August 30	BLGS to extract online LGPMS as a working database of the assessment. Last phase of quality checking is done through document review and the processed data using cross region method.
National Validation		National validation teams shall confirm the results to support final recommendation either through online visit, interview or review of documents.
Presentation and validation of results	September	National Quality Committee shall screen the initial list of SGLG awardees.
Approval of results		Additional parameters may be added for deliberation by the Committee, such as (a) institutional integrity and (b) effectiveness of disaster management. Secretary of DILG approves and signs the list of Official SGLG Awardees.
Announcement of Results	October	The Official List of SGLG Awardees shall be published at the DILG website and print media, as well as disseminated by the DILG ROs. DILG will conduct awarding ceremonies and markers will be conferred to LGU passers.

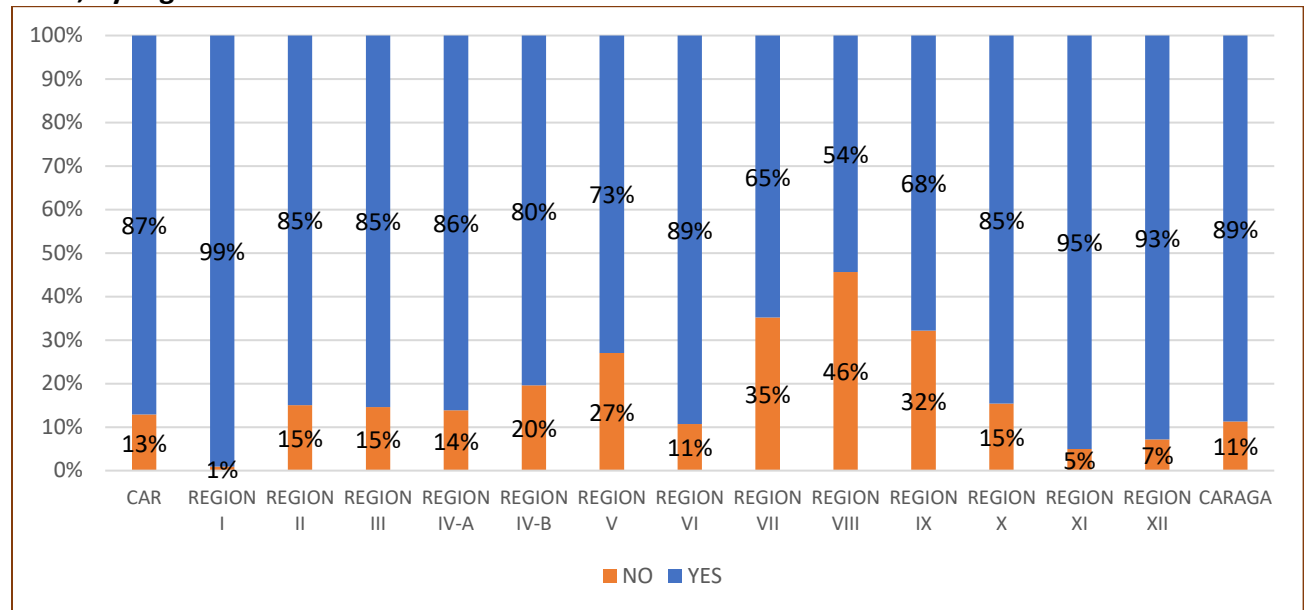
Source: DILG MC 2019-44

Annex F: Figures/tables sourced from the LGSF-AM Baseline survey Final Report

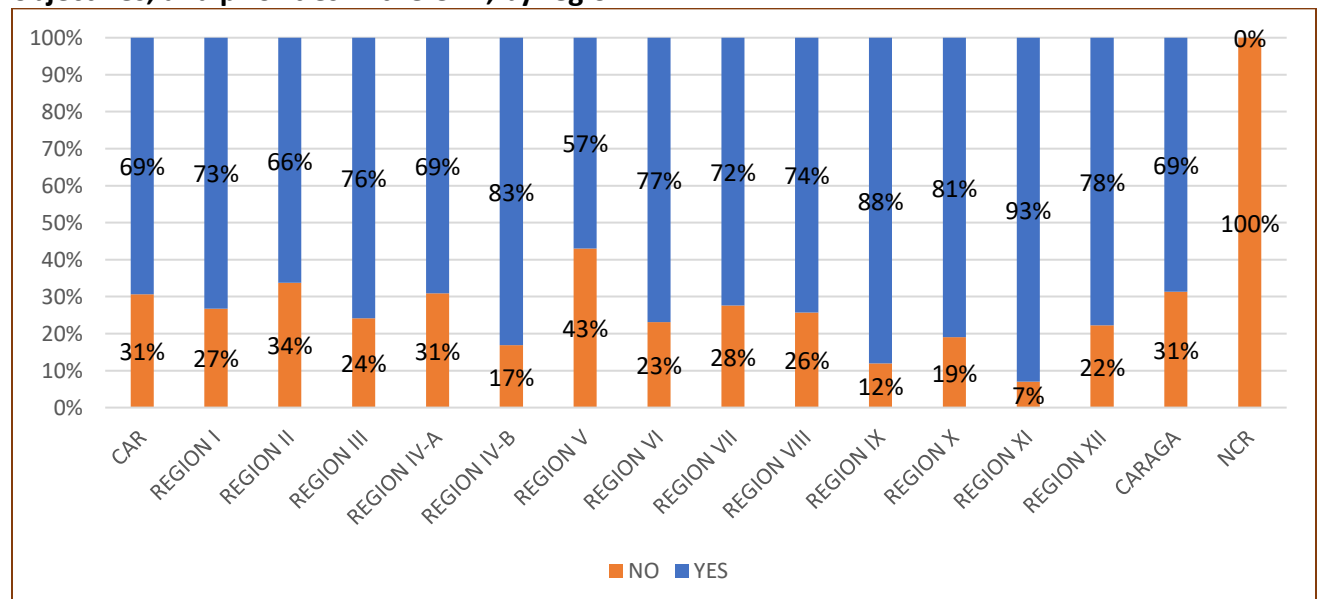
Annex Figure 1. Municipality a recipient of Seal of Good Housekeeping (SGH) /Seal of Good Local Governance (SGLG) any time before 2018, by region



Annex Figure 2. Municipalities awarded the Performance Challenge Fund (PCF) Grant before 2018, by region



