



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

MEMORANDUM CIRCULAR
NO. 2022 - 063

**SUBJECT : IMPLEMENTING GUIDELINES ON THE AVAILMENT
AND DISBURSEMENT OF THE EXPANDED IMPLEMENTATION OF
THE EQUITY SUBSIDY FOR THE PUV MODERNIZATION
PROGRAM**

WHEREAS, the Department of Transportation issued Department Order No. 2017-011, otherwise known as the “Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance or Omnibus Franchising Guidelines (OFG), which aims to provide a reliable, safe, accessible, environment-friendly, dependable, efficient, and comfortable public road transportation throughout the country;

WHEREAS, on 31 July 2018, the Department of Transportation (DOTr) issued Department Order (D.O) No. 2018-016 also known as “Guidelines on the Availment of the Equity Subsidy under the Public Utility Vehicle Modernization Program (PUVMP),” to govern the rules and procedures in the availment of the Equity Subsidy for the acquisition of Modern Public Utility Jeeps (MPUJ);

WHEREAS, pursuant to the above-mentioned Department Order, the issuance provides equity subsidy for existing operators with valid Certificate of Public Convenience (CPC) in line with the PUV Modernization Program (PUVMP) in the amount of Php 80,000 per unit;

WHEREAS, on 05 June 2020, the DOTr issued D.O. No 2020-006 which amends Department Order No. 2018-016 to increase the equity subsidy to Php 160,000 per unit;

WHEREAS, on 18 December 2020, the LTFRB issued Memorandum Circular (MC) No. 2020-085 also known as “Implementing Guidelines Pursuant to DOTr D.O. No. 2020-006;”

WHEREAS, Article XXV, Section 8 of the Republic Act No. 11639 of the FY 2022 General Appropriations Act (FY 2022 GAA) provided an amount of Php 1,800,721,000.00 as appropriation for the PUV Modernization Program of which **Php 1,050,721,000.00 shall be used as equity subsidy for the acquisition of modern PUVs** and the remaining Php 750,000,000.00 shall be appropriated for the social support component of the Program;

WHEREAS, it is further provided under the Special Provision 09 of Article XXV of the FY 2022 GAA that access to the equity subsidy shall be expanded to include financing programs and schemes of private banks and legitimate financing institutions;

WHEREAS, on 03 March 2022, the DOTr issued Department Order No. 2022-005 also known as “Guidelines on the Expanded Implementation of the Equity Subsidy for the PUV Modernization Program as provided under Republic Act No. 11639 otherwise known as the General Appropriations Act of FY 2022 (FY GAA 2022) and any subsequent legislations;”

WHEREAS, on 15 April 2022, Republic Act No. 11697 was signed to promote the electric vehicle industry as a feasible mode of transportation to reduce dependence on fossil fuels;

WHEREAS, to ensure a just and equitable transition of the public transport industry, there is a need to expand the guidelines on the availment of the equity subsidy to cover higher modes of road-based public transportation and enable Transport Service Entities (TSEs), which have

availed or will avail loans from private banks and other legitimate financing institutions, to gain access to equity subsidy;

NOW THEREFORE, for and in consideration of the foregoing, the Board hereby issues the Implementing Guidelines pursuant to DOTr Department Order No. 2022-005 as follows:

I. SCOPE AND COVERAGE

- A. The provision of equity subsidy shall be expanded to include financing programs and schemes of private commercial banks, rural banks, cooperative banks, and other legitimate financing institutions.
1. It shall cover and be made available to consolidated Transport Service Entities who will secure financial assistance from private commercial banks, rural banks, cooperative banks, and other legitimate financing institutions, including entities providing in-house financing options.
 2. It shall also cover and be made available to consolidated Transport Service Entities who will secure financial assistance from the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP) for the acquisition of Modern Mini-Bus and Modern PUB units upon effectivity of this issuance.
 3. Consolidated Transport Service Entities availing financial assistance from the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP), through their existing financing programs for the acquisition of Modern PUJ (Class 1/2/3/4) and Modern UV Express (Class 3/4) units, shall, however, be covered and shall comply with the guidelines set forth under Memorandum Circular No. 2020-085.
 - i) In the event where funds under MC 2020-085 are depleted or reverted, this issuance shall automatically apply.
- B. This Memorandum Circular shall cover the provision of equity subsidy to eligible Transport Service Entities acquiring any of the following public transport modes which are compliant with the Omnibus Franchising Guidelines (OFG) and the Philippine National Standards (PNS) which have been adopted into technical regulations by the LTFRB through the issuance of Memorandum Circulars:

