

15 July 2020

SEN. IMEE MARCOS

Chairman
Committee on Economic Affairs
Senate of the Philippines
Roxas Blvd., Pasay City

Dear **Sen. Marcos**:

We are pleased to submit the Department's position on Proposed Senate Resolution No. 409, entitled:

“Resolution Directing The Senate Committee On Finance To Conduct An Inquiry, In Aid Of Legislation, To Determine The Budgetary Requirements Of The Government To Utilize Innovative Digital Technologies And Accelerate The Build-Up Of Telecommunications Infrastructure Towards Improving Governance, Socio-Economic Development And Prompt Delivery Of Services To The Filipino People”

This is without prejudice to the Department's submission of additional comments/recommendations

With my best regards.

Very truly yours,


RAMON M. LOPEZ
Secretary



OFFICE OF THE SECRETARY

15 July 2020

SEN. SONNY ANGARA

Chairman
Committee on Finance
Senate of the Philippines
Roxas Blvd., Pasay City

Dear **Sen. Angara**:

We are pleased to submit the Department's position on Proposed Senate Resolution No. 409, entitled:

“Resolution Directing The Senate Committee On Finance To Conduct An Inquiry, In Aid Of Legislation, To Determine The Budgetary Requirements Of The Government To Utilize Innovative Digital Technologies And Accelerate The Build-Up Of Telecommunications Infrastructure Towards Improving Governance, Socio-Economic Development And Prompt Delivery Of Services To The Filipino People”

This is without prejudice to the Department's submission of additional comments/ recommendations

With my best regards.

Very truly yours,


RAMON M. LOPEZ
Secretary



OFFICE OF THE SECRETARY

**DTI Position on
Proposed Senate Resolution No. 409**

“Resolution Directing The Senate Committee On Finance To Conduct An Inquiry, In Aid Of Legislation, To Determine The Budgetary Requirements Of The Government To Utilize Innovative Digital Technologies And Accelerate The Build-Up Of Telecommunications Infrastructure Towards Improving Governance, Socio-Economic Development And Prompt Delivery Of Services To The Filipino People”

The Department fully supports the objective of the proposed Senate Resolution to direct the Senate Committee on Finance to determine the budgetary requirements of the government in its pursuit to embrace digital technologies and accelerate build-up of the necessary infrastructure to improve governance, service delivery, and socio-economic development.

Even prior to the current pandemic, which brought about the “new normal,” several disruptions were already taking place due to the Fourth Industrial Revolution (Industry 4.0) and the rise of digital and innovative economies. The disruptions brought about by Industry 4.0 pose opportunities and challenges to sectors at an accelerated pace, making traditional models and tools obsolete as they continue to revolutionize systems and productions at a global scale. The current crisis has made it more urgent for the country to embrace these disruptive technologies to help us ride through the pandemic and keep up with rapid technological changes. It is, therefore, imperative that the government allocate the necessary resources to improve our digital infrastructure and enable us to efficiently utilize these innovative digital technologies.

While the Department of Information and Communications Technology (DICT) is the agency primarily mandated to establish the physical infrastructure necessary for digitalization and innovation, the DTI, for its part, has been actively promoting and supporting our industries, especially the Micro, Small, and Medium Enterprises (MSMEs), in preparation for digitalization and Industry 4.0. Through the formulation of policies, strategies, and programs related to the utilization of available new technologies, the Department continues to strengthen the competitiveness and sustainability of the Philippine industries, through the following strategies:

- **Formulation and implementation of the Inclusive Innovation Industrial Strategy (i³S).** i³S aims to grow innovative and globally competitive manufacturing, agriculture, and services industries, while strengthening their linkages into domestic and global value chains. It focuses on three (3) major areas namely, (1) creation of an innovation and entrepreneurship ecosystem; (2) removal of obstacles to growth to build industry clusters; and (3) strengthening domestic supply and value chains to deepen our participation in global and regional value chains and networks.