Annex Figure 3. Seal of Good Local Governance (SGLG) criterion to qualify for a Performance Challenge Fund (PCF) grant affect the way you identify your vision, policy options, goals, objectives, and priorities in the CDP, by region



Annex Table 11. Manners on how the identification of vision, policy options, goals, objectives, and priorities are affected: By Region and Philippines

CATEGORY	REGION																PHIL
	CAR	I	II	III	IV-A	IV-B	V	VI	VII	VIII	IX	X	XI	XII	CARAGA	NCR	
SGLG criteria serve as bases/guide for goal, vision and in PPA identification and plan formulation	21	38	23	37	30	24	34	38	35	53	14	39	17	19	24		446
LGU complies with the SGLG criteria and meet the standards	7	15	7	23	13		11	12	19	15	26	5	3	3	7		166
Motivates the LGU and its partners to perform, and achieve program goals	5	12	9	11	10	8	5	13	13	12	4	3	7	4	3		119
SGLG is a good funding source	7	8	7	6	11	3	4	11	5	7	5	3	1	3	4		85
Ensure accountability and good governance	2	3	1	3	3	6	1	8	5	3	1	1		1	1		39
Align plans with NGA guidelines and policies, and provincial targets		2			1	1	2	1		1		3	10	2			23
Unable to meet the high standards and difficult criteria of SGLG	2		3		6	1	1	1	1	1		4			1		21
Adopted in the institutional mechanism and policy implementation		2	3	2	1			1	3	1	1	1		1			16
SGLG criteria serve as bases/guide for goal, vision and in PPA identification and plan formulation; SGLG is a good funding source		2	1		2	1			1	2		1			4		14
LGU's choices become limited and they face constraints in complying with the standards		1	1		2	2	1				1	3					11
<i>Others</i>	8	2	4	6	6	12	2	4	2	6	7	5	2	2	2	0	70
Total	52	85	59	88	85	58	61	89	84	101	59	68	40	35	46	0	1,010

