TRANSCRIPT OF THE

Public Transportation Modernization Program (PTMP) Forum 2: The Continuing Challenge of Financing

06 MAY 2025

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1 Implementation Status of PTMP and Government Financial Support

By Mr. Zion Yuson
Department of Transportation

Link to presentation slides: click here

I will be sharing a quick status update on the Public Transport Modernization Program (PTMP), specifically focusing on the financing component. Of the nine components under the PTMP, I currently handle financing, fleet modernization, and vehicle useful life. If there are any questions related to these components, I will be glad to answer them.

To provide background, upon the assumption of office by Secretary Dizon, we were instructed to conduct a review of the PTMP implementation. A review committee was formed through a Special Order, composed of officials from the Department of Transportation (DOTr), the Land Transportation Franchising and Regulatory Board (LTFRB), and the Land Transportation Office (LTO). This committee was tasked with evaluating the implementation framework of the PTMP. We also held multiple consultations with transport groups. I believe the National Federation of Transport Cooperatives (NFTC) was part of many of those consultations. At present, the program revision process is ongoing, and we are open to any recommendations that may be raised during this forum.

Currently, in terms of financing, there are two main initiatives under the DOTr. The first is the special loan facilities extended through government financial institutions such as the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP). This is commonly known as the 5-6-7 scheme: 5 percent equity, 6 percent interest, and 7 years to pay. We acknowledge that there have been challenges with this scheme, especially because several economic conditions have changed since it was first introduced. Inflation, risk perceptions, and operational difficulties have all evolved over time. Thus, we are coordinating with the banks to explore more flexible and viable terms.

The second financing support is the equity subsidy. DOTr currently provides an amount equivalent to 10 percent of the vehicle cost to ease the financial burden on operators.

However, as of now, the cooperatives do not contribute anything toward the loan. What happens is that the loan gets approved, even though they have not provided any equity. There is no real ownership in that setup, because the subsidy is already provided, and they are only paying the amortizations. It becomes easy for them to simply stop paying, especially when they are not earning enough.

This is something we are now re-evaluating. We are reconsidering the down payment requirement because we do not want to rush the modernization. A new department order is being drafted, which will state that modernization will not be required for transport service entities (TSEs). We want to take our time. The directive from Secretary Dizon is to take a step back now in order to take two steps forward.

Table 1 shows the modern PUV average prices. At present, the DOTr accredits 88 models of modern PUVs. These are the units that can legally be sold under the program. As part of the accreditation process, we assess whether manufacturers are legitimate businesses that can provide after-sales services. This is to prevent fly-by-night providers and ensure that TSEs receive support after the sale. Last year, we released Department Order 2024-015, requiring all accredited manufacturers to submit an undertaking that they will provide after-sales services and spare parts for 15 years after the sale of the PUV. This was in response to numerous complaints from TSEs who could not get help from manufacturers when their vehicles broke down.

Table 1. Modern PUV Average Prices

PUV Class	Local	CBU	Min Price Local	Max Price Local	Min Price CBU	Max Price CBU
Class 1	1,380,000.00	1,680,000.00	1,100,000.00	1,800,000.00	1,680,000.00	1,680,000.00
Class 2	2,600,000.00	2,840,000.00	1,765,000.00	2,675,000.00	2,030,000.00	6,500,000.00
Class 3	2,675,000.00	2,675,000.00	1,990,000.00	2,855,000.00	2,465,000.00	2,900,000.00
Class 4	-	-	-	-	-	-
Minibus	-	3,830,000.00	-	-	-	-

Table 2 shows the current subsidy rates for government financial institutions (GFIs) and bank financial institutions (BFIs). However, this is also something that we are currently reviewing. For GFIs, the subsidy per vehicle class ranges from PHP 210,000 to PHP 600,000. The most commonly availed subsidy is PHP 280,000, which typically applies to Class 2, Class 3, and Class 4 units.

Table 2. Subsidy Rates per Type of Mode

LOAN TERMS		
Modes Covered	Modern Public Utility Jeepney Modern UVE Modern Minibus Modern Public Utility Bus (MPUB)	
Subsidy Rate (per unit)	Class 1	Php 210,000.00 (GFIs and PFIs)
	Class 2/3/4	Php 280,000.00 (GFIs) Php 360,000.00 (private banks)
	Minibus	Php 400,000.00 (GFIs and PFIs)
	PUB	Php 600,000.00 (GFIs and PFIs)
Banks and Financing Institutions Involved *(eligible to access the equity subsidy)*	Government Financing Institutions (DBP & LBP) Private Banks (Commercial, Rural, Cooperative Banks, and In-House Financing)	

**Note: Department Order No. 2023-018*

One of the discussions we have had over the past few weeks, or even months, is whether this PHP 280,000 subsidy is truly sufficient for newly formed transport cooperatives. We are expecting them to operate and become profitable with only this level of government support, when in fact, just forming the cooperative already requires significant capital expenditures. This raises the question: is the PHP 280,000 subsidy actually effective in helping transport cooperatives? Or are there other expenses that the government should support more directly?

In addition, there is now a provision for in-house financing. A recent LTFRB memorandum circular has allowed in-house financing arrangements to qualify for equity subsidies as well. This is in response to previous consultations and feedback from stakeholders.

Regarding the equity subsidy: as of March 31, 2025, 3,407 units were provided with subsidies through DBP, and 3,272 units through LBP, as shown in Table 3. For the Expanded Equity Subsidy, which covers loans from private banks, the government, through the DOTr, has subsidized 1,277 units using the 2022 General Appropriations Act (GAA) and 224 units so far under the 2024 fund. There is a difference between the private banks and the government banks in terms of loan terms, with private bank loans generally having stricter conditions. However, we were recently invited by the Bangko Sentral ng Pilipinas to consult with other private banks on how better loan terms can be offered. These discussions are also tied to efforts to promote electric public utility vehicles (e-PUVs), which I will elaborate on shortly.

Table 3. Equity Subsidy Updates
(as of 31 March 2025)

Particular	DBP	LBP
Fund Source	**2018 GAA**	**2018 GAA**
Transferred Amount	1,133,840,000	1,133,840,000
Approved Loan	8,509,440,918	9,112,190,000
No. of Units	3,851	4,085
Released Loan	7,186,903,151.18	8,201,880,000
No. of Units	3,392	3,764
Released Equity Subsidy	**932,010,000**	**888,120,000**
No. of Units	**3,407**	**3,272**

Now the main issue we are encountering: the default rates of PUV loans. Currently, there are 9,661 operational modern PUJ units across Class 1, 2, and 3. Of this total, 23.86 percent, or 2,305 units, are classified as in default by the banks.

Table 4 shows the identified key regions where these defaults are concentrated. The highest is in Region VI (Bacolod–Iloilo), followed by Region IV-A, Region V, Region II, and the National Capital Region. The top reasons for these defaults have been gathered from bank account officers who directly handle transport service entities. From 65 TSEs with delinquent accounts, 44 of them reported that there is a high level of competition on their assigned routes.

What is the Department of Transportation doing to address this?

Following the directive of Secretary Dizon, routes with modernized units shall be protected. This involves coordination with the LTFRB. There are still many routes where modernized units coexist with traditional or colorum vehicles. There must be stricter enforcement of regulations in these areas. Secretary Dizon has emphasized that all vehicles, whether modernized or not, must undergo roadworthiness testing. We will enforce stricter policies on this, especially considering the recent number of accidents involving public transport vehicles.

