


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



23 JUN 26 P4:19

SENATE
S. No. 2287

RECEIVED BY: 

Introduced by Senator Jinggoy Ejercito Estrada

AN ACT
ESTABLISHING INFORMATION AND COMMUNICATIONS TECHNOLOGY
HUBS NATIONWIDE

EXPLANATORY NOTE

Recognizing the need to strengthen the Philippines' stance as the top investment destination for global services in the world, President Ferdinand Marcos Jr. had signified his intention to continue the development and growth in the digital transformation program and to continue building the information and communication technology (ICT) landscape nationwide. President Marcos recognizes that the improvement of the ICT in the country would significantly improve the Filipinos' quality of life.

Under digital transformation program, the immediate priorities include a cloud data center, software development for business process improvement, the conversion of local government units to smart cities, cybersecurity solutions for data privacy protection, and improving the internet and mobile services landscape through a national broadband plan.

The previous administration had tried to create a better business environment and support the digital transformation projects by signing the amendment to the Public Service Act (11659), allowing up to 100% foreign ownership of public services in the Philippines, including telecommunications that would foster competition and provide better quality services at a lower cost. In 2016, the Philippine Government established the Department of Information and Communications Technology (RA 10844) to show its strong support to the ICT industry.

The country's information technology (IT) and business process management (BPM) sector has reported a strong performance in 2022 through the addition of thousands of jobs and a jump in the sector's revenues. The Department of Information and Communications Technology reported that the number of full-time employees in the IT-BPM sector grew by 8.4 percent, or 121,000 full-time employees

(FTE), to 1.57 million FTEs in 2022. The sector's revenues, on the other hand, increased to USD32.5 billion in 2022, surpassing 2021 earnings of USD29.5 billion.

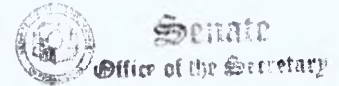
The proposed measure aims to build the resiliency of the ICT sector as an engine of growth for the Philippine economy. It also aims to bridge industry progress in various parts of the country to strengthen local economies. This hopes to bring country a step closer towards becoming a more digitally-enabled nation that is globally competitive and relevant as a prime investment destination.

In this light, the immediate passage of this bill is highly recommended.



JINGGOY EJERCITO ESTRADA

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

1 Section 1. *Short Title.* – This Act shall be known as the "*Online Network*
2 *Philippines Act.*"

3 Sec. 2. *Declaration of Policy.* – The State recognizes the vital role of
4 information and communication in the development and in promoting growth in the
5 countryside. To this end, the State shall encourage the expansion of information and
6 communications technology (ICT) and infrastructure throughout the country to
7 facilitate the access of the citizenry to goods and services. Pursuant thereto, the
8 State shall establish ICT hubs throughout the country in accordance with the
9 National ICT Roadmap and National ICT Plan.

10 Sec. 3. *Definition of Terms.* – As used in this Act:

11 a) *Bandwidth* – refers to the amount of data that can be transmitted over a
12 network connection over a period of time;

13 b) *Broadband* – refers to a high capacity transmission technique using a wide
14 range of frequencies which enables a large number of messages to be
15 communicated simultaneously. In the context of internet access, it refers
16 to access that is continuing and unhindered, and faster than the traditional
17 dial-up mode;

- 1 c) *Broadband network* – refers to a network able to transmit signals with a
2 high bit rate and a transmission channel being equal to or greater than
3 two megabits per second (2 mbps);
- 4 d) *Committed information rate* – refers to the information rate guaranteed by
5 a public telecommunications entity (PTE). The bandwidth cannot fall below
6 the committed rate of ninety-eight point five percent (98.5%) of the time;
- 7 e) *Cyber skills learning hub or Digital transformation center* – refers to a
8 facility specifically designed for cyber-education and digital literacy, and
9 that provides knowledge, skills, theoretical and practical experiences, and
10 access to technologies for all learners to become information and
11 technology proficient;
- 12 f) *Data farm* – refers to a physical facility that houses servers, network
13 equipment, personnel like information technology specialists and network
14 technicians for business-critical support such as online data storage, data
15 processing, core computing services, data and application backup services,
16 and distributing large amounts of data from remote data facilities. The
17 operation and management thereof shall be subject to pertinent laws and
18 policies on data security to prevent, detect and intercept unauthorized
19 access of data, specially on matters of national security;
- 20 g) *Digital innovation hub* – refers to a specialized business incubation and
21 acceleration facility offering physical workspace, mentoring and coaching,
22 and devices for technical application testing or experimenting, and
23 training. It is a one-stop-shop, usually but not always affiliated with
24 educational institutions, that helps companies including start-ups to
25 become more competitive with regard to their business production
26 processes, products or services using digital technologies by providing
27 access to the latest knowledge, expertise and technology to support them;
- 28 h) *Information and communications technology (ICT)* – refers to the totality
29 of electronic means to access, create, collect, store, process, receive,
30 transmit, present and disseminate information;
- 31 i) *Information and communications technology hub (ICT hub)* – refers to a
32 location where ICT services may be provided by a PTE with at least the

