

TRANSCRIPT OF THE

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# Public Transportation Modernization Program (PTMP) Forum: Financing Component in Focus

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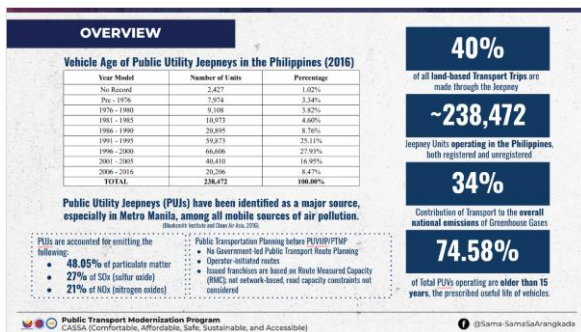
# PTMP Overview and Nationwide Updates

By Mr. Michael Pendre

## Land Transportation Franchising and Regulatory Board

Link to presentation slides: [click here](#)

Let's take a look at the current settings or the landscape of our public transportation situation here in the Philippines. In Figure 1, records show that the vehicle age of public utility jeepneys (PUJs) in the Philippines ranges from 1976 to 2016, with approximately 240,000 PUJs registered. These jeepneys contribute to 40% of land-based transport trips. Moreover, 75% of these PUJs operating on our roads are older than their useful life, exceeding 15 years. This poses serious safety risks, and maintenance costs increase as the units age. Additionally, PUJs contribute 34% to the overall national greenhouse gas emissions.



**Figure 1.** Overview of the current public transportation setting in the Philippines

In response, the government introduced modernization efforts. This marks the first time a non-infrastructure project has been government-led for public transport planning.

A study commissioned by the Department of Transportation (DOTr) revealed that the public transportation industry is highly fragmented, with one operator managing a single route and one franchise per route. This decentralization makes it difficult to regulate the industry effectively.

Additionally, the franchises previously issued by the Land Transportation Franchising and Regulatory Board (LTFRB) and the DOTr lacked a proper balance between supply and demand. The Route Measured Capacity (RMC) was intended to determine this balance,

but it failed to account for factors like overlapping routes.

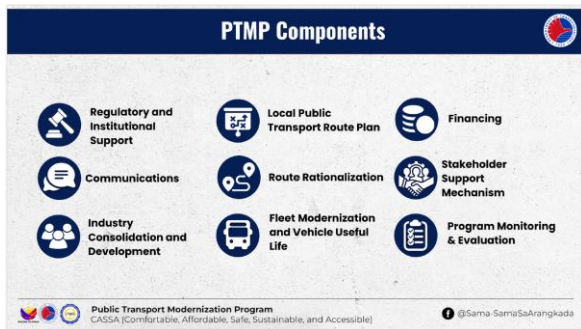
To address these issues, Department Order 2017-011, also known as the Omnibus Franchising Guidelines (OFG), was introduced. Its objective was to provide a transportation system based on the principles of CARES—Comfort, Accessibility, Reliability, Environmental Soundness, and Safety. However, the OFG followed a "one-size-fits-all" approach that failed to address the specific concerns of stakeholders, leading to a series of public consultations.

From 2022 to 2023, these consultations led to the introduction of Department Order 2023-022. This order enhanced localized transport planning, extended the fleet transition period, and emphasized early adoption of clean technologies. It also emphasized fiscal and energy support while integrating the mandate of Electric Vehicle Industry Development Act (EVIDA) and reinforcing the role of Local Government Units (LGUs) in the transition.

Between 2017 and early 2022, the Public Utility Vehicle Modernization Plan (PUVMP) focused primarily on fleet replacement. However, this was just one aspect of a more comprehensive program. With Department Order 2023-022, PUVMP is now called the Public Transportation Modernization Program (PTMP). The focus shifted toward innovation and service quality, now referred to as **Serbisyong CASSA — Comfortable, Accessible, Safe, Sustainable, and Affordable transport**. We envision our public transport system to be CASSA, which was earlier known as CARES (comfort, accessibility, reliability, environmental soundness, and safety).

With this new directive, the ten components of the PUVMP were streamlined into nine. The "Pilot Implementation" and "Initial Implementation" components were merged into other categories.

## PTMP Components



**Figure 2.** Components of the Public Transportation Modernization Program

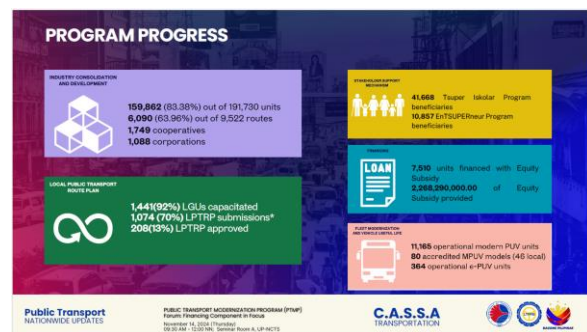
PTMP key areas include:

1. Regulatory and Institutional Support – Policies need continuous review and amendments as the program progresses.
2. Communications – Maintaining open dialogue with stakeholders is essential.
3. Industry Consolidation and Development – The deadline for initial consolidation was April 30, 2024, but an extension was granted until the end of November 2024. Operators are now consolidating into transport cooperatives and corporations.
4. Local Public Transportation Route Plan (LPTRP) – LGUs were given jurisdiction over route planning, as they have firsthand knowledge of local transportation needs. The LPTRP covers intra-city, municipal, and provincial routes.
5. Route Rationalization – Covers broader jurisdictions, including interregional and interprovincial routes.
6. Fleet Modernization and Vehicle Useful Life – Manufacturers are producing modern units, and accredited scrapyards allow operators to trade in old jeepneys for capital towards new units.
7. Financing – Government and private financial institutions, including Development Bank of the Philippines

(DBP) and Landbank of the Philippines (LBP), provide subsidies and loan packages to help operators' transition.

8. Stakeholder Support Mechanism – Support programs assist those affected by modernization efforts.
9. Program Monitoring and Evaluation – Ongoing assessment ensures effective implementation.

## Program Progress (2017-2024)

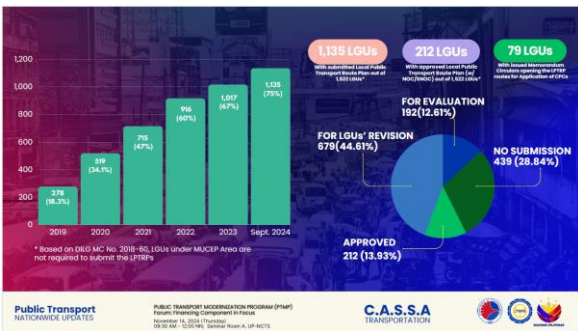


**Figure 3.** Progress of PTMP as of September 2024

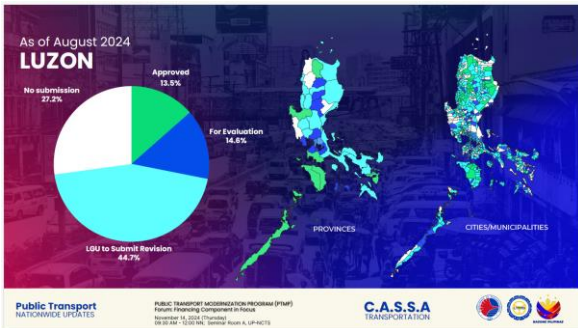
- Industry Consolidation: Of the 191,000 targeted units across all modes (PUJ, UV Express, Minibus, and Bus), 84% have been consolidated. In terms of routes, 64% of the 1,500 targeted routes are now consolidated. Additionally, 1,749 cooperatives and 1,088 corporations have been formed.
- LPTRP Submission and Evaluation: 92% of LGUs nationwide have submitted draft route plans, and 92% have received assistance in completing them. Of these, 1,074 plans were submitted to the DOTR and LTRFB for evaluation, with 208 (13%) already approved.
- Stakeholder Support Programs:
  - Tsuper-Scholar Program – 42,000 beneficiaries
  - Tsuper-Entrepreneur Program – 11,000 beneficiaries
- Financing and Loans:
  - 7,500 units financed
  - ₱2 billion allocated for loans

- **Modernized Units in Operation:**
  - 11,000 modernized units nationwide
  - 80 accredited modern public utility vehicles (MPUV) models, 46 of which are locally made
  - 364 operational e-vehicles nationwide

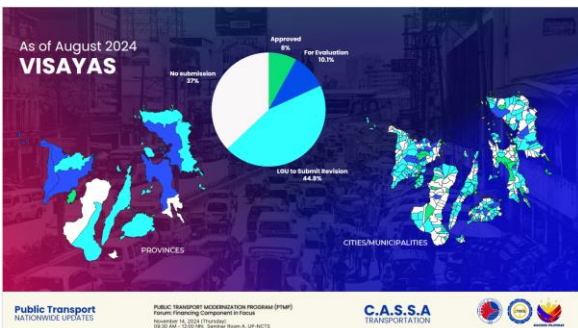
LPTRP submissions have increased steadily from 2019 to September 2024, as shown in Figure 4. Figures 5 to 7 illustrate compliance rates of submissions from Luzon, Visayas, and Mindanao.



