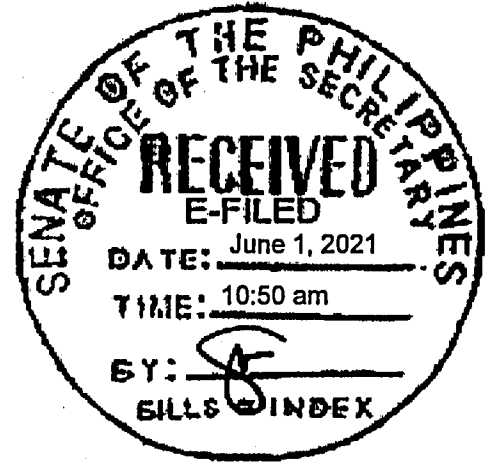


EIGHTEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
Second Regular Session]

SENATE

S.B. No. 2250



Introduced by SEN. WIN GATCHALIAN

**AN ACT
ENCOURAGING AND PROMOTING THE USE AND DEVELOPMENT OF
SATELLITE-BASED TECHNOLOGIES FOR INTERNET CONNECTIVITY**

EXPLANATORY NOTE

The importance of fast and reliable internet connectivity cannot be discounted, more so during the outbreak of the COVID-19 pandemic when most transactions were shifted to virtual platforms only to lessen physical interactions. However, the use of digital technologies in the country is still below its potential, with the country's digital adoption still falling behind many of its regional peers, with 45% of Filipino citizens and 74%% of public schools in the country still remaining unconnected.¹ The situation is much worse outside the National Capital Region, with Visayas and Mindanao recording less than 40% of Internet usage.

It also does not help that the internet speed in the country is trailing behind its neighboring countries. According to the Ookla report, while there is a marked improvement on the ranking of the Philippines in terms of global mobile internet speed from 111th to 86th spot in January 2021,² the country's average download speed for

¹ Jones, Nicholas (2019, January). Small Policy Change, Big Impact: Improving Internet Access in the Philippines. *The Asia Foundation*. <https://sandbox.asiafoundation.org/wp-content/uploads/2019/03/CfC-Reform-Story-11-Improving-Internet-Access-in-the-Philippines.pdf>

² <https://dict.gov.ph/ph-moves-up-in-mobile-internet-speed-global-rankings/>

fixed broadband connections was recorded at 32.73 Mbps³ which is still so far behind the global average of 85.73 Mbps.⁴ This is where the need for better information and communications technology (ICT) infrastructure comes in.

Currently, the country's broadband infrastructure is severely lacking. Some residents live on islands or in the mountains with low-population density and limited access to electricity, which are harder and more expensive to reach, making them commercially unattractive for traditional telecom operators. A broadband coverage assessment by the National Telecommunications Commission (NTC) revealed that Northern Luzon, Palawan, Central and Eastern Visayas, and many parts of Mindanao are either "unserved" or "underserved" by Internet service providers (ISP).

With the despondent state of our broadband structure, amidst the increased reliance on internet for daily living during the pandemic and the critical role of digital infrastructure in economic recovery, the government shall continue to explore various technologies that will provide reliable and affordable internet service to all Filipinos, including satellite-based internet technology.

Satellite-based internet technology is a proven internet technology commonly used by both developed and developing countries to provide internet services especially in areas where it is more expensive to roll out wired or mobile networks. It uses a satellite to get an internet signal from the ISP to the user. To further illustrate, the ISP sends a fiber internet signal to a satellite in space. The satellite dish is connected to the modem of the user which then connects the user to the internet.

While Executive Order (EO) No. 127 s. 2021 amends EO No. 467 to allow telcos, value-added service (VAS) providers, and ISPs registered with the NTC to have direct access to all satellite systems to build and operate broadband facilities to offer internet services, the policy considerations under EO No. 127 create an ambiguity on the mandate of Department of Information and Communications Technology (DICT) and

³ Ibid.