Table 4. Special Loan Facility Updates: Default Accounts
(as of 4 April 2025)

REGION	TOTAL OPERATIONAL MODERN UNITS	LBP RELEASED UNITS	LBP DEFAULT UNITS	LBP DEFAULT %	DBP RELEASED UNITS	DBP DEFAULT UNITS	DBP DEFAULT %	TOTAL DEFAULT UNITS	% DEFAULT
CO	786	0	-	-	-	-	-	0	0.00%
NCR	1,584	396	0	0.0%	1012	539	53.3%	539	34.03%
CAR	345	259	37	14.3%	12	0	0.0%	37	10.72%
Region I	423	268	11	4.1%	33	0	0.0%	11	2.60%
Region II	291	30	15	50.0%	90	88	97.8%	103	35.40%
Reigon III	829	348	15	4.3%	376	111	29.5%	126	15.20%
Region IV-A	497	213	7	3.3%	498	204	41.0%	211	42.45%
Region IV-B	182	145	0	0.0%	26	26	100.0%	26	14.29%
Region V	216	12	31	258.3%	115	53	46.1%	84	38.89%
Region VI	1,327	811	494	60.9%	509	230	45.2%	724	54.56%
Region VII	1,534	419	4	1.0%	461	150	32.5%	154	10.04%
Region VIII	690	577	193	33.4%	18	0	0.0%	193	27.97%
Region IX	37	0	0	-	0	0	-	0	0.00%
Region X	466	199	11	5.5%	45	0	0.0%	11	2.36%
Region XI	86	39	0	0.0%	29	0	0.0%	0	0.00%
Region XII	276	48	0	0.0%	99	71	71.7%	71	25.72%
CARAGA	92	0	0	-	26	15	57.7%	15	16.30%
TOTAL	9,661	3,764	818	21.7%	3,349	1,487	44.4%	**2,305**	**23.86%**

Furthermore, DOTr is collaborating with the Cooperative Development Authority (CDA) and Office of Transportation Cooperatives (OTC) to develop enhanced training programs for fleet management and internal governance within transport cooperatives. The objective is to help them manage operations more effectively and reduce vehicle downtimes and loan defaults.

In relation to operational issues, 13 of the 65 delinquent TSEs reported frequent vehicle breakdowns and inconsistent service. As mentioned, we have released issuances requiring accredited manufacturers to provide after-sales support and spare parts for up to 15 years. We hope this will address and reduce mechanical downtime in the long term.

Lastly, some TSEs were affected by external shocks, such as the pandemic or incidents like depot fires. Moving forward, Figure 1 shows the strategies that we aim to implement in 2025, although many are still in the development stage.

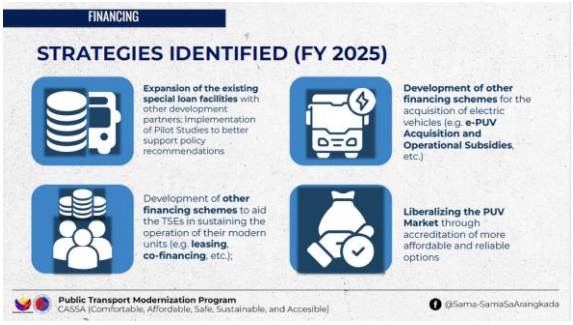

Figure 1. Strategies Identified by DOTr for FY 2025

First, we plan to expand existing special loan facilities by collaborating with other development partners and launching pilot studies to guide future policy recommendations. This includes revisiting the loan structure and identifying which components, such as capital expenditures, should be subsidized by the government.
Second, we are developing new financing models specifically for the acquisition of electric vehicles. In coordination with the Board of Investments (BOI), Clean Air Asia, and the Department of Trade and Industry (DTI), we have been presented with case studies showing that e-PUVs may actually be more cost-effective over time. Given the role of DOTr under the Electric Vehicle Industry Development Act (Republic Act No. 11697) or EVIDA Law in stimulating demand for electric vehicles, one of our key initiatives is to increase subsidies for e-PUVs, not just for the vehicles themselves, but also for the necessary infrastructure, such as charging stations.

Third, we are studying other financing models to support the operations of modernized fleets. These include leasing and co-financing schemes, potentially in partnership with local government units (LGUs).

Lastly, we aim to liberalize the PUV market by accrediting more vehicle suppliers that are affordable, reliable, and offer long-term support. This is another directive from Secretary Dizon. He wants cooperatives to have access to more reputable brands that are more dependable and better suited for the local operating environment.

2 DBP Program Assistance to Support Alternative Driving Approaches (PASADA)

By AVP Raquel Anzures

Development Bank of the Philippines

Link to presentation slides: click here

Today, we will be presenting on behalf of DBP. Later, we also plan to share insights from our recent discussions with the Department of Transportation (DOTr). Our group had a meeting with him recently, and we would like to share with you the challenges that we also relayed to the DOTr.

Everyone knows that DBP has the PASADA Program, which provides funding to TSEs for the acquisition of modern units, acquisition and construction of support facilities such as garages and the procurement of necessary equipment. Generally, the purpose of the program is to support the national government's modernization agenda, as shown in Figure 2.

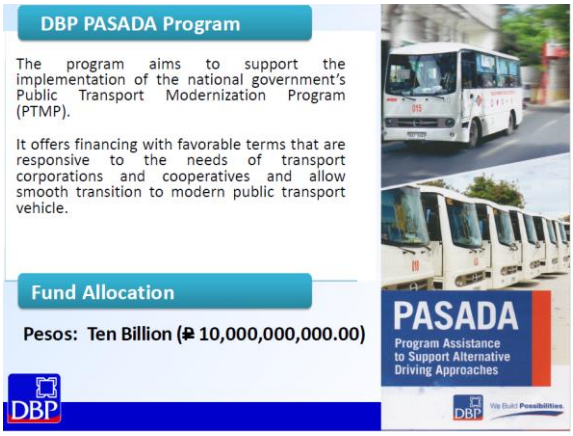

Figure 2. DBP PASADA Program's Objectives and Fund Allocation

We began as early as 2016, and by 2017, the program was formally approved. Initially, we allocated PHP 1.5 billion solely for unit acquisition. This amount was decided during discussions with the technical working group (TWG) created for the implementation of PUVMP. The program features were decided in consultation with program stakeholders so as to standardized the program tenor and interest rate of programs handled by both DBP and LBP.

We started with PHP 1.5 billion, but realizing the demand, we increased the fund to PHP 5 billion. At that time, the first three projects we financed were performing well, and we saw potential. Although we had not yet anticipated the challenges ahead, the initial results were encouraging. This was the only lending program at the time with a fully functioning technical working group, composed of representatives from various government agencies. We held monthly meetings with LTFRB to discuss issues affecting transport and to assess how agency decisions would impact the bank.

DBP started with an initial allocation of PHP 1.5 billion but with the growing interest from TSEs, DBP eventually increased its fund allocation to Php10 B. The operations of our TSE borrowers were disrupted by the COVID pandemic due to work-from-home arrangements and mobility restrictions. Despite this challenge, we continue to support the program because it will improve the commuting experience of majority of the Filipino people.

The TSEs borrowers under the program composed of cooperatives and corporations, as shown in Figure 3. In some cases, groups opted to register as corporations rather than form cooperatives, but essentially, they function similarly.

Figure 3. Eligible Borrowers and Loan Purpose

The program can finance acquisition of modern units, whether Euro 4 or electric vehicles, as

well as support facilities like garage and equipment.

Mr. Yuson earlier mentioned the issue of having no “skin in the game” for TSEs. This is true as DBP provides 95% of the project cost while the 5% equity comes from the national government as equity subsidy.

The initial equity subsidy provided by DOTr under the program is Php80,000 per unit. But due to the increasing cost of modern vehicles, DBP initiated the request to increase the subsidy. Currently it is Php280,000 for Class 2, 3, 4 and while Class 1 for Php210,000.

For support facilities such as garages, the loan requirements are stricter because no subsidy is provided. This falls under our regular 70/30 loan scheme..

The loan is up to 7 years with fixed interest rate of 6 percent collected on a monthly basis.

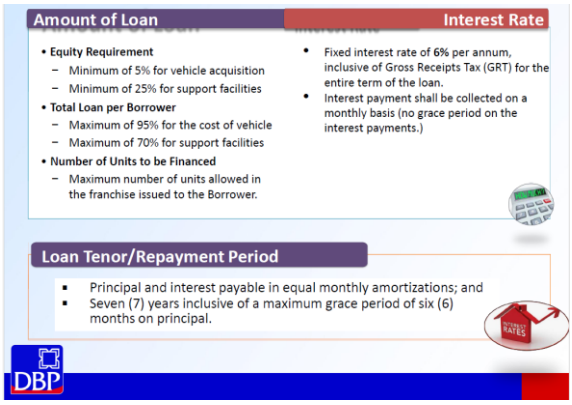

Figure 4. Loan Details for TSEs

Figure 5 shows the types of borrowers under the program, namely: (1) cooperatives, and (2) corporations. There are 109 TSE borrowers under DBP PASADA. The cooperatives make up the majority. So far, DBP has approved a total of PHP 8.6 billion in loans–PHP 8.15 billion to cooperatives and PHP 456 million to corporations and released PHP 7.187 billion. DBP’s current loan portfolio stands at PHP 5.297 billion.

