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;

<table>
<thead>
<tr>
<th>Year</th>
<th>Commitment Charges ABD Loan No. 2964-PHI</th>
<th>Management Fees ADB Loan No. 8261-PHI (CTF)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>P 20,248,375.53</td>
<td>P 8,095,910.00</td>
<td>P28,344,285.53</td>
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<tr>
<td>2015</td>
<td>P 20,587,055.65</td>
<td>P 8,256,150.00</td>
<td>P28,843,205.65</td>
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<td>2016</td>
<td>P 21,616,939.98</td>
<td>P 8,682,390.00</td>
<td>P30,299,329.98</td>
</tr>
<tr>
<td>Total</td>
<td>P 62,425,371.16</td>
<td>P 25,034,450.00</td>
<td>P87,486,821.16</td>
</tr>
</tbody>
</table>

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

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

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

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

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

**WHEREAS,** there is a clear case of inefficiency of the DOE resulting to the significant delay of the implementation of the E-Trikes Project which resulted to penalties incurred to the government and lost opportunities;

**NOW, THEREFORE BE IT RESOLVED,** that the House of Representatives, through the Committees on Energy and Transportation, to conduct a joint investigation, 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.

Approved,

**REP. CARLOS ISAGAN Y. ZARATE**  
Bayan Muna Partylist

**REP. FERDINAND R. GAITE**  
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#IbIAp1lPlsp7C2gC.99