

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

First Regular Session

772

HOUSE RESOLUTION No. _____



Introduced by

BAYAN MUNA Representatives CARLOS ISAGANI T. ZARATE,
FERDINAND R. GAITE and EUFEMIA C. CULLAMAT

RESOLUTION

DIRECTING THE COMMITTEES ON ENERGY AND TRANSPORTATION, TO
JOINTLY INVESTIGATE, IN AID OF LEGISLATION, ON THE DELAYED
IMPLEMENTATION OF MARKET TRANSFORMATION THROUGH
INTRODUCTION OF ENERGY EFFICIENT ELECTRIC VEHICLES PROJECT
KNOWN AS THE E-TRIKES PROJECT

WHEREAS, last Sept. 27, 2013, the Government of the Philippines, through the Department of Finance (DOF), and the Asian Development Bank (ADB) signed two loan agreements and grant agreement to implement the Market Transformation through Introduction of Energy Efficient Electric Vehicles (E-Trikes) Project with a total cost of P21.672 billion. According to the Project Administration Manual Purpose and Process, the Department of Energy (DOE) is primarily responsible for the execution of the project;

WHEREAS, the project was expected to the following:

1. Deliver 100,000 complete e-trike units to selected local government units (LGUs) to replace the internal combustion engine tricycles with standard warranty on mechanical and technical performance of the e-trikes and after-sale services;
2. Initiate the creation of a lithium-ion battery supply chain by creating an initial substantial market;
3. Establish pilot off-grid and grid-connecting charging stations; and
4. Ensure that there is a mechanism for the collection recovery and proper disposal of the replaced tricycles and used batteries;

WHEREAS, according to COA report 2016, DOE was not able to deliver a single unit of e-trike to its intended beneficiaries after four years of its effectivity and with only one year remaining before the scheduled project completion. Of the total project cost of P21.672 billion, only P77,791,419.85 or 0.35% was utilized as of Dec. 31, 2016. Of the utilized amount, P63,393,396.68 was paid for financial charges while only P14,398,023.17 was actually disbursed for project implementation activities. Out of the disbursements for project activities, P13.65 million pertains to fund transfer to the Development Academy of the Philippines for technical assistance in the implementation of the E-Trike Project;

WHEREAS, last Aug. 6, 2015, the Japanese firm emerged as the lone qualified bidder out of five bidders who submitted a proposal to the DOE. On Feb. 15, 2016, the DOE signed the contract awarding Uzushio Electric Company, Ltd. for the supply and delivery of 3,000 e-trikes

units, wherein 1,200 units shall be delivered within three months after the contract signing and 1,800 units be delivered within three months thereafter. However, as of Dec. 31, 2016, no e-trike was delivered;

WHEREAS, it took three years for the DOE to award the contract for the procurement of 3,000 e-trikes, which is just 3% of the total expected units to be delivered within five years. Worse, as of Dec 2016, there is still no LGU identified to take the responsibility in the implementation of the project on the ground level. In 2017, during the bid, Metro Manila, Region IV-A and B were targeted;

WHEREAS, the DOE and the Land Bank of the Philippines (LBP) failed to sign a Memorandum of Agreement to finance the payment of the e-trikes as of Dec. 31, 2016. Also, no financial institution committed to finance the payment of the initial 3,000 e-trike units to be delivered to the LGUs;

WHEREAS, the MOA with the LBP and LGUs is being reviewed by the DOE Legal Services and the E-Trikes Project is submitted to the National Economic Development Authority – Investment Coordination Committee (NEDA-ICC) for project review. Also, the DOE has a revised Project Implementation Plan waiting for approval from the NEDA-ICC;

WHEREAS, according to the Project Administration Manual dated Nov. 19, 2012, the selection process of the recipients, for LGUs with a large number of operating two-stroke tricycles, ADB and DOE will set the criteria for the selection process wherein the older tricycles are prioritized. Meanwhile, for LGUs with lesser number of operating two-stroke tricycles, a public lottery will be used to select the recipients. After the selection, the recipients will sign a commitment form and pay an initial deposit of P500 or other agreed amounts. Each driver will undergo a two-day training program, which covers basic maintenance, troubleshooting and repair, among others. Also, e-trike recipients are required to surrender their two-stroke tricycle to the LGU and shall be given P10,000 credit;

