

21 May 2020

**SENATOR JOEL VILLANUEVA**

Chairperson

Committee on Labor, Employment and Human Resources Development

Senate of the Philippines

GSIS Bldg., Financial Center, Diokno Blvd., Pasay City

Dear **Senator Villanueva**:

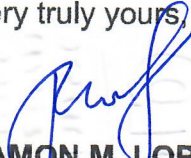
We are pleased to submit the Department's position on Senate Bill No. 1469, entitled:

**"An Act Supporting the Growth and Development of Digital Careers in the Philippines"**

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



**OFFICE OF THE SECRETARY**

26 May 2020

**SENATOR MARIA LOURDES NANCY S. BINAY**

Chairperson

Committee on Science and Technology

Senate of the Philippines

GSIS Bldg., Financial Center, Diokno Blvd., Pasay City

Dear **Senator Binay**:

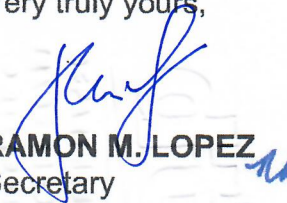
We are pleased to submit the Department's position on Senate Bill No. 1470, entitled:

**"An Act Providing for a National Digital Transformation Policy and for Other Purposes"**

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



**OFFICE OF THE SECRETARY**

**DTI Position on**

**Senate Bill No. 1469      “An Act Supporting the Growth and Development of Digital Careers in the Philippines”**

**Senate Bill No. 1470      “An Act Providing for a National Digital Transformation Policy and for Other Purposes”**

The Department fully supports the objective of the proposed legislations that recognize the impact of the Fourth Industrial Revolution (Industry 4.0) to employment and nature of jobs, ensuring that Filipino workers remain competitive and possess skills and competencies at par with global standards in the digital economy. The DTI understands and recognizes the importance of the proposed legislations’ objectives in institutionalizing digital careers (i.e., software & app development, design) and greatly improving the quality not only of our labor force, but also our governance system, socio-economic development, and services to the people.

The need for digital transformation has come to the fore as the pandemic slowly changed the way we live, work, and do business. Suddenly, the ‘new normal’ has pushed businesses to adjust their business models, adopt technology and innovation and make their online presence felt. Given the high internet penetration rate (67%) and the average time Filipinos spend on the internet (9 hours and 45 minutes)<sup>1</sup>, taking one’s business online will ensure that sales will continue especially during this time when brick-and-mortar retailers are not operating. Recent statistics showed that the Philippines’ e-commerce revenue is expected to show an annual growth rate (CAGR 2020-2024) of 18.3%.<sup>2</sup>

Similarly, now referred to as the “gig economy,”<sup>3</sup> freelancing – especially remote jobs that do not require reporting to a physical office – has been growing in an unprecedented rate. Forbes forecasted that by 2027, the majority of the world’s workforce will prefer freelancing.<sup>4</sup> PayPal also conducted a survey in the Philippines last October 2017, which revealed that the country is a “very optimistic freelancer market” with 86% of respondents expecting future growth of the industry.<sup>5</sup>

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<sup>1</sup> WeAreSocial’s Digital in 2020 Report accessed at <https://wearesocial.com/digital-2020> on 15 May 2020

<sup>2</sup> <https://www.statista.com/outlook/243/123/ecommerce/philippines> accessed on 15 May 2020

<sup>3</sup> A way of working that is based on people having temporary jobs or doing separate pieces of work, each paid separately, rather than working for an employer. Retrieved from: <https://dictionary.cambridge.org/us/dictionary/english/gig-economy> on 04 February 2020.

<sup>4</sup> Tayao-Juego, A. (2018, December 24). *Freelancing alive and well in PH*. Retrieved February 4, 2020, from <https://business.inquirer.net/262675/freelancing-alive-and-well-in-ph>

<sup>5</sup> Marcelo, P. P. (2018, March 28). *PayPal bullish on Philippines as freelancer market continues to grow*. Retrieved February 4, 2020, from <https://www.bworldonline.com/paypal-bullish-on-philippines-as-freelancer-market-continues-to-grow/>

According to a 2019 report by Payoneer on 'Global Gig Economy Index,' the Philippines ranked sixth in the world as the fastest-growing market for the gig industry, posting a 35 percent growth in freelance earnings.<sup>6</sup> The upsurge was driven by high internet penetration rate and prominence of digital economy. Some of the many types of works Filipino freelancers are engaged in are data entry/internet research (34%), virtual assistance (13%) and customer service (8%).<sup>7</sup> The demand for these digital careers are expected to rise as the COVID19 pandemic continuously push economies in lockdowns, limiting movement of people.