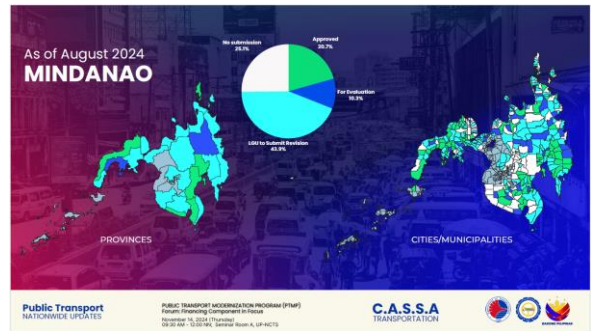
**Figure 4.** Progress on LPTRP compliance as of September 2024



**Figure 5.** LPTRP compliance rate in Luzon



**Figure 6.** LPTRP compliance rate in Visayas



**Figure 7.** LPTRP compliance rate in Mindanao

The government has taken initiatives to assist LGUs lacking technical expertise in crafting LPTRPs. Recent capacity development efforts were conducted in Siquijor and Negros Occidental in August and October.

### Financing Component

Equity subsidies are available for Government Financial Institutions (GFIs) and Private Financial Institutions (PFIs). Different subsidy amounts are allocated per vehicle class (Class 1 to Class 4), as shown in Figure 8. Since DBP and LBP initially covered only PUJs, an Expanded Equity Subsidy was introduced to include minibuses and buses.

FINANCING TYPE	MODE	AMOUNT	REMARKS
1. GFIs through DEVELOPMENT BANK OF THE PHILIPPINES (DBP) and LANDBANK OF THE PHILIPPINES (LBP)	Modern PUV's Class 1	PHP 210,000.00	Increased as per DOTR Department Order 2023-086
	Modern PUV Class 2/3/4	PHP 280,000.00	
75% equity requirement, 8% interest rate, 8.7 years term limit			
2. Private Banks or FIs Commercial Loan Facilities (Universal, Commercial Banks, Thrift Banks, Offshore Banks, Rural Banks, Cooperative Banks, ISLAMIC Banks & In-house Financing)	MPUV Class 1	PHP 210,000.00	Equity Subsidy to be released through LBP as results based on LTRP's Release Application. Competitive bidding will process the claim with LTRP.
	MPUV Class 2/3/4	PHP 340,000.00	
	UVE Class 3/4	PHP 360,000.00	
	Minibus	PHP 400,000.00	
	PUB	PHP 600,000.00	

**Figure 8.** Equity subsidies by financing type and by public utility vehicle mode

For 2024, two cooperatives and two corporations applied for subsidies, covering a total of 89 units.

For the 2023 General Appropriations Act (GAA), the government allocated ₱100 million to support 3,294 nationwide beneficiaries of the Tsuper Iskolar Program, as shown in Figure 9. As of today, 3,739 beneficiaries have been endorsed to TESDA for training. Similarly, the EnTSUPERneur Program, in partnership with the Department of Labor and

Employment (DOLE), continues to provide support to affected transport workers.

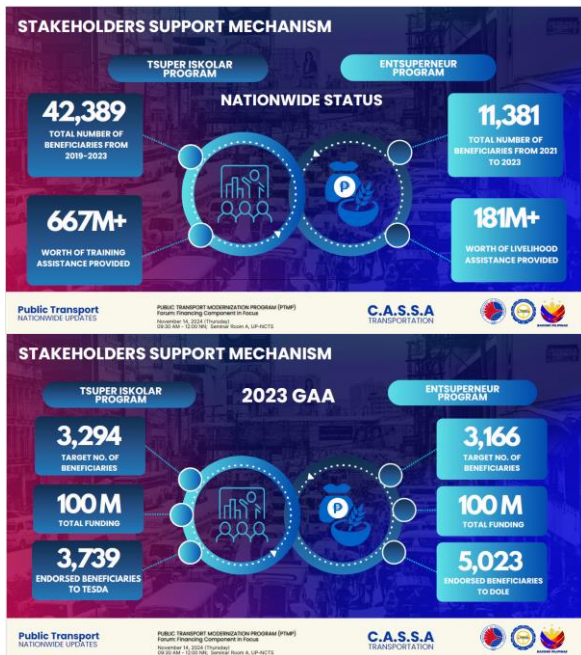


Figure 9. Stakeholders Support Mechanism

## Financial Challenges and Opportunities for Public Transport Operators

By Mr. Misael Melinas

National Federation of Transport Cooperatives

Link to presentation slides: [click here](#)

I am currently the Chairperson of my primary cooperative, the Juan Transport Services Cooperative. While we have embraced the program, we still face struggles within the transport sector, including cooperatives and transport corporations.

As we all know, we Filipinos take great pride in our Philippine jeepneys. The government has taken the initiative to modernize them. It is indeed time for modernization, but not at the cost of eradicating the traditional, iconic jeepney. Until now, a modernized version of our iconic jeepney is still not available in the market, but we hope that companies like Francisco Motors will embrace the program.

It is difficult to make comparisons, but that is the topic I have been given. The traditional jeepney has been in use for a long time. I myself used to ride in one, and I even inherited a traditional jeepney from my parents. It was a crucial part of our livelihood, helping to support my college education.

Of course, we have to embrace the program and move forward. That is why we transitioned to modernized jeepneys. We found that this transition benefits not only the members, drivers, and operators but also their families.

### Comparison Between Traditional and Modern Jeepneys

Figure 10 shows the comparison of cost, fuel efficiency, safety and emissions of traditional and modern jeepneys.

The cost of a traditional jeepney varies depending on the model. Some high-end traditional jeepneys cost around ₱300,000 to ₱500,000. Meanwhile, a modern jeepney costs between ₱1.5 million and ₱2.8 million.

Recently, I believe that electric vehicles have become more affordable, though still slightly

higher in cost than diesel-powered modern jeepneys.

Traditional jeepneys typically achieve around 5 to 7 kilometers per liter of fuel, while modern jeepneys can run 10 to 15 kilometers per liter. This means that we save more on fuel costs when using modern jeepneys compared to traditional ones.

Traditional jeepneys have limited safety features. For example, the entrance is located at the back, which, according to government studies, poses a safety risk to passengers.

On the other hand, modern jeepneys are equipped with GPS, CCTV cameras, and other safety features. The program ensures that modern jeepneys meet safety standards set by the Department of Trade and Industry (DTI) and other regulatory bodies.

Traditional jeepneys have higher emissions, contributing significantly to air pollution and harming the ozone layer.

Modern jeepneys, however, adhere to emission standards, and significantly reduced carbon emissions. This makes them a better option for the environment.

COST DISPARITY: Traditional vs. Modern Units		
FEATURE	TRADITIONAL JEEPNEY	MODERN JEEPNEY
Acquisition Cost	Php 300,000 - 500,000	Php 1.5M - 2.8M
Fuel Efficiency	5-7km/L	10-15km/L
Maintenance Cost	Lower	Higher
Safety Features	Limited	Advance: with GPS, CCTV camera, etc.
Environmental Impact	Higher Emissions	Lower emissions

**Figure 10.** Comparison of cost, fuel efficiency, safety and emissions of traditional and modern jeepneys

Figure 11 shows the comparison of incomes of traditional and modern jeepneys.

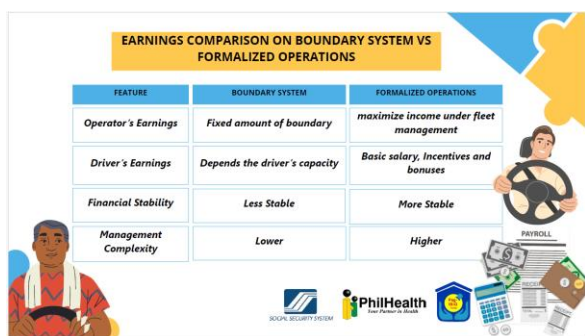
In traditional jeepneys, the “boundary” system is followed, where drivers pay a fixed amount or rental to the operator at the end of the day of operation.

