

EXECUTIVE SUMMARY

Public Transportation Modernization Program (PTMP) Forum Series

Part 1: 14 NOVEMBER 2024

Part 2: 06 MAY 2025

ORGANIZED IN COOPERATION WITH:

Transportation Science Society of the Philippines
SafeTravelPH Mobility Innovations Organization Inc.



PTMP Forum: Financing Component in Focus

14 November 2024 | Seminar Room A, NCTS Building, UP Diliman, Quezon City

The first forum on the Public Transportation Modernization Program (PTMP) centered on understanding the evolution of the program and addressing financing bottlenecks encountered by transport cooperatives and corporations. It was organized by the UP National Center for Transportation Studies in cooperation with the Transportation Science Society of the Philippines (TSSP) and SafeTravelPH Mobility Innovations Organization Inc. (SafeTravelPH).

The forum featured four presentations highlighting progress, challenges, and experiences:

- **Mr. Michael Pendre** of the **Land Transportation Franchising and Regulatory Board (LTFRB)** provided an overview of PTMP's status. He reported that 75 percent of public utility jeepneys (PUJs) are older than their 15-year useful life, contributing to safety and environmental concerns. He discussed the program's shift from the PUVMP to the PTMP, highlighting the transition from CARES (Comfort, Accessibility, Reliability, Environment-friendly, and Safety) to CASSA (Comfortable, Accessible, Safe, Sustainable, and Affordable) principles. The PTMP now has nine components, consolidating the original ten. As of September 2024, 84 percent of the 191,000 targeted units and 64 percent of 1,500 routes have been consolidated. Over 11,000 modern units are operating nationwide, with ₱2 billion allocated for loans. Support programs such as Tsuper Iskolar and EnTSUPERneur are being implemented for affected workers.
- **Mr. Misael Melinas** of the **National Federation of Transport Cooperatives (NFTC)** presented the realities of transitioning from traditional to modern jeepneys. Traditional jeepneys cost ₱300,000 to ₱500,000, while modern units range from ₱1.5 to ₱2.8 million. Despite the higher price, fuel efficiency nearly doubles in modern units. However, limited funding and access to loans hinders many cooperatives from fully participating. He emphasized the continued presence of unauthorized "colorum" vehicles, which create unfair competition. NFTC also urged the government to make subsidies available even for those purchasing in cash or via in-house financing.
- **Dr. Sandy Mae Gaspay** of **UP Diliman/TSSP** presented findings from early adopters of electric jeepneys. Many cooperatives relied on in-house financing and member contributions to build capital, facing difficulties accessing formal government loans. She observed that successful cooperatives often had exclusive routes, alternative revenue streams, and better business experience. Local government support, through subsidies, traffic management, and infrastructure, played a crucial role. However, major challenges remain: inadequate charging facilities, the lack of an integrated fare system, and tight consolidation deadlines.
- **Mr. Bong Kyun Shin** of **e-Future Motors PH, Inc.** offered a private sector view, emphasizing the cultural significance of jeepney. Based on their surveys, 90 percent of Filipinos prefer to retain the iconic design. He proposed a corporate leasing model, where large companies procure fleets of 1,000 to 3,000 units and lease them to operators. The units could be equipped with smart technology, allowing remote disabling in case of payment defaults.

The **panel discussion** highlighted urgent financing issues. New cooperatives often cannot meet loan requirements, such as providing three years of financial records. Speakers suggested focusing instead on route viability and actual operational performance. Despite the observed operational savings of electric vehicles, banks remain cautious about financing EVs due to perceived risks. Operators using in-house financing or paying in cash are frequently excluded from equity subsidies, though LTFRB is coordinating with DBP and Land Bank to address this.

Key suggestions from the panel included:

- Strengthening the financial and operational capacity of cooperatives
- Enable flexible financing models, including leasing and in-house arrangements
- Improve coordination among banks, government agencies, and local governments
- Ensure LGU participation in route planning, infrastructure, and policy enforcement

The forum concluded with a strong message: **sustained collaboration is essential** for overcoming financing barriers and delivering an inclusive, viable, and service-oriented modernization program.

