

Republic of the Philippines  
Department of Transportation  
**LAND TRANSPORTATION FRANCHISING & REGULATORY BOARD**  
East Avenue, Quezon City

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**MEMORANDUM CIRCULAR**  
**NUMBER 2022- 033**

**SUBJECT : Guidelines on Public Utility Vehicle Modernization Program (PUVMP)  
Implementation after 31 March 2022**

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**WHEREAS**, on 19 June 2017, Department Order No. 2017-011, otherwise known as “Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance” was issued by the Department of Transportation (DOTr), prescribing the rules and procedures on the issuance of franchises for public transport routes and services;

**WHEREAS**, for the orderly implementation of the Program, and to ensure compliance with the Industry Consolidation and all other standards of PUV Modernization Program, the following Memorandum Circulars were issued;

- Memorandum Circular No. 2018-008, Re: Consolidation of Franchise Holders in Compliance with Department Order No. 2017-011, Otherwise known as the Omnibus Franchising Guidelines;
- Memorandum Circular No. 2018-010, Re: Implementing Guidelines During the Transition Period Pursuant to Department Order No. 2017-011;
- Memorandum Circular No 2017-027, Re: Implementing Guidelines for Garage Under Department Order No. 2017-007;
- Memorandum Circular No. 2019-013, Re: Consolidated Guidelines on the Process of Issuance of CPC and Provisional Authority/Special Permit Under the OFG and PUVMP;
- Memorandum Circular No. 2019-066, Re: Simplified Process for Consolidation of Individual and Existing Franchise Holders in Compliance with the PUVMP and DO 2017-011;
- Memorandum Circular No. 2020-027, Re: Extension of Provisional Authority Under MCs 2018-010 and 2019-066;
- Memorandum Circular No. 2020-084, Re: Extension of Time to File Application for Consolidation Pursuant to Industry Consolidation of PUVMP;
- Memorandum Circular No. 2021-014, Re: Supplemental Guidelines to Memorandum Circular No. 2020-084; and
- Memorandum Circular No. 2021-021, Re: Guidelines for the Issuance of Provisional Authority to Units of Individual Operators with Pending Application for Consolidation

Pursuant to the Omnibus Franchising Guidelines (OFG) and the Procedure in the Qualification and Selection of Applicants.

**WHEREAS**, on 15 December 2021, the Board issued Memorandum Circular No. 2021-077 prescribing the guidelines on the Opening of Applications for Consolidation on Routes without Applicants or without filed Application for Consolidation as of 31 March 2022;

**WHEREAS**, after a thorough review of the existing issuances relative to the implementation of PUV Modernization Program, and reassessing the status and level of compliance by the stakeholders, the Board deems it proper to prescribe constructive guidelines necessary to address the prevailing situation for the continued implementation of the Program;

**NOW THEREFORE**, pursuant to the Board's exercise of its regulatory power as set under Executive No. 202, the Board **RESOLVES** as it hereby **RESOLVED** to promulgate and adopt these guidelines in the Issuance of Extension of Provisional Authority or Issuance of Certificate of Public Convenience to entities with applications for consolidation and the procedure in the qualification and selection of applicants on routes as a result of the Route Rationalization and/or Local Public Transport Route Plan (LPTRP).

## **I. PROCEDURES DURING THE TRANSITION PERIOD**

### **A. For Routes with Pending Application for Consolidation**

1. For consolidated entities that have complied with at least fifteen (15) OFG-compliant units, the application shall be given due course, and a Certificate of Public Convenience (CPC) may be issued, subject to Amendment of CPC for any subsequent compliance with the additional OFG-compliant units pursuant to Memorandum Circular No. 2020-084 and MC 2021-021.

For routes with less than fifteen (15) units based on the database or as a result of the LPTRP and/or Route Rationalization, the CPC may be issued upon processing of the application with compliant units based on the standards set under the OFG and the Philippine National Standards (PNS).

2. Those consolidated entities with less than fifteen (15) OFG compliant units upon effectivity of this MC and were issued a motu proprio Order of Provisional Authority which will expire on 1 April 2022, will be required to file a Motion for Extension of Provisional Authority. The subsequent PA will be valid either for a period of one (1) year or upon completion of the required NAU (pursuant to 6/9/12 rule or at least 15 OFG-compliant units as mentioned in Item I.A. [1]), whichever comes first.

