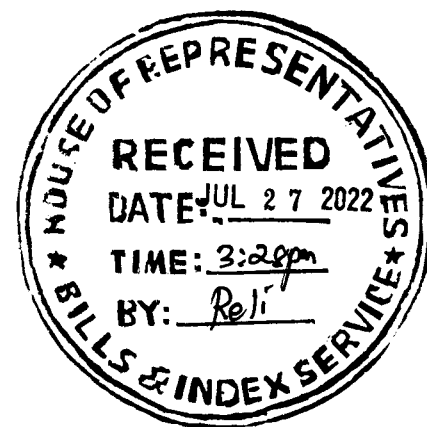


NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES

H. B. No. 2563



Introduced by Representative Ralph G. Recto

**AN ACT
ESTABLISHING THE RURAL BROADBAND ACCESS PROGRAM, PROVIDING
FUNDS THEREFOR, AND FOR OTHER PURPOSES**

Explanatory Note

The COVID-19 pandemic created a landscape that accelerated digital transformation and increased reliance on the internet. The pace by which digital adoption happened, however, could be seen largely in the National Capital Region (NCR) and in other metropolitan areas; the same cannot be said in a big percentage of rural areas in the country. It has also managed to highlight digital poverty in the country, as evidenced in the struggle of teachers and students to adapt to distance learning due to very limited broadband infrastructure in remote parts of the country.

According to the 2019 National ICT Household Survey, 84.3% of households do not have access to the internet, with the number of households without internet higher in rural areas than in urban communities. The most number of households without internet are in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) at 94.9%, followed by Region V at 94.3%. Meanwhile, NCR has the highest percentage of households with internet at 32.3%.

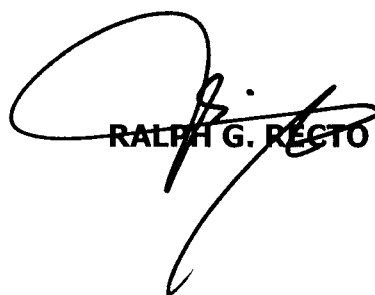
In an economic study analyzing the impact of broadband on income, it was observed that introducing a 0.5 Mbps broadband connection could result in additional annual household income of around USD 800 and that upgrading 0.5 Mbps to 4 Mbps could increase monthly household income by USD 46.¹ Meanwhile, according to an oft-quoted World Bank Report, a ten (10) percentage point increase in fixed

¹ Measuring the Impact of Broadband on Income (2013).
<http://mb.cision.com/Public/15448/2245698/be001c2543ce4e62.pdf>, Accessed on 10 June 2022

broadband penetration would increase GDP growth by 1.38% in developing economies².

Broadband penetration remains low in the country due in large part to the expensive roll-out of infrastructure due to the topographic and archipelagic nature of the country. Empowering community Internet Service Providers to invest in broadband facilities will help ensure that the benefits of access to information and ICT-enabled services such as distance learning, e-commerce, online banking, telehealth, telecommuting, and other digital platforms and services will be extended to all segments of the population who will be able to participate in the growing digital economy.

Hence, the passage of this bill is earnestly sought.



RALPH G. RECTO

FMPC

² Exploring the Relationship Between Broadband and Economic Growth (2016). <https://documents1.worldbank.org/curated/en/178701467988875888/pdf/102955-WP-Box394845B-PUBLIC-WDR16-BP-Exploring-the-Relationship-between-Broadband-and-Economic-Growth-Minges.pdf>, Accessed on 10 June 2022

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

1 Section 1. *Title.* – This Act shall be known as “Rural Broadband Access Act”.

2 Sec. 2. *Declaration of Policy.* – It shall be the policy of the State to recognize
3 the vital role of information and communications technology in the social and economic
4 development of the country. Towards this end, the State, in cognizance of the digital
5 divide in the Philippines, shall provide for the establishment of rural broadband access
6 that will accord reliable and affordable internet connectivity, particularly for
7 underserved and unserved areas.

8 Sec. 3. *Definition of Terms.* - For the purpose of this Act, the terms:

9 a. *Broadband* shall refer to high-speed internet access that is always-on and
10 capable of multiple service provision simultaneously, delivered via
11 broadband networks, i.e., high capacity fixed or wireless data links, that are
12 propagated via Information and Communication Technology (ICT) and ICT-
13 enabled technologies that facilitate the use of various types of networks as
14 underlying transmission mediums, or through the deployment of computer-
15 based area network configurations, or any combination thereof. As an
16 information service, broadband internet enables users to access information
17 from the internet, and makes the data processing capabilities necessary to
18 use the internet available to them, via several devices or any one or a

1 combination of several high-speed transmission technologies. Transmission
2 is digital, meaning that text, images, and sound are processed, compressed,
3 and transmitted as "bits" of data;

4 b. *Broadband Facilities* shall refer to any and all types of facilities, equipment,
5 or infrastructure for the construction, propagation, administration,
6 operation, and/or maintenance of a broadband network for internet
7 connectivity and the provision of internet services, including but not limited
8 to, earth stations, Very Small Aperture Terminals (VSATs), (indoor and
9 outdoor unit) routers, and other similar or related technologies, devices,
10 equipment, and facilities, as well as their accessions and accessories;