1 minimum internet speed required by the National Telecommunications
2 Commission (NTC). Such services may include telecommunications
3 services, broadband and convergence services, business processing and
4 data management;

5 j) *Information technology and business processing management hub* – refers
6 to a location that caters to and offers support mechanisms for companies
7 and enterprises engaged in IT services and business process management
8 and operations;

9 k) *Public telecommunications entity (PTE)* – refers to any person, natural or
10 juridical, government or private engaged in the provision of
11 telecommunications services to the public for compensation.

12 *Sec. 4. Establishment of Information and Communications Technology Hubs.*

13 – There shall be established ICT hubs all over the country in accordance with a
14 National ICT Plan to be prepared by the Department of Information and
15 Communications Technology (DICT).

16 The ICT Plan shall assess the needs of every province in the country and
17 identify the appropriate types and the number of ICT hubs to be developed therein.
18 Every province shall have at least one (1) of the following classifications of ICT hubs
19 based on the type of activity that it hosts:

20 a) Data Farms;

21 b) Information Technology (IT) and Business Processing Management (BPM)
22 Hub;

23 c) Cyber Skills Learning Hub and Digital Transformation Center (DTC);

24 d) Digital Innovation Hub; and

25 e) Any other ICT hub that may arise in the future.

26 Pursuant to the ICT Plan and the national, provincial, city or municipal spatial
27 development plans, the DICT and the local government units (LGU) shall identify the
28 areas where the ICT hubs shall be established based on geographical area and
29 population: *Provided*, That ICT hubs shall be developed in geographically equitable
30 and accessible locations throughout the province: *Provided, further*, That the area or
31 site of an ICT hub shall be on a property owned by an LGU.

1 The private sector shall be encouraged to establish ICT hubs in accordance
2 with the standards set forth by the DICT. The DICT shall employ the latest and
3 emerging technologies available to serve commercially unviable areas.

4 *Sec. 5. Role of the Department of Information and Communications*
5 *Technology (DICT).* – The DICT shall formulate a National ICT Plan, based on the
6 National ICT Roadmap, which shall include the development of a national broadband
7 network, provision of incentives to encourage private sector participation and
8 promotion of competition. The Cybercrime Investigation and Coordinating Center of
9 the DICT shall formulate, oversee and validate the ICT cyber plan of the ICT hubs.

10 The DICT shall update the National ICT Plan and shall submit the same on or
11 before the 15th of April of every year to the Office of President of the Republic of the
12 Philippines, the National Economic and Development Authority (NEDA), and the ICT
13 Joint Congressional Oversight Committee established under this Act.

14 *Sec. 6. Advisory Committee.* – There is hereby created an Advisory Committee
15 that shall solicit inputs towards the shaping of policy directions of the National ICT
16 Plan, including the supervision of ICT hubs and the coordination to be undertaken
17 with the private sector and other agencies and instrumentalities of the government.
18 The DICT shall determine the composition of the Advisory Committee and ensure the
19 equal representation of the a) government, b) the service providers, c) the end users,
20 and d) other industry stakeholders.

21 *Sec. 7. Role of the National Telecommunications Commission (NTC).* – The
22 NTC, through the exercise of its quasi-legislative and quasi-judicial powers, shall be
23 the primary infrastructure regulator to ensure the monitoring and implementation of
24 this Act. The NTC shall approve proposed ICT hub telecommunications projects
25 through an administrative process prescribed for the purpose and shall ensure the
26 compliance of PTEs with the required and committed information rate and quality of
27 service. All PTEs shall regularly submit the necessary data and reports as required by
28 the NTC.

29 *Sec. 8. Incentives.* – Any registered business enterprise in the ICT hub may
30 be granted incentives provided under Title XIII of the National Internal Revenue
31 Code of 1997, as amended: *Provided,* That these incentives shall be granted in
32 addition to the incentives given by the LGU where such ICT hubs are located.

1 The eligibility of the ICT hubs for the incentives provided herein should be
2 within the boundaries of a performance-based, time-bound, and transparent system
3 of incentives tailor-fit for highly desirable ICT investments and shall be subject to
4 compliance monitoring by the Fiscal Incentives and Review Board and the LGU
5 where such ICT hubs are located.

6 *Sec. 9. Digital Skills Development.* – The DICT, together with the Department
7 of Education, Commission on Higher Education, and the Technical Education and
8 Skills Development Authority, shall establish a program on digital skills development
9 for all learners to enhance their competitiveness, adaptability and employability in
10 the emerging digital economy, which shall be integrated into the pertinent programs
11 of the ICT hubs.