In modern jeepneys, we use a fleet management system, which allows us to maximize income per unit. This system not only helps us meet monthly amortization payments but also provides more benefits to our members, including drivers and other employees.

For instance, modern jeepneys employ Public Assistance Officers (PAOs) — a role similar to those found in large bus systems — to help manage operations.

For traditional jeepneys, earnings depend on how much the driver is able to travel in a day. In areas like Novaliches, where routes pass by schools, universities, and malls, drivers typically work from 4:00 AM, take breaks during hours of low demand, and resume during peak hours. The operator receives only a fixed “boundary” or rental.

In contrast, modern jeepneys provide more structured financial stability. Drivers receive fixed salaries, bonuses, and social benefits such as SSS, PhilHealth, and Pag-IBIG contributions.



**Figure 11.** Comparison of incomes of traditional and modern jeepneys

Operators also receive a guaranteed daily income — for example, in our cooperative, we provide operators with ₱300 per day (₱9,000 per month). This amount covers various costs, such as maintenance, registration, and other expenses.

Traditional jeepney operators face financial instability because their earnings depend

solely on the “boundary” system. If their earnings for the day are insufficient, they have to find other sources of income to support their families.

With modern jeepneys, however, operations are handled by cooperatives or corporations. Operators have access to financial programs, subsidies, and other benefits under the modernization program.

Traditional jeepney operations are simpler, following a direct driver-operator relationship. However, this also means that issues such as absenteeism (e.g., a driver calling in sick or being unable to work) affect operations significantly.

With modern jeepneys, fleet management ensures efficient scheduling, giving drivers designated shifts and days off. This system prevents disruptions in daily operations.

### Support Mechanisms and Opportunities for Transformation

Support mechanisms from the government are crucial. The LTFRB provides subsidies, but we continue to request additional assistance, such as equity subsidies. For example, we hope that the government will extend subsidies to those who purchase modern jeepneys in cash, not just those with approved loans.

Currently, the PTMP offers limited funding. We need more accessible financial options to help operators acquire modern jeepneys, as not everyone qualifies for bank loans.

Additionally, issues such as “colorum” vehicles (unregistered or unauthorized units) need to be addressed. Some operators legally comply with the program, but others continue to operate outside the system, creating unfair competition.

We also support the Electric Jeepney (E-Jeepney) initiative under the Intellectual Property Act. If we transition to electric vehicles, we can reduce fuel costs by 50%, significantly increasing our income and lowering maintenance expenses.

Modern jeepneys are also integrated with ride-hailing and passenger information systems.



Through mobile apps, passengers can track the location of modern jeepneys in real time, ensuring convenience and efficiency.

The modernization program has its challenges, but we continue to embrace it. We call on the national government to provide more support to ensure the success of this transition.

# Driving Change: Lessons from E-Jeepney Early Adopters in the Philippines

**Dr. Sandy Mae A. Gaspay**

University of the Philippines- Institute of Civil Engineering  
UP National Center for Transportation Studies

Link to presentation slides: [click here](#)

I will be sharing the findings of our research work, which we were commissioned to conduct. We were commissioned by the Institute for Climate and Sustainable Cities (ICSC) to examine the experiences of those who have already undergone modernization. They wanted to understand how they could further support the adoption of modernization, with a particular focus on electric jeepneys.

An important context here is that the Electric Vehicle Industry Development Act (EVIDA) was passed in 2022, providing a framework for supporting the adoption of electric vehicles. Many of you may already be familiar with this law, but it also outlines the possible support mechanisms available and includes a roadmap for implementation.

For our study, we wanted to understand the experiences of early adopters—cooperatives and corporations—their stories, journeys, challenges, and how they can be better supported. We interviewed four entities: three cooperatives and one corporation from three different regions—one in Luzon, one in Visayas, and two in Mindanao.

As shown in Table 1, the specific entities we interviewed included two from General Santos City, one from Metro Manila, and one from Lapu-Lapu City in Cebu.

**Table 1.** Information of the entities interviewed for the study

Entity Name	Location	Number of EV's with franchise	Convention
Metro Gensan Transport Cooperative (MGTC)	General Santos City	28	C1
Lagao Drivers Operators Transport Cooperative (LADOTRANSCO)	General Santos City	41	C2
South Metro Transport Services Cooperative, Inc. (TSCI)	Metro Manila	17	C3
United Drivers and Operators Transport Cooperative Transport Service Inc. (UDOTCO-TSI)	Lapu-lapu City, Cebu	100	C4

In terms of operational characteristics (Table 2), these entities have various routes and

operate at different hours depending on demand. Regarding battery management, some of them engage in battery swapping, while others find fast charging more feasible. Initially, they experimented with different battery technologies, but most have now settled on lithium batteries. Monitoring drivers and vehicles is also a key concern, and different approaches are used, such as random inspections, CCTV, and GPS technology. For fare collection, most operators rely on manual fare collection, as attempts at automated fare collection have presented challenges, leading some to adopt a hybrid system while others have reverted entirely to manual methods. These are shown in Table 3.

**Table 2.** Operational characteristics

	C1	C2	C3	C4
Round Trips per day	10	6	8	5
Route Length (Round Trip)	15km	24km	11km	24km
Number of Operating hours	8 + Overtime	8 + Overtime	10-12	10-12
Number of E-Jeepney Units	28	41	17 but only 15 operating	100 but only 40 operating

**Table 3.** Operational activities

Factor	C1	C2	C3	C4
Battery Management	Battery Swapping	Battery Swapping	Initially Battery Swapping, but currently overnight charging is sufficient	Fast Charging, about 2-3 hours charging at night/end of day for 12 hours use
Battery Technology	Cobalt + Lithium	Lithium	Initially Lead-Acid, then shifted to Lithium	Initially Lead-Acid, then shifted to Lithium
Dispatching	Manual, headways vary depending on peak and offpeak times	Manual, headways vary depending on peak and offpeak times	Manual, headways vary depending on peak and offpeak times	Manual - GPS based, headways vary depending on peak and offpeak times
Driver and Vehicle Monitoring	Random inspections, CCTVs	Random passenger manifests, CCTVs, and Passenger count auditors	None. Driver quota implemented.	CCTVs, random inspections, GPS installed inside batteries
Fare Collection	Manual fare collection	Combination of tap cards and cash	Cash payments (reverted from AFCS)	Cash payments (reverted from AFCS)

## Financing Assistance and Strategies

Financing the operations has been handled in different ways. Some entities opted for in-house financing due to difficulties accessing government financing, while others secured funding through banks. Only the cooperatives in General Santos were able to access the equity subsidy from the DOTr, as well as additional subsidies from their local

government, sourced from the government's climate fund. Others struggled to access similar financial support. To build capital, many cooperatives have adopted a gradual approach through daily or monthly contributions from members. The high cost of battery investment has also been a challenge, leading many operators to choose battery leasing instead of purchasing batteries outright. Additionally, all operators had to set up their own charging stations with minimal external support. These are summarized in Table 4.

**Table 4. Key resources**

Factor	C1	C2	C3	C4
Financing Strategy	In-house financing with manufacturer	Bank loan	In-house financing with manufacturer	Financing provided by the partner.
Government Assistance (Local)	Subsidy per unit from climate fund	Subsidy per unit from climate fund	None	Local gov. support for training and initial garage area
Government Assistance (National)	DOTr equity subsidy	DOTr equity subsidy	None	None
Capital Building	Mandatory daily and monthly member collections	Soft loans, grants, and monthly member contributions	Member contributions; grant applications	-
Battery Investment	Initially rented, then invested in spare batteries (from service contracting earnings)	Initially rented, then invested in spare batteries (from service contracting earnings)	Initially bought cheap Lead-Acid batteries, switched to leasing (monthly rental fee) customized batteries with included service and maintenance	Initially bought Lead-Acid batteries, switched to leasing (monthly rental fee) customized batteries with included service and maintenance
Charging Stations	Manually setup charging stations using included battery chargers	Manually setup charging stations using included battery chargers	Manually setup charging stations using included battery chargers	Manually setup charging stations using included battery chargers

Table 5 shows the revenues, profit sharing and salaries. Not all operators have additional revenue streams, but the more established corporations have diversified income sources, such as terminal rentals. To convince traditional jeepney operators to consolidate with them, some groups offer compensation packages. For example, C2 pledged to buy out franchises worth PHP 80,000 within two years, while others continue to pay operators a small monthly boundary fee as part of their transition strategy. To incentivize drivers, different methods have been implemented, such as overtime pay and quotas, though not all have successfully transitioned to a fixed salary system, with some still operating under the "boundary" system.

