

6 Philippines: A Profile

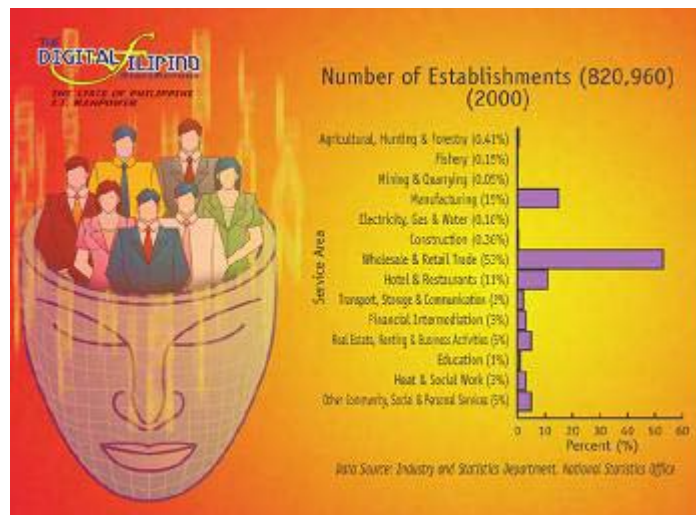
This section profiles the Philippines on a number of topics related to the use of ICTs and Section 7 highlights three case study projects from the Philippines. The research and subsequent interviewing was conducted by Janette Toral of Digital Filipino. Ms Toral founded the Philippine Internet Commerce Society in September 1997 and has been actively promoting e-commerce developments in the Philippines for since that time. An IT practitioner for many years and active in lobbying for the passage of the Electronic Commerce Law, Ms Toral has been instrumental in helping the people of the Philippines take full advantage of ICTs. (www.digitalfilipino.com)

6.1 Introduction to the Philippines

The country has an estimated population of 76 million. It was a colony of the United States of America from 1898 up to 1946. Consequently, it has adopted the US educational system entirely and one of the outstanding results is the Filipino's excellent grasp of the English language. A majority of the working population understands and speaks English. The said language is the default medium of instruction from pre-school up to post-graduate university.

6.2 Business

According to the National Statistics Office, there is an estimated 820,960 registered establishments in the country as of the year 2000.



The country's labor force is estimated to be at 33,675,000 where only 62% of such have full time jobs. 51% of the labor force is in the rural areas. According to the National Statistics Office (2000) 37% of total labor force is in agricultural, hunting and forestry sectors. In 2002 around 3.5 million Filipinos were unemployed and 1.2 million left the country for overseas work.



6.3 Telecommunications

The current liberalized telecommunications environment has so far resulted in the operation of the following: 11 international gateway facility operators (those that can provide international long distance calls), 5 cellular mobile telephone system operators, 11 paging companies, 14 inter-exchange carrier licensees (those that service other carriers' traffic using their own networks) and 9 fixed line operators (those with landline services) in one area. Although the country has an installed capacity of 6,938,762, there are only 3.3 million fixed (land line) phone lines subscribed as of end December 2001. At present, it is estimated that the number has reached to 4 million.

As of year-end 2002, the number of cellular users reached to 14.5 million (from 12,159,153 as of end December 2001 and 6,454,359 in 2000). Telephone line charges are fixed at an average of US\$15-\$25 per month.

The country was dubbed as the text messaging capital of the world as an average mobile phone user sends 20 text messages a day. This totals to 150 to 200 million text messages passing through carriers daily. Value added services such as logos, icons, ring tones, picture messages, news, games, location-based services, among others contribute greatly to its popularity.

Various Internet services are now being extended to the mobile phone as SMS, GPRS and WAP are being offered at affordable rates. Mobile email is being promoted extensively as well. It is common to find e-commerce and Internet initiatives in the Philippines that has a mobile phone component.

6.4 Internet and PC Penetration

There are around 191 Internet Service Providers (ISPs) in the country today with the major providers offering 56K service at an average rate of \$0.50 per hour. DSL, wireless and fixed broadband, cable, satellite Internet facilities are now being offered as well.

The number of Philippine Internet users range from 3 to 4 million. Contributing heavily to its growth are Internet cafes (rentals) that allowed Filipinos who don't own computers to gain access to the facility at an affordable price at US\$0.20 to \$2 an hour. An increasing number of schools and SMEs accessing the Internet contributed to the growth as well.

Penetration of computers in Filipino households has increased significantly and presently estimated to be at 2.2 million with 1.5 million having access to the Internet. The primary purpose why people go online is to access research information.

6.5 Education

The Philippines education system is facing so many challenges in keeping itself updated and attuned to current needs. The penetration of computers to primary and secondary schools is very low at this time.

Out of 48,000 schools, less than 3% have computer facilities. Of those with computers, only 2% have, yet limited, access to the Internet.

6.6 E-Commerce Law

The Philippines is the 3rd country in South East Asia to enact an E-Commerce Law. Republic Act 8792, or the Electronic Commerce Law, was enacted June 14, 2000. Efforts for its passage started as early as 1992 with the Electronic Evidence Act. The law defines Philippines policy on electronic transactions to enable the country's players and consumers to actively participate in electronic trade.

The law provides:

- Legal recognition of electronic documents, electronic data messages, and electronic signatures;
- Guidelines for retention and storage of documents in electronic form;
- Recognition and validity of electronic contracts;
- Guidelines for use of transport documents in carriage of goods;
- A 2-year mandate for government to have the capability to transact its business electronically;
- The directive for the Department of Trade and Industry to function as the country's e-commerce authority;
- The penalties to crimes such as hacking, cracking, and piracy offenses;
- Made banking transactions done through ATM switching networks absolute once consummated;
- Parties are given the right to choose the type and level of security methods that suit their needs;
- Mandates RPWeb, a strategy that intends to connect all government offices to the Internet and provide universal access to the general public, to be implemented;
- Made cable, broadcast, and wireless physical infrastructure within the activity of telecommunications;
- Provided guidelines as to when a service provider can be liable;
- All existing laws, such as the Consumer Act of the Philippines, also applies to e-commerce transactions.

6.7 E-Government

Since the passage of the law, numerous e-commerce initiatives by government agencies came into reality intending to comply with the passage of the law. At the policy level, the government is continuously updating its plans and programs, Internet Strategy of the Philippines (ISP.com) and Medium Term Development Plan (MTDP), to set clear directions to develop and accelerate the use of IT.

There are around 363 national government agencies connected to the Internet and with websites offering information and services to the general public. (Source: National Computer Center as of October 31, 2002)