12 *Sec. 10. Digital Network Infrastructure.* – A digital network infrastructure shall
13 be established to connect the local ICT hubs to the National Broadband Program
14 through a core backbone network of the DICT, to be funded from the spectrum
15 users' fees.

16 The DICT is hereby authorized to classify the said funds for capital outlay,
17 which classification shall be furnished to and duly reflected by the Department of
18 Budget and Management in its records. The release of funds shall be subject to
19 applicable laws and existing budgeting, accounting and auditing rules and
20 regulations.

21 *Sec. 11. Local Government Responsibility.* – The issuance of licenses and
22 permits for ICT-related activities and infrastructure construction projects shall not be
23 delayed and hampered, and shall further be prioritized, subject to the provisions of
24 Republic Act No. 11032, otherwise known as the Ease of Doing Business and
25 Efficient Government Service Delivery Act of 2018.

26 The Department of the Interior and Local Government (DILG) shall include
27 ICT competitiveness and ICT integration as a criterion of governance under the Seal
28 of Good Local Governance program.

29 *Sec. 12. Private Sector Support and Public-Private Partnership.* – The LGUs
30 may engage the private sector through PPP agreements targeted towards financing,
31 designing, implementing and operating infrastructure facilities and services for the
32 ICT hub to maximize costs and allow for sharing of revenue, subject to the

1 provisions of Republic Act No. 6957, otherwise known as "An Act Authorizing the
2 Financing, Construction, Operation and Maintenance of Infrastructure Projects by the
3 Private Sector and for Other Purposes," as amended.

4 *Sec. 13. Prohibition Against Exclusivity.* – All ICT hubs established under this
5 Act are hereby declared free zones within which any PTE may operate. Any
6 agreement or arrangement designating a PTE, or any of its subsidiaries or affiliates
7 as an exclusive PTE within an ICT hub shall be void and unenforceable. The
8 domestic internet exchanges shall be interconnected. The interconnection agreement
9 between the PTEs shall be submitted to the NTC for its approval. If the parties fail to
10 reach an agreement within ninety (90) days from the start of negotiation, the NTC
11 shall intervene and prescribe the terms and conditions of the interconnection.

12 *Sec. 14. Penalties.* – In the exercise of its quasi-judicial power, the NTC shall
13 impose a fine of Five hundred thousand pesos (P500,000.00) for a) non-disclosure,
14 b) non-interconnection, or c) noncompliance with the committed information rate
15 and quality of service.

16 The NTC shall increase the amount of fine every five (5) years subject to a
17 certification from the NEDA on the computation of the cost of money based on the
18 current consumer price index.

19 *Sec. 15. Implementing Rules and Regulations.* – Within sixty (60) days from
20 the effectivity of this Act, the DICT as the lead agency, together with NEDA, DILG,
21 the League of Provinces and the Leagues of LGUs, the Board of Investments, the
22 Philippine Economic Zone Authority, and the Advisory Committee, shall issue the
23 necessary rules and regulations for the effective implementation of this Act.

24 *Sec. 16. ICT Joint Congressional Oversight Committee.* – An ICT Joint
25 Congressional Oversight Committee (ICTJCOC) is hereby created to monitor the
26 effective implementation of this Act, recommend the necessary remedial legislative
27 or administrative measures and perform such other duties and functions as may be
28 necessary to attain the objectives of this Act. It shall be composed of the
29 Chairpersons of the House Committee on Information and Communications
30 Technology and Senate Committee on Science and Technology and two (2)
31 members from each of the Senate and the House of Representatives who shall be
32 designated by the Senate President and the Speaker of the House of

1 Representatives, respectively: *Provided*, That one (1) member from each House shall
2 be nominated by their respective Minority Leaders.

3 The Chairpersons of the House Committee on Information and
4 Communications Technology and the Senate Committee on Science and Technology
5 shall serve as Chairperson and Vice Chairperson or *vice versa* of the ICTJCOC on a
6 rotational basis every six (6) months. The Secretariat of the ICTJCOC shall be the
7 existing secretariat personnel of the concerned Committees of the House of
8 Representatives and the Senate.

9 *Sec. 17. Separability Clause.* – If any provision or part hereof is held invalid or
10 unconstitutional, the remainder of the law or the provision or part not otherwise
11 affected shall remain valid and subsisting.

12 *Sec. 18. Repealing Clause.* – Any law, presidential decree or issuance,
13 executive order, letter of instruction, administrative order, rule, or regulation
14 contrary to or inconsistent with the provisions of this Act are hereby repealed,
15 modified, or amended accordingly.

16 *Sec. 19. Effectivity.* – This Act shall take effect fifteen (15) days after its
17 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,