Annex Table 2. Manners on how the identification of vision, policy options, goals, objectives, and priorities is not affected: By Region and Philippines

CATEGORY	REGION																PHIL
	CAR	I	II	III	IV-A	IV-B	V	VI	VII	VIII	IX	X	XI	XII	CARAGA	NCR	
Criteria were already aligned with the priorities and plans and/or consistent with our vision and mission, and PPAs	6	11	11	9	15	1	19	10	3	9		12		3	6		115
LGU sets its own standards and/or follows other criteria and guidelines	2	9	7	7	7	5	9	3	3	4	2	3	1	7	5		74
Could not comply with the requirements; non-recipient of the award/ grant	8	3	3	1	4	1	2	3	6	4	4				3	1	43

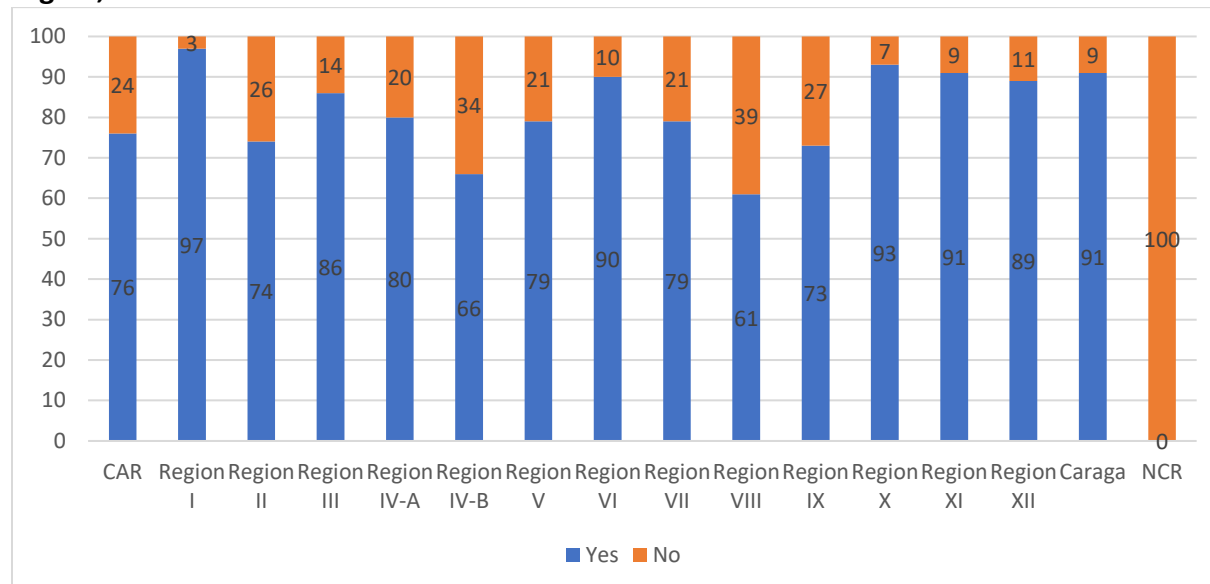
CATEGORY	REGION																PHIL
	CAR	I	II	III	IV-A	IV-B	V	VI	VII	VIII	IX	X	XI	XII	CARAGA	NCR	
LGU responds to the needs of the LGU and its constituents/ communities and providing the required funds	3	5		2	4		1	1	7	4	1	1			1		30
More on compliance; SGLG is just for guidance	1		2	2	1	3	2	5		3					5		24
Criteria were not relevant; LGU is not interested	1		2		3		3	1	2	1							13
Criteria keep on changing; criteria are too strict and/or structured	1			1			6		1								9
No comment/ not aware or have limited knowledge about SGLG					1		2		2	2							7
Criteria are not relevant; LGU is not interested													2				2
Other	0	3	3	3	0	1	1	3	3	6	1	0	0	0	1	0	25
No CDP and/or CLUP	1		2	3	3	1		1	5	2							18
Total	23	31	30	28	38	12	45	27	32	35	8	16	3	10	21	1	360

Annex G: LGSF-AM Baseline Study Survey results profiling SGLG passers and non-passers and PCF recipients and non-recipients.

