



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 40

AUTHORIZING THE GRANT OF SERVICE RECOGNITION INCENTIVE TO GOVERNMENT EMPLOYEES FOR FISCAL YEAR 2025

WHEREAS, Section 4(h) of Congressional Joint Resolution (JR) No. 4 (s. 2009) authorizes the grant of: (i) incentives to reward an employee's loyalty to government service and contributions to the agency's continuing viable existence; (ii) incentives as reward for exceeding agency financial and operational performance targets to motivate employee efforts toward higher productivity; and (iii) other existing benefits to be categorized by the Department of Budget and Management (DBM) as incentives;

WHEREAS, Section 17(iv) of Congressional JR No. 4 authorizes the President, upon the recommendation of DBM, to update the Compensation and Position Classification System for civilian personnel, Base Pay Schedule for military and uniformed personnel, and policies on and levels of allowances, benefits, and incentives applicable to all government personnel;

WHEREAS, Section 5 of Presidential Decree No. 1597 provides that allowances, honoraria, and other fringe benefits which may be granted to government employees, whether payable by their respective offices or by other agencies of government, shall be subject to the approval of the President, upon the recommendation of DBM;

WHEREAS, Administrative Order (AO) Nos. 19 (s. 2019), 37 (s. 2020), 45 (s. 2021), 1 (s. 2022), 12 (s. 2023), and 27 (s. 2024) authorized the one-time grant of Service Recognition Incentive (SRI) to government employees for Fiscal Years (FYs) 2019, 2020, 2021, 2022, 2023, and 2024, respectively, in recognition of the hard work and commitment of government personnel to public service; and

WHEREAS, the Administration recognizes all government employees for their collective and invaluable contributions to the government's continuing efforts in pursuing the objectives, commitments, targets, and deliverables under the Philippine Development Plan 2023-2028 and the President's 8-Point Socioeconomic Agenda;

NOW, THEREFORE, I, FERDINAND R. MARCOS, JR., President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

THE PRESIDENT OF THE PHILIPPINES

Section 1. SRI for Employees in the Executive Department. This Order authorizes the grant of a one-time SRI at a uniform rate not exceeding ₱20,000.00 for each of the following personnel in the Executive branch:

- a. Civilian personnel in national government agencies (NGAs), including those in state universities and colleges (SUCs) and government-owned or -controlled corporations (GOCCs), occupying regular, contractual or casual positions; and
- b. Military personnel of the Armed Forces of the Philippines under the Department of National Defense, and uniformed personnel of the Philippine National Police, Philippine Public Safety College, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government, the Bureau of Corrections under the Department of Justice, the Philippine Coast Guard under the Department of Transportation, and the National Mapping and Resource Information Authority under the Department of Environment and Natural Resources.

Section 2. Conditions on the Grant of the SRI. The grant of SRI shall be subject to the following conditions:

- a. The civilian personnel are occupying regular, contractual or casual positions;
- b. The personnel are still in government service as of 30 November 2025;
- c. The personnel have rendered at least a total or an aggregate of four (4) months of satisfactory service as of 30 November 2025, in accordance with the relevant rules and existing performance evaluation systems, inclusive of services rendered under any of the alternative work arrangements prescribed by the Civil Service Commission;
- d. Those who have rendered less than a total or an aggregate of four (4) months of satisfactory service as of 30 November 2025 shall be eligible for a pro-rated SRI, as follows:

LENGTH OF SERVICE	PERCENTAGE OF INCENTIVE
3 months but less than 4 months	40%
2 months but less than 3 months	30%
1 month but less than 2 months	20%
Less than 1 month	10%

and;

- e. The employees have not received any additional year-end benefit in FY 2025 over and above the benefits authorized under Republic Act (RA) No. 6686, as amended by RA No. 8441.

Section 3. Exclusion from the Grant of SRI. Those engaged without employer-employee relationship, and whose compensation are funded from non-Personnel Services (PS) appropriations/budgets are excluded from the grant of SRI, such as:

- a. Consultants and experts engaged for a limited period to perform specific activities or services with expected outputs;
- b. Laborers engaged through job contracts (*pakyaw*) and those paid on piecework basis;
- c. Student workers and apprentices; and
- d. Individuals and groups of people whose services are engaged through job orders, contracts of service or others similarly situated.

Section 4. Funding Source of the SRI for Employees in the Executive Department. The funding source for the grant of SRI to employees in the Executive branch shall be governed by the following:

- a. For NGAs, including SUCs and military and uniformed personnel, the amount required shall be charged against the available released PS allotments of the respective agencies under RA No. 12116 or the "General Appropriations Act (GAA) for FY 2025."

In case of deficiency, the amount required may be charged against the Maintenance and Other Operating Expenses allotments of the concerned government agency, subject to the rules on modification in allotments under Section 80 of the General Provisions of RA No. 12116, and other pertinent budgeting, accounting, and auditing rules and regulations.