**Table 5. Revenues, profit sharing, and salaries**

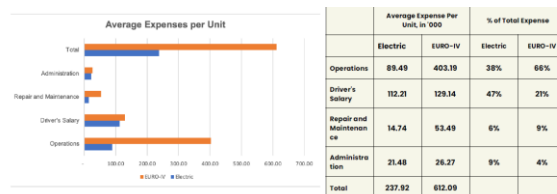
Factor	C1	C2	C3	C4
Additional revenue streams	Terminal rental, fleet management fees	Terminal fees, advertising, other businesses	None	None
Operator/ Franchise holders Incentives	Monthly Compensation + Annual Dividends	Php 80k payment paid over 2 years, Monthly Compensation + Annual Dividends	Monthly Compensation + Annual Dividends	Monthly Compensation + Annual Dividends
Driver payment and Incentives	Salary + 40% of excess remittance as incentive	Salary + overtime pay (hourly)	No salary, 100% of excess of daily quota	Salary + overtime pay (hourly)

There are several key highlights from our findings. Some operators maintain a mix of

electric and Euro 4 units and gradually expand their fleet, which aligns with policies allowing a longer transition period. They have independently established battery swapping mechanisms and rely on a combination of member contributions, subsidies, and loans for financing. Successful cooperatives tend to share key characteristics: they often have exclusive operation rights on their routes, limiting competition; they possess alternative revenue streams; and they have more experience in business operations. On the other hand, struggling operators often face competition on their routes, have limited financial support, and lack experience in managing a consolidated entity.

**Analysis of Financial Performance (Euro 4 vs EV), Case of C1**

We conducted financial performance analyses comparing Euro 4 units and electric vehicles from an audited financial statement of C1. While Euro 4 units tend to generate higher gross income due to their larger capacity and air-conditioned features, electric jeepneys demonstrate higher net income per unit due to significantly lower operating expenses, particularly in fuel costs. These are shown in Figure 12 and Figure 13.



Total expenses for Ejeepney is significantly lower compared to Euro IV, with the highest disparity seen in operating costs.

**Figure 12. Average operating expenses per unit (Euro 4 vs EV)**

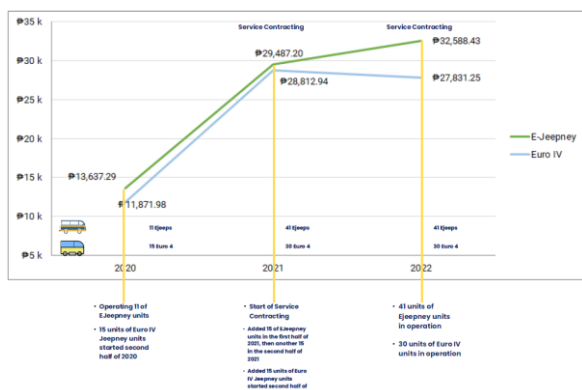


Euro IV units have higher gross income indicating that the riding public might have a preference towards Euro IV units. Possible reasons may be because of comfort due to aircon/ more frequent trips for Euro IV. However, in terms of net Ejeepney is observed to be higher than Euro IV.

**Figure 13. Average income per unit (Euro 4 vs EV)**

Another crucial factor is the impact of service contracting. In Figure 14, our findings showed that operators who engaged in service

contracting saw a significant increase in income per unit. This additional revenue allowed them to invest in key infrastructure, such as batteries and land purchases.



**Figure 14.** Participation in service contracting

Some cooperatives have also diversified their income by establishing non-transport revenue streams, such as gasoline stations, rental businesses, and sales of oils and lubricants. Though these activities contribute only a small portion of total income, they demonstrate the potential for financial sustainability beyond transport operations.

### Success Factors in E-jeepney Operations

Through our research, we identified several success factors in electric jeepney operations. First, operators were primarily motivated to adopt electric vehicles due to attractive leasing deals (e.g., no downpayment) from manufacturers rather than environmental concerns or business foresight. In General Santos City, partnerships with manufacturers played a significant role in facilitating adoption by providing units for testing. Support from local governments has also been crucial—not just in the form of subsidies but also through traffic management and other logistical assistance. This is particularly important in areas where tricycle competition is a challenge, as local government intervention can help ensure orderly operations.

Gradual fleet expansion has also been a successful strategy, allowing operators to test different technologies before committing to large-scale adoption. Alliances among

operators, such as the cooperative network in General Santos City, have provided valuable mentorship and lobbying power, helping them navigate regulatory challenges. Additionally, non-transport revenue streams and the operational cost savings of electric vehicles further encourage adoption.

### Ongoing Challenges to EV Adoption/Modernization

Despite these successes, several challenges persist. A lack of local government support remains a significant barrier, as some areas lack proper traffic management, regulatory assistance, and infrastructure. Although policies such as the PTMP exist, the necessary support infrastructure is often missing, making it difficult for operators to sustain their operations. For instance, in routes where multiple consolidated operators compete, financial losses are inevitable. Inadequate charging infrastructure is another major issue—one operator wanted to add two more electric vehicles but was deterred by the million-peso cost of upgrading a transformer. The absence of an integrated cashless payment system also poses difficulties, as passengers struggle with multiple cards, and operators must continue relying on manual fare collection.

Unrealistic consolidation deadlines further exacerbate the challenges. Some operators are forced to provide financial incentives to encourage traditional jeepney operators to consolidate, raising concerns about long-term financial sustainability. Moreover, many operators are still learning how to manage their businesses, financial records, and vehicle technologies effectively.

As already mentioned, a one-size-fits-all policy is ineffective. Operators have different experiences, financial capabilities, and challenges. Support systems must be in place, including infrastructure, financial programs, workforce training, and policy implementation. The success of modernization depends on the right mix of stakeholders—operators, government, and the private sector.

# e-Drive the Future

By Mr. Bong Kyun Shin  
e-Future Motors PH, Inc.

Link to presentation slides: [click here](#)

I have already been in the Philippines for two years now. In Korea, when we talk among Koreans, we say that the first impression of a nation is very important. When I first came to the Philippines in 2022, after stepping out of the airport, the first thing I noticed was air pollution.

I could hardly breathe outside the airport; even breathing was very difficult. I had to block my nose. This does not only affect the environment but also businesses. Why? Because foreign investors do not want to come here. If I invest in the Philippines, I have to visit frequently, but I don't want to breathe in this kind of environment. So why would they invest here? This issue affects investment and the economy, not just the environment.

That is why the first impression is very important. Representatives of a nation reflect the country's image. We need to improve the environment, not only for ecological reasons but also for economic growth.

Now, I will briefly introduce our company before discussing other matters. We already have operations in Capiz, Manila, Bacolod, Cagayan de Oro, and General Santos. We have also delivered vehicles to seven clients in different locations, including General Santos City, Mindanao, Visayas, and Manila. Currently, we are discussing 200 more units, as well as two or three vehicles per client. We now have over 30 clients we are in discussions with.

We are working not only on jeepneys but also on logistics vehicles and e-trikes.

## Product Introduction

This is our jeepney (Figure 15). As you can see, we have kept its iconic design. There is a long story behind this decision. As a Korean, I don't like the typical bus design. When we first saw the jeepney, we really liked its look. We did not want to remove this design. When I

surveyed local people, around 90% said they wanted to keep the pride of the jeepney as part of their culture. So, we decided to maintain its iconic design.



Figure 15. E-jeepney of e-Future Motors PH, Inc.

There are several electric vehicles in the Philippines, including electric minibuses, but their performance varies. Factors like battery size, motor size, and driving range are important. You cannot compare just any electric vehicle; you must compare their actual performance.

In Bacolod, we conducted a real-world test for four consecutive days under the same road conditions. The results showed about 63% savings compared to fuel-powered vehicles. This figure only reflects operational cost savings and does not yet include maintenance savings. Maintenance costs are expected to be about 20–30% lower than diesel vehicle costs.



Figure 16. Euro 4 vs. e-Future's E-jeepney

We also conducted a flooding test at our plant. The Philippines has many flood-prone areas. Just a few days ago, we experienced flooding in some areas. That's why every vehicle we produce undergoes a flooding test.