In terms of digital transformation, the DTI has been pushing innovation initiatives through its Inclusive Innovation Industrial Strategy (i<sup>3</sup>S) as early as 2016. The strategy aims to grow innovative and globally competitive manufacturing, agriculture, and services while strengthening their linkages into domestic and global value chains with innovation at the core of the country's strategic policies and programs.

Currently, the Competitiveness and Innovation Group (CIG) of the DTI has developed the Industry and Startups (IRIS) Program which will provide support to digital transformation and innovation for startups and micro-, small-, and medium-enterprise (MSMEs), ensuring business robustness and resiliency after the crisis. Having a digital environment is already inevitable. The COVID-19 pandemic has triggered the tipping point for digitalization. As such, the digital era would necessitate a workforce that is capable and competent to handle data, navigate through complex information, and manage digital transactions. Re-skilling and upskilling should not only be for businesses, but for government workers as well. Resources will be dedicated towards improvement of knowledge amidst the crisis to be able to ride the wave of digitalization.

The following are the key thematic projects that will be implemented:

- **Capacity-building in digital skills** – MSMEs will be offered with opportunities to upskill/reskill by enrolling in/taking online courses; DTI can negotiate with online course providers for preferential rate for a certain number of target participants.
- **Support for digitalizing operations** – MSMEs will be partnered with startups or digital enterprises that can provide digital solutions for their operations, such as in e-payments, chatbot for customer management, human resource and payroll management, and etc.
- **Knowledge transfer and information-sharing with MSMEs** – Promote and/or organize webinars such as on business continuity and supply chain management; online events/conferences; and training such as on intellectual property conducted by partners in government, academe, and industry/private sector

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<sup>6</sup> Hasnan, L. (2019, October 9). *Philippines' fast-growing gig economy*. Retrieved February 4, 2020, from <https://theaseanpost.com/article/philippines-fast-growing-gig-economy>

<sup>7</sup> Ibid

- **Startup, MSMEs, and SMEs Innovation Aid** – Organizations that will manufacture new products, develop new services and processes particularly, those in response of COVID-19 and other related produce, will be given support through, technology upgrade subsidies, soft loans, incubation, in-depth entrepreneurship counseling, acceleration programs, technical support to help SMEs meet regulatory standards and obtain certification.

Relative to the stipulations of the proposed legislations, the DTI submits the following specific comments and recommendations:

Stipulations under SBN 1469 and SBN 1470	DTI Comments and Recommendations
<i>Section 5: ICT Competency Framework for Teachers (SBN 1470)</i>	<p>The Department believes that integration of information and communications technology (ICT) in the teachers' practice will only be possible if there is fast and reliable internet available in schools and universities. This will be a challenge to far-flung schools where internet connection is non-existent.</p> <p>Thus, we would like to highlight the indispensable role that the Department of Information and Communications Technology (DICT) will play in making sure that digital infrastructure are made available, especially in remote areas.</p>
<i>Sec. 6: Standards for Digital Career Workers (SBN 1469)</i>	<p>The Department lauds the proposed minimum wage for digital career workers, freelancers, or freelance workers as setting a minimum wage is a good safety net to digital workers so that they are not abused by paying below what the law mandates. However, the DTI opines that these workers already have the prerogative to not accept jobs they deem are low-paying. There is also a problem of which country's minimum wage should prevail in case the job opportunity came outside the Philippines. With regard to this, we would like to defer to the comments of the Department of Labor and Employment (DOLE).</p> <p>Aside from registration, filing taxes, and complaints, the Department would like to suggest a mandatory contract for both parties. Contracts between the hiring party and the digital career workers should be</p>

