



GO OR NO GO: SHOULD THE DECEMBER 31 DEADLINE FOR PUV FRANCHISE CONSOLIDATION BE EXTENDED?

The Public Utility Vehicle Modernization Program (PUVMP) is a landmark policy introduced by the government in 2017 to completely reform the transport sector which features ten major components including industry consolidation, route rationalization, fleet modernization, and the devolution of local public transport route planning. The effort to modernize the country's road-based public transport has been long in coming since the imposition of a moratorium on the issuance of new franchises in 2003 [1]. Under the pretext of the environmental damage and safety concerns over "traditional" jeepneys, the program aims to replace old public utility vehicles, including jeepneys, with locally assembled modern public utility vehicles that are more environment-friendly and fuel-efficient. The program also aims to provide safer, comfortable, and reliable public transport while alleviating the health hazards of inefficient and smoke-belching old public transport units that contribute to emissions and climate change [2].

The roll-out of the PUVMP went into full swing with the issuances of DOTr and DILG that mandated all local government units to identify the route network, modes, and the required number of units per mode for delivering public transport services through the preparation of Local Public Transport Route Plans or LPTRP [3,4]. Although capacity-building activities on local public transport plan preparation were conducted by DOTr in 2019, local governments nationwide continue to struggle with formulating responsive local public transport route plans. As of April 2022, only 96 local governments, or about 6 percent of 1,575 LGUs have been issued with a Notice of Compliance from the LTFRB. A greater role in local transport planning is particularly daunting for local governments that are now tasked to identify public transport routes in their respective jurisdictions but do not have adequate resources and capacity. For Metro Manila, as well as for inter-regional and inter-regional routes, the DOTr has yet to come up with route rationalization plans as called out by Senator Grace Poe [5].

A 2020 study by the Congressional Policy and Budget Research Department of the House of Representatives indicated that the PUVMP has been too focused on vehicle replacement but asserts that proper sequencing of the program should have started with regulatory reform, LPTRP formulation and submission, and route rationalization before embarking on fleet modernization [6]. The same study cites that the budget for the PUVMP-PMO is severely constrained. In 2019, its budget allocation was reduced to P447.03 million which is 47 percent lower than its 2018 budget of P843.45 million. For fiscal year 2020, the PUVMP-PMO initially proposed a budget of P691 million but was disapproved. The disapproval eventually led to the scrapping of support programs like the Tsuper Iskolar initiative of the LTFRB under its Driver Academy, which was established to provide free skills training for displaced drivers and operators [7]. Worse, in 2022, the P788 million proposed budget for the program was not included in the National Expenditure Program [8].

The COVID-19 Pandemic has severely affected the operations of the entire public utility vehicle industry. While a significant number of road-based public transport operators have successfully complied with the PUVMP, many operators are still finding great difficulty in meeting the program's requirements for the consolidation of franchises, which is due to expire on December 31, 2023. Based on LTFRB records as of October 2023, some 69,153 jeepney units are still unconsolidated in those routes where a transport service entity already exists which accounts for 45 percent of the total number of jeepney units in the country.

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Additionally, another 17 percent of the total jeepney units are on routes without consolidated entities [9]. A very recent article by ABS-CBN News cites that only 27 percent of jeepneys in NCR have undergone consolidation and only 28.8 percent of routes in NCR are operated by consolidated transport entities [10].

The multitude of jeepney operators and drivers who have just borne the brunt of the pandemic should not be faulted for not complying with consolidation requirements due to the serious inadequacies of the modernization program –increasing price of the modern jeepney unit and inadequate financing and institutional support [11], the absence of proper route rationalization plans, lack of proper guidance from concerned agencies (e.g. responsive and more inclusive policies to integrated tricycle operations), serious lack of local government capacity on public transport planning and increased competition from private modes of travel including motorcycle taxis. All these factors are further exacerbated by the lack of trust and communication lines between the national government and affected stakeholders, resulting in a lack of transparency, inclusiveness, and accountability [12]. Forcing the public transport operators to consolidate without the provision of adequate support programs and proper risk management activities to fully address the policy gaps in terms of the economic and social dimensions of the public transport sector raises serious issues of policy design. Not only does the forced consolidation create additional costs for transport providers who were severely affected by the pandemic, it also results in further loss of livelihood for the transport providers and their workers. Moreover, there is anecdotal evidence which suggests that a significant proportion of newly-formed transport service cooperatives that have approved loans to acquire modern jeepney units are having great difficulty in fulfilling their loan obligations.