### After-Sales Service

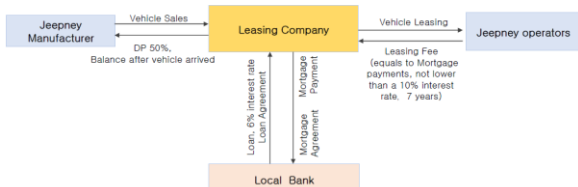
The most important factor in the Philippine market is the after-sales service. I visited a cooperative in San Fernando this year. They had 56 units in their garage, but 8 were non-operational due to engine issues. When they contacted service centers, they were told that an engineer visit would cost ₱80,000 per day.

To address this, we plan to introduce a mobile maintenance service. Instead of waiting for operators to call us with issues, we will regularly visit their garages and offices to perform preventive maintenance. This is part of our Service Level Agreement (SLA) with corporate clients.

### Leasing Business Model Introduction

I believe LTRFB and DOTr representatives are here today. So, my question to the government is: what is your goal? Is it to transition traditional jeepneys to modernized buses quickly? If so, how?

Right now, the process is slow. The Land Bank loans are currently on hold, and without financing, operators cannot transition. Manufacturers are now forced to offer in-house financing. So, how can we change this situation? In my opinion, leasing is the best solution, as in Figure 17.



**Figure 17.** Proposed leasing business model by e-Future Motors PH, Inc.

Currently, leasing companies cannot own and operate public transport vehicles. But why not allow big companies like SM, Ayala, Shell, or Meralco to purchase 1,000–3,000 units and

lease them to operators? Operators don't have the capital to buy new units, but leasing can provide them with an affordable alternative.

If we allow leasing, we can also integrate smart technology, such as GPS-based automatic locking systems. If a lessee fails to pay, the vehicle can be remotely disabled. This technology already exists, and we are working on implementing it.

### Enforcing Emission Standards

If I were a driver or an operator, I would not want to change my vehicle. Why? Because I can still earn ₱5,000 per day with my current jeepney, and I would earn the same with a new minibus. So, why would I spend money to replace my unit? There is no real incentive.

We need to enforce strict emission standards. In Korea, annual emission tests are stringent. In the Philippines, there is an emission test, but I have heard that only 500 vehicles actually fail. That is unrealistic. If we tighten emission regulations, high-emission vehicles will naturally be phased out.

The goal of this forum is to accelerate the transition from traditional jeepneys to modernized buses and electric vehicles. Euro 4 engines, which are still being introduced here, have been banned in Korea since 2009 due to emissions. After 3–5 years, even these engines will start emitting black smoke.

The only way to truly improve the transport sector is by adopting electric vehicles. But for that to work, government policies must support the transition. Currently, subsidies for electric vehicles and diesel vehicles are the same, which does not make sense. There should be a clear difference to encourage the shift to cleaner energy.

Lastly, we understand that charging stations are a major concern. That's why we also provide charging solutions, including fast chargers and slow chargers, to support operators.

PROCEEDINGS OF THE  
**PANEL DISCUSSION**

## **On financial challenges faced by the transport cooperatives:**

**Dr. Mabazza (Moderator):** The focus of this session is on financing. Let me return to the general objective of today's forum so that we are on the same page. First, to discuss the principles, implementation, and evolution of the PTMP. Second, to provide a platform for stakeholders to share their perspectives, experiences, and insights on PTMP, with a focus on the financing component, which was actually discussed by previous speakers. Third, to identify collaborative action points from key stakeholders to address financial barriers. I am sure we have received a lot of valuable and even exciting information to help reinvigorate how we push forward with PTMP. Most of the stakeholders involved in the financial aspects are present today. We have our representatives, especially from the sector responsible for operations. We have also been informed and validated by some of the insights shared by Dr. Gaspay and other members of the transport sector here today. To start the discussion and hear other viewpoints, I would like to return to Mr. Melinas of the National Federation of Transportation Cooperatives (NFTC). How are you dealing with the financial challenges and opportunities brought about by modernization? I know you presented some aspects earlier, but we would like to revisit the main points of these challenges so that other stakeholders working on this issue can contribute.

**Mr. Melinas (NFTC):** The main challenge now is the loan requirements, especially for newly formed cooperatives and corporations. When they apply for a loan, banks require at least three years of financial statements. This creates a challenge in meeting the bank loan profile. However, many doors have already opened—not only through government banks but also cooperative banks. Other banks, such as RCBC, are also now open to financing. But for newly formed cooperatives, how can they secure loan approval? I hope there will be ways to consider the viability of routes. Even if our financial statements are dressed up, if we are not earning on the ground, then the true viability of operations must be assessed. Another challenge is transitioning from traditional to modern vehicles. While we now have modern units with Euro 4 compliant engines, we also want to shift to electric vehicles, as we discussed before. Our income would be higher with electric vehicles, but we would still have to repay the loans. Unfortunately, most banks, including private ones, do not approve loans for electric vehicles. Their reasoning is that electric vehicles are not yet stable in the Philippines. However, as end users, we know from experience that electric vehicles are more favorable for us. For instance, in areas like Malabon, where floods can rise above head level, electric vehicles would not be viable. But even traditional vehicles would not operate in such conditions either. We, the operators on the ground, understand the viability of our routes, and if we believe electric vehicles are the better option, then banks should consider this for financing.

**Dr. Mabazza (Moderator):** Thank you. I would like to ask Ms. Karen Salas about LTFRB's perspective regarding the challenges mentioned earlier. How does LTFRB respond to these issues faced by transport cooperatives like Juan Transport and others who support the PTMP? Additionally, how do you view the financing challenges they are currently experiencing?

**Ms. Salas (LTFRB):** For LTFRB and DOTr, we have discussed options regarding subsidies for TSCs. One of the key discussions is how we can provide equity for those who purchased modern vehicles in cash. Another concern is that some operators acquired vehicles through in-house financing from manufacturers that are not licensed or authorized by the Securities and Exchange Commission (SEC) to engage in financing. We are currently in discussions regarding this issue. However, when it comes to bank policies, we cannot dictate private banks' terms. What we are doing now is scheduling meetings with Landbank of the Philippines and Development Bank of the Philippines (DBP) to discuss how to move forward with the equity subsidy program.

**Dr. Mabazza (Moderator):** The equity subsidy program is relatively clear to cooperatives now.

**Ms. Salas (LTFRB):** Actually, Mr. Melinas (NFTC) has a standing application for subsidies at our office, but one of the main requirements is a notice of loan approval from the banks. We understand



that loan approval processes are lengthy, which is a major issue. The challenge now is how to encourage private financial institutions to shorten the loan processing time.

**Dr. Mabazza (Moderator):** That brings us to the banks. I would like to ask Ms. Azures from DBP about their perspective on moving forward, considering the challenges cooperatives are facing.

**Ms. Anzures (DBP):** As you all know, DBP is facing challenges in helping cooperatives become more financially viable. I also asked earlier—when we talk about ROI, are we referring to the seven-year loan term? Because, in business, ROI typically means recovering an investment within three years. A business should be able to sustain its operations beyond that. This is something that should be better understood. If I were an investor, how would you convince me to invest when I would only earn Php 300 per day? I am not questioning the figure, but it is true that revenue was reduced when operators consolidated. These factors should have been considered when launching this program. That said, DBP has not stopped financing. We continue to approve and release loans, but we now require an approved route plan (local public transport route plan) before processing applications. However, having an approved route plan does not guarantee profitability. Some cooperatives with approved plans still struggle. Banks—whether cooperative, government, or private—need to see financial viability. Otherwise, why would we finance something, even a government project, if we are not repaid? The 95% we loan out comes from DBP's own funds—from depositors—not from the government. Only 5% comes from the national government. This means that, as a bank, we need to ensure repayments. DOTr must demonstrate that this program is financially sustainable. If banks see profitability, financing will not be an issue.

#### **On issues with loan applications:**

**Dr. Mabazza (Moderator):** In the DBP alone, how many applications are currently on hold, and what is causing the delays?

**Ms. Anzures (DBP):** The most common delay is incomplete submission of requirements. Some cooperatives claim they have completed them, but in reality, they have not. Once a loan is approved, we issue a notice of approval, but we stagger the release of funds to ensure that cooperatives can manage their operations properly. We also ask the government to help address non-payment issues. Some cooperatives are profitable but simply do not want to pay. We monitor their operations, and it ultimately comes down to the capability of the operator. This is why we require a financial track record—it is not a dole-out. While many cooperatives are struggling, there are also those that are profitable but still default on payments.