PTMP Forum 2: The Continuing Challenge of Financing

06 May 2025 | Seminar Room A, NCTS Building, UP Diliman, Quezon City

The second forum on the Public Transport Modernization Program (PTMP) focused on addressing the persistent financing challenges faced by transport service entities (TSEs), particularly cooperatives and corporations. The forum was organized by the UP National Center for Transportation Studies, in cooperation with the Transportation Science Society of the Philippines (TSSP) and SafeTravelPH Mobility Innovations Organization Inc. (SafeTravelPH).

Three key presentations provided updates and perspectives:

- **Mr. Zion Yuson** of the **Department of Transportation (DOTr)** shared updates on the PTMP financing component, focusing on the 5-6-7 loan scheme and the 10 percent equity subsidy. He noted that many cooperatives contribute no equity, resulting in weak ownership and a high loan default rate of 23.86 percent. Key issues include route competition, vehicle breakdowns, and lack of after-sales support. In response, the DOTr is enforcing stricter regulations, enhancing training with the CDA and OTC, and requiring long-term support from accredited vehicle suppliers. Future strategies include revising subsidy structures, exploring e-PUV financing and leasing models, and accrediting more reliable and affordable vehicle brands, with an emphasis on evaluating TSE and route viability before requiring modernization.
- **AVP Raquel Anzures** of the **Development Bank of the Philippines (DBP)** presented the bank's support for PTMP through the PASADA Program, which finances unit acquisition and support facilities for TSEs. Since 2017, the fund has expanded from PHP 1.5 billion to PHP 10 billion, with PHP 8.6 billion in approved loans and 3,392 units financed. DBP initiated efforts to raise the equity subsidy from PHP 180,000 to PHP 280,000, and now proposes increasing it to PHP 360,000. Key challenges identified include route competition, weak financial management among cooperatives, frequent leadership turnover, high maintenance costs, and limited regulatory enforcement. DBP emphasized the need for stronger route viability assessments and regulatory support to improve loan repayment and sustain financing.
- **Ms. Camille Fajardo** of **SafeTravelPH** presented a network-based assessment of public transport in Puerto Princesa City, revealing financial struggles among cooperatives due to oversupply, low demand, and high service costs despite subsidies. Using tools such as the SafeTravelPH app, GIS, OpenPaths, and a PTMP calculator, her team modeled route viability and fleet requirements based on real-world demand data. She emphasized the limitations of current LPTRP approaches and called for data-driven, network-level planning with flexible fleet mixes, phased modernization, and operational support. She also stressed the need for transition financing and the importance of validated, on-the-ground data in transport planning.

The **panel discussion** reiterated that viable PTMP financing must go beyond individual routes to consider service areas, actual demand, and operator capacity. The DOTr highlighted the need to complete LPTRPs before requiring fleet modernization and to focus on building TSE capacity for sustainable operations. DBP and NFTC emphasized early return on investment, stronger government support, and cooperative-led diversification to manage financial risks. SafeTravelPH advocated performance-based, data-driven service contracting,

while TSSP proposed cross-subsidization and centralized management to improve operational efficiency. The panel concluded with calls to integrate financial analysis into route planning, support continuous knowledge-sharing among cooperatives, and tailor modernization efforts to local conditions.

In her closing remarks, TSSP President Dr. Ma. Sheilah Napalang reminded participants that PTMP is about *people*, not just *profit*. She emphasized the urgency of addressing safety, inclusivity, and service reliability in light of increasing road crashes. She urged stronger collaboration with LGUs on LPTRPs, stating that limited local capacity must not hinder progress. She called for critical thinking beyond raw data, advocated targeted training for cooperatives on financial and asset management, and noted that loan defaults often result from both low revenues and mismatched financing terms. She reaffirmed the role of service contracting as a mechanism to guarantee performance-based service. In conclusion, she identified four priorities: **fleet modernization, route rationalization, completion of LPTRPs, and industry consolidation.**