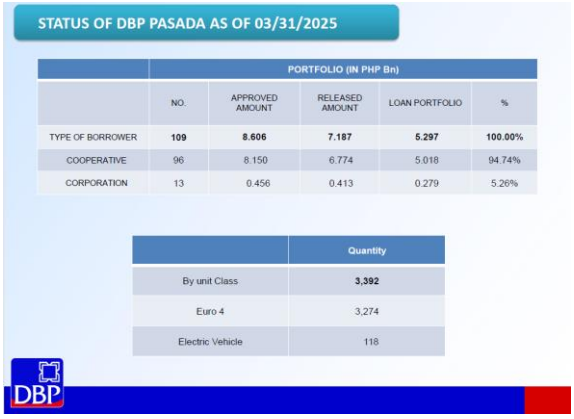

Figure 5. Status of DBP PASADA
(as of 31 March 2025)

To put this in perspective, more than 50 percent of our current loan portfolio is already allocated to this program. In terms of units, we have financed 3,392 vehicles, of which 3,274 are Euro 4 units, and 118 are electric vehicles.

However, we have identified several key challenges.

First is route viability. Many operators report having too many competitors, including traditional jeepneys/buses and colorum vehicles. We understand that the LTO cannot always monitor these areas, and like LTFRB and DOTr, they have limited manpower.

Second is mismanagement. Previously, operators handled small amounts of money. Now, after forming cooperatives and acquiring expensive assets, some of them struggle with financial discipline. One clear pattern we noticed is frequent changes in cooperative leadership. When a new chairman takes over, the cooperative sometimes inherits financial issues from the previous administration. This is one of the major cause of defaults. We are working with the Office of Transport Cooperatives (OTC) and the Cooperative Development Authority (CDA) to address this concerns.

The high-cost unit and maintenance cost and availability of spare parts also contributes to the operational challenges of the TSEs.

Regulatory and enforcement play a very role in making this program successful.

3 Paratransit in Transition and Service Formalization Assessment Thru Network-based Analysis and Planning: The Case of Puerto Princesa City

Ann Camille Fajardo, M.Sc.
SafeTravelPH Mobility Innovations Organization, Inc

Link to presentation slides: click here

I am here to present findings from a working paper that we submitted to an international conference earlier this year. In this paper, we conducted a network-based analysis, not only focusing on individual routes, but also assessing the city's entire system. This methodology was applied in our work with the LTFRB in Puerto Princesa.

To provide some background, public transport routes have traditionally been shaped by private operator requests, resulting in fragmented services and limited integration. Because of this, our services lack interconnection. Accurate, updated data such as travel demand and route capacity are essential for planning. This is especially relevant when applying route measured capacity (RMC) formulas. Our study references the updated Joint Memorandum Circular from DILG and DOTr, which mandates that Local Public Transport Route Plans (LPTRPs) must include route networks, designated modes of service, and the required number of units per mode.

In addition to these, the DOTr has stated that LPTRPs must also specify dispatch frequencies, stops, and other essential facilities. The LPTRP is not merely a planning tool; it directly impacts operators by influencing franchise allocation, fleet sizes, and the capital investment requirements of TSEs. In other words, it defines the business model for cooperatives and other transport providers.

Let us start with the tail end of the system: debt. Many TSEs are defaulting on or restructuring their loans—but why? When we think about group-based planning, we must recognize this simple chain (Figure 6): the group plan informs the franchise, which defines the supply or fleet size, which then dictates the investment required from TSEs. These investments can either become productive assets or burdensome liabilities. Planning must go beyond simply determining how many vehicles are needed.

Figure 6. Simple Mental Map of Route Planning

We analyzed a real-world case from a cooperative that experienced a 4 percent annual increase in operating expenses between 2017 and 2023. In fiscal year 2023, service-related costs reached 81 percent of total expenses due to repairs, fuel, utilities, and battery replacements. Although the cooperative still recorded a net surplus, this was only possible due to subsidies and other income-generating strategies. This raises a critical question: Why are TSEs still struggling financially? More specifically, why is income from transport services not enough to cover the cost of operations?

With the cooperative's consent, we reviewed their audited financial statements. Figure 7 shows consistent annual surpluses of PHP 1.3 to 1.7 million. However, in fiscal year 2023, the direct income from transport services (about PHP 60.1 million) was not enough to cover the PHP 64.5 million cost. The difference was made up through subsidies and other income. This highlights the essential role of financial support in modernized transport operations.

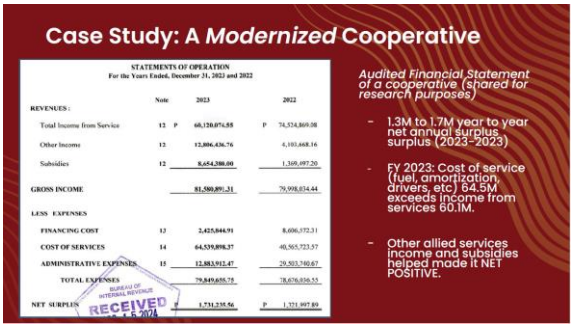

Figure 7. Audited Financial Statement of a Modernized Cooperative as a Case Study

Interestingly, the first PTMP implementers were small- to medium-sized cities located outside dense urban centers. One key insight is that population density strongly influences system viability. In dense cities like Metro Manila, demand remains consistently high throughout the day. However, in places like Puerto Princesa, with a population density of only 199 people per square kilometer, it is significantly harder to implement a formalized public transport system. This requires strategic planning tailored to local conditions.

Our central challenge is this: How do we optimize public transport planning in low-density cities like Puerto Princesa? Our approach combined data-driven network analysis, business viability modeling, and participatory methods.

Our objectives were threefold. First, to demonstrate that smartphone-based data collection can provide reliable transport metrics. Second, to apply public transport network modeling. Third, to assess route viability under the existing LPTRP framework. Our hypothesis is straightforward: the current LPTRP model, which estimates fleet size for each route independently, is insufficient. We propose a shift toward network-based planning—recognizing overlaps, competition, and shared demand across routes.

The LPTRP manual prescribes a fleet-sizing formula based on demand, turnaround time, and headways. We applied this formula and also tested its sensitivity to key variables. Later, I will share sample computations using our custom-built calculator. Although Puerto Princesa had drafted its LPTRP, it has yet to be approved. The planning process faced significant challenges due to an oversupply of existing routes and vehicle units, particularly filcabs.

This oversupply presents both a challenge and an opportunity for network rationalization. We utilized Household Interview Survey (HIS), traffic counts, and occupancy surveys. Puerto Princesa conducted simulations to evaluate the viability of its proposed routes. Tools used included the SafeTravelPH app and Python for data processing, as well as network modeling software to optimize route layouts.

The SafeTravelPH app serves a dual function. For users, it provides real-time tracking and service ratings. For planners like us, it captures second-by-second data on travel time, ridership, and stop activity. Using the app, we identified and verified stop locations, then tabulated and mapped them in GIS software. This allowed us to detect clusters of high activity, align proposed and actual stops, and refine network layouts using algorithms to merge overlapping points.

For simulation, we used OpenPaths (formerly CUBE) to model both the road and public transport networks. We calibrated the model using HIS-derived origin-destination matrices and validated stop locations. From this, we conducted public transport assignments. The resulting map in Figure 8 shows overlapping routes and allowed us to forecast demand, estimate boarding and alighting profiles, and compute passenger-kilometers and average travel speeds.

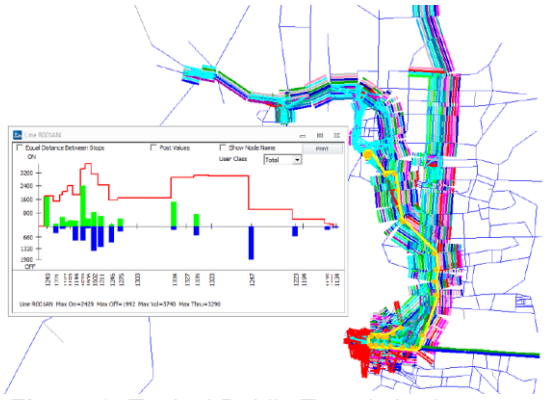

Figure 8. Typical Public Transit Assignment Result using Bently OpenPaths (CUBE)

These data were essential for both operational and financial analysis. They were used to compute fleet sizes. From the HIS, we found

that the top mode of transport used by people in Puerto Princesa was the taxi, followed by public utility vehicles (PUVs). Another interesting finding concerns the average duration of trips. Travel times were highest for UV Express vans and minibuses, as these are typically used for routes going to tourist destinations. These trips often exceed one hour. However, for day-to-day city travel, trips were usually under one hour. Even in cases involving multiple modes, such as tricycles followed by PUVs, the maximum travel time remained under one hour.

