SMALL POLICY CHANGE, BIG IMPACT:

IMPROVING INTERNET ACCESS IN THE PHILIPPINES

“There is significant value in cultivating a broad support base and in working with key gatekeepers – even the opposition.
In March 2018, citizens in two remote municipalities of the Philippines accessed the Internet for the first time.\textsuperscript{1} The breakthrough was made possible by Pipol Konek, a government program aimed at providing free Internet access to millions of unserved and underserved Filipinos.

This story traces how a policy change introduced in August 2017 unlocked the Pipol Konek program. It describes how a group of concerned citizens and civil society organizations (CSOs) with support from Coalitions for Change (CfC) identified and eliminated a critical barrier that would lead to immediate and far-reaching implications for improving internet access for millions of Filipinos. Before turning to the details of the reform, we briefly review the importance of the internet for economic development.

\textbf{The Internet and Economic Development}

There is strong evidence in the international development sphere that Internet access is a key driver of economic growth. Between 2000 and 2006, 150 developing countries—including the Philippines—examined by a World Bank study (2009) had "about a 1.38 percentage point increase in GDP for each 10-percent increase in [broadband] penetration."\textsuperscript{2} A few years later, Scott (2012) also found that "...a 10% increase in broadband penetration is correlated with a 1.35% increase in GDP for developing countries and a 1.19% increase for developed countries."\textsuperscript{3}

In the Philippines, the National Economic and Development Authority (NEDA) stressed the need for robust broadband infrastructure as a critical component in building a competitive workforce and enabling participation in the global market. High-speed broadband Internet and coverage throughout the country can provide Filipinos with better access to economic opportunities.

\textsuperscript{1} Simunul, Tawi-Tawi and San Jose, Dinagat Islands in Mindanao. See http://freepublicwifi.gov.ph/pipol-konek-reaches-zamboanga-del-sur-and-tawi-tawi/


INTERNET ACCESS IN THE PHILIPPINES

Despite 25 years of liberalization and deregulation, and substantial investments in telecommunications infrastructure, for millions of Filipinos, the Internet still is difficult to access. Data shows almost 45 percent (46 million) of Filipino citizens, and 74 percent (34,500) public schools do not have access to the Internet.

While the country’s archipelagic nature makes it costly to deploy traditional telecommunications infrastructure, the lack of competition in the telecommunications industry is also a major factor in the limited Internet access in the Philippines.

There are currently only two telecommunications companies (“duopoly”) that provide Internet service. These companies control all segments of the network—from international connectivity down to the end user’s device. International submarine cables must connect to landing stations in the Philippines. The two telecommunications companies own six out of seven of these stations. The duopoly then controls the country’s backbone networks and all the major cables and towers that distribute Internet capacity (middle mile), down to the segment of the network that connects the consumers (last mile).

FIGURE 1. HOW THE PHILIPPINES CONNECTS TO THE INTERNET
Source: DICT, Telecom Summit, 2017
THE SEARCH FOR WAYS TO HELP

In 2014, two CSOs—Democracy.net.ph and Internet Society - Philippine Chapter (ISOC. PH)—began working together informally to advocate key reforms in current Information and Communication Technology (ICT) policy. When Senator Benigno “Bam” Aquino IV held a Senate hearing on the slow and expensive Internet service in 2015, it opened the door to opportunities for civil society to coordinate with reform-minded legislators. By mid-2016, the Better Broadband Alliance (BBA)—a group of civil society organizations, business and industry associations, Internet user groups, industry experts, and researchers—emerged, with a commitment to support reforms focused on improving access, affordability, and quality of broadband services in the Philippines. Democracy.net.ph and ISOC.PH remain as key members of the BBA, which CfC has supported since its inception.

Some members of the BBA identified the reliance of government and private service providers on the existing infrastructure of the two dominant telecommunications companies as the main roadblock for the limited Internet access. These incumbent operators invested primarily in cellular mobile technology and concentrated on urban areas. Expanding network reach beyond urban centers was not considered cost-effective, to the disadvantage of people living in rural and remote areas.

