

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

Twentieth Congress
First Regular Session

HOUSE BILL NO. 4474



Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
ESTABLISHING THE JUST TRANSITION FRAMEWORK TO PUBLIC UTILITY
VEHICLE MODERNIZATION, PROVIDING SAFEGUARDS FOR DRIVERS,
OPERATORS, AND COMMUNITIES, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Public utility vehicle (PUV) modernization is a central element of the country's transport and climate agenda. The program envisions the replacement of traditional jeepneys and other outdated units with cleaner, safer, and more efficient vehicles, thereby reducing air pollution, greenhouse gas emissions, and road accidents while improving commuter experience.

However, the transition has not been without challenges. Thousands of small operators and drivers, many of whom depend solely on daily jeepney income for their livelihood, have expressed difficulty in complying with modernization requirements due to the high upfront costs of new vehicles, limited access to concessional financing, and organizational hurdles in forming cooperatives. Without adequate support, modernization risks displacing workers, burdening commuters with higher fares, and creating social unrest.

The International Labour Organization (ILO) and global climate agreements emphasize the principle of a just transition—a shift to sustainable systems that protects workers, communities, and vulnerable groups, while ensuring fairness in the distribution of costs and benefits. Applying this principle to PUV modernization means not just replacing vehicles, but also creating mechanisms to preserve livelihoods, provide financial and institutional support to small operators, and guarantee affordable transport for commuters.

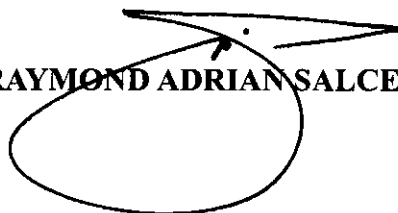
This proposed measure, the Just Transition for PUV Modernization Act, establishes a legal framework to integrate social safeguards into the modernization program. It creates a dedicated Transition Financing Facility within government financial institutions such as the Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP) to extend

concessional loans, lease-to-own options, and credit guarantees to small operators and cooperatives. It provides income support, retraining, and alternative livelihood programs for displaced drivers, and mandates the Technical Education and Skills Development Authority (TESDA) to develop specialized training on modern vehicle maintenance and green transport practices.

The bill also creates a Just Transition Council under the Department of Transportation (DOTr), composed of government agencies, drivers' and operators' associations, commuter groups, and civil society representatives, to ensure continuous dialogue, transparency, and accountability in implementation. Fare-setting mechanisms will remain transparent and equitable to safeguard commuters against undue increases.

By adopting this measure, the country will be able to advance its environmental and transport objectives without leaving behind the very workers and communities that sustain the transport sector. It transforms PUV modernization from a purely technological shift into a socially just and economically inclusive reform.

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



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

SECTION 1. *Short Title.* This Act shall be known as the “Just Transition for PUV Modernization Act.”

SEC. 2. *Declaration of Policy.* It is hereby declared the policy of the State to pursue public utility vehicle modernization in line with sustainable transport, energy efficiency, and climate resilience goals, while ensuring that drivers, operators, and affected communities undergo a just transition that protects livelihoods, secures access to affordable transport, and distributes the costs and benefits of modernization fairly.

SEC. 3. *Just Transition Framework.* A Just Transition Framework for PUV modernization is hereby established to guide government policy and program implementation.

The framework shall be anchored on the following principles:

- (a) protection of workers’ rights and incomes;
- (b) affordability of transport for commuters;
- (c) financial and institutional support for small operators and cooperatives;
- (d) environmental sustainability; and (e) social dialogue with stakeholders.

SEC. 4. *Transition Assistance for Drivers and Operators.* The Department of Transportation (DOTr), in coordination with the Land Transportation Franchising and Regulatory Board (LTFRB) and the Department of Labor and Employment (DOLE), shall establish programs for:

- (a) income support for displaced drivers during transition;
- (b) subsidized or concessional financing for operators to acquire compliant vehicles;
- (c) cooperative formation and strengthening for small operators; and
- (d) access to skills retraining and alternative livelihood programs.

SEC. 5. *Transition Financing Facility.* Government Financial Institutions (GFIs), particularly the Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP), shall establish a dedicated Transition Financing Facility for PUV modernization. This facility shall provide long-term, low-interest loans, credit guarantees, and lease-to-own schemes for cooperatives and small operators. The Bangko Sentral ng Pilipinas (BSP) shall classify such financing as part of sustainable finance to encourage private sector participation.

SEC. 6. *Commuter Safeguards.* The LTFRB, in coordination with the National Economic and Development Authority (NEDA) and the Department of Energy (DOE), shall ensure that fare-setting mechanisms under modernization programs remain affordable and equitable. Fare adjustments shall be subject to transparent consultations with commuter groups.

SEC. 7. *Social Dialogue.* A Just Transition Council is hereby created under the DOTr, composed of representatives from government agencies, transport cooperatives, drivers' and operators' associations, commuter groups, and civil society. The Council shall advise on transition policies, monitor implementation, and recommend adjustments.

SEC. 8. *Capacity-Building Programs.* The Technical Education and Skills Development Authority (TESDA) shall develop certification and training programs for drivers and operators on modern vehicle maintenance, green driving practices, and alternative livelihood options.

SEC. 9. *Funding.* The initial amount necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act. Additional funding may be sourced from the Motor Vehicle User's Charge (MVUC) special funds and other climate finance facilities.

SEC. 10. *Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the DOTr, in consultation with DOLE, LTFRB, DBP, LBP, BSP, TESDA, and relevant stakeholders, shall promulgate the necessary rules and regulations.

SEC. 11. *Separability Clause.* If any provision of this Act is declared unconstitutional, the remainder shall not be affected thereby.

SEC. 12. *Repealing Clause.* All laws, decrees, executive orders, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 13. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,