Of the 1,373 municipalities surveyed (excluding ARMM), 1,370 municipalities have responded. From the 1,370 that have responded, 1,117 or 81% were recipient of the SGH /SGLG, while 256 municipalities or 19% were never a recipient of the SGH/SGLG anytime from 2010 to 2018. Figure 2 shows a regional breakdown of the responses.

Annex Figure 4 shows the regional breakdown of the responses of the municipalities on the question, “was your municipality a recipient of SGH/SGLG any time before 2018?”. The orange bar represents “Yes” answer, while the blue bar represents a “No” answer. Overall, majority of the municipalities in the regions were recipient of SGH/SGLG. Most of the municipalities from Regions I (97%), X (93%), XI and CARAGA (both at 91%) were awarded the SGH/SGLG.

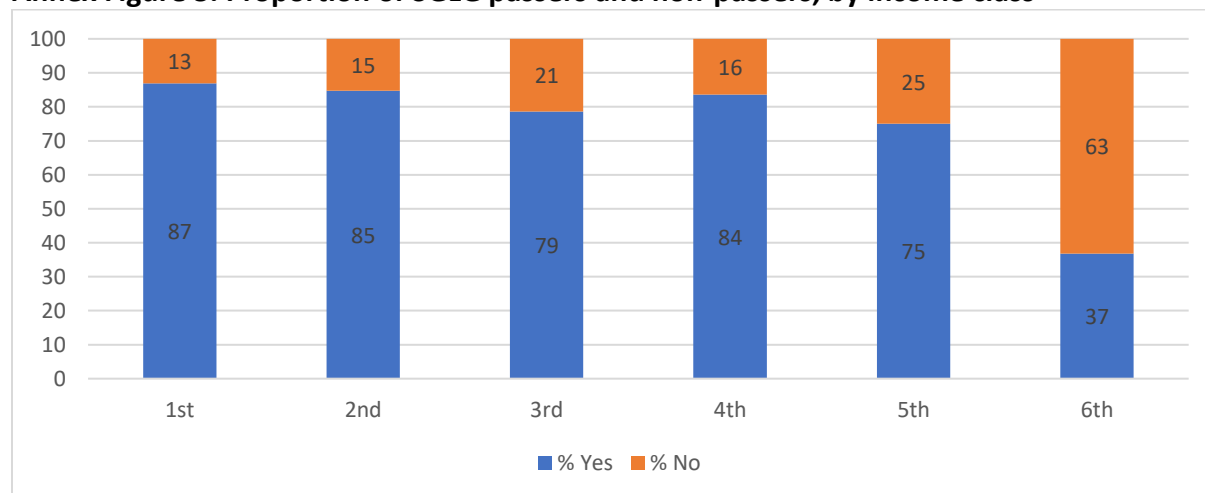
Annex Figure 4. If the municipality was an awardee of the SGH/SGLG any time before 2018, by region, in %



Source: LGSF-AM Baseline Survey results

Another way of presenting the SGLG passers from the non-passers is by income class (Annex Figure 5). We could see a downward trend of SGLG passers as their income classes increases. This shows that the richer the LGU, the greater chance for them to comply with the requirements of the Seal.

Annex Figure 5. Proportion of SGLG passers and non-passers, by income class



When the 1,117 municipalities that have responded that they were recipient of the SGH/SGLG were asked for which years, Annex Table 3 shows the years that they were conferred the award. Note that there could be multiple answers to this question. It can be gleaned from the table below that most of the municipalities were beneficiaries of the SGH/SGLG in 2011, 2015, 2016 and 2017.

