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SENATE
S. B. **2435**

RECEIVED BY: 

Introduced by Senator Poe

**AN ACT
ESTABLISHING AN INFORMATION AND COMMUNICATIONS TECHNOLOGY
(ICT) HUB IN EVERY LEGISLATIVE DISTRICT OF THE PHILIPPINES AND FOR
OTHER PURPOSES**

Explanatory Note

The archipelagic nature of the Philippines has always proved to be a challenge to our government. The more than 7,000 islands and various bodies of water surrounding these islands bogged down many government development projects to the detriment of our people. However, with the advent of information and communications technology, bringing programs and services to even remote barangays has now become doable and feasible.

The deregulation of the telecommunications industry which began in 1987, brought tremendous changes the way we relate with each other and with the world. This enabled universal access to information and communications technology thereby allowing the development of cyber services. This allowed the country to participate in the Global Off-shoring and Outsourcing (Global O & O) Industry. Consequently, niche markets emerged in animation, customer contact, back office, software development and other cyber services. In 2010, the ICT sector generated \$ 5.7 billion in revenues and is employing around half a million jobs and opportunities for the Philippines.

IT-related industries, BPO/contact centers, and tourism are among the priority investment areas in the Investment Priority Plan. With more investment in these industries, especially in information and technology, we should be able to create more information and Communications Technology or ICT Hubs in every legislative district of the country. This should allow the country to become more competitive and to leapfrog to the future.

The Philippines has 234 legislative districts in 81 provinces. If this bill becomes a law, at 234 nodes can be established to pump prime economic activities and promote development in every province, this bill hopes to minimize the so-called digital divide as well as speed up the setting up of a wireless communications technology.

With an ICT Hub, each legislative district of the country will be able to harness its potential to making it investor-friendly and accessible. It can also electronically promote the province' nerve centers to connect to the various agencies of the national government thereby pushing the growth of e-government locally and nationally. The ICT Hub can also link a province to the national government during times of national calamities and disasters. More importantly, with the ICT Hub, the archipelagic feature of the country can be bridges, thereby creating One Philippines.

The immense contribution of the ICT sector should be harnessed and hence, the immediate passage of this bill is earnestly requested.


GRACE POE

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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Title.** – This Act shall be known as the “ICT Hub Act of 2014”.

2
3 **SECTION 2. Declaration of Policy.** – It is hereby declared the policy of the State:

- 4
5 a. To recognize the vital role of communication and information in nation-building.
6 Toward this end, the State shall provide for the creation and establishment of
7 information Communications Technology Hub, hereinafter referred to as ICT Hub, in
8 every legislative district of the country;
- 9
10 b. To promote and encourage investment in the countryside by providing the
11 infrastructure necessary for the growth of information and communications
12 technology; and
- 13
14 c. To ensure the adequate supply of power and electricity in the countryside in support of
15 the development of information and communications technology.

16
17 **SECTION 3. Information Communications Technology Plan.** – The provincial or city
18 board, consistent with the medium Term Philippine Development Plan (MTPDP) and in
19 coordination with the Commission on Information and Communications Technology (CICT), shall
20 formulate and approve an information Communications Technology (ICT) Plan for the legislative
21 districts of each province or city, taking into consideration its comparative advantage, funding mix,
22 private sector involvement, incentives to locators, local tax incentives, among others.

23
24 **SECTION 4. Location of ICT Hub.** – Pursuant to the provincial or city development plan,
25 the provincial or city board shall identify the area where the ICT Hub shall be established:
26 Provided, That, the area/s shall not be in the capital or urban center of the province: Provided,
27 further that, the area is owned by the provincial or city government.

28
29 For the purpose of this Act, Information Communication Technology (ICT) is the totality
30 of electronic means to collect, process and present information to end-users in support of their
31 activities. It consists among others, of computer systems, office systems and consumer electronics,
32 as well as networked information infrastructure, the components of which include the telephone
33 system, the internet, fax machines and computers.

34
35 An ICT Hub refers to a center or location where services may be provided through the use
36 of ICT. Such services may include telecommunication services, data management, etc.

1 **SECTION 5. Digital Infrastructure Fund.** – A Digital Infrastructure Fund hereinafter
2 referred to as the Fund is hereby created and lodged in the CICT. The amount of Ten Billion Pesos
3 (Php10,000,000,000.00) or as much thereof as may be necessary is hereby appropriated from the
4 general fund for the purpose of providing seed capital and as the counterpart of the national
5 government in the establishment of the ICT Hub in each legislative district of each province or
6 city: Provided, That, the Fund shall be disbursed in a pro-rata manner based on the following
7 criteria: Telephone density, degree of digital divide, ICT penetration ratio, presence of new
8 alternative backbone networks, science and technology parks and industrial estates with an ICT
9 focus, among others.

10
11 Subsequent appropriations shall be annually provided for the General Appropriations Act
12 with an annual increment of 25 percent per annum until the amount of Php 50,000,000,000.00 shall
13 have been reached.

14
15 **SECTION 6. Tax and Fiscal Incentives.** – Any locator in the ICT Hub shall be entitled to
16 the fiscal and non-fiscal incentives under the Omnibus Investments Code (E.O. 226, series of
17 1987), as amended, and the Special Economic Zone Act of 1995 (R.A. No. 7916), including a 5-
18 year tax break from national taxes: Provided, That, they are part of the Global O & O, such as, but
19 not limited to: animation, customer contact, back office, software development, medical and legal
20 transcription, and other cyber services: Provided, further That, sixty percent (60%) of its labor
21 force shall be recruited locally and that corporate income shall be declared and taxes shall be paid
22 locally on the sixth (6th) year of its operations; Provided, Finally, That locators in the top 30 poorest
23 provinces of the country as identified by the National Economic and Development Authority, shall
24 be give a pioneer status and shall be entitled to such additional incentives as may be allowed by
25 law.

26
27 ICT Hubs already receiving such incentives shall continue to be entitled to them.

28
29 **SECTION 7. Implementing Rules and Regulations.** – The Commission on Information
30 and Communications Technology, in coordination with the Departments of Science and
31 Technology and Interior and Local Government and other concerned entities, shall formulate the
32 necessary implementing rules and regulations of this Act.

33
34 **SECTION 8. Separability Clause.** – Any portion or provision of this Act that may be
35 declared unconstitutional shall not have the effect of nullifying other provisions hereof, as long as
36 such remaining provisions and still subsist and be given effect in their entirety.

37
38 **SECTION 9. Repealing Clause.** – All laws, rules and regulations, other issuances or parts
39 thereof, which are inconsistent with the Act, are hereby repealed or modified accordingly.

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41 **SECTION 10. Effectivity.** – This Act shall take effect fifteen (15) days from its
42 publication in the Official Gazette or two national newspapers of general circulation.

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44 Approved,

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