Re-calibrating the Jeepney Modernization Program: Policy Issues and Recommendations

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EXECUTIVE SUMMARY

The Public Utility Vehicle Modernization Program (PUVMP) aims to modernize the Philippine public transportation system by providing regulations and mechanisms to enhance operational efficiency and environmental sustainability in the transportation sector. The program involves replacing old vehicles with modern technologies, rationalizing routes, and consolidating franchises into cooperatives and corporations. The PUVMP was supposed to have been completed in 2020. However, the COVID-19 pandemic and protests staged by Philippine transport groups in March 2023 have forced the government to postpone the deadline for franchise consolidation to December 31, 2023. This policy brief addresses the PUVMP’s design and implementation issues. While the modernization program is necessary, its implementation has experienced challenges such as insufficient program resources, coordination and communication mechanisms between the national government agencies, local governments, and transportation stakeholders, and the lack of inclusive multistakeholder participatory spaces for program planning and implementation. This brief suggests that the government review and recalibrate the program to prioritize easing out the transition; pilot-test the program in smaller areas before pushing for nationwide implementation; enable inclusive multi-stakeholder participation in the program; provide incentives and capacity development to support the transition; and provide the resources and capacity needed to develop for long-term, sustainable performance of the program, keeping in mind that modernization is a long, continuous, and ever-evolving process.
INTRODUCTION

The modernization of transportation is inevitable. Aside from the urge from the commuting population to make public transit safer, more efficient, and more comfortable, there is also a desire to ensure the sustainable development of the transport sector now that the impacts of inequality and climate change are becoming more and more apparent. An efficient and sustainable transport system can positively impact economic subsectors, provide cleaner air, and lessen dependence on imported fossil fuels, which is highly appreciated among the general population (Agaton et al., 2020).

The PUVMP, or the Jeepney Modernization Program, is an initiative implemented by the Department of Transportation (DOTr) through Department Order (DO) 2017-011. The program aims to modernize the public utility vehicles (PUVs) sector by providing new regulations and mechanisms to enhance public transportation efficiency and environmental sustainability (Viado, 2023). In particular, the program calls for PUVs, especially jeepneys, but also including others such as buses, mini-buses, school services, and taxis, whose service lives have already reached 15 years or more, to be phased out from service and be replaced by newer, more modern vehicles with appropriate financing (Grecia, 2023; Viado, 2023). Modern jeepneys must be powered by Euro-4 or fuelled by LPG-powered, electronic, and hybrid systems. They must also include a Geographic Positioning System (GPS), an automated fare collection system, and a CCTV camera (Viado, 2023). The program also calls for the rationalization of routes to minimize massive overlaps, the consolidation of individual franchises into cooperatives, and a revision of the roles of involved vehicles, as well as new public transportation systems and standards (Grecia, 2023; Roces, 2023).

The program was supposed to have been completed in 2020, but the COVID-19 pandemic has forced the government to postpone its completion much later (Roces, 2023). When the program resumed in 2023, its implementation had remained rough, exemplified by the extension of the deadline for the consolidation of franchises from the post-pandemic deadline of June 30, 2023, to December 31, 2023, after a two-day transport strike in March that forced President Ferdinand Marcos Jr. to pledge a review of the program (Bautista & Moya, 2023; Roces, 2023). The protest stemmed from a difference in perspective on the impact and socio-economic costs of the program. The government argues that the PUVMP is necessary for national sustainable and economic development (Viado, 2023). For the jeepney drivers and operators, the program is financially too steep, could be a potential gateway for a corporate takeover of the industry, could lead to unintentional unemployment due to the rigorous requirements, and could ultimately lead to both higher prices and poorer services across the board (Bautista & Moya, 2023; Roces, 2023).

This policy brief addresses the issues of the PUVMP implementation in the hopes of providing policy recommendations for the consideration of all stakeholders involved, especially the government and the members of the transport sector.

Transport Modernization and Sustainability

There is an established yet still growing consensus that modernization is sorely needed in the public transportation sector. Agaton et al. (2020) highlighted the necessity of modernizing public transportation, the potential socio-economic and environmental advantages and benefits, and its high public appreciation and acceptance in the Philippines. Environmental causes were noted, for example, by Lopez et al. (2018), where transport activity was seen as the most significant contributor to the current transportation energy consumption and carbon dioxide emissions in the Philippines, thus calling, among other things, the “expansion and modernization of public transport services in the city.” Furthermore, Lopez et al. (2020) estimated the environmental and health impacts of traditional and alternative PUV technologies in Metro Manila, showing how modernization can alleviate these issues. Sunio et al. (2019) discussed the PUVMP, noting that the socio-technical transition as espoused in the program is best interpreted as gradual and incremental change. However, there is also the corresponding acknowledgment of the barriers and challenges in implementing public transportation modernization. Bakker and Konings (2018) noted that “various regulatory, normative, and cognitive
institutions” have hindered the use of zero-emission vehicles, thus recommending institutional innovation to remedy this. Meanwhile, Gorissen et al. (2018) partially saw the fragility of the urban sustainability transitions. Moradi Vagnoni (2018) saw the general dynamics patterns in low-carbon urban mobility transitions, noting the different challenges that have surfaced, including those related to social preparation, public acceptance, and legitimacy. Innovative solutions proved to be critical in implementing the modernization of public transportation. Beltrán et al. (2013) saw how innovative compliance measures and creative policy mixes ensured the successful integration of public transport services. Moreover, Geels (2018) noted the gradual reconfigurations in the system of various passenger mobility in different economies towards low-emission systems.