Annex Table 3. 'Which years were your municipality an awardee of the SGH/SGLG and recipient of PCF'

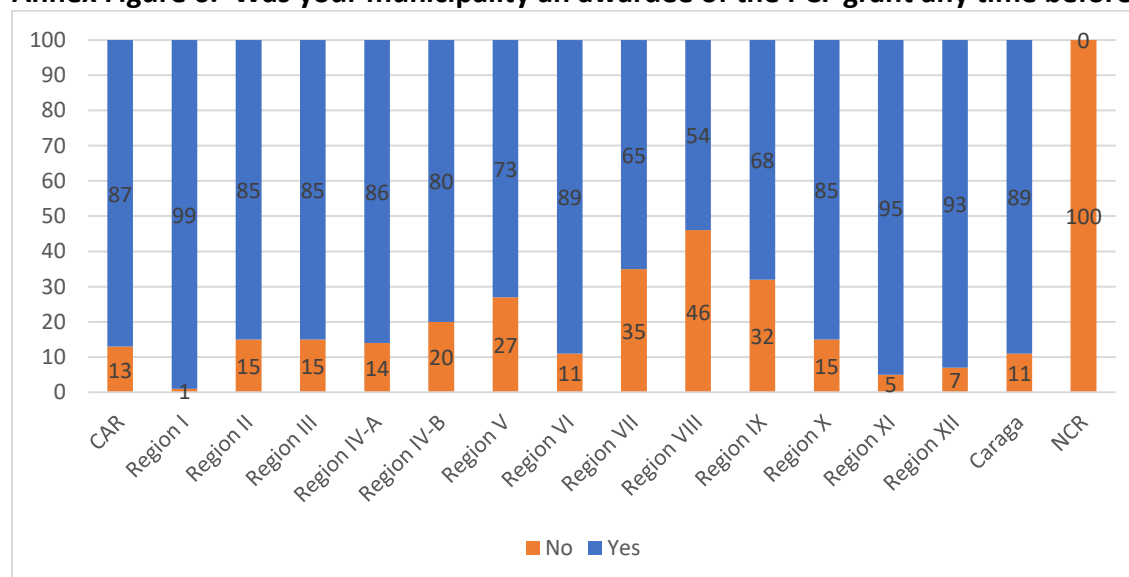
Year	Awardee of SGH/SGLG (N = 1,117)	Recipient of PCF (N = 962)
2010	56	32
2011	339	218
2012	162	147
2013	130	121
2014	192	177
2015	455	313
2016	413	336
2017	437	361

Source: LGSF-AM Baseline Survey results

From the 1,231 municipalities that were aware of the PCF grant, only 962 municipalities were an awardee of the PCF grant. Note that there could be multiple answers to this question. It can be gleaned from the table below that most of the municipalities were awardees of the PCF in 2011, 2015, 2016 and 2017.

Annex Figure 6 below shows the regional breakdown of the responses of the municipalities on the question, “was your municipality an awardee of the Performance Challenge Fund Grant any time before 2018?”. The orange bar represents “Yes” answer, while the blue bar represents a “No” answer. Obviously, majority of the municipalities in the regions were awardee of the PCF Grant. Most of the municipalities from Regions I (99%), XI (95%) and XII (93%) were granted the PCF grant.

Annex Figure 6. 'Was your municipality an awardee of the PCF grant any time before 2018?'

