

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

SEVENTEENTH (17TH) CONGRESS  
First Regular Session

House Bill No. **4771**



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Introduced by: Rep. BERNADETTE R. HERRERA-DY

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**AN ACT**  
**ESTABLISHING AN INFORMATION AND COMMUNICATIONS TECHNOLOGY**  
**(ICT) HUB IN EVERY LEGISLATIVE DISTRICT OF THE PHILIPPINES AND**  
**FOR OTHER PURPOSES**

Explanatory Note

According to the European Commission, information and communication technology creates greater access to information and communication in underserved populations.<sup>1</sup> In 1987, the Philippines turned to information technology as a tool to attain social, economic, and political development with a particular emphasis on helping the poor and the marginalized.<sup>2</sup> However, the state of information and communication technology in the Philippines has not been enough to achieve significant positive outcomes. The country's geography and various cultures were seen as some of the causes that stifled development, and it still remains to be seen whether information technology can be regarded as a significant growth driver and vehicle for reducing inequality among the rich and poor.

One potential solution for development and reducing inequality would be for the government to act affirmatively by spreading out and democratizing access to information technology. This bill hopes to achieve this through the establishment of Information and Technology (ICT) Hubs in each legislative district. The hubs will serve as key drivers for improving the country's information infrastructure, and educational and economic prospects; they will serve as a powerful instrument in reducing poverty and inequality; and they will lay the foundation for sustained economic growth.<sup>3</sup> A concrete example of their impact is the proliferation of Business Process Outsourcing (BPO) industries in the country's major cities that created employment and boosted the economy. Before thriving BPO industries settled in those areas, those areas were potential – or were already in fact – ICT hubs equipped with the necessary infrastructure, human resources, and access to technology and innovation.

This bill is designed to be a counterpart to Senate Bill No. 877.

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<sup>1</sup> <https://ec.europa.eu/programmes/horizon2020/en/area/ict-research-innovation>

<sup>2</sup> Section 3 (b), Executive Order No. 128; January 30, 1987

<sup>3</sup> Close-the-gap.org; The role of ICT in the UN sustainable development goals

The establishment of ICT hubs will be cost effective over time. It opens up local economies to the global, interconnected economy and accelerates human progress by bridging the digital divide.

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



**BERNADETTE HERRERA-DY**

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH (17<sup>TH</sup>) CONGRESS  
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Introduced by Rep. Bernadette Herrera-Dy

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AN ACT

ESTABLISHING AN INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) HUB  
IN EVERY LEGISLATIVE DISTRICT OF THE PHILIPPINES AND FOR OTHER PURPOSES

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

**SECTION 1. Title.** — This Act shall be known as the "ICT Hub Act of 2016".

**SECTION 2. Declaration of Policy.** — It is hereby declared the policy of the State:

a. To recognize the vital role of communication and information in nation-building. Toward this end, the State shall provide for the creation and establishment of information communications Technology Hub, hereinafter referred to as ICT Hub, in every legislative district of the country;

b. To promote and encourage investment in the countryside by providing the infrastructure necessary for the growth of information and communications technology; and

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

**SECTION 3. Information Communications Technology Plan.** — The provincial or city board, consistent with the medium Term Philippine Development Plan (MTPDP) and in coordination with the Department on Information and Communications Technology (DICT), shall formulate and approve an information Communications Technology (ICT) Plan for the legislative districts of each province or city, taking into consideration its comparative advantage, funding mix, private sector involvement, incentives to locators, local tax incentives, among others.

1       **SECTION 4. Location of ICT Hub.** — Pursuant to the provincial or city development plan, the  
2 provincial or city board shall identify the area where the ICT Hub shall be established: Provided, That, the  
3 areas shall not be in the capital or urban center of the province: Provided, further that, the area is owned  
4 by the provincial or city government.  
5

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

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

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

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

28       **SECTION 6. Tax and Fiscal Incentives.** — Any locator in the ICT Hub shall be entitled to the  
29 fiscal and non-fiscal incentives under the Omnibus Investments Code (E.O. 226, series of 1987), as  
30 amended, and the Special Economic Zone Act of 1995 (R.A. No. 7916), including a 5-year tax break from  
31 national taxes: Provided, That, they are part of the Global 0 & 0, such as, but not limited to: animation,  
32 customer contact, back office, software development, medical and legal transcription, and other cyber  
33 services: Provided, further that, sixty percent (60%) of its labor force shall be recruited locally and that  
34 corporate income shall be declared and taxes shall be paid locally on the sixth (6th) year of its operations;  
35 Provided, Finally, That locators in the top 30 poorest provinces of the country as identified by the  
36 National Economic and Development Authority (NEDA), shall be given a pioneer status and shall be  
37 entitled to such additional incentives as may be allowed by law. ICT Hubs already receiving such incentives  
38 shall continue to be entitled to avail of the same.  
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40       **SECTION 7. Implementing Rules and Regulations.** — The Department on Information and  
41 Communications Technology (DICT), in coordination with the Departments of Science and Technology  
42 (DOST) and Interior and Local Government (DILG) and other concerned entities, shall formulate the  
43 necessary implementing rules and regulations of this Act.  
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1       **SECTION 8. Separability Clause.** — Any portion or provision of this Act that maybe declared  
2 unconstitutional shall not have the effect of nullifying other provisions hereof, as long as such remaining  
3 provisions and still subsist and be given effect in their entirety.

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5       **SECTION 9. Repealing Clause.** — All laws, rules and regulations, other issuances or parts  
6 thereof, which are inconsistent with the Act, are hereby repealed or modified accordingly.

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

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11       Approved.

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