1. Modern Public Utility Jeepneys (MPUJ) and Modern UV Express (MUVE)

The equity subsidy shall be available to eligible TSEs acquiring MPUJs and MUVEs with routes certified by the Board. The units must have a Certificate of Compliance (COC) issued by DOTr which shall conform with the issued technical regulations pursuant to the specifications set forth under PNS 2131:2018 for Class 1, PNS 2126:2017 for Class 2 and 3, and PNS 2157:2021 for Class 4, and succeeding PNS issuances and revisions as adopted into regulations by the Board through LTFRB MC No. 2021-002, MC No. 2022-027, and succeeding issuances, if any.

2. Modern Mini-Bus

The equity subsidy shall be available to eligible TSEs acquiring Modern Mini-Bus with routes certified by the Board. The units must have a COC issued by DOTr which shall conform with the issued technical regulations pursuant to the specifications set forth under

PNS 2160:2021, and succeeding PNS issuances and revisions, as adopted into regulations by the Board through LTFRB MC No. 2021-002 and succeeding issuances, if any. If COCs have not been issued yet as of the time of publication of this issuance, OFG-compliant modern Mini-Bus models are accepted.

The equity subsidy shall be available to eligible TSEs acquiring Modern Mini-Bus units with routes certified by the Board and which have met the prioritization criteria. The following hierarchy in terms of prioritization shall be observed:

1. TSEs acquiring Modern Mini-Bus units as a result of mode upgrade in accordance with the Local Public Transportation Route Plan (LPTRP) or Route Rationalization study as approved by the Board.
2. Existing Mini-Bus Routes previously operated by individual franchise holders who have formed a legal entity which have applied or will apply for franchise consolidation under the PUVMP, subject to guidelines to be issued by the Board.
3. New Mini-Bus Routes routes identified and authorized by the LTFRB pursuant to Memorandum Circulars issued by the Board.

3. Modern Public Utility Bus (MPUB)

The equity subsidy shall be available to eligible TSEs acquiring MPUBs with routes certified by the Board and which have met the prioritization criteria. The following hierarchy in terms of prioritization shall be observed:

1. TSEs acquiring Modern PUB units as a result of mode upgrade in accordance with the Local Public Transportation Route Plan (LPTRP) or Route Rationalization study as approved by the Board.
2. Existing PUB routes previously operated by individual franchise holders who have formed a legal entity which have applied or will apply for franchise consolidation under the PUVMP, subject to guidelines to be issued by the Board.
3. New PUB Routes routes identified and authorized by the LTFRB pursuant to Memorandum Circulars issued by the Board.

The units must have a COC issued by DOTr which shall conform with the technical regulations to be issued by the Board once the PNS for PUB has been published pursuant to the specifications promulgated by the Department of Trade and Industry-Bureau of Philippine Standards. If COCs have not been issued yet as of the time of publication of this issuance, OFG-compliant modern PUB models are accepted.

4. Electric Vehicle (E-Vehicle), which may either MPUJ be Electric , MUVE, Mini-bus and PUB.

The equity subsidy shall be available to eligible TSEs acquiring Electric MPUJs, MUVEs, Modern Mini-Bus and MPUB with routes certified by the Board. The units shall be subject to the OFG or PNS, in accordance with the specifications to be issued by the Department of Trade and Industry- Bureau of Philippine Standards.

- C. All applications for the availment of the subsidy shall be processed on a first come, first served basis and as per the hierarchy of prioritization for the Modern Mini-Bus and Modern PUB.