- **Formulation and implementation of the following industry roadmaps:**
 - **Philippine E-Commerce Roadmap.** The 2016-2020 roadmap aims to fully accelerate the growth of Philippine e-commerce – one that is globally competitive and integrated. Currently, the DTI is partnering with University of the Philippines (UP) Law Center to review and draft a new roadmap for 2020-2022.
 - **Inclusive Filipinnovation and Entrepreneurship Roadmap.** The Roadmap aims to increase the country's ability to innovate. The DTI seeks to build Regional Inclusive Innovation Centers (RIICs) in different parts of the country, which are envisioned to be at the heart of Philippine economic transformation and serve as linchpin of productive collaborations between and among industries, universities, government agencies, LGUs, startups, MSMEs, R&D laboratories, S&T parks, incubators, FabLabs, investors, among many other agents in the ecosystem.
 - **Artificial Intelligence (AI) Roadmap.** In collaboration with experts from the Asian Institute of Management (AIM), the AI roadmap will identify the challenges and recommend ways on how we can strategically adopt and promote the utilization of AI in industry and the broader economy. It involves an assessment of the readiness of industries for AI, determine the key players and infrastructure needed, and recommend strategies that would achieve the country's goal of becoming an AI Center of Excellence.
- **Creation of Offices to Push for Innovation and Digitalization.** The DTI, with the approval of the Department of Budget and Management (DBM), has created the Innovation and Collaboration Division (ICD) and E-Commerce Division (ECD), mandated to implement and lead the coordination of innovation and digitalization programs and initiatives of the DTI and its attached agencies. They are also responsible to collaborate DTI's efforts with other government agencies and stakeholders from industry and academe.

The DTI views that the new normal will affect the trends in behaviors of market actors across multiple sectors, thus innovation in these sectors will be critical. Towards this end, more programs are planned to further promote digitalization and innovation of industries, such as:

- **Formulation of Industry 4.0 Roadmaps** – This will cover the sectors of automotive, aerospace parts, electronics, and agribusiness. An Industry 4.0 Human Resource Development (HRD) Roadmap will also be developed, in collaboration with Technical Education and Skills Development Authority (TESDA) and the Department of Labor and Employment (DOLE).
- **Implementation of Manufacturing Revitalization Program** – This program will provide fiscal and non-fiscal support to companies adopting Industry 4.0 technologies and pursuing their digital transformation.
- **Establishment of Digitalization Facilities** - DTI will also conduct feasibility studies on the establishment of an Industry 4.0 SME Academy and Industry 4.0 Pilot Factory to serve as training facilities.

- **SMART (Strategic MSME and Startup) Link** - To facilitate the digital transformation of MSMEs while promoting the growth of local startups. MSMEs will be linked and 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, among other digital services.
- **Innovation Support for the Recovery and Growth of Enterprises (I-SURGE)** - To support the innovative initiatives of startups and MSMEs and aid in the development of new and innovative solutions addressing the impact of covid-19. Various forms of assistance will be provided to eligible MSMEs and startups, particularly for initiatives targeted at mitigating the impact of covid-19. Innovation support will be through, technology upgrade subsidies, soft loans, incubation, in-depth entrepreneurship counseling, acceleration programs, technical support to meet regulatory standards and obtain certification, among others. Technical assistance can be delivered through online platforms or distance learning and mentoring alternatives. Technology upgrade and loans can be delivered through the use of financial technologies and partnering with technology providers. Partners from the private sector and the startup community will be engaged to assist in implementing and providing assistance.
- **SKILLS4WRD** – Workers in startups and MSMEs will be offered with opportunities to upskill/reskill by enrolling in/taking online training courses in order to upgrade their skillsets and develop the competitiveness of the country's workforce. DTI will negotiate with online course providers for preferential rate for a certain number of participants. Courses will be selected according to relevance to various competency needs of target beneficiaries.

The Department reiterates that the promotion of digitalization and digital transformation of industries should start with the enhancement of essential infrastructure, so as to facilitate the adoption and utilization of these disruptive and advanced technologies and electronic platforms. Once these are in place, enablers should be streamlined to provide reach to consumers and prospective online sellers. Payment systems, data privacy, and cybersecurity should likewise be strengthened as they affect consumers' trust and confidence in ecommerce transactions.

Finally, the DTI wishes to emphasize its support in embracing innovative technologies/methods to improve the country's governance, service delivery, and socio-economic development. These new and innovative technologies/methods are proof of innovation's indispensable role in sustainable development.

Layap Tin Chay

Bureau of Trade and Industrial Policy Research

15 July 2020

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