

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 64

Introduced by HONORABLE LUIS R. VILLAFUERTE

EXPLANATORY NOTE

This bill reenacts House Bill No. 4300 which has been approved by the 14th Congress of the House of Representatives and has been transmitted to and received by the Senate on 11 August 2008.

The importance of information and communications technology (ICT) is embodied in the following sentences:

The State recognizes the vital role of communication and information in nation building.

Article II, Sec. 24, 1987 Constitution

Technology is the foundation of future economic development.

*President Gloria Macapagal Arroyo's
State of the Nation Address, July 23, 2001*

Modern and up-to-date ICT is vital to the growth of the economy. Given a globalized environment and the emergence of the so-called new economy, the country should be equipped to deal with new demands and challenges to be competitive.

In the United States, the widespread use of ICT in the 90's is believed to have resulted in efficiency gains and have contributed to the improvement in overall productivity. The use of modern ICT has improved the way of doing business which resulted in the sharp reduction of business transaction costs.

Electronically assisted business transactions favor the business sector because the delivery of goods and services entails less paper work with utmost accuracy and speed. Firms that take advantage of the availability of electronic commerce enjoy a competitive edge. These firms would have the capability to expand their market horizon and business contacts both locally and globally.

Modern ways of communication can mobilize rural development. The World Bank noted in its report of a group of subsistence farmers in the country have become pineapple specialists, using telex and fax machines to communicate directly with researchers and market representatives. This is an example where existing communication technologies alone bring convenience in transmitting information.

The use and development of ICT in the Philippines grew rapidly over the last decade. The country has huge potential in further developing its ICT capability with its highly skilled and trainable work force. With this competitive advantage over its Asian neighbors, it can encourage foreign investors to do business in the country.

Recognizing the important role of ICT in national development, there is a need to have a concerted effort between the government and the business sector to pursue an ICT development strategy for the country. The business sector will play the lead role in driving ICT development. The government, on the other hand, will provide an efficient and effective business environment, regulatory framework, and the services needed for ICT to develop and thrive.

Therefore, there is a need for a bill that will create a Department of Information and Communications Technology (DICT) which will be responsible in providing the policy and legal environment and the institutional mechanisms that will promote the development of ICT in the country. This Department will also ensure the availability of enabling factors such as infrastructure support, financial resources and qualified / skilled human resources, etc.

The Department will effectively split the Department of Transportation and Communications (DOTC), transferring all powers and functions related to communications to the new Department and the remaining transportation segment shall remain with the DOTC that shall be renamed as the Department of Transportation.

In view of the foregoing, the approval of this bill is earnestly sought.



LUIS R. VILLAFUERTE

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**AN ACT CREATING THE DEPARTMENT OF INFORMATION AND
COMMUNICATIONS TECHNOLOGY, DEFINING ITS POWERS
AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR,
AND FOR OTHER PURPOSES**

*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
2 “Department of Information and Communications Technology Act”.

3 **Sec. 2. Creation of the Department** – There is hereby created
4 the Department of Information and Communications Technology,
5 hereinafter referred to as the Department.

6 **Sec. 3. Declaration of Policy** - It is the policy of the State to
7 promote the utilization of Information and Communications
8 Technology (ICT) as a vital tool for nation-building and economic
9 growth that is government-enabled, private sector-led, citizen-centric
10 and market-based. Towards this end, government shall prioritize the
11 effective coordination and implementation of its national and local ICT
12 and ICT-enabled services, programs, projects and other related
13 initiatives and reorganize and revitalize all relevant governmental
14 institutions in order to achieve a streamlined and efficient structure

1 that is responsive and attuned to national goals and objectives. It
2 shall likewise be the policy of the State to provide an environment that
3 will support investments in cost-efficient ICT infrastructure, systems
4 and resources, to ensure universal access and high-speed connectivity
5 at fair and reasonable costs; ensure a level playing field for strategic
6 alliances with investors in order to have balanced investments between
7 high-growth and economically depressed areas, ensure consumer
8 protection and welfare as well as preserve the rights of individuals and
9 entities to privacy and confidentiality of information, to promote
10 accountability through transparent governance, and effective delivery
11 of government front line services.