WHEREAS, the e-trike units are under the lease-to-own scheme wherein the drivers will remit a daily “hulog” (similar to the boundary system) to e-trike Office. Each e-trike can fit five passengers and can run up to 40 kilometers when charged for three to four hours;

WHEREAS, in 2016, COA recommended the cancellation of loans as soon as practicable to avoid further incurrence of commitment fees and other financial charges. According to the report, due to non-delivery of the expected outputs, P87,486,821.16 worth of commitment charges and management fees were incurred as follows;

Year	Commitment Charges	Management Fees	Total
	ABD Loan No. 2964- PHI	ADB Loan No. 8261- PHI (CTF)	
2014	P 20,248,375.53	P 8,095,910.00	P28,344,285.53
2015	P 20,587,055.65	P 8,256,150.00	P28,843,205.65
2016	P 21,616,939.98	P 8,682,390.00	P30,299,329.98
Total	P 62,452,371.16	P 25,034,450.00	P87,486,821.16

WHEREAS, the DOE decided to cancel the e-trike program to save the government from incurring more expenses and from disrupting the electric vehicle (EV) industry’s growth from non-economical projects. Energy Secretary Alfonso Cusi said that the first 3,000 e-trike will still be honored. However, there are still no recipients and the units are still at the warehouse of

1 electric vehicle maker Bemac Electric Transportation Philippines Inc., a subsidiary of Uzushio
2 Electric Co., at that time because the initial cost and maintenance was too steep for the operators
3 and charging stations in the targeted areas for deployment were still lacking;¹
4

5 **WHEREAS**, the DOE rebranded the project to a tricycle modernization program to align it
6 with the overall transport modernization program of the government following the failure to
7 efficiently implement the project;
8

9 **WHEREAS**, in February 2017, Belmac Electric Transportation Philippines, Inc. delivered the
10 3,000 e-trike units, however, the cost of the each procured unit was increased to nearly double
11 the initial cost of around P250,000 to P474,800 to be paid over the same period of five (5) years,
12 which was very costly for a local tricycle driver;
13

14 **WHEREAS**, on June 2018, 900 e-trikes were deployed in four (4) cities of Metro Manila and
15 last June 2019, 300 e-trikes were donated to Quezon City. Boracay drivers receive 200 donated
16 units, 100 units in Malolos City and 50 units to Batangas City. The most recent distribution of
17 donated e-trikes is the 300 units given to qualified beneficiaries in Barangay Sacred Heart,
18 Quezon City;
19

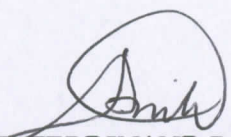
20 **WHEREAS**, last July 25, 2019, 50 e-trike units were donated to the Armed Forces of the
21 Philippines (AFP) to be used in its five military camps particularly Camp Aguinaldo in Quezon
22 City, Camp Aquino in Tarlac, Camp Nakar in Quezon Province, Fort Magsaysay in Nueva Ecija,
23 and Sangley Point in Cavite for the transportation of soldiers, their dependents, civilian
24 employees, churchgoers, tourists, and guests inside these camps.² Donation of units to the AFP
25 is not in pursuance to the provisions of the loan
26

27 **WHEREAS**, there is a clear case of inefficiency of the DOE resulting to the significant delay of
28 the implementation of the E-Trikes Project which resulted to penalties incurred to the
29 government and lost opportunities;
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31 **NOW, THEREFORE BE IT RESOLVED**, that the House of Representatives, through the
32 Committees on Energy and Transportation, to conduct a joint investigation, in aid of legislation,
33 on the delayed implementation of market transformation through introduction of energy
34 efficient electric vehicles project known as the E-Trikes Project.
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37 *Approved,*
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41 **REP. CARLOS ISAGANI T. ZARATE**
42 *Bayan Muna Partylist*
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47 **REP. FERDINAND R. GAITE**
48 *Bayan Muna Partylist*

REP. EUFEMIA C. CULLAMAT
Bayan Muna Partylist

¹ <https://www.philstar.com/business/2016/12/04/1650112/doe-defends-e-trike-program-cancellation#fbIApjiPIsp7C2gC.99>

² <https://pia.gov.ph/news/articles/1025156>

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