The December 31 franchise consolidation deadline also raises legal questions as a State directive to compel private corporations to consolidate may violate their rights to liberty and due process. In particular, Article X, Section 16 of the Constitution prohibits Congress to pass specific laws that “provide for the formation, organization, or regulation of private corporations.” Private corporations are created only by general law and the Revised Corporation Code does not grant the State the power to compel the consolidation of private corporations [13]. To this effect, the transport group has filed a petition last December 20 with the Supreme Court for the issuance of a temporary restraining order (TRO) to stop the implementation of the PUVMP that the group claims would cancel existing franchises of all public utility jeepneys and challenging seven administrative issuances by the DOTr and LTFRB which were allegedly done with grave abuse of discretion and violative of the constitutional and statutory rights of the petitioners [14].

There is an urgent need to rethink the timeline and implementation structure of the public utility vehicle modernization program. Forcing a hard deadline on franchise consolidation without a clear-cut plan to address impending disruptions will only aggravate the difficulties of jeepney operators and workers and negatively impact the commuters. On the other hand, stepping the brakes on the PUVMP is a step in the wrong direction that will have huge economic repercussions on the public transport industry and cause a great disservice to the commuting public.

Addressing climate change and mitigating carbon emissions in the transportation sector is an urgent task. But a just transition, one that accommodates the interests of stakeholders and ensures that the burden of climate action is not disproportionately borne by the poor and marginalized, is critical to achieve this. In fact, a work program precisely on just transition is being implemented by the United Nations Framework Convention on Climate Change and the Philippines is actively participating in this policy discourse.

As such, we call on partners from concerned national and local governments, as well as the public transport industry and other key stakeholders, to establish collaborative governance mechanisms [15] that are founded on the principles of a just and inclusive transition as we move towards policy learning and success not only to address public transport but also to achieve better productivity, quality of life and economic prosperity for all Filipinos. Said mechanisms should include, but not be limited to, the following:

- 1 Establish a multi-sectoral technical working committee composed of representatives from concerned national government agencies, financing institutions, transport groups, civil society, and the academe to firm up collaboration arrangements and leverage resources to support program implementation;
- 2 Develop a comprehensive database with an online dashboard on the state of the PUVMP implementation and public transport industry;
- 3 Conduct quick policy analysis and process evaluation studies of the various program components to determine whether program activities have been implemented as intended, assess the quality of the outputs, and identify needed policy interventions;
- 4 Establish medium and long-term multidisciplinary and interdisciplinary research and development programs on sustainable mobility through a network of living labs in the country focusing on transport governance, sustainable development, and inclusive transport;
- 5 Implement short-term, catalytic activities including the wider conduct of LPTRP Simulation Exercises (SimEx), like what was initiated by the LFTRB in Bacolod City and Puerto Princesa City with the aid of SafeTravelPH, a public transport crowdsourcing app and information exchange platform developed by UP-NCPAG; and
- 6 Develop and institutionalize a risk management plan that will encompass policies, processes, and tools for integrated land use and public transport planning in order to align multi-agency strategic goals and objectives, prioritize activities and resources, and ensure the timely completion of the program.

Providing sustainable transportation requires an integrated policy that involves all development sectors, not just urban transport. In order to ensure policy success, massive reforms and activities envisaged under the PUV modernization program should be underpinned by good governance principles of openness and transparency, accountability, equity and inclusiveness, and public participation. As such, establishing collaborative governance mechanisms for a more inclusive and just transition to a modernized public transport system is not only a technical requirement but, more importantly, a moral imperative for the country.

The SafeTravelPH mobile app was developed with funding support from the University of the Philippines through the UP Resilience Institute and the Commission on Higher Education (CHED) - Philippine-California Advanced Research Institutes (PCARI) project.

For more information about SafeTravelPH, visit: <https://safetravel.ph/mobileapp.html>

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