From our transport model, we were able to sum the individual trip distances and compute total passenger-kilometers, as shown in Figure 9. These figures cannot be easily estimated with simple tools. However, using the available software, we were able to estimate the total market and earning potential for operating along each route.

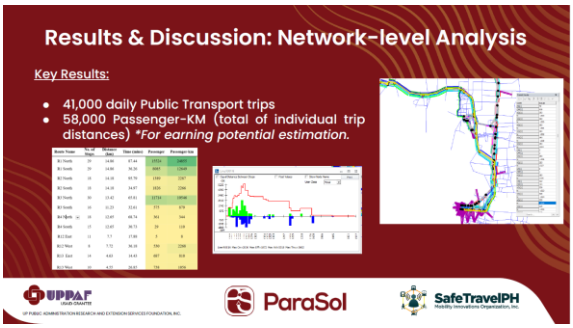

Figure 9. Key Results from the Network-level Analysis

The HIS data was validated through an observed whole-day flow of PUVs. From this, we identified the spread between peak and non-peak hour demand and calculated the number of PUVs required to operate during both periods. Our simulations showed that peak hour passenger volumes were significantly higher than those during off-peak hours, as shown in Figure 10. Moreover, rationalizing stop locations led to improved travel speeds.

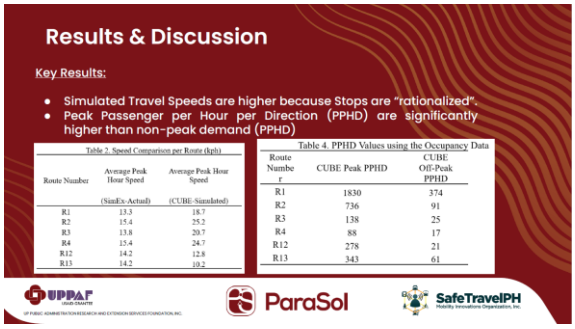

Figure 10. Passenger Volumes for Peak and Off-Peak Hours

These two factors, peak demand and travel speeds, directly influenced the fleet requirements. Using the LPTRP fleet sizing formula, we found that fleet requirements during peak periods were significantly higher, as shown in Figure 11. We also tested various service scenarios during off-peak hours, each with different headway assumptions. The results showed that even at lower operating speeds, maintaining acceptable service frequency requires careful dispatch planning.

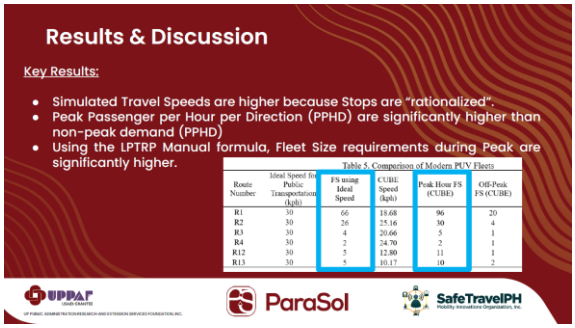

Figure 11. Fleet Size Requirements for Peak and Off-Peak Hours

To serve commuters effectively, proper dispatch management is essential. This must go hand-in-hand with internal management practices of TSEs. Using ridership data and distance-based fare formulas, we calculated the revenue, as shown in Figure 12. Costs were estimated based on projected dispatch schedules, service frequencies, and round-trip runs. This analysis also helped us understand the cost distribution.

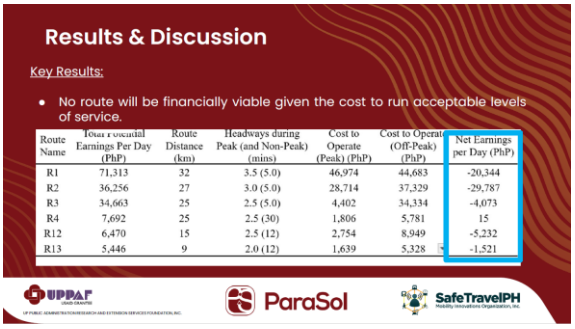

Figure 12. Total Potential Net Earnings per Day

Figure 13. SafeTravelPH PTMP Service and Business Planning Calculator

We encountered challenges in identifying the ideal vehicle mix. When we reached Puerto Princesa, they revised their plan after assessing the daily earnings of TSEs. This helped them avoid future financial problems. They are now testing other routes that may be more viable.

Last week, we held a PTMP technical workshop, some of the participants are here today. In that session, we began developing a narrative that reflects not just data and models, but also the real-world implications of transitioning to formal public transport. Our findings show the true cost of modernization– not only for vehicles, but also for operations, workforce transitions, and service expectations.

Not all cities and routes are created equal, and their planning approaches should reflect that. Our goal should be to ensure predictable and frequent service, even when demand is low. Just like in railway and BRT systems, we must begin with the desired level of service and work backwards to estimate both the costs and the required subsidies.

To support planners and cooperatives, we developed a PTMP calculator (Figure 13), accessible online. This tool allows users to simulate demand and service-based scenarios, integrating technical data with financial modeling. One persistent challenge is determining the correct fleet size and fleet mix.

Planners must answer the following: How many PUVs are needed? How many modern units can realistically be acquired in year one? How can traditional jeepneys be managed during the transition? In Figure 14, you can see yellow boxes that represent inputs provided by both planners and cooperatives, such as passenger demand and route length. Based on these, the tool estimates the required number of vehicles for both peak and non-peak periods, taking into account variables like seating capacity, viable load factor, and utilization rate.

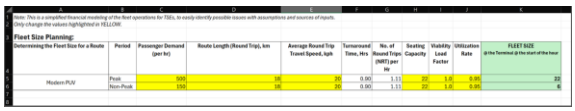

Figure 14. Fleet Size Planning using the Calculator

Another important question is: What is the earning potential of TSE-owned units compared to individually owned units? Also, how can the phaseout of traditional units be managed while minimizing job loss?

In practice, current operations often involve both modern and traditional vehicles. We included features in the tool that help determine the right mix, such as how many modern units are feasible while traditional units are still in operation. The idea is to avoid over-investment. Operators should not be forced to immediately acquire 45 modern units. Instead, they can begin with six or ten units, knowing that some traditional units will remain operational. There should not be a sudden shift because many operators simply cannot afford it. From the perspective of an operator, that would be unsustainable. Thus, we recommend carefully considering the right mix.

We also analyzed business types, historical route-level income, and the operational costs of both modern diesel PUVs and electric vehicles. Figure 15 shows additional costs such as salaries, maintenance, technology, monthly office rent, and garage expenses were also included. These are often overlooked during planning.

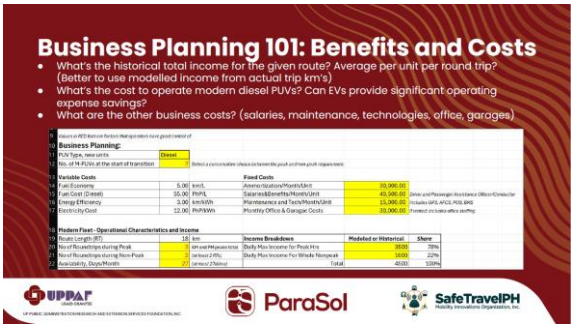

Figure 15. Business Planning using the Calculator

This coop perspective came from speaking with cooperatives that have already factored in these expenses. Such insight can guide others. Ultimately, we ask: Are TSEs generating a profit? If not, how can they remain viable without growing their debt? This tool can help identify whether subsidies or supplemental income sources are needed to sustain operations.

Business expansion strategies must also be considered. Can TSEs offer other services such as logistics or package delivery?

In Pasig, some cooperatives earned revenue during the pandemic by providing delivery services for Shopee and Lazada. This kind of diversification is worth considering.

Figure 16 shows a sample case from one of our workshops. It involves a low-density city with an 18-kilometer route. During peak hours, there are 500 passengers per hour; during off-peak, only 150. The transition plan includes six modern units and sixteen traditional units in the first year. The proposed design (submitted during our workshopis to deploy the full fleet during peak periods and ensure a 10-minute headway during off-peak, with at least two modern units in operation. This approach helps promote the new service while supporting a gradual transition.