⁴ <https://www.philstar.com/headlines/2020/11/05/2054809/ntc-paints-rosier-picture-internet-connectivity-philippines-house-hearing>

NTC. It also does not provide for clear provisions on foreign ownership requirements for VAS providers and ISPs.

Accordingly, this bill aims to capitalize on the gains made under EO No. 127 to promote broad and inclusive access to satellite technology by institutionalizing its provisions. Also, the bill seeks to encourage the entry of new satellite technologies in the ICT and ICT-enabled sector by allowing ISPs and VAS Providers to be 100% foreign owned. Moreover, the bill will clearly delineate the jurisdiction of the DICT over ISPs and VAS Providers as against the NTC's jurisdiction over PTEs rendering core voice services. Through this bill, ISPs may directly access available satellite-based technologies and need not wait for infrastructure to be set up by telcos.

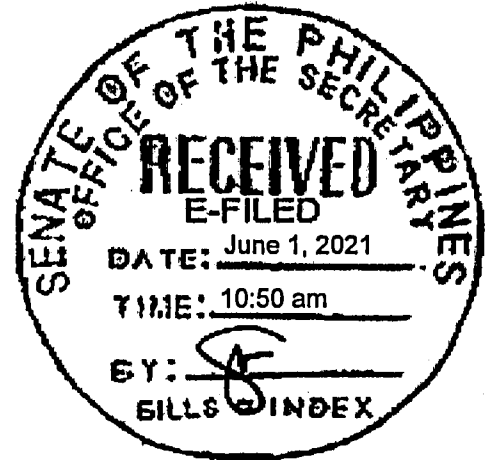
In sum, this measure is envisioned to consequently improve internet access in the country by spurring investment in the ICT sector and expanding the existing digital infrastructure that will ensure universal access to the internet, especially in critical areas such as e-government and the delivery of basic services, education, health, trade, finance, disaster preparedness, and public safety

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



WIN GATCHALIAN

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**AN ACT
ENCOURAGING AND PROMOTING THE USE AND DEVELOPMENT OF
SATELLITE-BASED TECHNOLOGIES FOR INTERNET CONNECTIVITY**

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

1 SECTION. 1. *Short title.* – This Act shall be known as the "Satellite-Based
2 Technologies for Internet Connectivity Act of 2021."

3
4 SEC. 2. *Declaration of Policy.* – It shall be declared the policy of the State to
5 promote broad and inclusive access to satellite technology for reliable and affordable
6 internet services, which are crucial for stimulating economic growth, providing
7 opportunities for decent employment in the countryside, and improving educational
8 results.

9 Towards these objectives, the State shall liberalize access to satellite-based
10 services and hasten the expansion of broadband infrastructure, especially in places
11 unserved or underserved by conventional wired and cellular mobile networks, and
12 bring reliable internet service to all Filipinos anywhere in the country.
13

1 SEC. 3. *Definition of terms.* – For the purposes of this Act, the term:

2 (a) *Core Services* shall refer to circuit switched voice services rendered over
3 cellular mobile, fixed line (local exchange), and inter-exchange facilities;

4 (b) *Direct Access* shall mean direct dealings between authorized or
5 permitted entities and satellite system providers at any segment or all levels of their
6 broadband network;

7 (c) *ICT Sector* shall mean those engaged in providing goods and services
8 primarily intended to fulfill or enable the function of information processing and
9 communication by electronic means. The ICT Sector includes telecommunications and
10 broadcast information operators, ICT equipment manufacturers, multimedia content
11 developers and providers, ICT solution providers, internet service providers, ICT
12 training institutions, software developers and ICT-ES providers, and other ICT and
13 ICT-ES providers

14 (d) *ICT-Enabled Sector* or ICT-ES shall mean those engaged in providing
15 services that require the intrinsic use of ICTs including engineering or architectural
16 design, informatics service providers, offshoring and outsourcing service providers
17 such as call centers, back office processing, software development, medical or legal
18 transcription, animation, game development, and other services that require the
19 intrinsic use of a networked information infrastructure.

