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SENATE
S. No. 1065

RECEIVED BY: 

Introduced by Senator Grace Poe

AN ACT
ESTABLISHING INFORMATION AND COMMUNICATIONS TECHNOLOGY
(ICT) HUBS NATIONWIDE

EXPLANATORY NOTE

The archipelagic nature of the Philippines has always proved to be a challenge to our government. With more than 7,000 islands and various bodies of water surrounding these islands, many government development projects had been bogged down. With the advent of information and communications technology, however, bringing programs and services to the remotest of barangays has now become doable and feasible.

The deregulation of the telecommunications industry which began in 1987 brought tremendous changes in the way we communicate with each other and with the world. This enabled universal access to information and communications technology thereby allowing the development of cyber services. 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 and other cyber services. In 2019, prior to the COVID-19 pandemic, the Information and Communications Technology (ICT) sector became the top investment contributor in the country bringing in 308.8 billion worth of investments¹.

¹ <https://dict.gov.ph/ph-ict-investments-reach-all-time-high-at-p308-8-billion/>

This proposed measure seeks to create ICT hubs nationwide to pump economic activities and promote development in every locality. This allows the country to become more accessible, investor-friendly, and competitive and aggressive towards future progress and development. Likewise, this bill hopes to minimize the so-called digital divide and speed up the setting up of a wireless communications technology. In doing so, the government will be able to promote the growth of e-governance, and utilize the same for the provision of government services especially during times of national calamities and disasters. More importantly, with the ICT Hub, the archipelagic feature of the country can transform gaps and distances into bridges, thereby creating One Philippines.

The immense contribution of the ICT sector should be harnessed. Hence, the immediate passage of this bill is earnestly requested.

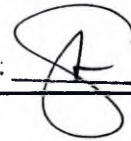


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**AN ACT
ESTABLISHING INFORMATION AND COMMUNICATIONS TECHNOLOGY
(ICT) HUBS NATIONWIDE**

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 as the "*ICT Hub Act*".
- 2 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State:
- 3 a. To recognize the vital role of communication and information in nation-
- 4 building. Toward this end, the State shall encourage the expansion of
- 5 information and communications technology (ICT) and infrastructure
- 6 throughout the country to facilitate access to goods and services, especially in
- 7 the countryside. Pursuant thereto, the State shall establish ICT hubs
- 8 throughout the country in accordance with the National ICT Roadmap and
- 9 National ICT Plan;
- 10 b. To promote and encourage investment in the countryside by providing the
- 11 infrastructure necessary for the growth of information and communications
- 12 technology; and
- 13 c. To ensure the adequate supply of power and electricity in the countryside in
- 14 support of the development of information and communications technology.
- 15 Sec. 3. *Definition of Terms.* – As used in this Act:
- 16 a. *Bandwidth* refers to the amount of data that can be transmitted over a
- 17 network connection over a period of time;
- 18 b. *Broadband* refers to a high capacity transmission technique using a wide
- 19 range of frequencies which enables a large number of messages to be

- 1 communicated simultaneously. In the context of internet access, it refers to
2 access that is continuing and unhindered, and faster than the traditional
3 dial-up mode;
- 4 c. *Broadband Network* refers to a network able to transmit signals with a high
5 bit rate and a transmission channel being equal to or greater than two
6 megabits per second (2 mbps);
- 7 d. *Committed Information Rate* refers to the information rate guaranteed by a
8 public telecommunications entity (PTE). The bandwidth cannot fall below the
9 committed rate of ninety-eight point five percent (98.5%) of the time;
- 10 e. *Cyber Skills Learning Hub or Digital Transformation Center* refers to a facility
11 specifically designed for cyber-education and digital literacy, and that which
12 provides knowledge, skills, theoretical and practical experiences, and access
13 to technologies for all learners to become information and technology
14 proficient;
- 15 f. *Data Farm* refers to a physical facility that houses servers, network
16 equipment, personnel like information technology specialists and network
17 technicians for business-critical support such as online data storage, data
18 processing, core computing services, data and application backup services,
19 and distributing large amounts of data from remote data facilities. The
20 operation and management thereof shall be subject to pertinent laws and
21 policies on data security to prevent, detect and intercept unauthorized
22 access of data, especially on matters of national security;
- 23 g. *Digital Innovation Hub* refers to a specialized business incubation and
24 acceleration facility offering physical workspace, mentoring and coaching,
25 and devices for technical application testing or experimenting, and training.
26 It is a one-stop-shop, usually but not always affiliated with educational
27 institutions, that helps companies including start-ups to become more
28 competitive with regard to their business production processes, products or
29 services using digital technologies by providing access to the latest
30 knowledge, expertise and technology to support them;

- 1 h. *Information and Communications Technology (ICT)* refers to the totality of
2 electronic means to access, create, collect, store, process, receive, transmit,
3 present, and disseminate information;
- 4 i. *Information and Communications Technology Hub (ICT hub)* refers to a
5 location where ICT services may be provided by a PTE with at least the
6 minimum internet speed required by the National Telecommunications
7 Commission (NTC). Such services may include telecommunications services,
8 broadband and convergence services, business processing and data
9 management;
- 10 j. *Information Technology and Business Processing Management Hub* refers to a
11 location that caters to and offers support mechanisms for companies and
12 enterprises engaged in information technology (IT) services and business
13 process management and operations; and
- 14 k. *Public telecommunications entity (PTE)* refers to any person, natural or
15 juridical, government or private engaged in the provision of
16 telecommunications services to the public for compensation.

