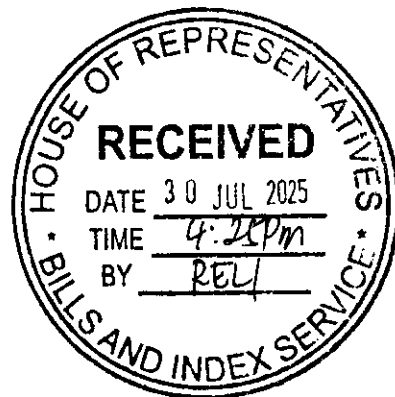


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS

House Bill No. 2694



Introduced by Representative Timothy Joseph Cayton

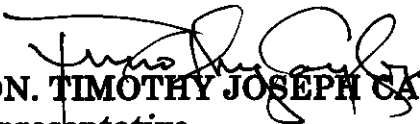
**“AN ACT AUTHORIZING LOCAL GOVERNMENT UNITS TO ALLOCATE THE
CERTIFIED YEAR-END SAVINGS FOR THE GRANT OF ADDITIONAL
BENEFITS TO LGU PERSONNEL”**

EXPLANATORY NOTE

Local Government Units (LGUs) serve as the frontlines of governance, delivering essential public services across the nation. The commitment and efficiency of LGU officials and personnel, which ensure the timely and effective implementation of programs and services, must be duly recognized and incentivized. Their unwavering dedication plays a vital role in fostering a results-oriented, transparent, and accountable system of local governance.

The “**Kawani Bonus Act of 2025**” seeks to authorize Local Government Units (LGUs) to allocate the certified year-end savings for the grant of additional benefits to their officials and employees, whether permanent, temporary, or contractual. This measure represents a step toward fostering a culture of excellence and accountability in local public service. By anchoring incentives to performance and savings to service, it aims to reward efficiency, uplift morale, and promote good governance at all levels of the local bureaucracy.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


HON. TIMOTHY JOSEPH CAYTON
Representative
Lone District, Nueva Vizcaya

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

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**“AN ACT AUTHORIZING LOCAL GOVERNMENT UNITS TO ALLOCATE THE
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BENEFITS TO LGU PERSONNEL”**

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

SECTION 1. *Title.* – This Act shall be known and cited as the “***Kawani Bonus
Act of 2025.***”

SEC. 2. *Declaration of Policy.* – It is hereby declared to be the policy of the State to recognize the dedication and performance of Local Government Unit (LGU) personnel. This Act seeks to institutionalize merit-based incentives and promote responsible fiscal management within LGUs in accordance with principles of good governance.

SEC. 3. *Definition of Terms.* —

- a) **Year-End Savings** – Unobligated and unexpended balances from LGU appropriations certified as savings by the Local Finance Committee (LFC) and validated by the Commission on Audit (COA).
- b) **Additional Benefits** – Any performance-based bonus, collective incentive, or allowance not otherwise covered by existing compensation laws.

SEC. 4. *Allocation.* – LGUs may allocate the **certified year-end savings** for the grant of additional benefits to permanent, temporary, and contractual employees of the LGU, subject to the following:

- 1) The year-end savings to be utilized shall be duly certified by the LFC and validated by the COA as unobligated and unexpended appropriations for the same fiscal year;
- 2) The LGU has no outstanding statutory obligations or payables; and
- 3) That the grant of additional benefits shall be in accordance with existing compensation laws, rules, and regulations issued by the Department of Budget and Management (DBM), and shall be consistent with the guidelines of the Civil Service Commission (CSC).

SEC. 5. *Distribution of Additional Benefits.* –

The distribution of additional benefits authorized under this Act shall follow these guidelines:

- 1) The grant of benefits shall be performance-based and aligned with joint guidelines to be issued by the Department of the Interior and Local Government (DILG), the Civil Service Commission (CSC), and the Department of Budget and Management (DBM);
- 2) The amount of benefits to be received by each official or employee shall be proportionate to their individual performance ratings, attendance records, and contribution to the delivery and performance of local government services;
- 3) Each eligible official or employee may receive an amount not lower than Fifty Thousand Pesos (₱50,000.00) but not exceeding One Hundred Thousand Pesos (₱100,000.00) subject to the availability of certified savings and the guidelines to be issued;
- 4) No elected official shall receive an amount that is grossly disproportionate to the benefits granted to rank-and-file employees;
- 5) The LGU shall ensure that the distribution is fair, transparent, and documented in accordance with the rules of the COA and DBM.

SEC. 6. *Implementing Rules and Guidelines.* – The DBM, DILG, and CSC shall issue the necessary rules and regulations for the performance metrics and effective implementation of this Act within **ninety (90) days** from its effectivity.

SEC. 7. *Separability Clause.* –If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

SEC. 8. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation, contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in a newspaper of general circulation.

Approved,