

SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session



Senate
Office of the Secretary

'16 JUL 26 A9:04

SENATE
S. B. 877

RECORDED 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. With the advent of information and communications technology, however, bringing programs and services to the remotest of barangays has now become doable and feasible.

The deregulation of the telecommunications industry which began in 1987 brought tremendous changes in the way we communicate 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 Offshoring and Outsourcing (Global O & O) Industry. Consequently, niche markets emerged in animation, customer contact, back office, software development and other cyber services. As of 2010, the Information and Communications Technology (ICT) sector generated USD5.7 Billion in revenues and has been employing around half a million jobs and has been offering countless 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 ICT Hubs in every legislative district of the country. Said creation of ICT Hubs should allow the country to become more competitive and aggressive towards future progress and development.

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

With an ICT Hub, each legislative district of the country will be investor-friendly and accessible. It can also electronically promote the provinces' 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 transform gaps and distances into bridges, thereby creating One Philippines.

The immense contribution of the ICT sector should be harnessed. 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 2016*”.

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-
6 building. 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 every
8 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 technology; and
12

13 c. To ensure the adequate supply of power and electricity in the countryside in
14 support of the development of information and communications technology.
15

16 **SECTION 3. Information Communications Technology Plan.** – The provincial or
17 city board, consistent with the medium Term Philippine Development Plan (MTPDP) and in
18 coordination with the Commission on Information and Communications Technology (CICT),
19 shall formulate and approve an information Communications Technology (ICT) Plan for the

1 legislative districts of each province or city, taking into consideration its comparative
2 advantage, funding mix, private sector involvement, incentives to locators, local tax
3 incentives, among others.

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

9
10 For the purpose of this Act, Information Communication Technology (ICT) is the
11 totality of electronic means to collect, process and present information to end-users in support
12 of their activities. It consists among others, of computer systems, office systems and
13 consumer electronics, as well as networked information infrastructure, the components of
14 which include the telephone system, the internet, fax machines and computers.

15
16 An ICT Hub refers to a center or location where services may be provided through the
17 use of ICT. Such services may include telecommunication services, data management, etc.

18
19 **SECTION 5. Digital Infrastructure Fund.** – A Digital Infrastructure Fund,
20 hereinafter referred to as the Fund, is hereby created and lodged in the CICT. The amount of
21 Ten Billion Pesos (Php10,000,000,000.00), or as much thereof as may be necessary, is hereby
22 appropriated from the general fund for the purpose of providing seed capital and as the
23 counterpart of the national government in the establishment of the ICT Hub in each
24 legislative district of each province or city: Provided, That, the Fund shall be disbursed in a
25 pro-rata manner based on the following criteria: Telephone density, degree of digital divide,
26 ICT penetration ratio, presence of new alternative backbone networks, science and
27 technology parks and industrial estates with an ICT focus, among others.

28
29 Subsequent appropriations shall be annually provided for in the General
30 Appropriations Act with an annual increment of 25 percent per annum until the amount of
31 Php 50,000,000,000.00 shall have been reached.

32
33 **SECTION 6. Tax and Fiscal Incentives.** – Any locator in the ICT Hub shall be
34 entitled to the fiscal and non-fiscal incentives under the Omnibus Investments Code (E.O.

1 226, series of 1987), as amended, and the Special Economic Zone Act of 1995 (R.A. No.
2 7916), including a 5-year tax break from national taxes: Provided, That, they are part of the
3 Global O & O, such as, but not limited to: animation, customer contact, back office, software
4 development, medical and legal transcription, and other cyber services: Provided, further
5 That, sixty percent (60%) of its labor force shall be recruited locally and that corporate
6 income shall be declared and taxes shall be paid locally on the sixth (6th) year of its
7 operations; Provided, Finally, That locators in the top 30 poorest provinces of the country as
8 identified by the National Economic and Development Authority (NEDA), shall be given a
9 pioneer status and shall be entitled to such additional incentives as may be allowed by law.
10

11 ICT Hubs already receiving such incentives shall continue to be entitled to avail of the
12 same.
13

14 **SECTION 7. Implementing Rules and Regulations.** – The Commission on
15 Information and Communications Technology (CICT), in coordination with the Departments
16 of Science and Technology (DOST) and Interior and Local Government (DILG) and other
17 concerned entities, shall formulate the necessary implementing rules and regulations of this
18 Act.
19

20 **SECTION 8. Separability Clause.** – Any portion or provision of this Act that may
21 be declared unconstitutional shall not have the effect of nullifying other provisions hereof, as
22 long as such remaining provisions and still subsist and be given effect in their entirety.
23

24 **SECTION 9. Repealing Clause.** – All laws, rules and regulations, other issuances or
25 parts thereof, which are inconsistent with the Act, are hereby repealed or modified
26 accordingly.
27

28 **SECTION 10. Effectivity.** – This Act shall take effect fifteen (15) days from its
29 publication in the Official Gazette or two national newspapers of general circulation.
30

31 Approved.