For those consolidated entities without compliant units upon effectivity of this MC and were issued a motu proprio Order of Provisional Authority which will expire on 1 April 2022, will likewise be extended for a period of one (1) year subject to the compliance of Item I.A.3. A Sworn Undertaking to comply with the given periods to substitute old/existing units shall be attached in the motion for extension of Provisional Authority.

3. The consolidated entities as stated in Items I.A.1 and I.A.2 will be given a new period to comply on the substitution of old/existing units reckoned from April 1, 2022:
  - 6months – 25% of the total number of authorized units
  - 9months – 50% of the total number of authorized units
  - 12months – 100% of the total number of authorized units

The submission of the Sworn Undertaking to comply with the given periods to substitute old/existing units is a requirement for the extension of Provisional Authority.

The existing consolidated entity shall file a Manifestation for Dropping and Substitution of unit/s where the new/substitute unit/s shall in like manner operate under a Provisional Authority to be issued by the Board.

Failure of the applicant to comply with the Sworn Undertaking to substitute the old existing units within the given periods based on the submitted monitoring report of the Central Office and RFROs shall cause the imposition of penalty pursuant to Memorandum Circular No. 2018-006 EXCEPT when the non-compliance thereof is not attributable to the applicant, provided further that they submit proof or document/s to substantiate their claim.

4. In case there will be individual operators on a particular route who failed to consolidate or join with the existing consolidated legal entity by 01 April 2022, these operators shall be issued a motu proprio PA until such time that the consolidated entity in that route completes the required number of units subject to Items I.A.1 and I.A.2 herein aforementioned.

Accordingly, the existing consolidated entity shall be required to fill up the required NAU in the said route within a period of one (1) year from the effectivity of this MC. Otherwise, the said route will be open to new entrants for the unfilled NAUs.

Subsequently, the individual operators' CPC/PA shall be subject to cancellation proceedings pursuant to the existing policies of the Board.

5. Upon determination of remaining available units in the given route as a result of the non-consolidation, the existing consolidated legal entity may increase the number of units corresponding to the number of units cancelled within the above-mentioned periods. In the event there are two or more consolidated entities in the given route, the remaining available units shall be distributed proportionately.

Nevertheless, said operator with cancelled CPC/PA shall still be entitled to avail of the Social Support component pursuant to DOTr-TESDA Tsuper Iskolar Program - TESDA Circular No. 020, series of 2019, and Vehicle Useful Life Program (Scrapping) pursuant to JMC No. 001, Series of 2021 and MC 2021-062.

- B. For operators under the PUVMP initial implementation and new/developmental routes with partial compliance of the OFG-compliant units, they shall be given the following period to comply with the remaining units.

- 6months – 25% of the total number of authorized units
- 9months – 50% of the total number of authorized units
- 12months – 100% of the total number of authorized units

For consolidated entities with existing unsubstituted units within the above-mentioned period for reasons attributable to the operator shall cause the imposition of penalty pursuant to Memorandum Circular No. 2018-006. For entities who failed to comply with the OFG compliant units within the above-mentioned period for

reasons attributable to the operator, the pending application for consolidation shall be subject for dismissal and the route shall be opened to new entrants.

C. For Routes with no Applicant or no Application filed for Consolidation as of 31 March 2022

1. Pending the result of the selection process for the new Applicant, and in order not to hamper the operation on the route, the Provisional Authority of the existing operator shall be extended for one (1) year or until after the new Applicant is selected with operational OFG-compliant units, whichever comes first.
2. Those individual operators in a given route who consolidated into a juridical entity after 31 March 2022 may participate in the selection process but the prior operator rule will no longer apply.
3. The routes **shall be opened to all Applicants aside from those mentioned in the preceding Item (2.), including other legal entities**, in accordance with the general procedures as follows:
  - a) The Board shall release the list of routes subject for Selection Process within two (2) months after 31 March 2022.
  - b) The Central Office and all RFROs shall start accepting Letter of Intent and the corresponding qualification documents from interested applicants **fifteen (15) days** from the release of the list of routes **until 30 June 2022**, or on the date as may be set by the Board.
  - c) The Central Office and all RFROs shall then issue a schedule for the Selection Process per route prior to 16 May 2022, or as may be determined by the Board, through a Memorandum which shall be posted through the LTFRB website, social media accounts, or at conspicuous places within the premises of LTFRB and shall contain the following:
    - Submission of Letter of Intent and required documents;
    - Opening of sealed envelope with documents; and
    - Evaluation and Selection Process, and Awarding.