II. GENERAL GUIDELINES

- A. For loans and financing availed from banking institutions supervised or authorized under Bangko Sentral ng Pilipinas (BSP), such as, but not limited to, universal banks, commercial banks, rural banks, cooperative banks, or those availed from other legitimate financing institutions organized and created pursuant to existing laws, which includes in-house financing of manufacturers/dealers/suppliers, the said financing entities must possess the following requirements:
 - 1. Accredited or supervised by the Bangko Sentral ng Pilipinas (BSP); and
 - 2. Registered with the Securities and Exchange Commission (SEC); or
 - 3. Accredited or authorized by the Cooperative Development Authority (CDA).
- B. For loans and financing availed through the government financial institutions for the acquisition of Modern Mini-Bus and Modern PUB units, a Notice of Loan Approval shall be submitted to LTFRB.
- C. The subsidy shall be deemed as an incentive and a means of support for the TSEs modernizing their PUV fleets. The amount shall exclusively be used for payment of the required equity from the operators applying for loans under the eligible financing entities, and for other necessary expenses to be incurred in processing the loan, such as, but not limited to, insurance and chattel mortgage.
- D. The equity subsidy can only be accessed UPON the approval of loan applications of the TSEs with their chosen financing entity and upon compliance with Section III and Section V of this Memorandum Circular.
- E. For the budget allocation under GAA 2022, the Landbank of the Philippines shall be the conduit financing entity authorized to release the subsidy upon issuance of the release instruction to be signed by the LTFRB's authorized signatory/ies. Should the LTFRB decide to engage a different conduit bank for succeeding allocations, corresponding guidelines or advisory shall be issued.

III. ELIGIBILITY

- A. Consolidated Transport Service Entities, whether a cooperative or a corporation, duly registered as a legal entity with the Cooperative Development Authority (CDA) and Office of Transportation Cooperatives (OTC) or Securities and Exchange Commission (SEC).
- B. Consolidated Transport Service Entities who will modernize their aging traditional and interim fleets, holding valid franchises at the time of application and which are authorized, pursuant to Provisional Authority (PA) or Certificate of Public Convenience (CPC) issued to them, to operate existing routes or rationalized routes.
- C. Consolidated Transport Service Entities which have been selected and authorized by the LTFRB, through a Notice of Selection (NOS), to operate a new route.

IV. APPLICABILITY AND AVAILABILITY OF EQUITY SUBSIDY FOR PREVIOUSLY APPROVED LOANS WITH PRIVATE BANKS AND OTHER FINANCING SCHEMES

A. The equity subsidy shall retroactively include those Consolidated Transport Service Entities operating OFG-compliant and/or PNS compliant Modern PUJs or Modern UVEs which have approved loans or financing through eligible private financing entities as identified in Section II.A from 31 July 2018 until this Memorandum Circular is published.

V. TERMS AND CONDITIONS

A. **Equity Subsidy Amount.** Due to the higher equity or down payment percentage required by commercial banks, rural banks, cooperative banks, and other legitimate financing entities, eligible TSEs are entitled to a fixed subsidy corresponding to the amount allocated per unit, per mode/class including electric vehicles or alternative fuel vehicles, as follows:

MODE	SUBSIDY AMOUNT PER UNIT
PUJ Class 1	Php 210,000
PUJ Class 2/3/4	Php 360,000
UVE Class 3/4	Php 360,000
Mini-Bus	Php 400,000
PUB	Php 600,000

B. **Route and Mode Classification.** Consolidated TSEs with valid franchises and which are authorized to operate existing routes using aging traditional fleets shall modernize their respective fleets in accordance with the following table:

MODE/TYPE OF SERVICE	DESIGN CLASSIFICATION
FilCab	Class 1
PUJ	Class 1/2/3/4
UVE	Class 3/4
Mini-Bus	For cities: Low Floor or Low Entry For provincial: Mini Coach-type
PUB	For cities: Low Floor or Low Entry For provincial: Coach-type

For new routes and rationalized routes, consolidated TSEs shall modernize their fleets pursuant to Memorandum Circulars issued by the LTFRB.

C. **Dropping and Substitution.** Aside from the consolidation requirement, the availment of the subsidy shall require the TSEs to file an application for the dropping of traditional units and its

substitution with public transport modes compliant with the OFG and the PNS which are adopted into technical regulations by the LTFRB through the issuance of Memorandum Circulars pursuant to the guidelines in dropping and substitution.

