



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF TRANSPORTATION
MARITIME INDUSTRY AUTHORITY

16 April 2026

MARINA ADVISORY
NO. 2026-20
Series of 2026

**TO : ALL CONCERNED SHIP / BOAT OPERATORS OPERATING
IN THE IDENTIFIED ROUTES**

**SUBJECT : GUIDELINES IN THE IMPLEMENTATION OF SERVICE
CONTRACTING PROGRAM FOR MARITIME TRANSPORT**

I. BACKGROUND

The maritime transport sector plays a critical role in ensuring the mobility of passengers, goods, and essential commodities across the Philippine archipelago. As an island nation, the Philippines relies heavily on domestic shipping to maintain economic activity and connectivity among islands.

Recent global geopolitical developments have significantly affected the international energy market. The escalating tensions and armed conflict involving USA, Israel and Iran have contributed to heightened instability in oil-producing regions, particularly in the Middle East, which accounts for a substantial share of global crude oil supply. As a result, global oil markets have experienced volatility, leading to rising fuel prices worldwide.

The Philippines, being heavily dependent on imported petroleum products, is particularly vulnerable to fluctuations in global oil prices. In the maritime transport sector, fuel constitutes one of the largest components of vessel operating costs. Consequently, increases in fuel prices directly affect the financial sustainability of shipping operations.

Continuous increases in fuel prices have been recorded since the start of the Middle East conflict. These developments suggest that continued fuel price increases may translate into higher passenger fares and freight charges unless mitigating government measures are implemented. Currently, ship operators have implemented rate adjustments affecting thousands of commuters using maritime transport.

II. LEGAL BASES

1. The General Appropriations Act (GAA), FY 2026 or Republic Act No.12314 mandated MARINA to implement the maritime passenger component of the Service Contracting Program (SCP).
2. Department of Transportation (DOTr) Department Order (DO) No.2026-008 dated 14 April 2026 likewise designated MARINA to implement the Service Contracting Program (SCP) for maritime passenger transport services.

III. OBJECTIVES

The SCP aims to promote sustainable, inclusive and accessible public transportation through the following:

1. Provision of financial assistance to passengers through a subsidy that will cover the passenger fare increases;
2. Sustained Maritime connectivity for short distance routes and prevent disruptions in people's mobility; and
3. Support for the mobility needs of workers, students and other commuters.

IV. SERVICE CONTRACTING PROGRAM MECHANISM

1. **Program Title:** The SCP for maritime transport shall be referred to as the MARINA *Lakbay Alalay ng Gobyerno (LAYAG) Program*.
2. **Program Scheme:** Under the *LAYAG Program*, the MARINA shall implement the **Net Service Contracting Scheme** that will cover the latest allowable Required Rate Adjustment (RRA) or the fare increase based on the published rate indicated in the Certificate of Public Convenience (CPC) of the domestic ship/boat operators as of 28 February 2026, whichever is lower.
3. **Coverage:**
 - 3.1 The MARINA *LAYAG Program* shall initially cover only ships/boats carrying passengers along the identified routes until the fund allocated for this purpose has been fully utilized.
 - 3.2 The fare subsidy shall cover the rates for economy or regular accommodation class.
4. **Identified routes:**
 - 4.1 Identification of routes shall be based on the following criteria:



- a. Commuter maritime transport services with a one-way travel time of not more than two (2) hours;
 - b. With high density passenger traffic; and
 - c. No alternative mode of transport.
- 4.2 Considering above-mentioned criteria, the following areas have been identified to be covered by the Program with specific routes and capacity provided in **Annex A**.
- a. Batangas City - Puerto Galera, Oriental Mindoro
 - b. Batangas City - Calapan, Oriental Mindoro
 - c. Iloilo City - Guimaras Island
 - d. Lapu-Lapu City - Olango Island
 - e. Cebu - Negros Oriental
 - f. Zamboanga City - Basilan
 - g. Davao City - Samal Island
 - h. Surigao - Dinagat Island

5. Eligibility Requirements :

Must meet ALL the following eligibility requirements:

- a. Ship/boat operator must have a valid Certificate of Public Convenience (CPC) in the identified route;
- b. Qualified ships must have valid Passenger Ship Safety Certificate (PSSC) and insurance coverage during the Program period; and
- c. Ships must be operational in the identified routes upon implementation of the program.

6. Fare Subsidy Computation

Fare Subsidy amount shall be computed using this formula:

Fare Subsidy Amount per trip = Number of actual passengers carried as reflected in the passenger manifest **multiplied** by the fare increase

Fare increase shall be the difference between the fare rates as of 28 February 2026 and the adjusted rate as prescribed in the applicable MARINA Advisory.