12 **Sec. 4. Definition of Terms.** - As used in this Act, the
13 following terms are defined as follows:

14 (a) "E-Governance or Electronic Governance" shall mean the
15 application of information communications technology to the processes
16 of government functioning to bring about efficient, ethical,
17 accountable, responsive and transparent governance;

18 (b) "ICT Sector or ICT Industry" shall mean all
19 telecommunications carriers / operators, ICT equipment and solutions
20 manufacturers and providers, internet service providers, ICT training
21 institutions, software developers and ICT-enabled service providers;

22 (c) "ICT-Enabled Service Providers" - shall mean all offshoring
23 and outsourcing service providers, including contact centers, medical
24 or legal transcription, animation, engineering or architectural design

1 services, software development, business process outsourcing services
2 and other providers of services that require the intrinsic use of a
3 networked information infrastructure.

4 (d) "Information and Communications Technology" shall mean
5 the totality of electronic means to collect, store, process and present
6 information to end-users in support of their activities and services. It
7 consists of computer systems, office systems and consumer
8 electronics, as well as networked information infrastructure, the
9 components of which include the telephone system, the Internet, fax
10 machines and computers.

11 (e) "M-Governance or Mobile Governance" shall mean the
12 application of mobile technology to the process of government
13 functioning to bring about efficient, ethical, accountable, responsive
14 and transparent governance.

15 **Sec. 5. Mandate** – The Department shall be the primary policy,
16 planning, coordinating, implementing, regulating and administrative
17 entity of the Executive Branch of the government that will promote,
18 develop and oversee the government's integrated and strategic ICT
19 systems and ensure reliable and cost-efficient communications facilities
20 and services.

21 The Department shall likewise be responsible for improving the
22 acquisition, utilization and optimization of government's information
23 and communications technologies in order to improve the productivity,
24 efficiency, effectiveness, and responsiveness of national and local

1 government programs. The Department shall furthermore be
2 responsible for ensuring the application of information communications
3 technology to the various processes of government functioning.

4 In fulfilling its mandate, the Department shall be guided by the
5 following strategic objectives:

6 (a) Ensure the provision of a strategic, reliable, cost-efficient,
7 and citizen-centric ICT infrastructure, systems, and resources as
8 instruments of nation-building and global competitiveness;

9 (b) Foster a policy environment for ICT sector that will promote
10 market-led, broader development of the ICT and ICT-enabled services
11 sector, a level playing field, partnerships between the public and the
12 private sectors, strategic alliance with foreign investors and balanced
13 investments between high-growth and economically-depressed areas;

14 (c) Foster and accelerate convergence of ICT facilities such as,
15 but not limited to, the development of networks;

16 (d) Ensure universal access and high-speed connectivity at fair
17 and reasonable costs;

18 (e) Ensure the availability and accessibility of ICT services in
19 areas not adequately served by the private sector;

20 (f) Promote and encourage the widespread use, creative
21 development, and access to ICT with priority consideration on the
22 requirements for growth of the Philippine ICT industry;

23 (g) Promote and assist the development of local and national
24 content application and services in the area of ICT by sourcing or

1 providing funds and construction assistance for ICT-hubs and/or
2 technical support to local providers in these endeavors and in the
3 marketing of the local products to the global community;

4 (h) Establish a strong and effective regulatory monitoring
5 system that will ensure investor and consumer protection and welfare
6 and foster a healthy competitive environment;

7 (i) Promote technical training and scholarships, and the
8 development and use of expertise in ICT and ICT-enabled services for
9 the country's human capital to enable Filipinos to compete in a fast-
10 evolving information and communication age;

11 (j) Ensure the growth of the ICT and ICT-enabled industries,
12 including mobile technologies, application and services;

13 (k) Preserve the rights of individuals to privacy and
14 confidentiality of their personal information;

15 (l) Encourage the use of ICT in support of efforts or endeavors
16 for the development and promotion of the country's arts and culture,
17 history, education, public health and safety, and other socio-civic
18 purposes; and

19 (m) Sustain the development of the nationwide postal system as
20 an integral component of the overall development of ICT in the
21 country.

22 (n) Ensure the security of ICT infrastructures and assets of
23 individuals and businesses; and

1 (o) Empower, through the use of ICT, the disadvantaged
2 segments of the population, including persons with disabilities (PWD)
3 or who are differently-abled.

4 **Sec. 6. Powers and Functions** – To carry out its mandate, the
5 Department shall exercise the following powers and functions:

6 (a) Formulate, recommend and/or implement national policies
7 and guidelines in the ICT sector that will promote wider use and
8 development of information and communications technologies, and
9 applications, and increased and convenient access by the citizens to
10 the same.