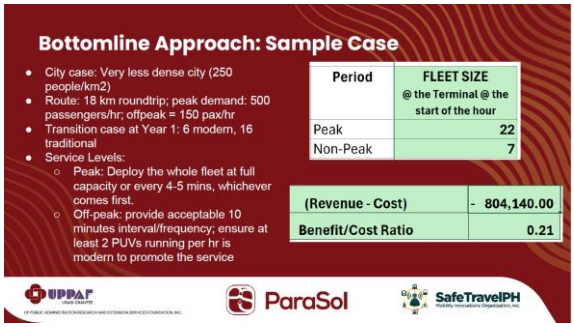

Figure 16. Sample Case: A Low-density City with an 18-kilometer Route

In summary, the study I presented demonstrates the value of data-driven planning. With the right tools, we can create smarter LPTRPs that support precise sizing and phased transition strategies. Our recommendations include the following:

- Adopt a conservative approach when requiring new vehicle acquisitions
- Allow fleet mix flexibility by design; avoid imposing a one-size-fits-all vehicle requirement
- Recognize that equity subsidies alone are not enough; additional funding sources are essential
- Encourage DOTr to support a variety of vehicle classes, such as minibuses and multicabs, based on actual demand
- Include transition financing in modernization, not only capital subsidies but also operational support

Most importantly, the DOTr should require local government units to invest in quality transport data. Complex transport plans require complex data inputs. We cannot build effective plans without accurate travel, traffic, and ridership data from the very beginning.

PROCEEDINGS OF THE

PANEL DISCUSSION

Dr. Daniel Mabazza (Moderator): I have a set of questions prepared, but before we begin, I would like to revisit the specific objectives of today's forum. Welcome back once again to many of us here. Let us take a moment to reflect on our objectives to guide the direction of this discussion. There are three specific objectives:

1. To discuss the status of government programs, subsidies, and other financial assistance for transport cooperatives and corporations.
2. To explore alternative financing solutions and policy recommendations to enhance accessibility for transport stakeholders.
3. To provide a platform for stakeholders to share insights and experiences in addressing the financial challenges of the Public Transport Modernization Program (PTMP).

This forum, titled "The Continuing Challenge of Financing," is a continuation of last year's PTMP Forum 1. In that session, we explored the targets and mechanisms of financing. While we received useful information, we also realized that financing remains a continuing challenge, hence today's deeper exploration. From your vantage point, as a financier, policymaker, implementer, operator, researcher, or someone working within an academic institution, what do viable, inclusive, and sustainable financing solutions for PTMP look like in practice? What have we learned from our engagement with PTMP so far? How can we move toward more effective financing frameworks? What is viable, inclusive, and sustainable?

Q1: From your vantage point, what do "viable, inclusive, and sustainable" financing solutions for PTMP look like in practice?

Ms. Anzures (DBP): When we talk about viability and sustainability, we often begin with return of investment (ROI). If a cooperative takes on a seven-year loan, for instance, the ideal is for them to recover their investment within three years, not seven. That is our understanding of viability. ROI must be calculated separately from interest payments. The capital they released should be recovered within a short period. There are also investors interested in the transport sector. However, one of their first questions is, "What is the ROI?" If they will be funding a seven-year project, they expect returns far earlier than the end of the term.

Ms. Jzunah Orapa (NFTC): On behalf of the Chairman of the National Federation of Transport Cooperatives (NFTC), I am here to represent the federation. Regarding the viability of cooperatives, there are some cooperatives that find the transition from single operators to cooperatives or corporations burdensome. However, the Department of Transportation (DOTr), Office of Transportation Cooperatives (OTC), and Cooperative Development Authority (CDA) are conducting studies and training to support us. Regarding ROI, cooperatives are generally not inclined to bring in investors. Cooperatives are formed by groups of individual operators who consolidate and invest into their franchises. They pool their shared capital to create the cooperative. For loan acquisition, banks and other private financing institutions have provided a seven-year term. In some cases, even larger cooperatives have financed the acquisition of modern units for others. When it comes to ROI, it is difficult to pinpoint an exact timeline for recovery. However, there are cooperatives that have already been very successful. For example, one of our primary members in the NFTC was able to fully pay off their modern units during the service contracting program. Even then, ROI has not yet been achieved because they continue to acquire more units to ensure the viability of their routes. Only once the loans are fully paid by the seventh year can they begin to see ROI. Some cooperatives prefer not to bring in outside investors, especially those unfamiliar with or not part of the traditional transport system, because they may not fully understand the context. And we all know that investors look at ROI when deciding whether to invest.

Mr. Yuson (DOTr): To answer the question on what we believe constitutes viable or sustainable financing for the PTMP, we want to focus more on the grassroots level, that is, the Transport Service Entities (TSEs) such as cooperatives and corporations. We believe in building their capacities first

before any financing takes place. As mentioned earlier, one key to sustainability in financing is ensuring that cooperatives have more skin in the game. It is like the saying goes, “teach a person to fish”. If we just continue handing out subsidies, it will not be sustainable in the long run. We may run out of government funds, and we will have no way to monitor whether the quality of service on the ground has improved. We believe that for financing to be sustainable, we must first develop the TSEs. We should not rush modernization. Instead, we should focus on developing their management systems and internal structures. Let them build their capital first. Let them pilot their own models, and prove that they are willing and capable of running sustainable business operations before we require them to expand. As previously mentioned, traditional jeepney operators used to handle thousands only. Now, with modernization requirements, for example, one cooperative might be asked to manage 50 units. If one unit costs about 2.8 million pesos, that is nearly 100 million pesos in assets that a cooperative is now responsible for. If we compare that to a franchise of a fast-food chain, which might cost around 10 to 30 million pesos, we will see that those chains are already run by professionals, which are trained and financially equipped. Operating a transport business should be approached the same way. It is not something we can expect individual operators to master overnight.

Dr. Mabazza (Moderator): When you say that the policy is not to rush modernization, how long is that perspective supposed to last?

Mr. Yuson (DOTr): When we say not to rush modernization, the foremost priority is the completion of the Local Public Transport Route Plans (LPTRPs). In previous years, some cooperatives purchased modernized units only a few months after their formation. That perception still exists among many transport service entities (TSEs), that need to immediately buy units. In the past, the process was rushed. Even Secretary Dizon has said that we must first determine the viability of routes before we proceed or require TSEs to acquire modern units. This aligns with Engineer Camille’s presentation earlier. We need to first identify whether the routes are actually viable. This effort is being led by the DOTr, in coordination with LGUs and LTFRB. This year, we intend to finish at least 50 percent of the route plans nationwide. This was mandated by the General Appropriations Act for the year, and we were given a budget to complete 50 percent. As of now, we are still on target. But completing the route plans is not the end. It is a continuous process, and we hope to finish all route plans by 2027. Until then, the policy will continue to evolve. Before we mandate any re-fleeting requirements, we must first assess whether the cooperative or TSE is capable of modernizing. Even after a route plan is completed, we will continue to monitor and evaluate the TSE’s performance before they proceed with acquisition.

Ms. Fajardo (SafeTravelPH): What Zion shared is contrary to my own take on sustainability. A few months ago, Engineer Lester and I conducted a service contracting study and presented findings showing that cities with good public transportation are actually subsidized by the government. In reality, operators are operating at a loss. Yet they can continue providing service to commuters because of government subsidies. This is called public transportation for a reason–it is meant to serve the public. I feel that the government should still have a role to play. However, I agree with what Zion said: the transition should not be rushed. I also agree that we need to teach TSEs how to handle operations effectively. It is good for the TSEs because they are the ones managing the system. But at the same time, the government must retain checks and balances. The ball is in the hands of the TSEs since they are the ones providing the service. Still, the government must ensure the quality of service. That is essentially the role of service contracting. In other countries, such as Singapore, if commuters report negative feedback about the TSE, the monthly subsidy given to the operator is reduced. These are the kinds of accountability mechanisms that I hope our national government agencies can implement. I understand that the situation is difficult at the moment, but we must consider the long term. For me, it is not possible to pursue public transportation reform without the involvement of the government. At the end of the day, we cannot rely solely on private businesspeople to run public transportation systems.