7. Procedures

- 7.1 MARINA shall issue the Notice of Eligibility together with the pro forma Concurrence Form and the draft Service Contracting Agreement (SCA) to ship/boat operators.

7.2. The ship/boat operator shall fill out and sign the Concurrence Form and submit to MARINA within one (1) day from receipt. The Concurrence Form shall contain the following information:

- The list of ships per route that will participate in the **LAYAG Program**;
- Name and designation of authorized company official to sign the Form and the SCA; and
- Bank details of the ship/boat operator.

7.3 MARINA shall schedule the signing of the SCA after receipt of the duly accomplished and signed Concurrence Forms from the ship/boat operators qualified per identified route.

V. IMPLEMENTATION TIMELINE

1. Information campaign

- Immediately upon issuance of this Advisory, the MARINA Domestic Shipping Service (DSS) shall meet and brief through a remote or online platform the ship/boat operators in the identified routes on what the program is all about and how it will be implemented.
- MARINA and the participating ship/boat operators shall ensure timely dissemination of information relating to the implementation of the Program, including Notices and posters in ports, ticketing booths and social media accounts.

2. MARINA shall issue the Notice of Eligibility to Ship/ Boat Operators within two (2) days from the issuance and publication of this Advisory.

3. The signing of SCA shall be scheduled within two (2) days after the submission of the duly accomplished and signed Concurrence Form by the ship/boat operators, subject to availability of funds.

4. Actual implementation of the Program shall commence on the day following the signing of the SCA with the duration of the Program implementation specified in the SCA.

VI. FARE SUBSIDY PROCEDURES

1. Payment of fare subsidy shall be made in two (2) tranches:

- First Payment: After one (1) week of implementation;
- Second/ Last payment: After the completion of the program.

2. Payment shall be supported by the following documents:

- 2.1 Actual number of passengers carried as per passenger manifest for each trip duly received by the Philippine Coast Guard (PCG) to be submitted to the MARINA designated representative immediately after each vessel departure;
 - 2.2 Duly signed Master's Declaration of Safe Departure; and
 - 2.3 Notarized certification by the company/operator that the fare collected from the passengers is the base fare prior to the increase due to the energy emergency crisis.
3. The following procedures shall govern the processing and release of subsidy pay:
 - 3.1 The ship/boat operator shall submit all required supporting documents to the concerned MARINA Regional Offices (MROs).
 - 3.2 The designated MRO personnel shall conduct evaluation of the submitted documents. Upon determination that the documents are complete and in order, the MRO Director/OIC shall issue a Certification for each participating ship, containing the necessary details for the computation of the fare subsidy amount.
 - 3.3 Upon receipt of the Certification from the MRO, The Domestic Shipping Service (DSS), MARINA shall compute the fare subsidy amount and prepare the necessary documents to process the payment following standard disbursement procedures.
 - 3.4 Payment shall be made within three (3) days from receipt of the Certification from the MROs and through the issuance of check and deposit to the bank accounts of the ship/boat operator as provided in the Concurrence Form.
 - 3.5 MARINA shall formally notify the authorized representative of the concerned ship/boat operator regarding the completed deposit.
 - 3.6 MARINA shall prepare the necessary reports, including the Liquidation Report, and submit the same to the Commission on Audit (COA) and/or the Audit Team Leader.
 - 3.7 Subsequently MARINA shall submit the Liquidation Report, duly stamped "RECEIVED" by the COA, to the Department of Transportation (DOTr) for record and compliance.
 4. After one (1) week of implementation, MARINA shall, review and assess the utilization of funds on a daily basis to ensure timely issuance of Notice of Termination.

VIII. TERMS AND CONDITIONS

Failure of the operator to comply with the Terms and Conditions of the SCA and the provisions of this Advisory shall be ground for the termination of the SCA.

- MARINA shall issue a Notice of Non-compliance and Termination.
- Services rendered prior to the issuance of Notice of Termination shall still be entitled to the corresponding fare subsidy.

IX. PROGRAM COMPLETION REPORT

MARINA shall submit to the DOTr a Program Completion Report containing the following information:

- Total number of participating ship/boat operators and ships;
- Number of beneficiaries or passengers per identified route;
- Total trips undertaken during the program; and
- Total fare subsidy, disaggregated by ship/boat operator and identified route.

X. EFFECTIVITY

This Advisory shall take effect immediately.

Consistent with Section V (3) hereof, the execution of SCA shall, however, be subject to the prior receipt of the corresponding fund transfer from the DOTr.

For compliance.


16 April 2026
SONIA B. MALALUAN
Administrator

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