

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 4066

Introduced by REP. MA. RACHEL J. ARENAS

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 the 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 to 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 cyberservices. 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, medial and legal transcription, game development, and other cyberservices. In 2005, the ICT sector niche markets brought US\$2.4B in revenues, which provided 162,250 jobs. In 2009 revenue grew by 200 per cent to US\$7.2B, while increasing local jobs to 442,000.

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

The Philippines has 81 provinces, and if this bill becomes a law, at least 81 nodes can be established to pump prime economic activities and promote development in other growth areas of the province. This bill hopes to minimize the so-called digital divide as well as speed up the setting up of a wireless communications infrastructure.

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

Immediate passage of this bill is requested.



MA. RACHEL J. ARENAS

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**AN ACT
ESTABLISHING AN ICT HUB IN EVERY PROVINCE
AND FOR OTHER PURPOSES**

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 and cited as the "One
2 *Philippines Act*".
3

4 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the
5 State:
6

- 7 a. To recognize the vital role of communication and information in
8 nation-building. Toward this end, the State shall provide for the
9 creation and establishment of Information Communications
10 Technology Hub, hereinafter referred to as ICT Hub, in every
11 province;
12
- 13 b. To promote and encourage investment in the countryside by
14 providing the infrastructure necessary for the growth of information
15 and communications technology; and
16
- 17 c. To ensure the adequate supply of power and electricity in the
18 countryside in support of the development of information and
19 communications technology.
20

1 Sec. 3. *Information Communications Technology Plan.* – The provincial
2 or city board, consistent with the Medium Term Philippine Development Plan
3 (MTPDP) and in coordination with the Commission on Information and
4 Communications Technology (CICT), shall formulate and approve an
5 Information Communications Technology (ICT) Plan for the province or city,
6 taking into consideration its comparative advantage, funding mix, private
7 sector involvement, incentives to locators, local tax incentives, among others.

8
9 Sec. 4. *Location of ICT Hub.* – Pursuant to the provincial or city
10 development plan, the provincial or city board shall identify the area where
11 the ICT Hub shall be established: *Provided, That,* the area/s shall not be in
12 the capital or urban center of the province: *Provided, further That,* the area is
13 owned by the provincial or city government.

14
15 For purposes of this Act, Information Communications Technology (ICT)
16 is the totality of electronic means to collect, process and present information
17 to end-users in support of their activities. It consists among others, of
18 computer systems, office systems and consumer electronics, as well as
19 networked information infrastructure, the components of which include the
20 telephone system, the Internet, fax machines and computers.

21
22 An ICT Hub refers to a center or location where services may be
23 provided through the use of ICT. Such services may include
24 telecommunication services, data management, etc.

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

36
37 Subsequent appropriations shall be annually provided for in the General
38 Appropriations Act with an annual increment of 25 percent per annum until
39 the amount of Php 50,000,000,000.00 shall have been reached.

40
41 Sec. 6. *Tax and Fiscal Incentives.* – Any locator in the ICT Hub shall be
42 entitled to the fiscal and non-fiscal incentives under the Omnibus Investments
43 Code (E.O. No. 226, series of 1987), as amended, and the Special Economic
44 Zone Act of 1995 (R.A. No. 7916), including a 5-year tax break from national

1 taxes: *Provided, That*, they are part of the Global O & O, such as, but not
2 limited to: animation, customer contact, back office, software development,
3 medical and legal transcription, and other cyberservices: *Provided, Further*
4 *That*, sixty percent (60%) of its labor force shall be recruited locally and that
5 corporate income shall be declared and taxes shall be paid locally on the sixth
6 (6th) year of its operations; *Provided, Finally, That* locators in the top 30
7 poorest provinces of the country as identified by the National Economic and
8 Development Authority, shall be given a pioneer status and shall be entitled to
9 such additional incentives as may be allowed by law.

10
11 ICT Hubs already receiving such incentives shall continue to be entitled
12 to them.

13
14 *Sec. 7. Implementing Rules and Regulations.* – The Commission on
15 Information and Communications Technology, in coordination with the
16 Department of Interior and Local Government, and other concerned entities,
17 shall formulate the necessary implementing rules and regulations of this Act.

18
19 *Sec. 8. Separability Clause.* - Any portion or provision of this Act that
20 may be declared unconstitutional shall not have the effect of nullifying other
21 provisions hereof, as long as such remaining provisions and still subsist and
22 be given effect in their entirety.

23
24 *Sec. 9. Repealing Clause.* - All laws, rules and regulations, other
25 issuances or parts thereof, which are inconsistent with this Act, are hereby
26 repealed or modified accordingly.

27
28 *Sec. 10. Effectivity.* - This Act shall take effect fifteen (15) days from its
29 publication in the Official Gazette or two national newspapers of general
30 circulation.

31
32 *Approved,*