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

TWENTIETH CONGRESS

First Regular Session

House Bill No. 8526



Introduced by Representative BEVERLY ROSE A. DIMACUHA

EXPLANATORY NOTE

The Pantawid Pamilyang Pilipino Program (4Ps), institutionalized under Republic Act No. 11310, stands as the State's primary investment in human capital. However, despite a total government investment exceeding ₱780 billion, recent findings from the Commission on Audit (COA) reveal a troubling "poverty trap" which is approximately 90% of active 4Ps households (3.8 million families) remain below the poverty threshold even after seven to thirteen years of enrollment.¹

One of the reasons for this poor state of the program can be attributed to an inefficient cash transfer system as well as poor utilization practices of 4Ps beneficiaries. For example, the "liquidity" of the current cash-transfer model has birthed several systemic anomalies. Chief among these is "ATM Sangla," a predatory practice flagged by the DSWD National Advisory Council,² where beneficiaries pawn their cash cards to informal lenders. This creates a massive "leakage," diverting funds intended for children into the hands of usurers.

Furthermore, the lack of spending "guardrails" has led to documented instances of fund diversion toward non-essential products such as alcohol, tobacco, and gambling. These challenges are compounded by geographical barriers; a World Bank study found that 65% of rural beneficiaries lack nearby ATM access, forcing them to spend a significant portion of their grants just on transportation to reach the nearest payout point.

¹ <https://newsinfo.inquirer.net/1679707/90-of-4ps-families-still-poor-says-coa-report>

² <https://pantawid.dswd.gov.ph/wp-content/uploads/2023/03/Approved-and-Signed-NAC-Resolution-No.-20.pdf>

To address these gaps, this bill proposes a strategic shift from Conditional Cash Transfers (CCT) to a Conditional Direct Credit (CDC) system. By transitioning to a non-cash digital credit or voucher model, the State can ensure improved utilization of funds, directing them specifically toward medicine, school supplies, and nutrition. This reform seeks to eliminate the “ATM Sangla” market, prevent the misuse of grants, and empower local small businesses such as sari-sari stores to act as accredited redemption centers.

By modernizing the 4Ps delivery mechanism, we ensure that the people’s money is protected from predatory schemes and remains focused on its true purpose which is securing a healthier, better-educated future for the next generation of Filipinos.

This measure was a concept proposed by a group of students during the recently concluded BRADkada Youth Parliament³ when asked about their inputs on societal issues. With such a very sound concept, this Representation could only agree with what former US President Barrack Obama stated, "The future belongs to young people with an education and the imagination to create" and decided to file this proposed measure.

The immediate passage of this bill is earnestly sought.


BEVERLEY ROSE ANDIMACUHA

³ Asnar, KZ, Baes A, Catral SJ, Cueto, CS, Marquez, LE (2026), INTRODUCING NON-CASH PROVISION IN THE 4PS PROGRAM, BRADkada Youth Parliament

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**AN ACT INTRODUCING A NON-CASH COMPONENT IN THE
PANTAWID PAMILYANG PILIPINO PROGRAM (4Ps)**

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

SECTION 1. *Short title.* This act shall be known as the “Non-Cash 4Ps Act.”

SECTION 2. *Declaration of Policy.* It shall be the policy of the State to ensure that State sponsored social amelioration programs intended to benefit the marginalized sectors of society are utilized properly by enacting policies that provide for responsible use and protection from predatory practices.

SECTION 3. *Definition of Terms.* The following terms shall be defined as follows:

(a) *Conditional Non-Cash* refers to assistance provided to qualified household-beneficiaries in non-monetary form, including but not limited to digital credits, electronic vouchers, service credits, or other secure instruments, redeemable only for approved goods and essential services, subject to compliance with program conditions prescribed under the Pantawid Pamilyang Pilipino Program (4Ps).

(b) *Merchants* refer to duly registered sole proprietorships, partnerships, cooperatives, or corporations accredited by the Department of Social Welfare and Development (DSWD) and authorized to accept

and redeem Conditional Non-Cash Grants for approved goods and essential commodities under the Program.

(c) *Service Providers* refer to public or private institutions, facilities, or entities duly licensed or recognized by appropriate government agencies to deliver health, education, nutrition, or other essential social services eligible for payment or redemption through Conditional Non-Cash Grants.