11 c. *Last Mile* shall refer to the final leg of telecommunications network delivery
12 components where the internet reaches end users;

13 d. *Internet Service Provider* or *ISP* shall refer to any person or entity, natural
14 or juridical, public or private, that provides internet services or services for
15 access to, use of, or participation in the Internet through one or a
16 combination of networks for internet services. Private sector or commercial
17 ISPs provide access to and/or internetworking connectivity via the Internet,
18 usually for a fee, and their services may include other internet-based value-
19 added services. Commercial and private sector ISPs are generally required
20 to be registered with the National Telecommunications Commission as
21 Value-Added Service Providers (VASPs) when they rely on the
22 telecommunications service network of an Enfranchised
23 Telecommunications Entity or Public Telecommunications Entity (ETE/PTE)
24 as the underlying transmission medium for providing internet services. As a
25 VASP, an ISP need not secure a franchise unless it intends to put up its own
26 telecommunications service network for any of the telecommunications
27 categories for which a franchise is required;

28 e. *Underserved* shall refer to areas which, despite having existing terrestrial
29 network deployments, nevertheless have unsatisfactory, deficient,
30 inadequate, insufficient, or unreliable levels of internet connectivity for
31 purposes of providing the quality of ICT services that are the same or
32 equivalent to those prevailing in the metropolitan and other areas with
33 communities that are adequately served with quality internet services; and

1 f. *Unserved* shall refer to areas that are totally disconnected or separated,
2 with no readily available terrestrial network infrastructure within the locality
3 that can be used to provide internet services.

4 Sec. 4. *Rural Broadband Access.* – Within a period of ten (10) years from the
5 effectivity of this Act, all previously underserved and unserved areas should have
6 broadband access. The Department of Information and Communications Technology
7 (DICT) shall develop and implement the Rural Broadband Access Program that shall
8 be established as a broadband connectivity program with the end in view of according
9 reliable, affordable, inclusive, and sustainable last mile connectivity to underserved
10 and unserved rural areas across the country.

11 The Development Bank of the Philippines (DBP), in coordination with the DICT,
12 is authorized and empowered to provide loans to community ISPs for the construction
13 or acquisition, operation and maintenance of broadband facilities for the purpose of
14 furnishing broadband connectivity in underserved and unserved rural areas.

15 Sec. 5. *Loan Qualifications.* – Before the extension of a loan, the DICT has to
16 ascertain the following:

- 17 a. Determine and certify that the project being financed is financially feasible
18 and will result in broadband connectivity in the affected area;
- 19 b. Require that such loan be self-liquidating within a term to be determined by
20 the DBP; and
- 21 c. Establish and require compliance with such rules and regulations as
22 determined by the DITC to be necessary to assure that the purposes of such
23 loan will be achieved and that the loan agreement and the provisions of this
24 Act will be complied with.

25 Sec. 6. *Enhanced Deduction.* – A community ISP may be granted additional
26 depreciation allowance of the assets acquired for the provision of services. From the
27 total depreciable cost of the assets that are directly related to the community ISP's
28 provision of broadband services, they may be allowed to claim an additional
29 depreciation allowance of twenty percent (20%) for equipment used.

30 Sec. 7. *Funding.* – The amount necessary for the provision of additional funds
31 for the DBP to cover its additional loan portfolio intended for lending to ISPs to
32 implement the provision of this Act shall be charged against any available funds of the

1 DICT and the DBP. Thereafter, such sums as may be necessary to implement this Act
2 shall be included in the annual General Appropriations Act (GAA).

3 Sec. 8. *Sunset Clause.* - Congress shall conduct a sunset review of the Rural
4 Broadband Access Program which shall entail a systematic evaluation of the incentives
5 given to ISPs to determine whether the Program's impact and accomplishments with
6 respect to its goals, merits continuation based on a cost-benefit analysis thereof. Such
7 review shall be undertaken by the Committees of the Senate and the House of
8 Representatives which have legislative jurisdiction over the Fund.

9 Sec. 9. *Implementing Rules and Regulations.* - The DICT shall provide the
10 necessary implementing rules and regulations for the effective implementation within
11 thirty (30) days upon the approval of this Act. Such rules and regulations shall take
12 effect after they have been issued and shall be published in at least two (2)
13 newspapers of general circulation.

14 Sec. 10. *Separability Clause.* - Any portion or provision of this Act that may be
15 declared unconstitutional or invalid shall not have the effect of nullifying other portions
16 or provisions hereof, as long as such remaining portions or provisions can still subsist
17 and be given effect in their entirety.

18 Sec. 11. *Repealing Clause.* - All laws, acts, decrees, executive orders,
19 issuances, and rules and regulations or parts thereof which are contrary to and
20 inconsistent with this Act are hereby repealed, amended or modified accordingly.

21 Sec. 12. *Effectivity.* - This Act shall take effect fifteen (15) days following its
22 publication in at least two (2) newspapers of general circulation or in the *Official*
23 *Gazette*.

Approved,