Policy issues

noted Various issues have hounded the current implementation of the PUVMP. First, the program, as it is presently planned and phased, given the targeted scale and period, is facing implementation challenges. Second, a comprehensive strategic pilot program is needed to calibrate the program's implementation effectively to the current conditions of the transport sector. Third, the PUVMP needed broader citizen participation mechanisms, which could have helped quell resistance and lack of stakeholders' buy-in to the complex transition process. Fourth, there were challenges in strategically communicating the program to stakeholders. Fifth, coordination among stakeholders, especially the national government agencies, local government units, the private sector, and other transport stakeholders, must be improved. Sixth, rationalizing jeepney routes independent of the different modes is too limiting and could lead to issues across transport providers. Lastly, a legislative framework is absent to facilitate the implementation and ensure the program's long-term resources.

The PUVMP was implemented with unrealistic timelines and objectives to fulfill, given the current pool of capacities and resources available for both the government and the sector. The program was established with the directive to achieve every objective simultaneously. It tried to simultaneously phase out old vehicles, introduce new standards, consolidate franchises, and reorganize routes and vehicle roles simultaneously, with little consideration of the other priorities of the agencies involved or the capacities of the different stakeholders (Siy, 2023).

There needs to be more evidence that all the required technical and financial capacities across the concerned sectors are in place. The government must provide sufficient technical and financial support for consolidation and establishing fleet management infrastructure such as depots, terminals, and a unified automated fare collection system. Simultaneously changing operational and ownership paradigms and the reality of having a big loan to pay monthly is too much for most operators and drivers to absorb, given the implementation timeline.

Efforts in prototyping and pilot testing the program were limited to exposing the potential strengths and weaknesses of the PUVMP. Instead, the PUVMP was implemented immediately on a nationwide scale. This is made worse by the three-year original timeline, which narrows the time to completely transform the public transportation sector into a safer and more sustainable model. The lack of strategic pilots has led to poorly calibrated social safeguards.

There were also observations that critical stakeholders, such as drivers and operators of PUVs, were provided limited space to participate in the policy planning and design. That also means that policy implementation is seen as top-down, with compliance being the only form of participation availed to the transport sector. Another area for improvement is the need for an effective communication strategy to promote the program’s benefits across all stakeholders, allowing it to gain critical constituency and support. Communication is vital in explaining how a program policy would benefit the stakeholders involved. The policy narrative of public transportation modernization had focused more on the physical vehicle itself and its costs rather than how the program would help build the capacity of PUV operators and drivers in the modernization and rationalization process. The jump to the discussion of costs has led to stiff
opposition from the PUV operators against the program, decrying rightfully the steep price they must shoulder to comply with it. This is best illustrated by the perception that jeepneys would be phased out instead of the intention to phase out only the old, dilapidated, and heavily polluting ones.

Coordination among stakeholders, especially national and local governments, could be better. Local government support is necessary in any national policy, especially transportation. Although the regulation of franchises and the designation of routes come from national governments, managing traffic flow within and without those routes falls on local governments. As such, there needs to be more to suggest that the national government consult with, let alone collaborate with, local governments, especially in establishing routes and traffic management.

One of the primary objectives of the PUVMP is to streamline public transport services and mobility systems in general. However, this is not feasible if jeepney routes are planned independently of the other services and transport modes. Such practice is expected to lead to service overlaps and chaos, potentially flash points among service providers. This has been observed in routes previously served by tricycles and earmarked as those for jeepneys in the new modern system.

From a policy and legal framework perspective, a program of such scale and importance as the modernization of the Filipino public transportation system would necessitate full legislation. Instead, the program was initiated through an executive Department Order. As such, a succeeding Department Order or administrative issuance may halt or even reverse the program. However, the legislation process would entail many policy consultations and consolidations. Legislation on public transportation modernization would require building a strong constituency. Currently, the program is observed to be implemented in a top-down manner, with compliance being seen as the only form of participation availed to the transport sector.

RECOMMENDATIONS

The government owes its citizens an efficient and reliable public transport system. A modern public transportation system is expected to contribute to economic growth and provide significant environmental benefits. Modernization of the transportation sector is inevitable, but the modernization process should be inclusive and consider the existing contexts and realities in the industry. In this regard, we are proposing the following policy measures:

Recalibrate phasing, prioritizing consolidation first and providing a longer time for the re-fleeting

The simultaneous formalization and modernization of the services and vehicles could be socially, technically, and financially challenging for some operators and drivers, so a phased approach is recommended. It has to be clarified to the public that what is being modernized is not solely the vehicle but the whole public transportation sector. The vehicular modernization component of the PUVMP is not even half of it. The government should recalibrate the program to prioritize making the consolidation process inclusive, participatory, and responsive to the stakeholders. There is more to the PUVMP that would benefit the general public and those who depend on it for their livelihood. Also, serious reconsideration should be given to the availability and accessibility of government resources for the subsidies and the government bank resources for the loan program.