11 (b) Initiate, harmonize and/or coordinate all ICT plans and
12 initiatives of government departments/agencies to ensure overall
13 consistency and harmony with the objective of electronic governance,
14 in particular, and national objectives and goals in general;

15 (c) Represent and negotiate for Philippine interests on matters
16 pertaining to ICT in international bodies;

17 (d) Develop and maintain national ICT development plans and
18 establish and administer comprehensive and integrated programs for
19 ICT with due consideration to advances in convergence and other
20 emerging technologies; and for this purpose, may invite any agency,
21 corporation or organization, whether public or private, whose
22 development programs in ICT are an integral part thereof, to
23 participate and assist in the preparation and implementation of various
24 programs among which is an integrated National Government Portal;

1 (e) Leverage resources and activities in the various national
2 government agencies for data base building activities, information and
3 resource sharing and agency networking linkages;

4 (f) Design, implement, and ensure the protection of an
5 integrated government information and communications infrastructure
6 development program that will coordinate all relevant government
7 entities, taking into consideration, the inventory of existing and
8 projected manpower, plans, programs, proposals, software and
9 hardware, and the installed systems and programs;

10 (g) Provide an integrated framework in order to optimize all
11 government ICT resources and networks and identify and prioritize all
12 e-government systems and applications as provided for in the
13 Government Information Systems Plan and/or the Medium Term
14 Philippine Development Plan (MTPDP);

15 (h) Coordinate and support the generation and/or acquisition of
16 all necessary resources and facilities as may be appropriate in and for
17 the development, marketing, growth and competitiveness of the
18 Philippine ICT and ICT-enabled services;

19 (i) Develop, implement and improve, in coordination with
20 concerned government agencies and industry associations, the
21 government's ICT application capabilities and determine the personnel
22 qualification and other standards essential to the integrated and
23 effective development and operation of government information and
24 communications infrastructure;

1 (j) Encourage and establish guidelines for private sector funding
2 of ICT projects for government agencies in order to fast-track said
3 projects which provide reasonable cost-recovery mechanisms for the
4 private sector including, but not limited to, Build-Operate-Transfer
5 (BOT) mechanisms;

6 (k) Assess, review and provide direction to ICT research and
7 development programs of the government in coordination with the
8 Department of Science and Technology and other institutions
9 concerned;

10 (l) Establish and prescribe rules and regulations for the
11 establishment, operation and maintenance of ICT facilities in areas not
12 adequately served by the private sector, in consultation with the
13 private business sector, local government units and the academe;

14 (m) Support, assist, and prescribe rules and regulations on ICT-
15 related aspects for the operation and maintenance of a nationwide
16 postal system that shall include mail processing, delivery services, and
17 money order services;

18 (n) Administer and enforce all laws, standards, rules, and
19 regulations governing ICT, and in coordination with the Intellectual
20 Property Office (IPO), ensure the protection of ICT-related intellectual
21 property rights;

22 (o) In coordination with concerned agencies, ensure consumer
23 protection and welfare, and protect the rights of consumers and
24 business users to privacy, security and confidentiality;

1 (p) Harmonize, synchronize and coordinate with appropriate
2 agencies all ICT and e-commerce policies, plans and programs;

3 (q) Coordinate with the Department of Trade and Industry in the
4 promotion of trade and investment opportunities in ICT and ICT-
5 enabled services;

6 (r) In coordination with concerned agencies, promote strategic
7 partnership and alliances among and between local and international
8 ICT firms and institutions, research and development, educational and
9 training institutions, and technology providers, developers and
10 manufacturers, to speed up industry growth and enhance global
11 competitiveness;

12 (s) In coordination with concerned agencies, plan and/or
13 implement such activities as may be appropriate and/or necessary to
14 enhance the competitiveness of Philippine workers, firms and small to
15 medium enterprises in the global ICT market and ICT-enabled services
16 market;

17 (t) In coordination with the Department of Education,
18 Commission on Higher Education (CHED) and Technical Education and
19 Skills Development Authority (TESDA), undertake initiatives to
20 promote ICT and ICT-enabled services education and training and the
21 development, promotion and application of ICT in education in a
22 manner that is consistent with national goals and objectives, and
23 responsive to the human resources needs of the ICT and ICT-enabled
24 services sector in particular;

1 **Sec. 7. Composition.** – The Department shall be headed by a
2 Secretary to be appointed by the President, subject to the confirmation
3 by the Commission on Appointments. The President shall also appoint
4 not more than four (4) undersecretaries and four (4) assistant
5 secretaries.