The entire process as stated in the foregoing shall in no case exceed twenty (20) working days per route from the opening of the submitted qualification documents, unless the delay should be attributable to the Applicant/s. In which case, the period shall be adjusted accordingly. The Central and RFROs shall complete the Selection process for all routes with interested applicants by **15 November 2022**, subject to any extension in exceptional cases. In view of the voluminous routes, the Central Office and NCR shall come up with a joint Selection Process in accordance herewith.

- d) The Central Office and all RFROs shall submit to the Board updated data of routes with selected consolidated entities by **01 December 2022**.

**Meanwhile, all Provisional Authorities (PAs) previously issued by the Board which are set to expire on 31 March 2022 are automatically EXTENDED for ONE (1) MONTH or until APRIL 30, 2022, to pave way for the issuance of new and extended PA pursuant to the provisions herein.**

#### 4. Qualification Requirements

All Applicant-Operators shall pass the following minimum qualifications.

##### a) Legal Qualification

- If corporation, partnership, or consortium, Certified True Copies of Certificate of Incorporation, Articles and By-Laws, and latest General Information Sheet duly received/issued by the Securities and Exchange Commission (SEC);
- If cooperative, Certified True Copies of Certificate of Registration, Articles and By-Laws and Latest Cooperative Annual Performance Report duly issued by the Cooperative Development Authority (CDA), and Certificate of Accreditation issued by the Office of Transportation Cooperative (OTC);

##### b) Technical Qualification

- Number of compliant units with OR/CR registered under the name of the consolidated entity; PUVs must be compliant with the vehicle specifications provided under Department Order No. 2017-011 and vehicle standards based on the Philippine National Standards in accordance with Memorandum Circular No. 2021-002;
- If no compliant units are available, Undertaking that 25% of the number of required units within (6) months, 50% within (9) months, and 100% within (12) months will be delivered as certified by the vehicle manufacturer/supplier reckoned from the date of submission of pre-qualification documents; Supporting documents to show capability for GNSS receiver, Free Wi-fi Access, CCTV, Automated Fare Collection System (AFCS), speed limiter, and dash camera;
- Fleet Management System with organized vehicle dispatch procedures (to submit a certificate from the Fleet Management System IT solution service provider) ;
- Evidence of formal arrangement with an AFCS service provider that will offer inter-operable AFCS service that is fully compliant with compliant fare media related technical specifications as determined by LTFRB, in case the Applicant-Operator is selected;
- Undertaking to submit proof of existence of off-street terminal or Letter of Support from property owners/managers regarding access to, or use of, each off-street loading and unloading area in the route map pursuant to MC 2017-030.
- Proof of garage/depot space pursuant to Memorandum Circular No. 2017-027.
- If the routes applied for are not yet covered by LPTRP / Route Rationalization Study, undertaking that they will immediately comply with the approved rationalization study.

##### c) Financial Qualification

- Original or Certified True Copy of the latest Audited Financial Statement and duly stamped "Received" by the Bureau of Internal Revenue or its Authorized Agent Banks; or Certificate of Registration from the Bureau of Internal Revenue for newly formed legal entities;

- Proof of financial capability in accordance with the requirements of CDA, OTC or SEC and a set-aside bank deposit at least equal to the capitalization requirement of CDA, OTC, SEC;

#### 5. Selection Procedure

- a) The Applicant-Operator shall submit to the Office of the Executive Director or concerned Regional Qualification Committee, a letter of intent including its qualification documents per section I.C (3) hereof which are to be submitted in the following manner: one (1) original copy and two (2) photocopies containing a Table of Contents and bound together in ring binders or folders SEALED in an envelope or a box and appropriately addressed and marked;
- b) The Committee shall open and examine the Qualification Documents within three (3) working days counted after the submission date of Qualification Documents. (The Central Office and RFROs shall ensure that the proceedings are uploaded through live streaming in social media accounts). The detailed evaluation of the compliance by the Applicant-Operator with the Legal, Technical and Financial Capability qualification requirements shall be based solely upon the Qualification Documents submitted. The Committee may also make inquiries with any person, government authority, client organization, officer director, employee or other agent of any Applicant-Operator and/or its Affiliate for the purpose of clarifying any matter included in the Applicant's qualification documents;
- c) All submitted information and any clarifications requested by the Committee shall be assessed against the criteria for qualification as set out above and generally rated as "QUALIFIED" if each criterion is rated "PASSED" and each required Qualification Document and attachment is completely submitted. The Applicant-Operator will be disqualified if any criterion is rated "FAILED" or if any required Qualification Document or attachment is missing;
- d) If Applicant-Operator is found qualified and compliant with all the foregoing requirements, including the Affidavits of Conformance of existing individual operators within the route applied for. The Committee shall submit to the Board or to the concerned Regional Director, as the case may be, its Recommendation for the latter's approval through a Board Resolution or Memorandum which shall be the basis for the issuance of a Notice of Selection;
- e) Thereafter, the selected Applicant shall file an Application for New CPC six (6) months from receipt of Notice of Selection with at least 25% OFG-compliant units of the total NAU;
- f) If a tie results in the selection process, a public lottery shall be conducted in the presence of Applicants to determine who among the qualified Applicants will proceed with the CPC application;
- g) In case of failure in the selection process, the Central Office or RFROs shall re-open the route for selection process ten (10) days reckoning from the results of the initial selection process by the Qualification Committee;