20 (e) *Internet Service Providers (ISP)* shall refer to organizations that provide
21 services for accessing, using, or participating in the Internet, whether as commercial,
22 community-owned, non-profit, or private-owned organizations;

23 (f) *Permitted Entities* shall refer to: (i) Enfranchised public
24 telecommunications entities (PTEs) duly authorized by the NTC to provide internet
25 services; and (ii) Value-Added Service (VAS) providers and Internet Service Providers
26 (ISPs) duly registered with the NTC, whether with or without a legislative franchise.

27 (g) *Satellite-based technologies* shall refer to technologies that employ
28 infrastructure and/or mechanisms related to artificial satellites;

29 (h) *Value-Added Service (VAS) providers* shall refer to providers of non-Core
30 services;

1 (i) *Very-small-aperture terminal (VSAT)* shall refer to a two-way satellite
2 ground station with a dish antenna, typically not more than four (4) meters, and whose
3 technical specifications the Department of Information and Communications
4 Technology (DICT) may further define.

5
6 SEC. 4. *Additional mandate to the Department of Information and*
7 *Communications Technology (DICT).* – To expand access to satellite-based
8 technologies as an alternative connectivity solution to ensure universal access to the
9 internet, the DICT shall:

10 (1) Exercise regulatory and administrative jurisdiction over ISPs and satellite
11 policies;

12 (2) Adopt an expeditious administrative process for the registration of ISPs,
13 whether local or foreign; for this purpose, the registration of, and jurisdiction over,
14 ISPs is hereby transferred from the National Telecommunications Commission (NTC)
15 to the DICT;

16 (3) Pursue policies to secure necessary orbital slots for Philippine satellite(s);

17 (4) Work with relevant agencies to encourage the commercial development
18 of technologies complementary to satellites-based technologies;

19 (5) Create a coherent spectrum management policy which include radio
20 frequency spectrum for satellite systems;

21 (6) Conduct annual policy review together with relevant stakeholders and
22 concerned government agencies with consideration of different opportunities and
23 challenges that satellite internet brings;

24 (7) Identify areas that are underserved and unserved by traditional
25 broadband network operators and where the use of satellite-based internet can be
26 maximized;

27 (8) Issue rules and regulations on the development, use, and maintenance
28 of satellite-based technology; and

29 (9) Perform such other functions as may be relevant to its work as the
30 principal regulatory and development agency for satellite technology.

1 SEC 5. *Policy on the Use of Satellite Technology for Internet Connectivity.* –

2 The government shall promote the use and development of satellite services as a
3 means to ensure universal access to the internet, especially in critical areas such as
4 e-government and the delivery of basic services, education, health, trade, finance,
5 disaster preparedness, and public safety. Specifically:

6 (a) To promote the expansion of satellite-based networks, particularly in
7 rural areas, and in areas with limited fixed or cellular mobile network connectivity, VAS
8 providers and ISPs shall be allowed direct access to all satellite systems—whether
9 fixed or mobile, international or domestic—for all segments of the broadband network.
10 VAS providers and ISPs shall be allowed to directly access, utilize, own and operate
11 networks for internet access service utilizing satellite technologies such as VSAT and
12 other similar technologies for all segments of the broadband network without need of
13 a franchise and a provisional authority or Certificate of Public Convenience and
14 Necessity (CPCN) from the NTC. VAS providers and ISPs shall, however, comply with
15 existing policies requiring registration of VAS and ISP offerings and submission of their
16 schedule of rates;

17 (b) To invite investment and the propagation of new internet technologies
18 in the ICT and ICT-enabled sector, ISPs and VAS Providers may be 100% foreign-
19 owned. ISPs and VAS providers shall, however, comply with the policies of the DICT
20 for the registration of ISPs and VAS Providers.