(d) *Financial Institutions* refer to banks, electronic money issuers, remittance agents, or other entities duly supervised and regulated by the Bangko Sentral ng Pilipinas (BSP) and authorized to facilitate the processing, settlement, or administration of benefit transfers under the Program.

(e) *Digital Platform Operators* refer to entities authorized by the DSWD to develop, manage, operate, or maintain the electronic systems, applications, or digital infrastructure used for the issuance, tracking, validation, and redemption of Conditional Non-Cash Grants.

SECTION 4. *Non-Cash Component.* A Non-Cash Component is hereby introduced as the primary mode of distribution of benefits for the Pantawid Pamilyang Pilipino Program (4Ps).

The transfer of benefits under the Program may be made through non-cash mechanisms, including but not limited to electronic wallets, food and service vouchers, accredited merchant systems, or other secure digital platforms duly authorized by the DSWD.

The DSWD shall ensure that all modes of transfer are accessible, cost-efficient, and appropriate to the beneficiaries' circumstances, particularly in geographically isolated and disadvantaged areas, and shall establish safeguards to prevent misuse, fraud, or exclusion.

SECTION 5. *Program Mechanics.* The Conditional Non-Cash Grant under the Pantawid Pamilyang Pilipino Program (4Ps) shall be implemented through a secure, closed-loop, and accountable voucher or digital credit ecosystem to ensure that program funds are used strictly for their intended purposes.

The system shall operate as follows:

(a) Accreditation of Merchants and Service Providers.

The Department of Social Welfare and Development (DSWD) shall accredit qualified merchants and service providers to serve as official

Redemption Centers authorized to accept Conditional Non-Cash Grants.

Accreditation shall require compliance with standards on, but not limited to the following:

1. Legal registration and business permits;
2. Pricing transparency and fair trade practices;
3. Inventory or service capacity;
4. Digital or manual transaction recording capability; and
5. Data privacy and consumer protection laws.

Priority shall be given to micro, small, and medium enterprises (MSMEs), including sari-sari stores, cooperatives, pharmacies, bookstores, and community-based service providers.

(b) Allocation of Restricted Credits.

Monthly grants shall be credited to a beneficiary's registered digital account, electronic wallet, QR-based instrument, stored-value card, or issued in secure printed voucher form, as applicable.

All credits shall be programmed with usage restrictions, making them redeemable only for approved categories of goods and services related to:

1. Health and nutrition;
2. Medicines and medical supplies;
3. Education-related expenses, including school supplies and materials; and
4. Other essential items as may be determined by the DSWD and the National Advisory Council (NAC).

The DSWD shall maintain and periodically update the official list of eligible and non-eligible goods and services.

Provided, That in no case shall alcohol, tobacco products, gambling-related goods or services, firearms, or non-essential electronic devices be included as eligible items under the Conditional Non-Cash Grant system.

(c) Redemption Modes.

To ensure inclusivity and nationwide accessibility, the system shall provide multiple redemption modes:

(1) Digital Mode.

In areas with adequate connectivity and digital infrastructure, beneficiaries shall redeem grants through mobile applications, QR codes, electronic wallets, or authorized digital platforms at accredited merchants.

(2) Offline or GIDA Mode.

In geographically isolated and disadvantaged areas (GIDAs) or areas with limited internet access, the DSWD shall issue serialized physical vouchers, QR-enabled cards, or offline-capable smart cards embedded with security features to prevent duplication and fraud.

(d) Redemption and Merchant Settlement.

Upon presentation of the voucher or digital credit, the accredited merchant or service provider shall validate the transaction through the authorized platform or manual verification process.

Accredited merchants and service providers shall be reimbursed through Authorized Government Depository Banks (AGDBs) or duly licensed financial institutions upon submission of validated transaction records.

Settlement shall be completed no later than seven (7) working days from the date of transaction validation, to ensure the financial liquidity, stability, and sustainability of participating small businesses.

(e) Transaction Monitoring and Audit Trail.

All transactions under the Conditional Non-Cash Grant system shall generate a verifiable audit trail. The DSWD shall maintain a centralized monitoring database for real-time tracking, reconciliation, and reporting.

The Commission on Audit (COA) shall retain full authority to audit all transactions and fund utilization under this system.

(f) Safeguards Against Misuse.

The sale, pawning, transfer, unauthorized exchange, or conversion of Conditional Non-Cash Grants into cash shall be strictly prohibited.