**Dr. Mabazza (Moderator):** Once all requirements are submitted, how long does approval take?

**Ms. Anzures (DBP):** It takes 45 to 60 banking days.

**Mr. Melinas (NFTC):** Just to add to the payment discussion—I am from the Coop bank, Nueva Segovia Consortium of Cooperatives (NSCC). Unlike Landbank or DBP, when government cooperatives apply for loans, we synchronize with AFCS (Automated Fare Collection System). Through AFCS, banks can track income inflow.

**Ms. Anzures (DBP):** We require that as well.

**Dr. Mabazza (Moderator):** I want to know this because there are many from the audience would like to participate in this panel. But I would also like to hear your take on that from the perspective of LTFRB regarding the things that were presented to us.

**Ms. Salas (LTFRB):** We admit that one of our backlogs is the Local Public Transportation Route Plan (LPTRP). Currently, we are catching up because only about 13% of our LPTRPs have been approved.

What we are doing now is conducting capacity-building sessions with LGUs for the development of their LPTRPs. This is on-going. We are committed to ensuring that all LGUs will have LPTRPs by the end of 2026. Starting early next year, we will implement a new approach. Instead of one-on-one meetings, we will conduct them by clusters to streamline the process. Hopefully, our partnership with the academe continues to accelerate this effort. Actually, we initially considered an alternative certificate as a replacement or substitute for an approved LPTRP. However, although some TSCs (Transport Service Cooperatives) were issued alternative certificates, these were not sufficient for loan processing or approval. That remains one of our bottlenecks. Another issue is what you mentioned earlier—although some routes are profitable, many TSCs still fail to make payments, leading to delinquency. As of now, our meetings with Landbank and DBP have not been consistent, but we have scheduled discussions to address these challenges.

**Dr. Mabazza (Moderator):** So, does this mean that the route plans submitted to financial institutions like DBP are still based on the old route plans, given that only 13% comply with the LPTRP?

**Ms. Salas (LTFRB):** Not all LGUs with approved route plans have TSCs that apply for bank loans. Some have made purchases independently.

**Dr. Mabazza (Moderator):** So, what if an entity or cooperative wants to apply for a loan to purchase vehicles in compliance with the PTMP, but they do not have an approved LPTRP?

**Ms. Salas (LTFRB):** We issue an alternative certificate from the LTFRB's side, but ultimately, it depends on whether the bank will accept it.

**Dr. Mabazza (Moderator):** That is not clear to us right now. This needs to be clarified for the stakeholders present here.

**Ms. Salas (LTFRB):** Just to clarify, private financing institutions do not require an LPTRP.

**Dr. Mabazza (Moderator):** But the route plans are based on today's plans, correct?

**Ms. Salas (LTFRB):** Yes, which is why we introduced expanded equity subsidies for those who do not have an LPTRP but want to purchase modern units. This applies to consolidated entities looking to acquire their vehicles.

**Mr. Shin (E-Futures):** Please remember, I am Korean, so sometimes I may say things incorrectly. Please understand. From an operator's perspective, I see the system between operators, banks, and LTFRB. I go to the LTFRB and get a certificate for the loan. I take it to the bank, and they evaluate our capability before issuing the certificate. A few years ago, the DBP loans stated that government banks would offer seven-year loans at a 6% annual interest rate, as mandated by law. What I do not understand in the Philippines is that even though the law already states that the operator, once certified by the LTFRB, can apply for a loan, they still have to go through another evaluation. Why do they need to evaluate again? Just follow the system. It's already in the law. The government has established the process—so why repeat the evaluation? This additional evaluation causes long delays. As a result, maybe less than 30% of operators can successfully get a loan, while many others cannot because of numerous bank requirements. I am thankful for DBP's efforts, but my opinion is: why does this need to be evaluated again and again?

**Ms. Anzures (DBP):** I understand your question, sir. Unless the money comes from the national government, you cannot require us to skip evaluations. However, the funds come from our own generated resources—from our depositors. Due diligence is necessary to ensure that cooperatives are financially capable of repaying loans. If the government provided the funds, we could comply with any directives, including lower interest rates or extended loan terms. But since these funds come from us, we must conduct evaluations.

**Dr. Mabazza (Moderator):** That is a valid point.

**Mr. Shin (E-Futures):** I do not know much about DBP, but it is a government bank, like Landbank. Their money is not really their own—it comes from the government. In Korea, everyone understands that government bank funds belong to the government. One more question: You mentioned the evaluation period takes 45 to 60 banking days. Can you explain why it takes so long?

**Ms. Anzures (DBP):** Different departments are involved in evaluating projects. One account officer may handle 20 to 30 accounts at a time. Due diligence is required before forwarding applications to the department responsible for appraisals and investigations. Then, the loan must go through the approval process. The level of approval depends on the loan amount—smaller loans can be processed at the lending center, while larger ones may require approval from a credit committee or even the board, which meets only twice a month.

**Dr. Mabazza (Moderator):** Thank you for the information. I would like to ask Mr. Tacderas about his study on cooperatives.

**Mr. Tacderas (SafeTravelPH):** We conducted a study called the Environmental, Social, and Governance (ESG) risk approach to modernization. From our discussions, it is clear that we are dealing with a sector that originally operated under largely informal structures. Now, we are imposing a more formalized structure on a sector with little to no experience in such frameworks. Recently, we presented our study to NATO, and previously, we had presented it to NFTC. At the NATO event, we asked participants how many of them belong to new cooperatives, and a significant number were cooperatives less than a year old. This precisely aligns with the program's concerns. When we studied the Cooperative Development Code of the Philippines and cooperative structures, we found that running a cooperative requires significant effort. While we have not yet studied corporations—which likely have their own pros and cons—establishing and managing a cooperative demands extensive work. Experienced cooperative leaders are already aware of this, but new cooperatives often lack knowledge of even the basic principles of cooperation, such as why they should cooperate and what benefits cooperation brings. Because of this, many transition risks associated with shifting to a modern structure are not properly addressed. This is what financial institutions are examining. When they classify the sector as high-risk, they are looking beyond just financial risks; our study also considers Environmental, Social, and Governance (ESG) risks. Among these, governance is the most significant. Effective management structures are essential for addressing key operational aspects of transportation, including vehicle mechanics, operations, dispatching, and financial management. Our research found that many of these newly formed entities lack experience in these areas. The ones that have been well-studied—and that submit reports efficiently and on time—are those with prior experience. However, newer cooperatives struggle with critical financial and operational challenges, such as repayment strategies, fund allocation, and proper maintenance and operations to prevent vehicle failure. This is precisely where investments are needed. From a financial perspective, the likelihood of default and operational failure is a key concern. Financial institutions already have data on defaults and failures, but further modeling is needed to predict the likelihood of default and identify solutions. From a business standpoint, poorly crafted plans have a major impact on business modeling and planning. If these newly formed cooperatives—already vulnerable to such risks—are not given the necessary capacity-building support and are instead forced to comply with rigid, one-size-fits-all policies, they are bound to fail.

**Dr. Mabazza (Moderator):** How many loan recipients are currently delinquent?

**Ms. Anzures (DBP):** About 33%, which is very high for banks.

**Dr. Mabazza (Moderator):** That is something to consider regarding education and capacity building. Dr. Gaspay, your thoughts coming from TSSP?

**Dr. Gaspay (UP Diliman/TSSP):** I think Mr. Tacderas made some really good points on that. When we interviewed these cooperatives, we found that they were successful because there were some key factors at play. As I mentioned, having a very supportive LGU is crucial. For example, banks require the LPTRP, but the LPTRP actually lacks financial analysis. We know there is demand on a given route, but at the end of the day, success depends on financial viability. We must always remember that operators make decisions from a commercial perspective. That is just the reality—this is a business. I think that since more than seven years have passed since the PUVMP was launched, we are due for a reassessment. We need to consider other factors, beyond just the LPTRP, when determining how to support cooperatives. As Mr. Tacderas pointed out, many of these cooperatives lack experience. One cooperative even told us, *"Ma'am, our problem is that one day we became a millionaire cooperative, and we don't even know how to deal with that much money."* Financial management and leadership skills are essential for running these large businesses. We know that these skills cannot be acquired in just one seminar or a week of training. It takes a long gestation period. But things take time. So we should carefully consider how to implement these necessary changes—not through a sudden, large-scale shift, but through a gradual and structured approach.

**Dr. Mabazza (Moderator):** My observation, from an academic perspective, is that some of the traditional operators and even those who have consolidated feel demoralized, if I'm using that word correctly. They feel demoralized because of the non-compliance of many operators who continue to function outside the program. They feel they have suffered significant losses as a result. How do we address that? Compliance with the program is crucial, yet deadlines keep getting extended. The delays in loan approvals are also demoralizing—that much is certain. So how do we solve this issue?

