

18 November 2011

To

Mr. Haruhiko Kuroda  
President of ADB  
6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines.

*(Subject: Request for information about the due diligence of the proposed reallocation to E-trikes project in the Philippines)*

Dear Mr. Kuroda,

It came to our attention that ADB is on its way to approve a proposal by the Philippine Government to reallocate funds in the Clean Technology Fund (CTF) Country Investment Plan (CIP) for public sector investments, which was endorsed by the Trust Fund Committee (TCF) in December 2009, to include energy efficiency (EE) and cleaner transport investments. A major change in the proposal is to reallocate USD 125 million from solar power generation as originally endorsed in December 2009 to an electric tricycle project (E-trike) of USD 101 million and energy efficiency project of USD 24 million.

Electric vehicle is a good initiative as this would dramatically reduce GHG emissions from conventional fossil-fuel dependent vehicles. However, if poorly designed, the project may only create further environmental and social problems. We therefore would like to present some concerns about this proposal in regard to public information and consultation, safeguards and accountability such as:

- 1) The public, particularly the stakeholders, have not been informed and consulted about the reallocation to the e-trikes. This potentially may challenge the legitimacy of the debt of the Philippine government.
- 2) There is no information about the design of the e-trikes project. No information whether the reallocation to e-trikes underwent the environmental and social safeguard requirements.

Therefore, we would like to request for the following:

- 1) Project Document concerning the USD 101 million CTF loan and USD 300 million ADB loan for E-trikes.
- 2) Conduct of the public consultation: where and with whom; list of participants; minutes of the consultations;
- 3) Design of the E-trikes project for example whether it is a replacement or addition to the existing one; waste management plan and its environmental mitigation; energy source for operation each unit of the e-trikes project
- 4) Environmental safeguard requirements compliance by looking at the impacts of increasing demands of electricity; discharge plan of the old tricycles if it is about replacement and disposal management system for used batteries;

- 5) Social safeguard requirements compliance with regard to competition and loss of income among drivers who are not involved in the scheme; potential household indebtedness;
- 6) Social safeguard requirements compliance with regard to fair market competition that will be challenged by the cheap funding provided by the project; ensuring that local e-trikes manufacturers, local lending institutions would still be encouraged to participate (would not be crowded out from)
- 6) Gender Action Plan that shows that this e-trikes project will bring benefit to women but not in the contrary will cause loss of income and livelihoods;

We strongly suggest that the approval of this loan project be postponed until all requirements of the Safeguard Policy Statement (SPS), the Public Communication Policy and the Accountability Mechanism are met.

Looking forward to receiving your response as the soonest,

Sincerely,

Avilash

Dr Avilash Roul  
Executive Director  
NGO Forum on ADB