

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

SENATE
S. No. 1484

20 MAY -4 P 3:30

Introduced by Senator Grace Poe

RECEIVED BY: 

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 been a challenge to our government. With more than 7,000 islands and various bodies of water surrounding these islands, the delivery of government development projects has been hampered. However, with the advent of information and communications technology, 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 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.

In 2015, the Information and Communications Technology (ICT) sector generated 1.2 million direct jobs and USD 22 billion in revenues.¹ It has also 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.

¹ Philippine Daily Inquirer. *IT-BPO industry grows as second largest source of income for PH*. Retrieved from <https://business.inquirer.net/209531/bpo-industry-grows-second-largest-source-income-ph#ixzz5v8Y8Jkuh>

The Philippines has 238 legislative districts in 81 provinces.² If this bill becomes a law, 238 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

² Philippine Statistics Authority. *Population Counts by Legislative District (Based on the 2015 Census of Population)*. Retrieved from <http://www.psa.gov.ph/content/population-counts-legislative-district-based-2015-census-population>



SENATE
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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*".
- 2 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State:
- 3 a.) To recognize the vital role of communication and information in nation-
- 4 building. Toward this end, the State shall provide for the creation and
- 5 establishment of information Communications Technology Hub, hereinafter
- 6 referred to as ICT Hub, in every legislative district of the country;
- 7 b.) To promote and encourage investment in the countryside by providing the
- 8 infrastructure necessary for the growth of information and communications
- 9 technology; and
- 10 c.) To ensure the adequate supply of power and electricity in the countryside in
- 11 support of the development of information and communications technology.
- 12 Sec. 3. *Information Communications Technology Plan.* – The provincial or city
- 13 board, consistent with the medium Term Philippine Development Plan (MTPDP) and
- 14 in coordination with the Commission on Information and Communications
- 15 Technology (CICT), shall formulate and approve an information Communications
- 16 Technology (ICT) Plan for the legislative districts of each province or city, taking into

1 consideration its comparative advantage, funding mix, private sector involvement,
2 incentives to locators, local tax incentives, among others.

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

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

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

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

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

30 Sec. 6. *Tax and Fiscal Incentives.* – Any locator in the ICT Hub shall be
31 entitled to the fiscal and non-fiscal incentives under applicable laws: Provided, That,
32 they are part of the Global O & O, such as, but not limited to: animation, customer

1 contact, back office, software development, medical and legal transcription, and
2 other cyber services: Provided, further That, ninety percent (90%) of its labor force
3 shall be recruited locally; Provided, Finally, That locators in the top 30 poorest
4 provinces of the country as identified by the National Economic and Development
5 Authority (NEDA), shall be given a pioneer status and shall be entitled to such
6 additional incentives as may be allowed by law.

7 ICT Hubs already receiving such incentives shall continue to be entitled to
8 avail of the same.

9 *Sec. 7. Implementing Rules and Regulations.* – The Commission on
10 Information and Communications Technology (CICT), in coordination with the
11 Departments of Science and Technology (DOST) and Interior and Local Government
12 (DILG) and other concerned entities, shall formulate the necessary implementing
13 rules and regulations of this Act.

14 *Sec. 8. Separability Clause.* – Any portion or provision of this Act that may be
15 declared unconstitutional shall not have the effect of nullifying other provisions
16 hereof, as long as such remaining provisions and still subsist and be given effect in
17 their entirety.

18 *Sec. 9. Repealing Clause.* – All laws, rules and regulations, other issuances or
19 parts thereof, which are inconsistent with the Act, are hereby repealed or modified
20 accordingly.

21 *Sec. 10. Effectivity Clause.* – This Act shall take effect fifteen (15) days from
22 its publication in the Official Gazette or two national newspapers of general
23 circulation.

Approved,