17 *Sec. 4. Establishment of Information and Communications Technology Hubs.*

18 – There shall be established ICT hubs all over the country in accordance with a
19 National ICT Plan to be prepared by the Department Information and
20 Communications Technology (DICT).

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

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

31 Pursuant to the ICT Plan and the national, provincial, city, or municipal spatial
32 development plans, the DICT and the local government units (LGU) shall identify the

1 areas where the ICT hubs shall be established based on geographical area and
2 population: Provided, That ICT hubs shall be developed in geographically equitable
3 and accessible locations throughout the province: Provided, further, That the area or
4 site of an ICT hub shall be on a property owned by an LGU.

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

8 *Sec. 5. Role of the Department of Information and Communications*
9 *Technology (DICT).* — The DICT shall formulate a National ICT Plan, based on the
10 National ICT Roadmap, which shall include the development of a national broadband
11 network, provision of incentives to encourage private sector participation and
12 promotion of competition. The Cybercrime Investigation and Coordinating Center of
13 the DICT shall formulate, oversee and validate the ICT cyber plan of the ICT hubs.

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

18 *Sec. 6. ICT Joint Congressional Oversight Committee.* — An ICT Joint
19 Congressional Oversight Committee (ICTJCOC) is hereby created to monitor the
20 effective implementation of this Act, recommend the necessary remedial legislative
21 or administrative measures and perform such other duties and functions as may be
22 necessary to attain the objectives of this Act. It shall be composed of the
23 Chairpersons of the House Committee on Information and Communications
24 Technology and Senate Committee on Science and Technology and two (2)
25 members each from the Senate and the House of Representatives who shall be
26 designated by the Senate President and the Speaker of the House of
27 Representatives, respectively: Provided, That one (1) member from each House shall
28 be nominated by their respective Minority Leaders.

29 The Chairpersons of the House Committee on Information and
30 Communications Technology and the Senate Committee on Science and Technology
31 shall serve as Chairperson and Vice Chairperson or vice versa of the ICTJCOC on a
32 rotational basis every six (6) months. The Secretariat of the ICTJCOC shall be the

1 existing secretariat personnel of the concerned Committees of the House of
2 Representatives and the Senate.

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

11 *Sec. 8. Incentives.* — Any registered business enterprise in the ICT hub may
12 be granted incentives provided under Title XIII of the National Internal Revenue
13 Code of 1997, as amended: *Provided, That,* these incentives shall be granted in
14 addition to the incentives given by the LGU where such ICT hubs are located. The
15 eligibility of the ICT hubs for the incentives provided herein should be within the
16 boundaries of a performance-based, time-bound, and transparent system of
17 incentives tailor-fit for highly desirable ICT investments and shall be subject to
18 compliance monitoring by the Fiscal Incentives and Review Board and the LGU
19 where such ICT hubs are located.

20 *Sec. 9. Advisory Committee.* — There is hereby created an Advisory Committee
21 that shall solicit inputs towards the shaping of policy directions of the National ICT
22 Plan, including the supervision of ICT hubs and the coordination to be undertaken
23 with the private sector and other agencies and instrumentalities of the government.
24 The DICT shall determine the composition of the Advisory Committee and ensure the
25 equal representation of the (a) government, (b) the service providers, (c) the end
26 users, and (d) other industry stakeholders.

27 *Sec. 10. Digital Skills Development.* — The DICT, together with the
28 Department of Education, Commission on Higher Education, and the Technical
29 Education and Skills Development Authority, shall establish a program on digital
30 skills development for all learners to enhance their competitiveness, adaptability and
31 employability in the emerging digital economy, which shall be integrated into the
32 pertinent programs of the ICT hubs.

1 Sec. 11. *Digital Network Infrastructure.* — A digital network infrastructure
2 shall be established to connect the local ICT hubs to the National Broadband
3 Program through a core backbone network of the DICT, to be funded from the
4 spectrum users' fees.

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

10 Sec. 12. *Local Government Responsibility.* — The issuance of licenses and
11 permits for ICT-related activities and infrastructure construction projects shall not be
12 delayed and hampered, and shall further be prioritized, subject to the provisions of
13 Republic Act No. 11032, otherwise known as the Ease of Doing Business and
14 Efficient Government Service Delivery Act of 2018.

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

18 Sec. 13. *Private Sector Support and Public-Private Partnership.* — The LGUs
19 may engage the private sector through PPP agreements targeted towards financing,
20 designing, implementing and operating infrastructure facilities and services for the
21 ICT hub to maximize costs and allow for sharing of revenue, subject to the
22 provisions of Republic Act No. 6957.

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

31 Sec. 14. *Penalties.* — In the exercise of its quasi-judicial power, the NTC shall
32 impose a fine of Five hundred thousand pesos (Php500,000.00) for (a) non-

1 disclosure, (b) non-interconnection, or (c) non-compliance with the committed
2 information rate and quality of service.

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

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

11 Sec. 16. *Separability Clause.* – If any provision of this Act shall be declared
12 unconstitutional or invalid, the other provisions not affected shall remain in full force
13 and effect.

14 Sec. 17. *Repealing Clause.* – All laws, presidential decrees, executive
15 orders, rules and regulations or parts thereof which are inconsistent with or contrary
16 to the provisions of this Act are hereby amended, repealed or modified accordingly.

17 Sec. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its
18 publication in the Official Gazette or in a newspaper of general circulation.

Approved,