- D. **Non-conversion and non-transfer.** The subsidy shall not be transferable, convertible to cash, withdrawable, and shall not be used for purposes other than what is prescribed under the PUVMP and this Memorandum Circular.
- E. **Release of the Equity Subsidy.** The release of equity subsidy under this implementation shall be facilitated by the LTFRB as prescribed under Section VI of this issuance.

VI. GENERAL GUIDELINES IN THE ACCEPTANCE OF APPLICATIONS FOR THE AVAILMENT OF EQUITY SUBSIDY

A. For Transport Service Entities Availing Loans Upon Effectivity of this Issuance

1. Before proceeding with the application and availment of loans or financial assistance through the TSE's chosen financing institution qualified under Sections II.A and II.B, the TSE shall fill-out the Equity Subsidy Reservation Form (Annex A - GAA 2022-LTFRB Form 1) signifying their intent for subsidy availment and submit to the LTFRB PUVMP Project Management Office stationed in the Central Office and/or Regional Franchising and Regulatory Offices (RFRO) the certified true copies of the following documentary requirements, such as, but not limited to:
 - a) Certified true copy of Cooperative/Corporate registration papers from CDA/OTC/SEC;
 - b) Copy of the NOS for New Routes or Rationalized Routes OR Certificate of Consolidation of Franchise and Certification of Franchise Verification for Existing Routes;
 - c) Copy of valid CPC or PA previously issued to operate traditional units;
 - d) For MPUJ and MUVE, copy of the COC that the vehicles to be purchased are compliant with the standards set under the PNS;
 - e) For OFG-compliant MPUB and Modern Mini-Bus models (without issued COC yet as of the time of publication of this issuance), the submission of documents as specified in Section VI.A.1.f is required;
 - f) Photos and/or brochure of the unit models applied for loan bearing the manufacturer/dealer/supplier name, PUV unit model name, and unit/selling price;
 - g) Quotation of the modern PUVs from the authorized dealer/supplier undertaken by the authorized dealer to supply the units;
 - h) Sworn undertaking from the authorized dealer stating that they shall supply the complete number of units to the TSE in accordance to the timeline stated in MC 2022-033; and
 - i) Other documents that may be required.

Thereafter, the TSE shall proceed with the loan application with its chosen financing institution qualified under Sections II.A and II.B.

The eligible TSE shall be given a 15-business-day period to complete the submission of the loan application requirements to their chosen financing institution, otherwise, the reservation will be canceled. A request for extension may, however, be granted provided that a certification, indicating the number of days for extension, from the bank where the loan has been applied is submitted to LTFRB.

Only the representatives of the transport service entities authorized through a notarized board resolution for cooperatives or a secretary's certificate for corporations shall be allowed to transact with the LTFRB.

2. Once loan has been processed and approved by the eligible financing entity and the Notice of Loan Approval has been submitted by the TSE to the LTFRB, the TSE shall accomplish the Subsidy Availment Form (Annex B - GAA 2022 - LTFRB Form 2) for the processing of the release of the subsidy. A Sworn Undertaking to comply with the approved number of OFG-compliant units shall also be submitted by the TSE.
3. The LTFRB Central Office shall inform Land Bank of the Philippines through the issuance of a written instruction duly signed by the LTFRB authorized signatory/ies to release or disburse the specified subsidy amount. The disbursement of funds shall strictly comply with existing accounting and auditing procedures.
4. Once the written instruction has been received, Land Bank shall deposit the amount to the modern PUV Dealer's or Supplier's bank account maintained at LBP within two (2) business days. Such amount shall be payable ONLY to the Dealer or Supplier.