Dr. Crispin Emmanuel Diaz (TSSP): Let us talk about viability. I would like to expand the perspective. Right now, we are focused very heavily on the viability of cooperatives and corporations. But I think

we should also consider why fare increases are not happening—it is because we are taking into account the viability of individual users. Affordability is one of the key performance indicators of public transport. And the benefit is not limited to users alone. Society as a whole benefits. If more people use public transport, they will drive less, leading to less pollution and less congestion. There is a need for the government to consider a more comprehensive view of what viability means. For a long time, road-based public transport has received little to no subsidy. The entire burden of financial viability is placed on the operator. Yet the government does control many elements that affect viability. This has been raised in multiple presentations already, and I do not believe there is any disagreement on that. The route is essential, but I would rather expand that concept to what I would call the service area. One route may be highly viable due to high demand and population density, while another may be less dense and therefore less viable. However, the latter could be cross-subsidized by the former. Overall, you might be able to provide sufficient public service across a large area by creatively cross-subsidizing within a single operation or entity. Whether we are talking about a cooperative or a corporation, the focus right now is very route-based. I believe we need to shift that focus to the broader service area. There are international examples. In the United Kingdom, everything used to be run by individual companies and was highly inefficient. The government then asked providers to bid for service areas. The winning bidders offered the lowest fares within certain operational parameters and committed to service quality standards, such as frequency, waiting time, and vehicle quality. One entity would then be held accountable for the entire service area. Accountability became clear and enforceable. A similar approach can be seen in Japan. In smaller areas, a single bus company services all routes and manages the entire network. They can shift buses to the routes with higher demand at certain times. For instance, in the morning, more buses may be needed in one area than in another. One of the problems here is that vehicles are tied to specific routes. That can be quite restrictive. If it were possible to optimize operations across routes, that would be ideal. This would involve micro-optimization, but it would significantly improve efficiency. In summary, while it is important to ensure the viability of operators, we should also recognize that their success contributes to the viability of society as a whole. I doubt that Secretary Dizon would hesitate to advocate for more funds if we take this perspective. Public transport is a public good. For it to be truly beneficial, it must be supported. I do not think fares alone can sustain it. That has been made clear, and it was mentioned earlier. Around the world, very few public transport systems are viable based solely on farebox revenue. Most successful systems have additional revenue streams, such as real estate. In Japan, large train operators earn profits from land development in areas serviced by their rail lines. I am not saying that cooperatives should go into land development, although some might. But we need to creatively integrate other income sources while acknowledging our limitations. I would also like to comment on the transition. Asking operators to invest in expensive vehicles all at once is unrealistic, especially when they are already financially burdened. Those who succeeded had strong markets. Those who did not likely represent the majority. The goal should be to make success the norm, not the exception. That is where subsidies and government support are most effective. Of course, banks should still be able to profit. But the government must consider other ways of helping, not just through direct financial aid but also through investments that allow operators to increase their income by legal and sustainable means.

Q2: Are there successful collaborations or pilot projects you've seen that could serve as templates for broader implementation?

Ms. Anzures (DBP): Yes, we actually have a number of successful examples, although not the majority. I believe there are two projects currently operating well. One of them is engaged in transport but not only under PTMP. I believe everyone is familiar with Lucban Genesis. They are very successful because they were already operating as a cooperative even before the modernization program began. Second, their operations are managed professionally because they strictly follow all requirements. For instance, only members are allowed to participate. Their route is viable, and their compliance is commendable. Another example is Route 997. Their operations are also well-managed. It is a 25-kilometer route, and while the route may not be that long, business management is critical. They manage it very efficiently, with transparency. A longer route also provides them with more flexibility. I

agree with Dr. Cris' earlier point about the role of the government. For example, it is like being invited to a buffet. After eating, you should not be expected to wash the dishes. When the government invites participants into a program, it must ensure that everything is in place to help them succeed. Unfortunately, what happened was the opposite. Once they joined, the burden of ensuring viability was left to them. The concept should be that if you are invited, the government must prepare the groundwork so that participants will be able to pay and operate viably.

Ms. Fajardo (SafeTravelPH): One cooperative we interviewed that I believe is a good case is Alabang South Metro. According to our interview, they operate electric vehicles. Their main expenses include garage rental and battery leasing. What is impressive about that cooperative is that even before the idea of leasing EV batteries became mainstream, they were already thinking in that direction. Instead of buying the whole unit, they proposed leasing the batteries, knowing that it would be too costly to purchase everything upfront. Fortunately, their partner, Aerostar, agreed to this arrangement. As a result, their only expenses now are for the garage, electricity for charging, and battery leasing. When asked about their monthly financial statement, Aerostar said they are able to meet their dues. It is a good example. Not only are they paying on time, but there are also months when they have profits, which they have used to purchase more electric vehicles. I believe this connects to what the previous speaker said. You really need capable leaders. Many cooperatives lack the knowledge and experience to manage their operations effectively. We need to take action to address this. We must teach them proper management practices. It would be unfair if only a few succeed. Everyone should have the opportunity to benefit. That is one good practice I observed in that cooperative.

Ms. Orapa (NFTC): On behalf of the cooperatives, I agree with what Mr. Zion said. The DOTr and LTFRB are not aggressively pushing for the immediate modernization of units by cooperatives and corporations. It still depends on the roadworthiness of the old units. If they are still operational, the LTFRB remains open to dialogue. It is also the choice of each cooperative whether they want to convert their old units into modern ones. Ma'am is also correct. Lucban Genesis and 997 Sandigan are primary members of the National Federation. We also have Pandacan Transport Services Cooperative. Their route is only 3.5 kilometers long, yet they are very progressive. This year marks their 50th anniversary as a cooperative. On April 13, 2025, we simultaneously launched modern units for five cooperatives. There are indeed progressive cooperatives, thanks to good management. According to CDA, chairmanship terms in cooperatives are limited to two years. The board of directors decides on policy matters. For example, in the case of Juan TSC, the chairman was the sole signatory during the seventh year of the loan acquisition. Even if the chair steps down, as long as they remain on the board, the transition continues. This is how other cooperatives manage leadership changes. The problem arises when a new chairman takes over without proper knowledge or a proper management turnover. That is where some cooperatives start to fail.

Dr. Mabazza (Moderator): Are they still listed as signatories even after seven years, as long as they remain board members?

Ms. Orapa (NFTC): Yes. In a cooperative, you cannot be easily removed. Even if you are no longer the chairman, if you are still elected to the board, you remain a signatory for loan acquisitions. Regarding Ms. Camille's earlier presentstion about drivers losing their jobs, it is not true that drivers of traditional jeepneys lost their livelihood. Modernized units require two drivers per shift. Therefore, the claim that drivers lost their jobs is misinformation spread on social media. It has deeply hurt cooperatives and corporations, especially the narrative that drivers must shoulder the cost of the modernized units, which range from 2.5 to 3 million pesos. Individual drivers cannot afford this. That is why cooperatives and corporations were formed, to build trust with banks and present a group that understands daily operations. As for the issue of subsidies, during our last meeting with Secretary Dizon, it was made very clear that government subsidies will not last forever. This is why cooperatives and corporations are diversifying into other businesses. Some now operate TNVS services and taxis. Metro Comet also operates taxis. Progressive cooperatives have established their own diesel fuel stations and auto parts businesses for their members who still own traditional units. Some

cooperatives maintain traditional units in half of their fleets. The spirit of cooperation continues, with members helping one another and also extending support to other operators.

Mr. Yuson (DOTr): Since the NFTC representative spoke, it is worth highlighting that they have many good case examples. The NFTC is one of the groups that has been meeting regularly with Secretary Dizon. They are pro-PTMP and have been advocating for the continuation of the program. From our end, what we would like to emphasize, as Maam Orapa mentioned earlier, is that these subsidies are not permanent. For example, service contracting used to be given outright to any TSE that complied with the requirements. One way we can assess what makes a successful case is by looking at cooperatives that were able to succeed without receiving service contracting funds. Service contracting entails a large amount being granted, and whether or not that was managed effectively is still a question. If those cooperatives had not received that funding, it is uncertain whether they could have scaled at the same rate. If there are other examples of cooperatives that did not receive service contracting support but still became successful, those would provide deeper insights in response to the earlier question.

Q3: What inclusive financing innovations (such as tiered interest rates, cooperatives-first lending, or public-private partnerships) are worth exploring or scaling up?