6 Any person appointed as undersecretary or assistant secretary of
7 the Department must be a citizen and resident of the Philippines, of
8 good moral character, and of proven integrity and with experience or
9 expertise in either of the following: electronic governance, cyber
10 services, information technology infrastructure, or human capital
11 development.

12 The assistant secretaries referred to herein shall be career
13 officers with appropriate eligibilities as prescribed by the Civil Service
14 Commission.

15 **Sec. 8. Secretary of Information and Communications**
16 **Technology** - The authority and responsibility for the exercise of the
17 mandate of the Department and for the discharge of its powers and
18 functions shall be vested in the Secretary of Information and
19 Communications Technology, hereinafter referred to as the Secretary,
20 who shall have supervision and control over the Department. For such
21 purposes, the Secretary shall:

22 (a) Provide executive direction and supervision over the entire
23 operations of the Department and its attached agencies;

1 (b) Establish policies and standards for the effective, efficient,
2 and economical operation of the Department, in accordance with the
3 programs of government;

4 (c) Rationalize delivery systems necessary for the effective
5 attainment of the objectives of the Department, including the creation
6 of regional and/or field offices;

7 (d) Review and approve requests for financial and manpower
8 resources of all operating offices of the Department;

9 (e) Designate and/or appoint all officers and employees of the
10 Department, except the undersecretaries, assistant secretaries and
11 regional and assistant regional directors, in accordance with civil
12 service laws, rules and regulations;

13 (f) Coordinate with local government units (LGUs), other
14 agencies, and public and private interest groups, including
15 nongovernment organizations (NGOs) and people's organizations (POs)
16 on Department policies and initiatives;

17 (g) Advise the President of the Republic of the Philippines on the
18 promulgation of executive and administrative orders and regulatory
19 and legislative proposals on matters pertaining to ICT development
20 and promotion;

21 (h) Formulate such rules and regulations and exercise such other
22 powers as may be necessary to implement the objectives and purposes
23 of this Act; and

1 (i) Perform such other tasks as may be provided by law or
2 assigned by the President of the Republic of the Philippines from time
3 to time.

4 **Sec. 9. Council of Chief Information Officers** – Every
5 department and agency of the national government or its equivalent
6 office in any constitutional body, state college or university, and
7 government-owned and controlled corporation, is hereby directed to
8 designate at least the third ranking official as a Chief Information
9 Officer. The said officers shall collectively form the Council of Chief
10 Information Officers. The Secretary shall be the Chairman of the
11 Council.

12 The Council shall serve as a coordinating body to assist the
13 Secretary in implementing plans for a unified government-wide portal,
14 set standards for government websites, and establish rules and
15 guidelines for the provision of information and other ICT e-government
16 initiatives.

17 In performing its duties, the Council shall also consult regularly
18 with Chief Information Officers of local government units on ICT-
19 related activities through their national association and/or through the
20 leagues of local governments.

21 The Secretary shall convene the Council *en banc* or by sector at
22 least once every semester within a calendar year.

23 **Sec. 10. E-government Fund** - There shall be an e-
24 government fund to be administered by the Department, which is a

1 Special Account in the General Fund, created specifically to fund cross-
2 agency government ICT projects which shall be used to support and
3 co-finance projects that enable the government to expand its ability to
4 conduct activities electronically and provide frontline services through
5 the development and implementation of innovative uses of the internet
6 or other emerging technologies. The Fund may be augmented by
7 donations, contributions and grants from local or international funding
8 agencies.

9 In order to ensure full transparency, accountability and integrity
10 on the use of e-government funds, a set of guidelines for the
11 disbursement and management of the fund, including the monitoring
12 and evaluation system of projects funded under the e-government
13 fund, shall be formulated, developed and published by the
14 Department, in coordination with the Department of Budget and
15 Management (DBM). In the preparation of said guidelines,
16 consultations shall be made with the respective umbrella organizations
17 of the information technology and communications sector.

18 The implementing agencies granted funding under the e-
19 government fund shall maintain primary responsibility over the use
20 and management of the allocated funds. The agency concerned shall
21 regularly submit performance and monitoring reports on the use of
22 said funds to the Department of Information and Communications
23 Technology (DICT).

1 In connection with the implementation of the e-government
2 fund, the Department shall provide or arrange the appropriate or
3 relevant ICT education or training program for government ICT in
4 order to enable the trainees to comprehend the ICT development cycle
5 appropriate to a given project, as well as to ensure that government
6 project managers shall acquire expertise for the timely delivery of
7 systems according to a prescribed content and budget.