	<p>institutionalized regardless of the duration of the project that they engage in. This is to protect these types of workers from deceptive acts, other unfair labor practices, and prevent their exploitation. According to the PayPal's survey, 58% of the respondents from Singapore, Vietnam, Thailand, and the Philippines have had experiences of not being paid for their work and services.<sup>8</sup> The contract will ensure that both the client and freelancers' rights are protected in case of unforeseeable circumstances.</p>
<p><i>Sec. 7: Incentives (SBN 1469)</i></p>	<p>The phrase “<b>grants-in-aid</b>” for the acquisition of equipment (i.e. computers, hardware, and software) might be exploited by individuals who might pose as freelancers or digital workers. Instead, loans might be a more appropriate arrangement but still needs to be clarified in the issuance of the guidelines.</p> <p>Also, set of criteria to identify and categorize applicants of the loans should be established both as a screening and monitoring mechanism.</p>
<p><i>Sec. 8: E-Readiness of Local Government Units (SBN 1469)</i></p>	<p>In order to realize e-readiness in our LGUs, fast and reliable internet connection must be first in place. This is a reiteration of the Department's comment on Section 5 of SBN 1470, that implementation of this provision will be a challenge to far-flung LGUs where internet connection is insufficient.</p>
<p><i>Sec. 8: Digital Libraries and Learning Hubs (SBN 1470)</i></p> <p><i>Sec. 14: Digital Libraries and Learning Hubs (SBN 1469)</i></p>	<p>The Department supports the digital transformation of libraries as this will innovate their role and function given that in the information age, data and information are not only accessed from books but also from the internet. This will enable wider use and accessibility of users especially those who do not have physical access to libraries. It will also promote opportunities to increase knowledge and enhance learning capacities not only of our digital</p>

<sup>8</sup> <https://www.paypal.com/stories/sea/paypal-global-freelancer-survey>

	<p>workers but students who are aiming have digital careers in the future.</p> <p>Access to the libraries' archives and the internet will ensure that information can be validated as library goers have access to both credible publications and internet, minimizing the risk of exposure to false information. The libraries can also serve as co-working spaces for learning and sharing knowledge.</p>
<p><i>Section 9: Digital Entrepreneurship (SBN 1470)</i></p>	<p>The DTI, through its E-Commerce Office (ECO), has been a staunch supporter of initiatives that will bring local MSMEs online. In fact, one of the success criteria highlighted in the Philippine E-Commerce Roadmap 2016-2020 is 100,000 MSMEs doing e-commerce. The Department partnered with various online platforms, logistics provider, and telecommunications companies in conducting regional roadshows to promote the importance of online presence.</p> <p>As part of DTI's "<i>Bayanihan</i> to Heal as One" initiative during the Enhanced Community Quarantine (ECQ), ECO conducted a series of free webinars, entitled: "CTRL + BIZ: Reboot Now!" that run from 29 April to 2 May 2020. The webinar targeted MSMEs who need to transform their business digitally. ECO invited partners across the entire e-commerce ecosystem which provided their expertise and experiences on how to take advantage of the digital space.<sup>9</sup></p> <p>Lastly, the updated Philippine E-Commerce Roadmap for 2020-2022 is currently being finalized.</p>
<p><i>Section 10: Digital Civil Service (SBN 1470)</i></p>	<p>DTI supports this proposed provision to ensure that public service providers have the necessary skills to deliver their mandate at par with their private sector and development partner counterparts. However, DTI will reiterate again that</p>

<sup>9</sup> <https://www.dti.gov.ph/archives/advisories-archives/ctrl-biz-reboot-now-webinars/>