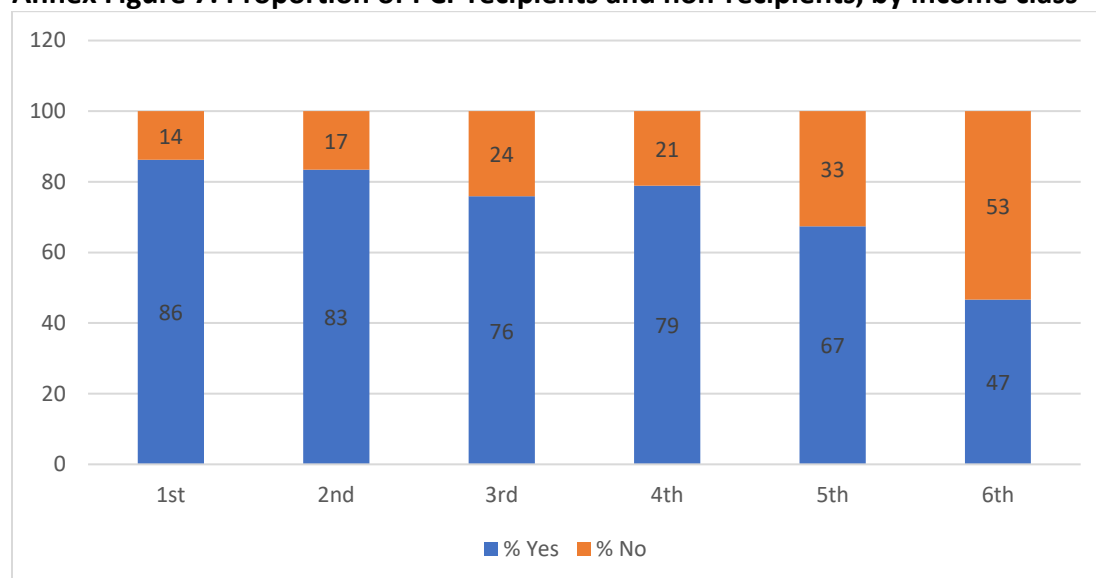


Source: LGSF-AM Baseline Survey results

Annex Figure 7, on the other hand presents the proportion of PCF recipients, by income class. We can glean from the table that less than half of municipalities belonging to the 6th class (poorest) qualifies for the grant. Consequently, 86% of 1st class municipalities receive the PCF grant. These

indicates that there are advantages for the financially abled LGUs to qualify for the Seal, and eventually receiving the incentive.

Annex Figure 7. Proportion of PCF recipients and non-recipients, by income class



Annex H. Regional status of projects of LGU beneficiaries of 2017 PCF

Implementation period of projects funded from the PCF should only take one year based on guidelines issued by the DILG. However, of the 401 PCF projects for 2017, there are around 107 or 26% of not yet started projects, as of February 2019. Table 19 provides a breakdown of the status of 2017 projects by region. Region XI have not yet encoded the projects yet. While Region IX shows that all their projects have not yet started. Projects in regions I, III, CAR, VII and ARMM were nearing completion. Still, the DILG requires that the projects to be funded out of the PCF should be completed in one (1) year. To address the confusion on the one-year completion date, DILG clarified in 2017, that the start date should be upon receipt of the Notice to Implement (NTI), instead of the date the fund was received. (DILG 2017)

Annex Table 3. Regional status of projects of LGU beneficiaries of 2017 PCF

Region	Total LGU Recipient	No. of Projects	Completed	% Completed	On Going	% On going	Not yet started	% Not yet started
I	68	68	50	74%	12	18%	6	9%
II	28	26	2	7%	9	34%	15	59%
III	56	56	40	71%	16	29%	0	0%
IVA	35	39	15	38%	7	18%	17	44%
IVB	20	18	3	17%	9	50%	6	33%
V	12	7	2	29%	2	29%	3	43%
CAR	23	22	15	66%	6	26%	1	8%
NCR	8	8	2	25%	5	63%	1	13%
VI	46	44	12	27%	21	48%	11	25%
VII	12	7	4	57%	0	0%	3	43%

VIII	26	26	5	19%	17	65%	4	15%
IX	18	5	0	0%	0	0%	15	100%
X	29	27	6	22%	11	41%	10	37%
XI	14	NO ENCODED PROJECTS YET						
XII	14	14	7	50%	4	29%	3	21%
CARAGA	20	13	0	0%	6	46%	7	54%
ARMM	20	20	12	60%	6	30%	2	10%
TOTAL	449	410	175	43%	131	32%	107	26%

Source: PCF portal (DILG n.d.)