**Mr. Melinas (NFTC):** Regarding the term demoralized—yes, it is the right word. But for us, it feels like we are being treated as second-rate. We established our cooperative in 2018, while the first batch started in 2017 and had already secured loan approvals. Our batch learned from their experiences. Yes, we feel demoralized, but we also appreciate the lessons learned. We are not celebrating their struggles, but we recognize the gaps. Not all of the first batch failed, but they lacked academic and strategic support. In contrast, our batch was able to correct some of those mistakes—though we acknowledge that the program is still not perfect. We continue to improve through our own initiatives, and I hope the government, the LTFRB, and the DOTr recognize this. Despite the difficulties we face, we are the ones finding ways to move forward with the program. Loan approvals remain a major issue. The LPTRP is required, but alternative certificates are also needed, which creates another layer of complexity. Even if an LPTRP is approved, if five cooperatives are operating along the same route, competition becomes intense. From the start, the "one route, one cooperative" policy was not properly enforced. Many of us came from different associations, and trust issues between groups persist. This is the essence of modernization—learning from past failures and making necessary corrections. I hope that decision-makers recognize that we, the so-called "second generation," have already identified many of the mistakes made by the first batch. Those who follow us will learn from our corrections, just as we learned from our predecessors.

### **On leasing as an alternative solution:**

**Dr. Mabazza (Moderator):** Mr. Shin, you introduced the idea of leasing earlier. I have heard about it from a TSSP (Transportation Science Society of the Philippines) member before, but how exactly would it work? How do you implement it?

**Mr. Shin (E-Futures):** I am considering how to establish a leasing business in the Philippines, but there are regulatory barriers. The most important issue is that, according to the LTFRB, the vehicle owner must also be the operator. This means that if a company owns the vehicles and leases them to operators, there is a conflict in the current system. I believe the government should address this because my goal is not personal profit but to facilitate the transition process for operators. They could either borrow money or use their own funds—the choice depends on them. Whether the funds come from banks, Korea, China, or elsewhere, it does not matter. The leasing company would collect

payments from operators under a structured agreement. We would integrate high-technology solutions, such as remote shutdown capabilities, to ensure compliance. If an operator fails to make a payment, we could disable the vehicle until they settle their dues. This ensures accountability while enabling operators to transition smoothly. I am currently in discussions with Ayala and exploring how to implement this model.

**Dr. Mabazza (Moderator):** What is the LTFRB's stance on this?

**Ms. Salas (LTFRB):** The main issue is the franchise. Leasing companies are not considered TSCs (Transportation Service Cooperatives), so they cannot be issued a franchise. Only cooperatives, corporations, and other qualified operators can receive a franchise from the LTFRB. If a leased vehicle's payments are not met, what happens to the franchise? This is similar to the issue with banks. Since the franchise is tied to the vehicle, it cannot simply be transferred. At the moment, the LTFRB can only issue franchises to recognized operators, cooperatives, or corporations—not leasing companies. While we have seen cases where operators apply for subsidies through lease-to-own contracts, these arrangements currently fall outside the LTFRB's guidelines. As of now, they cannot avail of subsidies. However, we may explore possible solutions in the future. One can explore ways to finance through in-house financing as long as one is authorized by the sector to venture into in-house financing.

#### **Other initiatives to address financing challenges:**

**Dr. Mabazza (Moderator):** You also mentioned earlier about in-house financing, but you have actually concluded with some recommendations like that. Mr. Tacderas, what do you think? How do we invigorate or deal with the sector that is not involved here, like the cooperatives? How do we drive them toward the path they should take?

**Mr. Tacderas (SafeTravelPH):** Based on our engagements with the sector, I think we previously presented that there are many difficulties at various levels. Number one, I think there is a need for better institutional capacity. We agree on this. It is getting repetitive, but it is clear now that it is not only national and regional government entities that need capacity building. We also need to channel more capacity building to the sector. I think NCTS (National Center for Transportation Studies) has done a lot in terms of working with OTC (Office of Transportation Cooperatives) on the management system. That's one aspect. There are also operational challenges that need to be addressed, and financial management is critical for these entities. I think providing support in that regard, particularly in building business models, is crucial. They need the capacity to develop better business models, respond to regulations, and navigate the dynamics of their cooperatives within their respective local contexts. We presented the concept of possible contracting ideas and whether they are legally permitted to enter into contracting agreements with others. Understanding their ecosystems and how they interact with other entities is another important factor. For example, a feeder route could engage in contracts with a major client, allowing them to share profits and operate more efficiently. These are ideas and innovations in contracting models that need to be explored. There are other discussions, but I won't go into them. The last thing I would like to present in our business packages is a work package on financing. Right now, we are only discussing equity subsidies and fuel subsidies. But what about direct investments? How do we encourage more direct investments in these entities? There is much discussion around subsidies, which are subject to government policy and budget constraints. But what happens if those funds run out or become too limited? There needs to be a stronger relationship between service providers and potential investors—not just banks but also private individuals—so that these entities make better business sense to investors. On the other hand, in terms of capacity, how can these entities assess investment proposals and understand the requirements in a way that makes sense to them? So, I think the three key areas we need to focus on are institutional capacity, business models, and financing—especially direct investments.

**Dr. Mabazza (Moderator):** When you talk about institution building, what exactly do you have in mind? For instance, NCTS is already providing this as a government office. Who will be responsible for capacity building, not just for local government units but also for operators?

**Mr. Tacderas (SafeTravelPH):** I think we need to revisit previous attempts at working with local academic institutions. They should have a better capacity to understand their transport ecosystems and serve as data repositories that collaborate on research agendas aligned with industry needs. This is important because public transport has local contexts that vary from city to city. The transport demand in Metro Manila differs significantly from those in Iloilo City or General Santos City. Population profiles also differ across regions. These entities should establish stronger relationships with each other. We have attempted this in the past with limited success, but we still need to push for better local-level capacities in our municipalities and cities.

**Dr. Mabazza (Moderator):** From my understanding, academe should engage with the DOTr, industry players, or even the DTI (Department of Trade and Industry) and finance departments. Now for Dr. Gaspay, how could the TSSP/academe contribute to the ongoing improvement in PTMP?

**Dr. Gaspay (UP Diliman/TSSP):** I think it is the initiative of our TSSP officers to bring us all together in this kind of setting. TSSP has access to transport companies, academics, and local universities. It can provide these spaces where we activate links that were previously non-existent but should have been there. As academics, we can also enhance our research agenda by incorporating local contexts. Since we are part of NCTS, we can explore additional training programs. Can we partner with the industry to facilitate knowledge sharing among cooperatives? How can we encourage experienced cooperatives to train new ones? I think forming partnerships and linkages is a key role we can take on.

**Dr. Mabazza (Moderator):** Dr. Gaspay, earlier, your study was validated by industry representatives. One point that was raised is the collaboration of LGUs. In the financial sector, one key requirement for loans is the availability of a garage. However, another major concern presented was the lack of terminals. When I was a student at the University, this was already an issue. There are still very few terminals for jeepneys in the Philippines unless the local executive integrates them into city plans. How does your study address this issue?

**Dr. Gaspay (UP Diliman/TSSP):** Our study focused on General Santos City, where transport cooperatives formed alliances to amplify their voices. They worked together to engage with the city government. The response of the LGU is a critical factor, and transport holds significant political capital since it can influence elections. One challenge is that tricycles form a large voting bloc. In General Santos, transport cooperatives united, lobbied, and even held protests outside city hall to ensure their voices were heard. This led to monthly feedback sessions with the LGU to address transport issues. Through active engagement, the transport sector can encourage LGUs to listen and act.

**Mr. Tacderas (SafeTravelPH):** In addition to collaboration and engagement, co-designing policies is essential. Developing a framework that includes input from industry, LGUs, and academia ensures mutual understanding. This approach has been effective because it incorporates common language and perspectives from all stakeholders.

**Mr. Melinas (NFTC):** LGUs play a significant role in the success of modernization programs. A prime example is Quezon City, where the local government directly competes with transport cooperatives. While we support modernization, LGUs prioritize their constituents, who are also voters, often to the detriment of transport cooperatives. We continue lobbying, and we hope Mayor Joy Belmonte will recognize this issue. Some transport cooperatives with approved loans struggle to make payments because they must compete with government-funded “libreng sakay” (free ride) programs. National and local governments must work together to support transport cooperatives through training and capacity-building programs.