A proper and strategic pilot program coupled with a communications plan

There is a need to implement strategic pilot testing on the PUVMP instead of executing the whole program throughout the country. This pilot testing should involve systematically selecting pilot areas and documenting the practices and issues of jeepney modernization. There can be peculiarities, variations, and innovations in each area’s techniques, qualities, and characteristics of the modernization.
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Program at the local level. The lessons from the pilot implementation should then feed into the design of a revised, more comprehensive, and contextualized program. The pilot testing should also be an opportunity to test and document the proof of concept of public transportation modernization in the Philippines.

A practical and adequate strategic communications program highlighting the pilots' benefits to commuters and service providers should be implemented to facilitate acceptance of the concept. The program communication narrative should not only focus on the “modernization of jeepneys” and “phasing out” of vehicles but also include the program’s potential to reform the whole transport sector, focusing on the direct benefits of the program to the transport sector and all citizens.

Calibrate support and subsidy program

The government should provide incentives and capacity development to support consolidation, organization development, and fleet management. The current system of incentives and subsidies needed to have been more sufficient to convince the necessity and benefits of the program not only to the government and the commuting public but also to the public transport sector. It should include, as much as practicable, more significant subsidies, additional incentives, and more advantageous insurance packages for PUV operators and cooperatives to ensure that the drivers and operators would be eased into the transition and modernization. Aside from the resources necessary for the continuous operation of the program, there is also the need for further research on the different aspects of public transportation, such as routing, fleet management, and upcoming forms of transportation.

Prepare and implement a holistic social safeguards and transition support program covering all affected sectors like tricycles, repair shops, etc.

Establishing a just and inclusive transition towards a modernized public transport sector is crucial to its acceptance. The program should cut across all the affected sectors, including the jeepney, tricycle, and repair/service industries.

The program’s impact on the traditional jeepney manufacturing industry should also be examined. The program should go beyond reskilling but involve comprehensive employment and livelihood initiatives and other support programs like scholarship support for the affected families.

Review and define the responsibilities of the national government, LGU, transport sector, and private sector.

A whole-of-government and whole-of-society approach to modernization means that all public and private sector stakeholders can engage in collective action. Coordination across sectors would require that stakeholders understand their roles and responsibilities. In this regard, a general review, dialogue, and definition of the incentives, duties, and responsibilities of the national government, LGUs, the private sector, and the whole transport sector is in order. The review process should involve the identification of not only sectoral roles and jurisdictions but also interfaces and convergences where stakeholders can collaborate to make the reform process just, acceptable, and co-owned by the public. The government should also enable inclusive multi-stakeholder committees to discuss and decide on critical PUV modernization issues at both national and local levels. This would ensure that the essential concerns of every stakeholder would be considered in the transportation rationalization process.

Transport plan not only Local Public Transport Route Plan (LPTRP)

The government should emphasize that the PUVM modernization program is just a component of the holistic plan of modernizing the national transportation system. Aside from requiring LGUs to submit their LPTRP, duty bearers in government should ensure vertical coordination and horizontal integration on how transport plans are prepared and implemented at various levels of governance. The government should ensure the seamless harmonization of the LPTRPs to different planning regimes at the local level (e.g., Comprehensive Development Plan, Comprehensive Land Use Plan, etc.) and at the national level (e.g., National Transport Policy, Philippine Development Plan, Sustainable Develop-
ment Goals, etc.) to monitor and guide midterm and long term development impacts.

**Legislate modernization programs to ensure continuity and sustainability.**

Transportation modernization champions in government, the private sector, the transport sector, the academe, and civil society organizations should work together to push for legislation for the transportation modernization program. A law focusing on the holistic modernization of the transportation system that covers PUV rationalization would provide continuity and sustainability in implementing the transportation modernization process. Legislation will also ensure adequate public resources are allocated to modernizing public transport. Resources can cover the provision of better packages for PUV stakeholders participating in the modernization program, offering capacity development programs for preparing the transport sector in the modernization process, and provision of just, equitable, and sufficient safeguards and safety nets for those adversely affected by the program.

**CONCLUSION**

The government and all reform stakeholders should be cognizant that the process of transportation modernization is not a “one-shot” deal but rather a long, continuous, challenging, and complex process. Transportation modernization is inevitable, and the country should strive to optimize the potential benefits of a modern public transportation system. The method of PUV modernization is not only an issue of “vehicles” and adopting new technologies and phasing out old ones. Transportation modernization is also about people - their livelihoods and aspirations; hence, it should be just, inclusive, and relevant to our citizens’ current needs and situations. With these recommendations, it is hoped that a more convenient, accessible, safe, sustainable, and affordable public transportation system will be established in the Philippines.
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REFERENCES