- b. For GOCCs, the amount required for the SRI shall be charged against their respective approved corporate operating budgets (COBs) for FY 2025 only; and
- c. Should the identified funding sources be insufficient to cover the full amount of the SRI, a lower but uniform amount shall be granted to all qualified employees of the NGA or GOCC.

Section 5. SRI for Employees in the Legislative and Judicial Branches and Other Offices Vested with Fiscal Autonomy. Employees of the Senate, House of Representatives, Judiciary, Office of the Ombudsman and Constitutional Offices vested with fiscal autonomy may likewise be granted a one-time SRI by their respective heads of office at a uniform rate not exceeding ₱20,000.00 each, chargeable against the available PS allotment of their respective agencies, subject to the conditions set forth in Section 2 hereof.

Should the identified funding sources be insufficient to cover the full amount of the SRI, a lower but uniform amount shall be paid to all qualified employees of the concerned office.

Section 6. SRI for Employees in the Local Government Units (LGUs). The grant of one-time SRI to employees in LGUs, including those in the *barangays*, shall be determined by their respective *sanggunians* depending on the LGU's financial capability, subject to the PS limitation in LGU budgets under RA No. 7160 or the "Local Government Code of 1991," as amended, and the conditions set forth in Section 2 hereof, at a uniform rate not exceeding ₱20,000.00 each, chargeable against their respective FY 2025 local government funds. Should the identified funding source be

insufficient to cover the full amount of the SRI, a lower but uniform amount shall be granted to all qualified employees of the LGU.

In determining the amount of the SRI, the *sanggunians* shall exercise prudence and judicious use of government funds, ensuring that the expenditure is reasonable and will not, in any way, prejudice the delivery of services to the public.

The amount required shall be chargeable against the available FY 2025 appropriations or surplus, upon the enactment by the local *sanggunian* of the corresponding supplemental budget (SB) for the purpose or through augmentation pursuant to Section 336 of RA No. 7160 and Article 454 of its Implementing Rules and Regulations. In case the LGU fails to enact an SB within FY 2025, the concerned LGU may enact an SB during FY 2026, provided that the: (i) SB shall be charged against the LGU's reverted and unused surplus for prior years, subject to compliance with pertinent provisions of RA No. 7160, as amended, and other existing laws, rules and regulations; (ii) prior year's surplus is backed by cash; and (iii) annual budget for FY 2026 is already approved.

Section 7. SRI for Employees in Local Water Districts (LWDs). LWDs may also grant the SRI to their employees at a uniform rate to be determined by their Boards of Directors (BOD), which shall not exceed ₱20,000.00 each, chargeable against their respective BOD-approved FY 2025 COBs only, subject to the conditions set forth in Section 2 hereof.

Should the identified funding source be insufficient to cover the full amount of the SRI, a lower but uniform amount shall be paid to all qualified employees of the LWD.

Section 8. SRI for Employees in Agencies Exempted from the Coverage of RA No. 6758, as amended. NGAs and GOCCs exempted from the coverage of RA No. 6758, as amended, may also grant the SRI to their employees at a uniform rate to be determined by their agency heads or governing boards, which shall not exceed ₱20,000.00 each, chargeable against the NGA's available funds and the GOCC's FY 2025 COB, subject to the conditions set forth in Section 2 hereof.

Should the identified funding source be insufficient to cover the full amount of the SRI, a lower but uniform amount shall be paid to all qualified employees of the concerned agency or GOCC.

Section 9. Payment Date. The payment of the SRI to all qualified government employees shall be made not earlier than 15 December 2025.

Section 10. Supplemental Guidelines. As may be necessary, the DBM shall issue supplemental guidelines to effectively implement this Order.

Section 11. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 12. Repeal. All issuances, orders, rules and regulations, or parts thereof which are inconsistent with the provisions of this Order, are hereby repealed or modified accordingly.

Section 13. Effectivity. This Order shall take effect immediately upon its publication in the Official Gazette or a newspaper of general circulation.

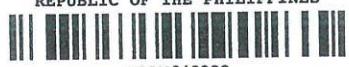
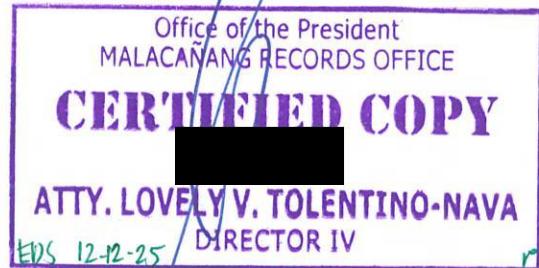
DONE, in the City of Manila, this 11th day of December , in the year of our Lord, Two Thousand and Twenty-Five.



By the President:

[Redacted]
RALPH G. REETO

Acting Executive Secretary



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