**Ms. Anzures (DBP):** DBP has been with PUVMP before or PTMP as early as it started in 2017. Dr. Gaspay and I were also part of it before. What I noticed is that there are components of the PTMP, right? There is fleet management, and there are many others. Why are we just focusing on acquisition? Actually, this is not financing anymore. We have been here for a long time, and we see the difficulty that there are many components. Why not work on those components? Fleet management, I think, is a very important component that the local government can use because it reduces costs. You said, sir, that it's very expensive. So why not? You are not competitors here. Otherwise, all of you will fall. But if you work together for a common fleet, where everybody wins, that can also help. And I think the LGU is very much needed here. Therefore, the take of the LGU in terms of this—because if you are working together, you do not compete. I think I attended a session where someone asked, "Why do we look at this as a competition?" Because nobody will win if that is the case. But you know, for investors, as Mr. Tacderas said earlier, "Why would I invest if you are the only telling me that I can get this?" I think it is another way for investors to cooperate. Actually, leasing is not new. DBP also has a leasing company. We are trying to work something out with them, but we have issues regarding that. And I think the most important concern for us is the DOTr regulation. For those routes—there are routes that are not viable, as we have seen. Why not make them viable by extending them? There are regulations we hope to implement, such as the transfer of franchises. If a unit is not paying because the route is not viable, can we transfer that unit to another route? What will we do with the unit otherwise? This could help address the approximately two (2) billion pesos in past due accounts of DBP. We will definitely support the program if we can solve that. And I think the government is the most important factor in solving this problem. We have already talked to the Chairman about this, and all the board members, and they know our sentiments. I hope they will help us with this.

**Dr. Mabazza (Moderator):** I am sure the LTFRB is monitoring which routes are actually viable. I have also observed that some LGUs already had their LPTRP approved by the previous administration, but with the new administration, they are not implementing it.

**Ms. Salas (LTFRB):** There are a few—one or two LGUs—but ongoing discussions are taking place to determine what we are going to do. From our side, we recognize that this is a political problem. We are developing an option on how to address it.

**Dr. Mabazza (Moderator):** Open Forum: Allowing questions from the audience.

**Mr. Aguilar (Pasig Green City Transport and Multipurpose Cooperative):** My question is about the loan procedure. For example, in Pasig, I've spoken to other entities that consolidated in November-December 2023. How can they receive a loan from DBP or Landbank when the requirement is three years of audited financial statement (AFS), yet LTFRB gives us a deadline to modernize within three to four years? That's my concern. Back in 2018, we struggled to meet Landbank's requirements. We had to go through a lot—learning about BIR and receipts, which Landbank also taught us to organize properly. I'm confused. I asked LTFRB why those who delayed consolidation were given an extension, and now they outnumber us because they took the easy way rather than the right way.

**Dr. Mabazza (Moderator):** What do you mean by the easy way?

**Mr. Aguilar (PGCTMC):** The easy way—joining UV Express. We are part of UV Express, and some of us do not believe that, like PUJs, we will be phased out. If they phase us out, they will replace our units. But our units from 2017 are not even fully paid yet, and now they want to loan us another 3 million? We will fight for our rights. We have not even finished paying for our units, and now they want us to join a cooperative, take out a loan, and give up our franchises? That's the challenge we faced. Fortunately, 15 to 20 have consolidated, but they want to keep control over their own vehicles and handle their own bank payments rather than follow a fleet management system. That's why I advocated for a large terminal in Pasig—to house 15 vehicles borrowed from banks. However, it has

not materialized yet. The problem is that when I explain this to the LGU, they tell me that the program I am following is a national issue. Their local terminal guidelines allow terminals on 300 square meters, while LTFRB requires well-sheltered terminals with passenger conveniences like restrooms and CCTV. Even though we are struggling financially, we worked hard to comply for the longest time. However, we received no LGU support. As I mentioned earlier, they believe modernization is anti-poor. What happens if all of us who consolidated fail to meet DBP and Landbank's requirements? Where will they award the routes with no bank approval? Where will we end up? We struggled to support this, yet I still have not gained the trust of the bank despite meeting all the requirements. I just hope cooperatives will be truly cooperative because we really need them.

**Dr. Mabazza (Moderator):** Sir, thank you for your input. We won't be able to resolve or answer this right now. I think later, over lunch, we can discuss it further. We have limited time, so I want to move on to the final statements. Thank you for this opportunity.

### **Final statements from the panel members:**

**Dr. Mabazza (Moderator):** Thank you for those suggestions. I think these points can be validated. As we are about to wrap up, we will now ask each panel member for their final statements before concluding this discussion.

**Mr. Melinas (NFTC):** This is not a conclusion; I hope we can have more discussions like this. It will benefit us, especially since we are the ones involved in the program. For the LTFRB, DOTr, Landbank, and DBP, I hope there is a way to fast-track loan approvals. Also, for the national government, I hope they mandate local government involvement. They have a significant role to play since they are more familiar with each route. From the National Federation of Transport Cooperatives, we are working with the CDA (Cooperatives Development Authority) so that we can be accredited to conduct seminars for our primary cooperatives as part of the modernization program. We hope to be approved so that we can share ideas in the same forum. It is really a challenge. Imagine forming a cooperative and then being given a ₱2.5 million loan—how will they pay for it? We have to educate them properly. For example, we were formed in 2018, but we only took out a loan in 2022. It took us years before we were ready. We did not take a loan immediately after forming the cooperative. Education is the most important aspect, and I hope attention is given to it so that the program can move forward.

**Dr. Gaspay (UP Diliman/TSSP):** On behalf of TSSP, we are interested in learning how we can better support the PTMP. There were ten components; now there are nine. We know that these things take time, and I think when the government started this, they were not fully aware of all the big and small problems that would arise. So, it is really an ongoing process, and we need to be more flexible. We need to look at the end goal: What do we really want? We want a comfortable, convenient transport system. Maybe we should think about how to improve what we currently have, how to tweak it, and how to be less rigid so that we can reach the finish line that we all want. Thank you.

**Mr. Shin (E-Futures):** I will do my best to contribute to transportation modernization. At the same time, I will support the program and the banking sector. I hope we can receive more support in the future. Thank you very much.

**Ms. Salas (LTFRB):** On behalf of LTFRB and PTMP, we would like to thank you for inviting us. This is an important venue for us to understand the issues and concerns of our stakeholders, partners, and manufacturers. Rest assured that all your recommendations and concerns will be noted and raised in our next meeting with the DOTr. Regarding the equity subsidy, we are in ongoing discussions about how to expand it, as it is currently not included in our MC (Memorandum Circular). We understand that our stakeholders need government support, and our commitment is to explore ways to improve the program's implementation.



**Ms. Anzures (DBP):** On behalf of DBP, thank you for inviting us. We frequently work with transport cooperatives, and we will continue to support the national government's initiatives. However, there are issues that need to be addressed, and we are willing to collaborate with the DOTr and LTFRB to make this program work. Unlike other government programs, this one allows direct communication with the DOTr, LTFRB, and OTC, which is beneficial. We will continue to support the program, but we hope that the LTFRB and DOTr review their policies to accommodate the issues being raised. Supporting cooperatives and private corporations is crucial, as many of them truly need financial assistance. We have observed that financial management remains a weak area. As mentioned earlier, these loans involve millions, making it a very daunting challenge. Hopefully, together with the OTC, we can address these concerns and continue supporting the program.

**Mr. Tacderas (SafeTravelPH):** On behalf of SafeTravelPH, I believe the key message here is co-designing and collaboration in the public transport sector. Specifically, in financing, we see a growing need to focus not only on technology but also on innovative business models. The modernization program still has many gaps, particularly in linking business models with regulatory requirements and long-term plans. More research is needed in this area, which is good for us in academia. Innovative business models, contracting methods, and labor force management all require further attention. There is still a lot of work ahead. Thank you.

### **Conclusion:**

**Dr. Mabazza (Moderator):** Thank you. This venue is crucial for bridging gaps. We want to clarify and address the challenges, particularly regarding financial viability and how to finance this program successfully. We also expect the government to be dynamic in facing these challenges, which is why collaboration is essential. Each sector here should work together. As someone from the academe, I want to understand what is happening on the ground and determine whether the current institutional response is sufficient. Are we truly addressing these concerns effectively?

I want to thank the DOTr and LTFRB, the Transport Cooperatives, the DBP, the e-Future Motors PH, and SafeTravelPH.