

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6564



Introduced by Representative Joseph Gilbert F. Violago

EXPLANATORY NOTE

In the 21st century, the impact of information and communications technology (ICT) to the development of any country's economy cannot be refuted. These technologies cut across geographical boundaries, thus providing faster, reliable and improved delivery of goods and services. ICT also promotes the expansion of businesses and facilitates the swift transfer of data between and among people, companies, organizations, and governments.

However, the World Bank reported that the Philippines is "still below its potential, with the country's digital adoption generally trailing behind many regional neighbors."¹ For this reason, the lack of access to digital technologies cause inequality in terms of accessing social services and economic opportunities. Citing Ndiame Diop, World Bank Country Director for Brunei, Malaysia, Philippines and Thailand, "Internet connectivity – the foundation of the digital economy – is limited in rural areas, and where they are available, services are relatively expensive and of weak quality."² The same report suggests that fostering innovation, improving the business environment, and upgrading digital infrastructure all over the Philippines can "improve social service delivery, enhance resilience against shocks, and create more economic opportunities for all Filipinos."³

Therefore, to address the issue on the lack of digital infrastructure in the country and to promote digitalization especially in rural areas, the present proponent seeks the establishment of ICT hubs throughout the Philippines, in accordance with the National ICT Roadmap and National ICT Plan.

It is envisioned to establish at least one (1) ICT hub in every region which could be in the form of: data farms; Information Technology (IT) and Business Processing

¹ Llorito, David. "Harnessing Digital Technologies Can Help Philippines Overcome Impact of Pandemic, Hasten Recovery". *The World Bank*. 05 October 2020. Web. Accessed on 21 November 2022. <
<https://www.worldbank.org/en/news/press-release/2020/10/05/harnessing-digital-technologies-can-help-philippines-overcome-impact-of-pandemic-hasten-recovery>>

² *Ibid.*

³ *Ibid.*

Management (BPM) Hub; cyber skills learning hub and Digital Transformation Center (DTC); digital innovation hub; and any other ICT hub that may arise in the future. Other highlights of this bill include granting of incentives to any registered business enterprise in the ICT hub, subject to certain conditions; a digital skills development program for all learners; and the participation of private organizations through public-private partnerships.

This commendable bill was authored by Rep. Manuel Cabochan III, Rep. Henry Villarica, among others, in the 18th Congress. It was approved on the Third Reading and was transmitted to the Senate; however, the same was not enacted into law. The present proponent is acknowledging the wisdom and hard work of his predecessors.

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



JOSEPH GILBERT F. VIOLAGO

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AN ACT
ESTABLISHING INFORMATION AND COMMUNICATIONS
TECHNOLOGY HUBS NATIONWIDE

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

SECTION 1. *Short Title.* – This Act shall be known as the “Online Network Philippines Act of 2022”.

SECTION 2. *Declaration of Policy.* – The State recognizes the vital role of information and communication in the development and in promoting growth in the countryside. To this end, the State shall encourage the expansion of information and communications technology (ICT) and infrastructure throughout the country to facilitate the access of the citizenry to goods and services. Pursuant thereto, the State shall establish ICT hubs throughout the country in accordance with the National ICT Roadmap and National ICT Plan.

SECTION 3. *Definition of Terms.* – As used in this Act:

- a) “**Bandwidth**” refers to the amount of data that can be transmitted over a network connection over a period of time;
- b) “**Broadband**” refers to a high-capacity transmission technique using a wide range of frequencies which enables a large number of messages to be communicated simultaneously. In the context of internet access, it refers to access that is continuing and unhindered, and faster than the traditional dial-up mode;
- c) “**Broadband network**” refers to a network able to transmit signals with a high bit rate and a transmission channel being equal to or greater than two megabits per second (2 mbps);

