



Asian Forum on Information and Communication Technology Policies and e-Strategies

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Philippines – Country Report



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ICT DEVELOPMENTS

The passage of the Public Telecommunications Policy Law (RA 7925) and two other landmark presidential executive orders on mandatory interconnection and improvement for the provision of local exchange service, are the enablers explaining the boom in the telecom sector in the decade of the 1990s. They were significant reforms undertaken in response to national concerns like, among others, the lack of universal access to basic telephone service. The gains were significant in terms of wider coverage and higher telephone penetration.

However, the problem of old has evolved into a greater magnitude to what is now popularly known as the digital divide. Though some provisions of RA 7925 are still relevant under the digital divide environment, new reforms following the promulgation of RA 7925 are necessary. Despite the need for new reform initiatives, the performance of the ICT industry is quite remarkable and the potentials for further growth are still high.

Based on the latest official figures, the communications sector has steadily contributed to national gross value-added growth at impressive growth rates for nearly 10 consecutive years. The global trend of wireless mobile communications users exceeding the total number of fixed line users is now the situation in the Philippines at a density of 19.36 mobile users per 100 persons compared to 4.17 landline users in 2002. In a survey for the first half of this year, the total number of Internet users nationwide has climbed to 4.2 million from 1.5 million in year 2001. Though they appear large in absolute terms, they only represent roughly 2 percent of the total population of the country. The good news, however, is that the aggregate figure is expected to rise over time. To ensure that growth is maximized for each period, reform measures need to be in place.



ICT POLICY DEVELOPMENT

The earliest policy initiative on ICT by the Government is the National Information Technology Plan for the 21st Century or IT21 in July 1994, which calls for “IT Diffusion where IT will be used pervasively in society.” Two predecessor public-private sector bodies were formed to implement the strategies for the IT21 Plan before these were merged into the Information Technology and e-Commerce Council (ITECC) in 2000. ITECC shall serve as the highest policy-making body for the ICT industry of the Philippines. ITECC is composed of representatives from government and the private sector and chaired by the President. It has 5 strategic committees that focus on many areas of ICT such as e-government, HRD, business development, legal and regulatory, and information infrastructure.

Aside from the Public Telecommunications Policy Law, the e-Commerce law aims to facilitate domestic and international transactions, arrangements, agreements, contracts and exchanges and storage of information through the utilization of electronic, optical and similar medium. It contains provisions for the recognition of the authenticity of electronic data, electronic signatures, promote electronic transactions in the government, and provide for sanctions against hacking, fraud, etc.

Pending for legislative consideration is the proposed law on convergence, which facilitates easier entry and exit on the provision of services for greater competition while the network provider, being few in number, will be regulated by the appropriate government regulatory agency. Part of the reform initiatives is to strengthen institutions of governance including the reorganization of the National Telecommunications Commission (NTC) and the creation of the Department of Information and Communications Technology (DICT). Once enacted into law, the DICT will be the primary policy-making agency for the ICT sector and oversee the implementation of all ICT-related government initiatives consistent with the goals and objectives of national ICT plans. Aside from structural reforms, the proposed bill on the reorganization of the NTC hopes to introduce reforms on the new functions of the



NTC to carry out its mandate of effective supervision of the ICT sector, in an environment of convergence, particularly in the areas on competition and content.

WTO AND GLOBALIZATION

The Philippines is among the pioneers in Southeast Asia to liberalize its telecommunications industry, was among the original 68 countries to manifest accession to the WTO-GBT Agreement on global trade on telecommunications services, and one of the first Asian countries to enact and promulgate legislation for e-commerce. The Philippines has continuously improved on these original offerings with the promulgation of policies and regulations on the international satellite policy, partial deregulation of leased lines services, deregulation of value-added services, Wi-Fi, mutual recognition, liberalized entry into the development of high-speed networks, etc.

On a regional level, the Philippines spearheaded the signing of the Manila Declaration during the 2nd ASEAN TELMIN Meeting as an expression of the strong commitment of ASEAN to exploit the opportunities and competitive advantage of ASEAN in ICT in terms of the opportunities associated with ASEAN's robust market, being one of the world's most formidable regional trade blocks, its abundant skilled human resources, and to undertake the appropriate strategies for this purpose.

REGULATORY FRAMEWORK

The Public Telecommunications Policy Act (RA 7925) espouses, among others, universal access with emphasis on rural development, a level playing field, deregulation of services, and competitive pricing. Regulatory guidelines are set in accordance with these policy mandates. RA 7925 also provides for the protection of the rights and welfare of the consumer. In this regard, all public telecom entities (PTEs) must ensure accurate and transparent billings to customers for their use of telecommunications services, adequate sale and efficient use of prepaid cards, and



the application of pulse charging as the unit of billing. The regulatory guidelines also contain provisions regarding the deregulation of rates for leased lines and cellular mobile telephone services, and the process on how the NTC shall handle, hear and rule on complaints filed by users against PTEs.

Guidelines are also available to allow any duly enfranchised PTEs to provide high-speed networks and connectivity to the identified areas. Another memorandum circular facilitates the deployment, use and development of wireless Internet and wireless data networks and devices that will pave the way for more competition in the provision of various services delivered by the latest wireless technology. Law enforcement agencies and the private sector have formed a partnership in a technical assistance program to raise awareness and develop the technical skills of law enforcement agencies to combat computer-related crimes.

CONTENT AND APPLICATION

In relation to the proposed law on the reorganization of the DICT and the NTC, the legislative hearings may be a venue to resolve the issue of whether a single regulatory agency for content is necessary in the interest of reforms in governance. Once it is decided that a single regulatory agency for content must prevail, it is further proposed that such responsibility be vested unto the NTC. As things stand at the moment, there are various government agencies and institutions involved in the regulation of content and media.

PUBLIC AND PRIVATE SECTOR PARTNERSHIPS

Private sector involvement is encouraged to develop e-government applications for all levels of the bureaucracy (i.e., from national to local government), and in moving towards a "paperless" environment to realize the maximum benefits of e-government. Another venue for public and private sector cooperation is the Community e-Center Program or the CeCP, which is an effort for community-based



access to the Internet and its services particularly in rural areas. The CeCP will involve the private sector for the provision of facilities and information services in the target areas.

A medium for constant dialogue between Government and the private sector is the National Consultative Forum (NCF). The importance of the NCF to the entire industry is to further strengthen the consultative process that has worked effectively as proven with the promulgation of the initial liberal and pro-competition reforms governing the multi-carrier industry in the early 1990s after more than six decades of a de facto monopoly of the telecom industry. The NCF will be a venue for interaction to discuss issues and identify the possible solutions related to the transition of the ICT industry into the era of convergence. For better coordination between Government and the private sector in implementing ICT infrastructure and services development, and fulfillment of the strategic roadmap to ICT development, ITECC was established in the year 2000. It is composed of various government agencies, major private ICT companies, academic institutions and NGOs involved in ICT.

CONCLUSION

The foregoing represents current efforts and future thrusts to develop the country's National information infrastructure (NII), which is critical for the country to realize its vision of becoming a major e-services hub in Asia. In turn, the NII is anchored on building the Government information infrastructure (GII) for e-government as the core element of generating the critical mass for the NII and ICT to prosper in the Philippines. Taken together with efforts to promote e-commerce by the business sector, they make the entire sum of NII development.

The Government will be exerting all possible means to help in churning the critical mass, build the GII and its e-government systems to complement e-commerce endeavors of the private sector that shall form part of the proverbial large pieces to the puzzle as represented by the country's NII.