Dr. Diaz (TSSP): Actually, when we talk about inclusivity, I believe it is more directed at the public rather than just the operators. While we expect operators to demonstrate a certain level of management acumen and accountability, we must also ask if we are equipping them with the right tools. For instance, we need to identify which types of support will help them most. They are transitioning from the old way of doing things to a completely new environment that they do not yet fully understand. I believe the government, working closely with them, should help monitor this transition. Although this may not address inclusivity in the strictest sense, one practical approach is to avoid immediately requiring the full fleet size during the transition. Instead of mandating 100 percent implementation, perhaps they can begin with 50 or 75 percent, to get a feel for the market with lower financial exposure. If they see that ridership is high, "*punong puno*", then they can scale up gradually. Some operators made significant investments right away, but the market did not meet expectations. To deal with this uncertainty, I recommend a more measured approach, something that avoids the "*sabak agad*" mindset. I do not know how others would feel, but that is my suggestion. To support this, accurate data is crucial. How do we know if the coop is telling the truth when they say, "*hindi kami kumikita*" or "*kumikita kami*"? There is no reason to lie, as the numbers should reflect the reality. Better reporting is needed, even if not entirely digital. Ideally, we would use cards or some form of electronic payment system so the data can be counted accurately. Card-based systems and similar technologies are important. When these tools are combined, they allow for safer scaling with less exposure, while gradually building the system. Lastly, regarding data: in other countries, they review service agreements annually or every other year. They assess how many vehicles should be deployed, based on data collected during actual operations. This system creates accountability. The government knows how many passengers are being served, and based on that, they can increase or decrease the number of vehicles or shift resources to other routes. That is something that could be helpful.

Ms. Fajardo (SafeTravelPH): Yes, Dr. Cris's point is very relevant. In our current project, we are attempting to implement that. The concept is similar to a smart contract. We are piloting a service contracting model in Iloilo City. It becomes a "smart" contract in the sense that national government agencies like the DOTr and funding partners like ADB can monitor the operational performance of cooperatives. They can track how many passengers are being served monthly, estimate income, and assess financial health. This is where another metric comes in. In service contracting programs, there should be computer-generated feedback. The database should be capable of factoring in deductions from the subsidy amount for certain TSEs, depending on performance. I think that is what you are referring to–being able to determine if a TSE is actually profitable. Some TSEs are not transparent for unknown reasons. This platform promotes transparency. It shows how much money is coming in, how

it is being spent, and whether that income is sufficient. That is what we are trying to achieve through SafeTravelPh. Hopefully by July, we will publish a report on whether or not it is effective.

Closing Question: What's one practical action or policy you believe should come out of today's discussion to improve PTMP financing?

Mr. Yuson (DOTr): Based on the earlier presentations and discussions, I believe we can all agree that both the route and the TSEs are central to the issue. First, we must focus not only on individual routes but on the broader service area or network and assess how that can be made viable. At the same time, we must evaluate how TSEs can operate viably. I do not have a specific intervention to recommend right now, but one thing is clear: we need to expedite the analysis of routes and service areas. We are currently in the process of procuring consultants to assist with this. The terms of reference have already been prepared, including a new set covering inter-regional and inter-provincial routes. We are also developing Volume 2 of the Local Public Transport Route Planning Manual. This edition will present concepts in simpler, more understandable terms for local planners. One specific improvement is to incorporate deeper financial analysis into the LPTRPs. Right now, the LPTRP provides a fleet size and service plan, but it does not outline the actual investment required, the potential profitability, or the expected return on investment. Including this analysis would benefit TSEs and increase the confidence of banks, lenders, and investors, ultimately improving service quality for commuters. As for the TSEs, I suggest creating better support programs. The NFTC already has a strong internal network. Nearly 80 percent of their members are successful. This is partly because they are able to share best practices regularly. We hope that something similar can be implemented nationwide so that cooperatives outside of NFTC also have regular channels to learn from each other. Not just through one-time events, but through ongoing platforms for sharing knowledge and experience.

Dr. Mabazza (Moderator): Is it a requirement for a federation to be successful? Probably not.

Ms. Orapa (NFTC): No, it is not required. It just so happens that most of the primary members of our federation are successful, almost 80 percent. They are able to pay. There are some new members from the provinces who come to us with concerns, saying they might incur losses. As a federation, our job is to follow up persistently with the DOTr, LTFRB, and OTC. We often bring them "love letters," which are letters presenting the issues and concerns of our members, such as overlapping routes, colorum operations, and more. The LTO is doing what it can, but there is a limit to its capacity. Some vehicles became colorum because they failed to consolidate. But the principle remains: obey first before you complain. What we often see is a lot of complaints. In Cebu, for example, the BRT is already ongoing, although it is not yet fully operational. Almost 90 percent of the cooperatives there are already consolidated. Their main concern is that all their routes will be covered by the BRT. I spoke with the DOTr, and we were able to come up with a resolution. The recommendation of the cooperatives is that instead of letting their operations die, they should be the ones allowed to operate in the BRT corridors, rather than the government purchasing buses. In this case, the Federation of Cebu, which already has significant assets, has the capacity to buy buses. This is one of NFTC's achievements: we were able to help facilitate negotiations between the cooperatives and the LTFRB and DOTr for that project.

Dr. Diaz (TSSP): I would like to comment on the BRT discussion. In other countries, such as Bogotá, Colombia, they have BRT systems. The operations there used to be conducted with small buses or minibuses. They do not have jeepneys, so it is analogous to the situation in Cebu if it progresses the same way. What they did was organize the individual operators, who had to invest in new vehicles. They retained ownership, but operated under a unified operational structure managed by a larger management group. They were paid based on the kilometers they ran, not on how many passengers they carried. If they complied with their operational schedules, they were paid accordingly. It became the responsibility of the management to ensure passengers were served. The management group collected revenues and distributed payments proportionally to the individual vehicle owners. It was a

way to match payments with operating costs. I believe this arrangement could work here, especially if multiple companies need to work together. A neutral third party could act as a referee, assigning schedules fairly. This way, no vehicles are underutilized, and service is optimized across all times. That kind of structure is worth studying.

Dr. Mabazza (Moderator): Would you say that would improve PTMP?

Dr. Diaz (TSSP): Yes, I believe it relates more to prioritization and planning. If we want the greatest impact in the shortest time, we must focus on the densest cities. Public transport relies on density. There are areas where public transport simply will not be viable. For example, in the provinces, people might say, “There are no jeepneys to ride because there are no passengers.” It is a matter of scale. Public transport is a scale-based system. The DOTr must know which areas are viable. Focus on areas where viability is more assured, so we can deliver benefits quickly. Do not try to take on the entire system at once. Instead, divide the work strategically by focusing on urban centers first, where development is concentrated. That is not to say we are ignoring other areas. I know there is always the criticism of "Imperial Manila,” but these decisions should be based on economic and strategic considerations. Why focus on Cebu? Because if we cannot make it work in Cebu, we will not be able to make it work anywhere. Start with where it is viable, then expand to surrounding areas. You can even group similar cities and share experiences across them. Some cities have very simple routes, just back and forth. If we divide the country strategically and focus our planning efforts in phases, we can deliver better outcomes.

Ms. Anzures (DBP): When we talk about financing, we all know that from the banks’ perspective, the combined funds of DBP and LBP are not enough to fully support this program. That is why it is very important for the national government to ensure the viability of this program, so that private banks will feel more confident to support it. Right now, they are saying it is really difficult. Even for the government, it is difficult to manage the consolidation timelines. Dr. Cris mentioned some very helpful best practices, but I am not sure if those would work here in the Philippines because our transport sector is different. You cannot force people to modernize if they do not want to. You cannot force them to consolidate. They will always have something to say. Even now, we have modernized transport, but as a commuter, I still do not always feel comfortable. They claim a passenger capacity of 25, but you often see 30 passengers on board. Still, as long as it gets us where we need to go, we accept it. From the bank’s perspective, we need to see that this program will truly help improve the economy while also ensuring the loans are repaid. We are trying to work with the DOTr.

My question is: since you mentioned earlier that the Secretary’s instruction is to put modernization on hold, what is the plan for those who have already modernized? They are expecting the program to move forward. If not, they will face difficulties.