- d) **“Committed information rate”** refers to the information rate guaranteed by a public telecommunications entity (PTE). The bandwidth cannot fall below the committed rate of ninety-eight-point five percent (98.5%) of the time;
- e) **“Cyber skills learning hub or Digital transformation center”** refers to a facility specifically designed for cyber-education and digital literacy, and that provides knowledge, skills, theoretical and practical experiences, and access to technologies for all learners to become information and technology proficient;
- f) **“Data farm”** refers to a physical facility that houses servers, network equipment, personnel like information technology specialists and network technicians for business-critical support such as online data storage, data processing, core computing services, data and application backup services, and distributing large amounts of data from remote data facilities. The operation and management thereof shall be subject to pertinent laws and policies on data security to prevent, detect and intercept unauthorized access of data, especially on matters of national security;
- g) **“Digital innovation hub”** refers to a specialized business incubation and acceleration facility offering physical workspace, mentoring and coaching, and devices for technical application testing or experimenting, and training. It is a one-stop-shop, usually but not always affiliated with educational institutions, that helps companies including start-ups to become more competitive with regard to their business production processes, products or services using digital technologies by providing access to the latest knowledge, expertise and technology to support them;
- h) **“Information and communications technology (ICT)”** refers to the totality of electronic means to access, create, collect, store, process, receive, transmit, present, and disseminate information;
- i) **“Information and communications technology hub (ICT hub)”** refers to a location where ICT services may be provided by a PTE with at least the minimum internet speed required by the National Telecommunications Commission (NTC). Such services may include telecommunications services, broadband and convergence services, business processing and data management;
- j) **“Information technology and business processing management hub”** refers to a location that caters to and offers support mechanisms for companies and enterprises engaged in IT services and business process management and operations;
- k) **“Public telecommunications entity (PTE)”** refers to any person, natural or juridical, government or private engaged in the provision of telecommunications services to the public for compensation.

SECTION 4. *Establishment of Information and Communications Technology Hub.*

– There shall be established ICT hubs all over the country in accordance with a National

ICT Plan to be prepared by the Department Information and Communications Technology (DICT).

The ICT Plan shall assess the needs of every region in the country and identify the appropriate types and the number of ICT hubs to be developed therein. Every region shall have at least one (1) of the following classifications of ICT hubs based on the type of activity that it hosts:

- a) Data Farms;
- b) Information Technology (IT) and Business Processing Management (BPM) Hub;
- c) Cyber Skills Learning Hub and Digital Transformation Center (DTC);
- d) Digital Innovation Hub; and
- e) Any other ICT hub that may arise in the future.

Pursuant to the ICT Plan and the national, provincial, city, or municipal spatial development plans, the DICT and the local government units (LGU) shall identify the areas where the ICT hubs shall be established based on geographical area and population: *Provided, That* ICT hubs shall be developed in geographically equitable and accessible locations throughout the region: *Provided, further, That* the area or site of an ICT hub shall be on a property owned by an LGU.

The private sector shall be encouraged to establish ICT hubs in accordance with the standards set forth by the DICT. The DICT shall employ the latest and emerging technologies available to serve commercially unviable areas.

SECTION 5. *Role of the Department of Information and Communications Technology.* – The DICT shall formulate a National ICT Plan, based on the National ICT Roadmap, which shall include the development of a national broadband network, provision of incentives to encourage private sector participation and promotion of competition. The Cybercrime Investigation and Coordinating Center of the DICT shall formulate, oversee and validate the ICT cyber plan of the ICT hubs.

The DICT shall update the National ICT Plan and shall submit the same on or before the 15th of April of every year to the Office of President of the Republic of the Philippines, the National Economic and Development Authority (NEDA), and the ICT Joint Congressional Oversight Committee established under this Act.

SECTION 6. *Advisory Committee.* – There is hereby created an Advisory Committee that shall solicit inputs towards the shaping of policy directions of the National ICT

Plan, including the supervision of ICT hubs and the coordination to be undertaken with the private sector and other agencies and instrumentalities of the government. The DICT

shall determine the composition of the Advisory Committee and ensure the equal representation of the (a) government, (b) the service providers, (c) the end users, and (d) other industry stakeholders.

SECTION 7. *Role of the National Telecommunications Commission (NTC).* – The NTC, through the exercise of its quasi-legislative and quasi-judicial powers, shall be the primary infrastructure regulator to ensure the monitoring and implementation of this Act. The NTC shall approve proposed ICT hub telecommunications projects through an administrative process prescribed for the purpose and shall ensure the compliance of PTEs with the required and committed information rate and quality of service. All PTEs shall regularly submit the necessary data and reports as required by the NTC.

SECTION 8. *Incentives.* – Any registered business enterprise in the ICT hub may be granted incentives provided under Title XIII of the National Internal Revenue Code of 1997, as amended: *Provided, That*, these incentives shall be granted in addition to the incentives given by the LGU where such ICT hubs are located.