21 (c) The NTC and DICT shall comply with international regulations on the
22 allocation and use of frequency for satellite services, and shall not re-allocate them to
23 the detriment of users of VSAT or other satellite technologies. The NTC and DICT shall
24 ensure the availability of satellite frequencies for the use of VAS providers and ISPs.
25 The NTC shall, within thirty (30) days upon the effectivity of this Act, issue the rules
26 and regulations necessary for the implementation of portions of this paragraph that
27 require administrative and regulatory oversight. *Provided,* That Section 7 of this Act
28 shall be immediately executory upon the effectivity of this Act.

29

1 **SEC. 6. *Direct Access to Satellite Systems.*** – Permitted Entities are allowed to
2 (i) deploy satellite technology and use associated spectrum in any or all segments of
3 their broadband network without needing to go through, lease or rent capacity for
4 such from PTEs, and (ii) apply with the NTC for permission to use spectrum for this
5 purpose. PTEs, VAS Providers, and ISPs may directly access, utilize, own and operate
6 facilities for internet access service using satellite technologies such as, but not limited
7 to, VSAT, Broadband Global Area Network and other similar technologies, for all
8 segments of the broadband network without need of a Congressional franchise.

9 Prior authorization of either the DICT (for broadband networks) or the NTC (for
10 broadcast providers and for services that do not involve broadband networks) shall
11 not be required for direct access to satellite systems under this provision provided that
12 the terms and conditions, which include levels of access to any international fixed or
13 mobile satellite system, shall be submitted by the Permitted Entities to the DICT or
14 NTC, as applicable, for record purposes.

15
16 **SEC. 7. *Promotion of Satellite-based Technologies for Sustainable Development***
17 ***and Inclusive Growth.*** – Government organizations, public and non-profit private
18 institutions, volunteer organizations engaged in education, health, finance,
19 agriculture, environmental management, climate change management, disaster
20 preparedness and crisis response shall be allowed to own and operate satellite-based
21 technology in order to aid and augment their activities.

22 The NTC shall, within thirty (30) days upon the effectivity of this Act, establish
23 an expeditious administrative process to allow such entities to apply for permits to
24 import and or own such technology. The Anti-Red Tape Authority (ARTA) shall ensure
25 that the procedures set forth by the NTC pursuant to this Section complies with
26 Republic Act No. 9485, or the Anti-Red Tape Act of 2007.

27
28 **SEC. 8. *Appropriation.*** – The amount necessary for the implementation of this
29 Act shall be charged against available funds of the DICT and NTC, as may be

1 applicable. Thereafter, the amount shall be included in the General Appropriations
2 Act.

3
4 **SEC. 9. *Implementing Rules and Regulations.*** Unless otherwise stated, the
5 DICT, in coordination with the NTC, and in consultation with relevant groups and
6 sectors, shall issue the implementing rules and regulations ("IRRs") within sixty (60)
7 days upon the effectivity of this Act. The IRRs shall incorporate the provisions of NTC
8 Memorandum Circular Nos. 04-03-99 and 01-03-2008 in so far as practicable and in
9 furtherance to the objectives of this Act.

10
11 **SEC. 10. *Repealing Clause.*** – Provisions of Executive Order Nos. 467 (s. 1998)
12 and 127 (s. 2021) that are inconsistent with this Act are hereby repealed or modified
13 accordingly. All other laws, decrees, rules and regulations inconsistent with the
14 provisions of this Act are hereby repealed or amended accordingly.

15
16 **SEC. 11. *Separability Clause.*** – If, for any reason, any part or provision of this
17 Act is declared invalid or unconstitutional, any part or provision not affected thereby
18 shall remain in full force and effect.

19
20 **SEC 12. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
21 complete publication in at least two (2) newspapers of general circulation.

22
23 Approved,
24