Mr. Yuson (DOTr): To answer your question, ma’am, Secretary Dizon’s plan is that for those who have already modernized, we will not interfere. In fact, we will support them even more. In our segmentation analysis, we found that around 86 percent have consolidated, those who voluntarily applied. The remaining 14 percent are unconsolidated (Segment C). Within the 86 percent, there are two subgroups: Segment A, the successful and fully compliant; and Segment B, those who are not as successful. For the successful ones, we will continue to support them through regular programming. For the less successful ones, the government will provide additional assistance through service contracting, fuel subsidies (even if limited), and new financial programs we may develop. For the unconsolidated, who are often more vocal in the media, Secretary Dizon has already made a decision, although the guidelines are not yet final. But the bottom line is, the successful modernized units will continue to receive government support. We will not ask them to stop.

Ms. Orapa (NFTC): If I may add, regarding PTMP implementation, from the transport sector's perspective, we would like the government to consider DOLE’s participation in this. Because we are now required to pay the minimum wage to our employees. In the past, individual operators relied on boundary earnings. Now that we have formed cooperatives, we have become employers. We hire

drivers from various sources because there is a shortage. That is why we are constantly hiring. However, our routes do not operate on regular work hours like 8 to 5. Some routes operate 12 to 18 hours. And even while vehicles are in line at terminals, drivers' time is counted as work hours. There are "dead hours" between peak times, usually from 9 AM to 11 AM, when drivers and conductors eat or rest. The government needs to see this picture when working with DOLE. We are required to pay overtime, and in some cases, we lost cases before DOLE because of it. Cooperatives tried to shift to an incentive-based system instead of paying overtime. It is not a quota; it is a bracket system. Units must earn enough daily to cover amortization, salaries, and maintenance. If the earnings fall short, we struggle to repay our loans. If we strictly follow DOLE's overtime requirements, it will be an additional financial burden. So instead, when drivers reach the bracket, we give them incentives that act as overtime pay. We presented this table during the previous forum with SafeTravelPh. If we add both incentives and overtime, the cooperatives will end up operating at a loss. That is one of the challenges. We cannot stage protests demanding fare hikes. The difference between traditional and modern unit fares is just two pesos: 13 pesos for traditional, 15 pesos for modern, despite having air conditioning and being more comfortable. The photos on social media showing overcrowded conditions only happen during peak hours. During off-peak times, the ride is smooth. I remember we had our chairman take a ride in a modern jeepney as a form of testimony. A Grab ride from Cubao to Fairview would cost over 500 pesos. But the modern jeepney only costs 70 pesos, and with air conditioning. That is a big difference. What social media shows is just the peak hour scenario. Outside of that, the experience is much better.

Dr. Mabazza (Moderator): Thank you for sharing those insights. That helps clarify and correct many of the misconceptions being circulated online, especially those that are not verified or validated.

Ms. Fajardo (SafeTravelPH): During peak hours, when there is crowding, perhaps the DOTr can consider allowing mixed fleet sizes, that is, larger capacity vehicles for peak periods, and smaller ones for off-peak times. I understand this is not yet allowed.

Dr. Mabazza (Moderator): Yes, earlier I observed that a "one-size-fits-all" approach is still prevalent. There is much we have learned from this discussion. Though time is limited, we can see how valuable these dialogues and collaborations are. This forum aims to identify viable funding solutions that balance modernization goals with financial inclusivity, helping ensure that the country's public transport system evolves in a sustainable and equitable way for all stakeholders. Thank you.

Closing Remarks by Dr. Ma. Sheilah G. Napalang (TSSP President)

I would like to summarize everything that we have discussed, but I want to do this within a particular context. Let me remind us why we are doing the Public Transport Modernization Program. We have been focusing on financing, and earlier we said, "*maganda iyan kasi kumita sila*".

But let us ask: why do we have PTMP? Considering everything that is happening now, it is unfortunate that there are so many road crashes. A lot of these are caused by inefficient public transportation, as well as inefficient traffic management. Dr. Cris and I were discussing what happened at NAIA, and we wondered how one might restrict the entry of large private vehicles into airports.

I would like to share with you the results of a strategic planning activity we conducted for the LTFRB. This effort reminds us of the reason we are doing this work. We spoke earlier about how operators are earning, and some said modernization should not be rushed. The truth is, we no longer have the luxury of time. The way things are now, it is crucial that we get our act together. We have been conducting many studies on motorcycle taxis, and we have seen that many commuters have shifted from public transport to motorcycle taxis. Men and women are now using them equally. But there are still no safety nets for these riders. One very important thing we noticed: most trips are work-home trips. We do not see trips made by mothers bringing children to school or caring for elderly parents.

That tells us something about inclusivity. I am glad we are talking about financing and the many things we can do to support it. But let me bring us back to the vision.

Our vision is to create resilient, socially inclusive, and economically vibrant communities across the country, guided by an equity lens.

Earlier, the presentations focused on frequency and reliability, but they left out one crucial thing: safety. That is the most important component. We are talking about people here. PTMP is not just about profitability or money, it is about people. We must remember that. We talk about building resilient communities that are safe. None of us wants to see a repeat of what happened at NAIA. If we had been there, we might have joined the rally. So yes, financing is important, but it is only one of many components that must be addressed under PTMP. That includes route rationalization.

Earlier, we discussed the competition that occurs along routes. This is because the routes have not yet been rationalized. And it is not just traditional jeepneys and buses that are competitors; sometimes, tricycles are competing with cooperatives. That was the case in General Santos. We cannot talk about financial viability without first understanding the demand in each area. That is why the LPTRP is so important. But how do we support it? I cannot remember the exact percentage, but only a small number of LGUs have submitted their LPTRPs. Let me remind us why LPTRPs were introduced. LGUs know their own streets and their own needs. But they may not be equipped to do the planning. Still, their participation is essential. That brings me to an earlier question: what if the LGU lacks capacity? The answer is collaboration. We cannot do this alone. We cannot do this LGU by LGU. This must be a collective effort.

We also talked about fleet modernization. And now there is once again a debate, do we modernize or not? I feel saddened for those who have already purchased modern jeepneys. Earlier, someone said cooperatives have not put in much investment. That is simply not true. Even five percent of 2.5 million pesos per unit is a huge investment for a cooperative.

In General Santos, many of them came from tricycle operations. They are not large operators. We must recognize that. I had a question earlier about reasons for loan defaults. But I already know some answers. It is because their revenues are not sufficient. We also learned earlier that there is a mismatch. I asked Mr. Lemar if the financing schemes had been aligned with franchise terms. He said no. This is something we need to address. The financing institutions have also invested heavily. There are many moving parts. As someone mentioned earlier, density determines viability. But what about developmental routes? Transportation is fundamentally about moving people. And people do move from areas of less concentration to areas of greater concentration. That is how urbanization works.

So again, it is not only about density. I once attended a workshop, not related to transportation, but about Ignatian spirituality. The speaker said, “Data is overrated”. Why? Because critical thinking must prevail over raw data. You can have all the data, but if you do not understand what it means and how to respond to it, it becomes meaningless.

We also saw earlier that many cooperative leaders lack proper financial management skills. That does not mean we are minimizing their capacities. We are simply being honest about who they are. So the question is: how do we make modernization happen, given the capacities of our stakeholders. It is clear that the OTC must provide trainings on asset management, financial literacy, and cooperative management. They must be taught what it means to be a cooperative, not just in theory but in practice.

And after all this talk about loans and financing, I believe we are missing something important: service contracting. In our interviews with operators, service contracting was the most useful support. But some people misunderstand it. It is not merely a subsidy. Service contracting is about ensuring reliable operations based on a defined service plan. It compensates operators based on vehicle-kilometers served, not just whether they picked up passengers.

In General Santos, this was a major finding. Service contracting is not about free rides. Other countries use it to guarantee that public transport provides frequent, reliable, and safe service. The government must ensure that those standards are met on the ground.

And finally, someone said earlier that the government should be involved. Yes, because what is the role of the government? It is the vanguard of public welfare. The government must regulate and protect the public interest. That is its job. It should not act like a private business. In conclusion, let us not focus on just one component. Dr. Cris said earlier that we should not try to eat the entire animal at once. But if we are going to take a bite, let us go straight to the core.

And the core is this: fleet modernization, route rationalization, the LPTRP, and industry consolidation. We heard earlier that industry consolidation is not yet at 100 percent. That is fine. Let us work with what we have. Let us show that consolidation helps transport systems function more effectively.

With that, I would like to thank everyone who joined us today. I hope we can all work together to make this vision a reality.

We cannot afford to delay.

Thank you.