The eligibility of the ICT hubs for the incentives provided herein should be within the boundaries of a performance-based, time-bound, and transparent system of incentives tailor-fit for highly desirable ICT investments and shall be subject to compliance monitoring by the Fiscal Incentives and Review Board and the LGU where such ICT hubs are located

SECTION 9. *Digital Skills Development.* – The DICT, together with the Department of Education, Commission on Higher Education, and the Technical Education and Skills Development Authority, shall establish a program on digital skills development for all learners to enhance their competitiveness, adaptability and employability in the emerging digital economy, which shall be integrated into the pertinent programs of the ICT hubs.

SECTION 10. *Digital Network Infrastructure.* – A digital network infrastructure shall be established to connect the local ICT hubs to the National Broadband Program through a core backbone network of the DICT, to be funded from the spectrum users' fees.

The DICT is hereby authorized to classify the said funds for capital outlay, which classification shall be furnished to and duly reflected by the Department of Budget and Management in its records. The release of funds shall be subject to applicable laws and existing budgeting, accounting and auditing rules and regulations.

SECTION 11. *Responsibility of the Local Government.* – The issuance of licenses and permits for ICT-related activities and infrastructure construction projects shall not be delayed and hampered, and shall further be prioritized, subject to the provisions of Republic Act No. 11032, otherwise known as the Ease of Doing Business and 10 Efficient Government Service Delivery Act of 2018.

The Department of the Interior and Local Government (DILG) shall include ICT competitiveness and ICT integration as a criterion of governance under the Seal of Good Local Governance program.

SECTION 12. *Private Sector Support and Public-Private Partnership.* – The LGUs may engage the private sector through PPP agreements targeted towards financing, designing, implementing and operating infrastructure facilities and services for the ICT hub to maximize costs and allow for sharing of revenue, subject to the provisions of Republic Act No. 6957, otherwise known as “An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes”, as amended.

SECTION 13. *Prohibition Against Exclusivity.* – All ICT hubs established under this Act are hereby declared free zones within which any PTE may operate. Any agreement or arrangement designating a PTE, or any of its subsidiaries or affiliates as an exclusive PTE within an ICT hub shall be void and unenforceable. The domestic internet exchanges shall be interconnected. The interconnection agreement between the PTEs shall be submitted to the NTC for its approval. If the parties fail to reach an agreement within ninety (90) days from the start of negotiation, the NTC shall intervene and prescribe the terms and conditions of the interconnection.

SECTION 14. *Penalties.* – In the exercise of its quasi-judicial power, the NTC shall impose a fine of Five Hundred Thousand Pesos (Php500,000.00) for (a) non-disclosure, (b) non-interconnection, or (c) non-compliance with the committed information rate and quality of service.

The NTC shall increase the amount of fine every five (5) years subject to a certification from the NEDA on the computation of the cost of money based on the current consumer price index.

SECTION 15. *Implementing Rules and Regulation.* – Within sixty (60) days from the effectivity of this Act, the DICT as the lead agency, together with NEDA, DILG, the League of Provinces and the Leagues of LGUs, the Board of Investments, the Philippine Economic Zone Authority, and the Advisory Committee, shall issue the necessary rules and regulations for the effective implementation of this Act.

SECTION 16. *Joint Congressional Oversight Committee.* – An ICT Joint Congressional Oversight Committee (ICTJCOC) is hereby created to monitor the effective implementation of this Act, recommend the necessary remedial legislative or administrative measures, and perform such other duties and functions as may be necessary to attain the objectives of this Act. It shall be composed of the Chairpersons of the House Committee on Information and Communications Technology and Senate Committee on Science and Technology and two (2) members from each of the Senate and the House of Representatives who shall be designated by the Senate President and the Speaker of the House of Representatives, respectively: *Provided, That one (1) member from each House shall be nominated by their respective Minority Leaders.*

The Chairpersons of the House Committee on Information and Communications Technology and the Senate Committee on Science and Technology shall serve as Chairperson and Vice Chairperson or vice versa of the ICTJCOC on a rotational basis

every six (6) months. The Secretariat of the ICTJCOC shall be the existing secretariat personnel of the concerned Committees of the House of Representatives and the Senate.

SECTION 17. *Separability Clause.* – If, for any reason, any part or provision of this Act shall be declared unconstitutional or invalid, the remaining provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 18. *Repealing Clause.* – All other laws, decrees, executive orders, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SECTION 19. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,