B. For Transport Service Entities with Previously Approved Loans Availing the Equity Subsidy

1. Only the consolidated TSEs operating Modern PUJs or Modern UVEs and who have applied and availed financing through eligible private financing entities as identified in Section II.A from 31 July 2018 until the issuance of this Memorandum Circular may apply for the availment of subsidy under the expanded access subsidy fund.
2. For LTFRB to process the release of the subsidy, the TSE shall fill-out the Subsidy Availment Form (Annex B - GAA 2022 - LTFRB Form 2) and submit to the LTFRB PUVMP Project Management Office stationed in the Central Office and/or Regional Franchising and Regulatory Offices (RFRO) the certified true copies of the following documentary requirements, such as, but not limited to:
 - a. Certification from the eligible financing entities per Section II.A, certifying the details of the existing loan bearing the total loan amount, number of units, date of loan approval, and loan term;
 - b. Certified true copy of Cooperative/Corporate registration papers from CDA/OTC/SEC;
 - c. Copy of the Notice of Selection (NOS) for New Routes or Rationalized Routes OR Certificate of Consolidation of Franchise and Certification of Franchise Verification for Existing Routes;
 - d. Copy of valid CPC or PA issued to operate modern PUV units;
 - e. Invoice of the modern PUVs from the authorized dealer/supplier;
 - f. For approved loans through eligible financing entities as identified in Section II.A from October 2019 onwards, copy of the COC that the vehicles purchased are compliant with the standards set under the PNS;
 - g. For OFG-compliant MPUB and Modern Mini-Bus models (without issued COC yet as of the time of publication of this issuance), the submission of documents as specified in Section VI.B.2.h is required;
 - h. Photos and/or brochure of the unit models applied for loan bearing the manufacturer/dealer/supplier name, PUV unit model name, and unit selling price;
 - i. Sworn undertaking from the authorized dealer stating that they shall supply the complete number of units to the TSE in accordance to the timeline stated in MC 2022-033; and

j. Other documents that may be required.

Only the representatives of the transport service entities authorized through a notarized board resolution for cooperatives or a secretary's certificate for corporations shall be allowed to transact with the LTFRB.

3. The LTFRB Central Office shall inform Land Bank of the Philippines through the issuance of a written instruction duly signed by the LTFRB authorized signatory/ies to release or disburse the specified subsidy amount. The disbursement of funds shall strictly comply with existing accounting and auditing procedures.
4. Once the written instruction has been received, Land Bank shall deposit the amount to the eligible Transport Service Entity's bank account maintained at LBP within two (2) business days. Such amount shall be payable ONLY to the eligible Transport Service Entity.

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 U.P. Law Center - Office of National Administrative Registrar (ONAR).

SO ORDERED.

APPROVED AND ADOPTED by the undersigned Chairman and members of the Board this ____ day of 24 JUN 2022 2022, at Quezon City, Philippines.


ATTY. MARTIN B. DELGRA III
Chairman




P/Col. JOEL C. PERNITO (Ret.)
Board Member


Engr. SHERWIN MYLIL S. BEGYAN
Board Member

Attested by:


MARIA KRISTINA E. CASSION
Executive Director

EQUITY SUBSIDY RESERVATION FORM

Date Filed: _____

Region: _____

Name of Authorized Representative:

Surname

First Name

Middle Name

Transport Service Entity Name :

Office Address:

Contact Number: _____

Email Address: _____

Route Name:

PUV Mode and Class Type: _____

No of Awarded Units: _____

No. of Units to be Loaned: _____

Bank/Financing Institution where loan is planned to be applied (indicate Branch):

Manufacturer/Dealer/Supplier of Modern PUV:

Signature over Printed Name

EQUITY SUBSIDY AVAILMENT FORM

Date Filed: _____

Region: _____

Name of Authorized Representative:

Surname	First Name	Middle Name
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Transport Service Entity Name : _____

Office Address: _____

Contact Number: _____

Email Address: _____

Route Name: _____

PUV Mode and Class Type: _____

No. of Units Approved for Loan: _____

Bank/Financing Institution (indicate Branch): _____

Important:

For newly approved loans, indicate Dealer/Supplier Land Bank Account Number and Account Name.

Dealer/Supplier LBP Account Name: _____

Dealer/Supplier LBP Account No. _____

For previously approved loans (for MPUJ/MUVE) prior to publication of this circular, indicate Transport Service Entity (TSE) Land Bank Account Number and Account Name.

TSE LBP Account Name: _____

TSE LBP Account No. _____

Signature over Printed Name