- h) Selected operators shall abide by the results of the LPTRP/Route Rationalization study, whichever is applicable;
- i) The Qualification Committee of Central and RFROs shall complete the Selection process for all routes with interested applicants by **15 November 2022**.

**D. THE QUALIFICATION COMMITTEE**

For purposes of this Memorandum Circular, a Qualification Committee shall be created consisting of at least the following:

1. For inter-regional routes not touching NCR routes:

Chairperson	:	LTFRB Executive Director or representative
Vice-chairperson	:	LTFRB Franchise Planning and Monitoring Division Chief or representative
Member	:	LTFRB Technical Division Chief or representative
Member	:	LTFRB Legal Division Chief or representative
Member	:	LTFRB ISMD Division Chief or representative
Secretariat	:	PUVMP PMO representative
Observer	:	OTC representative
Observer	:	COA representative
Observer	:	DOTr representative

2. For inter-regional routes touching Metro Manila and NCR Routes:

- At least three (3) Selection Committees created through an Office Order consisting of the Chairperson, Vice-chairperson, and at least three (3) Members. Observers from the DOTr, COA and OTC shall be invited in the proceedings.
- A Secretariat for the three (3) committees shall be likewise created with at least two (2) members including a representative from the PUVMP-PMO.

3. For intra-regional routes (excluding LTFRB NCR RFRO)

A Selection Committee shall be created through an Office Order to be issued by the Regional Director consisting of the following:

- Chairperson, Vice-chairperson, and at least two (2) Members. Observers from COA and OTC shall be invited in the proceedings.
- A Secretariat for the two (2) committees shall be likewise created with at least two (2) members including a representative from the PUVMP-RPMO.

**II. GENERAL PROVISIONS**

**1. MONITORING AND EVALUATION OF COMPLIANCE**

The PUVMP PMO/RPMOs and RFROs shall ensure compliance to the provisions of this Circular and related issuances of the PUVMP. A monitoring report shall be submitted monthly to the Office of the Executive Director copy furnished Technical Division, Legal Division, and Franchise Planning and Monitoring Division duly approved/certified by the respective Regional Director.

Subsequent issuances will be promulgated for the routes that will be opened for selection of new entrants and other components pertinent to PUVMP implementation.

All issuances inconsistent herewith are hereby superseded and amended accordingly.

This Memorandum Circular shall take effect immediately following its publication in at least one (1) newspaper of general circulation. Let three (3) copies hereof be filed with the UP Law Center – Office of National Administrative Registrar (ONAR).

**SO ORDERED.**

**APPROVED AND ADOPTED THROUGH TELECONFERENCE** by the undersigned Chairman and members of the Board this 25 th day of March 2022 at **Quezon City, Philippines.**

**EFFECTIVITY**  
DATE: 28 MAR 2022

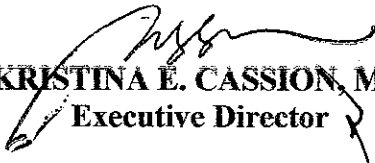
  
**ATTY. MARTIN B. DELGRA III, REB REA EnP**  
Chairman



  
**P/COL JOEL C. PERNITO (RET.)**  
Board Member

  
**ENGR. SHERWIN MYLIL S. BEGYAN, LLB, REB**  
Board Member

Attested by:

  
**MARIA KRISTINA E. CASSION, MBA, CESE**  
Executive Director