	<p>support infrastructure to make this happen should first be put into place.</p> <p>In terms of digital transformation, the Anti-Red Tape Authority (ARTA) inked an agreement with the Department of Information and Communications Technology (DICT) to pursue the national automation and digitization of government services. The main goal of the initiative is to maximize productivity, minimize wastes, and eliminate corruption to provide a better and more efficient public service.<sup>10</sup></p> <p>As the public sector continuously struggles to resume its own systems of activities and operations due to the disruptions caused by the pandemic, transitioning into an ICT-enabled government has once again been emphasized. Given that the practice of social distancing will be mandatory while we wait for the vaccine, ideas such as digital classrooms, digital workforce, and even digital governance have been pitched as potential solutions to adapt to the “New Normal.”</p>
<p><i>Sec. 12: Digital Skills Training</i> (SBN 1469)</p>	<p>Currently, different government agencies have various ICT-related training programs for the public. For instance, DICT, through their ICT Literacy and Competency Development Bureau, is offering Digital Transformation Competency Development Courses. The courses include training seminars and workshops on digital governance and management (i.e. data-driven governance, ICT essentials for government managers, managing ICT services), digital transformative technologies (i.e. programming, cyber-security, web development), and digital customer experience (i.e. social media for users, data privacy rights and internet ethics, cloud services for users).<sup>11</sup> The Technical Education and Skills</p>

<sup>10</sup> Retrieved from:

[http://www.arta.gov.ph/pages/downloads/ARTA\\_DICT\\_to\\_ink\\_MOA\\_for\\_nationwide\\_automation\\_of\\_government\\_services.pdf](http://www.arta.gov.ph/pages/downloads/ARTA_DICT_to_ink_MOA_for_nationwide_automation_of_government_services.pdf) 20 May 2020

<sup>11</sup> Retrieved from: <https://dict.gov.ph/wp-content/uploads/2020/03/ILCDB-Calendar-of-Courses-2020-.pdf> on 20 May 2020

	<p>Development Authority (TESDA) also offers various training courses on ICT such as 21<sup>st</sup> century skills (workplace communications and environmental literacy), mobile applications development, Microsoft online courses, programming and web development, and even technopreneurship.<sup>12</sup></p> <p>Moreover, the DTI's Philippine Trade Training Center (PTTC) provides courses on E-commerce Pathways Program from Start-up to Export Readiness and Master Classes, Digitizing Back Office Operations of Businesses, Digital Tools for Businesses, How to bring courses to Virtual Platforms, Digifab for creating prototypes through digital designs, and the Train. Reinvent Education. Network. Digitization (TREND) Hub: a studio to produce virtual materials for webinars, webcast, podcast, and audio visual presentations (AVPs).</p> <p>The Department suggests that the abovementioned programs, including similar initiatives and programs of other government agencies should be placed in a centralized portal to ensure that there will be no duplication of curricula and training programs complement each other. Partnership and coordination between and among government agencies is crucial in the implementation of this initiative. This would also ensure that digital skills training programs are easily accessible by the public.</p> <p>Moreover, a centralized portal will also help to monitor people who are trying to exploit the system by availing trainings they already participated in. This will ensure that all have an equal chance to register and learn.</p>
<p><i>Section 12: Digital Jobs</i> (SBN 1470)</p>	<p>The word 'provide' should be replaced by 'monitor' as DOLE's role might not be in the creation of jobs <i>per se</i> but monitoring that there are more and better jobs available.</p>

<sup>12</sup> Retrieved from: <https://www.e-tesda.gov.ph/course/> on 20 May 2020

<i>Section 14: Composition of the Council (SBN 1470)</i>	The Implementing Rules and Regulations (IRR) must clearly identify who will chair and co-chair the proposed National Digital Transformation Council.
<i>Sec. 15: Co-working Agencies or Facilities (SBN 1469)</i>	DTI suggests that the proposed legislation must ensure that freelancers or digital workers are not bound by any employee-employer relationship and are not required to physically report like a regular employee. The term “ <b>directly working in their facilities</b> ” must be clarified as freelancers are not required to go to the hiring party’s office.

The Department reiterates its support to the proposed legislations taking into consideration our specific comments and recommendations. We believe that developing digital careers will help in further improving our economy, creating more and better jobs, reducing poverty and inequality, and making growth inclusive to all. Lastly, the DTI opines that the success of the proposed legislations is heavily reliant on the development of the physical and digital infrastructure that will provide fast and reliable internet connection, thus prioritizing projects and programs that will establish this prerequisite is crucial.

*Layapinchay*

**Bureau of Trade and Industrial Policy Research**

**26 May 2020**

Ref: BTIPR-052020-\_\_