All digital credits, stored-value instruments, and physical vouchers shall be non-transferable and shall be redeemable only by the registered beneficiary or authorized household representative upon

presentation of a valid Program ID or government-issued identification, subject to verification procedures prescribed by the DSWD.

Any beneficiary, merchant, service provider, or participating entity found to have engaged in fraudulent or abusive practices shall be subject to administrative, civil, or criminal liability in accordance with existing laws and regulations.

(g) Grievance Redress and Beneficiary Protection.

The DSWD shall establish accessible grievance and appeals mechanisms to address complaints related to issuance, redemption, merchant conduct, digital system errors, exclusion, or misuse.

Local Government Units (LGUs) shall assist in beneficiary orientation, complaint facilitation, and localized monitoring.

(h) Financial and Digital Literacy Orientation.

Prior to full implementation in any locality, the DSWD shall conduct beneficiary education programs on:

1. Proper use of vouchers or digital credits;
2. Rights and responsibilities under the Program;
3. Fraud prevention and reporting mechanisms; and
4. Protection against exploitative practices.

SECTION 6. *Lead Agency.* The Department of Social Welfare and Development (DSWD) shall be the lead implementing agency mandated to administer, supervise, and enforce the implementation of the Conditional Non-Cash Grant system under the Pantawid Pamilyang Pilipino Program (4Ps).

The DSWD shall:

- a) Formulate policies and operational guidelines for the implementation of the Conditional Non-Cash Grant system;
- b) Enter into agreements and partnerships with qualified merchants, service providers, financial institutions, and digital platform operators, subject to applicable laws and regulations;
- c) Exercise oversight and enforcement authority to ensure compliance with this Act and its Implementing Rules and Regulations; and

- d) Coordinate with Local Government Units (LGUs) for localized implementation, beneficiary assistance, monitoring support, and grievance facilitation within their respective jurisdictions.

SECTION 7. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Social Welfare and Development (DSWD), in coordination with the Bangko Sentral ng Pilipinas (BSP), the Department of Information and Communications Technology (DICT), the Department of Trade and Industry (DTI), and other relevant government agencies and stakeholders, shall promulgate the necessary Implementing Rules and Regulations (IRR) for the effective implementation of this Act.

The IRR shall, among others, provide for:

- a) The operational framework and technical standards governing the Conditional Non-Cash Grant system, including digital credit platforms, voucher mechanisms, and accredited merchant systems;
- b) The accreditation, regulation, and monitoring of participating merchants, service providers, financial institutions, and digital platform operators authorized to process voucher transactions;
- c) Safeguards to ensure data privacy, cybersecurity protection, fraud prevention, and grievance redress mechanisms for beneficiaries;
- d) Procedures for ensuring accessibility and inclusivity, particularly for beneficiaries in geographically isolated and disadvantaged areas (GIDAs), including contingency measures in areas with limited internet or digital infrastructure;
- e) Monitoring, audit, reporting, and evaluation mechanisms to ensure transparency, accountability, and proper utilization of program funds; and
- f) Penalties and administrative sanctions for misuse, fraudulent transactions, unauthorized conversion of non-cash grants into cash, or violations committed by accredited entities or beneficiaries, consistent with existing laws and regulations.

The DSWD shall conduct consultations with stakeholders, including beneficiary representatives and local government units, prior to the finalization of the IRR.

SECTION 8. *Transition Provision.* The transition from cash-based grants to Conditional Non-Cash Grants shall be implemented in a phased manner as determined by the DSWD to ensure continuity of benefits and minimal disruption to beneficiaries.

During the transition period, existing beneficiaries shall continue to receive cash grants until such time that the necessary digital infrastructure, merchant accreditation, and beneficiary orientation are in place in their respective localities.

The DSWD shall submit an annual report to Congress on the progress of the transition, including implementation challenges, financial integrity measures, and impact assessment results.

SECTION 9. *Appropriations.* The amount necessary for the implementation of this Act including digital infrastructure development, system security, capacity-building, and accreditation of participating entities, shall be included in the budget of the DSWD in the General Appropriation Act.

SECTION 10. *Separability Clause.* - If any provision of this Act is held invalid, the remaining provisions shall continue in full force and effect.

SECTION 11. *Repealing Clause.* - All laws, orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 12. *Effectivity.* - This Act shall take effect fifteen (15) days after publication in the Official Gazette or in at least two (2) newspapers of general circulation.