8 **Sec. 11. Periodic Performance** - The Secretary is hereby
9 required to formulate and enforce a system to periodically and
10 objectively measure and evaluate the performance of the Department
11 and to submit the same annually to the President of the Republic of the
12 Philippines and to appropriate Congressional Committees.

13 **Sec. 12. Transfer of Agencies and Personnel.** - The
14 following agencies and institutions are hereby absorbed in the
15 Department:

16 (a) All operating units currently existing in the Commission on
17 Information and Communications Technology (CICT), which directly
18 support communications, including the Telecommunications Policy
19 Planning Office;

20 (b) The National Computer Center under the Department of
21 Science and Technology (DOST); and

22 (c) All offices, services, divisions, units, and personnel of the
23 Department of Transportation and Communications (DOTC) with
24 functions and responsibilities dealing with communications.

1 All offices, services, divisions, units and personnel not otherwise
2 covered by this Act for transfer or absorption into the new Department
3 shall continue to perform their transportation-related functions and
4 therefore, shall be retained under the Department of Transportation
5 and Communications which is hereby renamed the Department of
6 Transportation.

7 The foregoing transfer of powers and functions shall include all
8 applicable funds and appropriations, records, equipment, property and
9 personnel as may be necessary.

10 The following agencies are hereby attached to the Department
11 for policy and program coordination and shall continue to operate and
12 function in accordance with their charters, laws or orders creating
13 them, and with such other functions and responsibilities mandated by
14 law and insofar as they are consistent with this Act:

15 (a) National Telecommunications Commission;

16 (b) Philippine Postal Corporation; and

17 (c) Telecommunications Office (TELOF).

18 The Department shall not exercise any power which will have the
19 effect of modifying the exercise by the NTC of its quasi-judicial
20 function.

21 **Sec. 13. Separation from Service** - Employees separated
22 from the service as a result of the reorganization shall, within ninety
23 (90) days therefrom, receive the retirement benefits to which they
24 may be entitled under existing laws, rules and regulations.

1 Those incumbent employees whose positions are not included in
2 the new position structure and staffing pattern of the Department, or
3 who are not re-appointed shall be deemed separated from the service,
4 whether permanent, temporary, contractual or casual employees, and
5 shall within ninety (90) days therefrom, receive the retirement benefits
6 to which they may be entitled under existing laws, rules and
7 regulations.

8 **Sec.14. Appropriations** – The amount needed for the initial
9 implementation of this Act shall be taken from the current year's
10 appropriations of the Commission on Information and Communications
11 Technology and all government agencies herein absorbed or attached
12 to the Department. Thereafter, the amount needed for the operation
13 and maintenance of the Department and its line agencies shall be
14 included in the annual General Appropriations Act.

15 The budget of the Philippine Postal Corporation shall be charged
16 from its internally generated funds.

17 **Sec. 15. Transitory Provisions** – Within three (3) months
18 after the approval of this Act, the organizational structure including the
19 creation of new division or units as may be deemed necessary for the
20 Department to carry out its powers and functions under this Act, shall
21 be determined by the Secretary through a Committee that he shall
22 establish for the purpose.

23 The new organizational structure and staffing pattern of the
24 Department shall be evaluated and approved by the DBM.

1 The authorized positions created under the organizational or
2 reorganization plan shall be filled with regular appointments, as the
3 exigencies of the service will require and depending upon the position
4 involved, by the President of the Philippines or the Secretary of the
5 Department as the case may be, in accordance with the civil service
6 rules and regulations.

7 **Sec. 16. *Implementing Rules and Regulations.*** – The
8 Department shall promulgate and issue such rules and regulations and
9 other issuances within ninety (90) days from the approval of this Act
10 as may be necessary to ensure its effective implementation.

11 **Sec.. 17. *Separability Clause*** – If any provision of this Act
12 shall be declared unconstitutional or invalid, the other provisions not
13 otherwise affected shall remain in full force and effect.

14 **Sec. 18. *Repealing Clauses*** – All laws, decrees, executive
15 orders, rules and regulations and other issuances or parts thereof
16 which are inconsistent with this Act are hereby repealed, amended or
17 modified accordingly.

18 **Sec. 21. *Effectivity Clause*** – This Act shall take effect after
19 fifteen (15) days from its publication in at least two (2) papers of
20 general circulation.

Approved,