Many of those concerned with the state of the country’s broadband service, including President Rodrigo Duterte¹, believed the solution to be greater competition in the telecom sector, which led to the bidding and eventual selection of a third major player to compete with the duopoly.

In addition to introducing competition, other coalition partners saw satellite technology as a promising option for delivering Internet access to rural and remote areas. Unlike traditional wired infrastructure, satellite broadband can be deployed quickly and cost-efficiently. A 2006 study by Communications Research Centre Canada found that satellite technology is the most cost-effective way to deliver broadband in areas where the population density is less than 70 people per square kilometer.² Given the sparse nature of many areas in the Philippine archipelago, satellite offers the best solution for nation-wide Internet access.

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Unfortunately, while satellite broadband technology looked promising, there were key policy and regulatory barriers to using the technology. Philippine regulations classify satellite broadband as a ‘basic telecommunications service,’ which means it can only be offered by a public telecommunications entity (PTE). A provider wanting to set up satellite broadband needs to obtain a telecommunications franchise issued by the Philippine Congress, a costly and time-consuming process.

Additionally, to operate the service, one would need to get a license from the National Telecommunications Commission (NTC), the regulatory agency. Securing a license entails the conduct of public hearings, at which any entity affected may raise comments and objections.

These long-drawn processes have discouraged many new competitors from entering the industry. In one case, a potential competitor spent almost five years in regulatory hearings before the approval to operate was granted. By that time, the incumbent players had built their networks and captured market share, forcing the new entrant to withdraw.
REFORM APPROACHES

BBA began a specific policy reform effort: reclassify satellite broadband service as a ‘value-added service’ (VAS) instead of a ‘basic telecommunications service’. Changing the classification would allow any firm, as opposed to only those with telecommunications franchises, to use satellite broadband to offer internet services. BBA members believe this would foster competition, even allowing in small players to improve access especially for those not currently served. The following section outlines the various approaches pursued of which one succeeded.

FIRST APPROACH

In September 2016, BBA met with Undersecretary Ramon ‘RJ’ Jacinto, Presidential Adviser on Economic Affairs and Information and Communications Technology (ICT). BBA recommended the current administration issue an Executive Order (EO) declaring satellite technology as a value-added service. Undersecretary Jacinto was receptive to the idea and agreed to discuss the recommendation at the next Cabinet meeting scheduled the following month. The President and most of the Cabinet members, except for then Department of Information and Communications Technology (DICT) Secretary Rodolfo Salalima, approved of the reform.4

The BBA helped Undersecretary Jacinto prepare and submit a policy memo to the President, which highlighted the potential benefits of satellite technology for the struggling Free Public Wi-Fi Project of the government. Months passed, but the proposed EO was never signed. However, the suggestion of using satellite technology to complement the government’s flagship Internet program already made an impression on key officials. This dead end turned out to be a significant contribution to introducing reform.

SECOND APPROACH

Between March and August 2017, BBA continued to push for satellite broadband technology, making a series of presentations to various members of the Duterte administration. They also met with potential reform champions to foster competition, even allowing in small players to improve access especially for those not currently served. The following section outlines the various approaches pursued of which one succeeded.

THIRD APPROACH IS THE CHARM

At around the same time that the DICT leadership was changing, the legislature was working on bills to institutionalize a Free Public Wi-Fi program. This program was started by the Information and Communications Technology Office, the precursor of the DICT. The project sought to provide Wi-Fi hotspots in public spaces all over the country, with ambitious targets and a sizable budget of Php 30.6 billion (AUD 785 million). Later renamed Pipol Konek, the program performed poorly - only 181 of the 13,024 planned sites in 17 provinces were operational two years after its launch. That amounted to just a little over 1 percent of the 2017 target.9

In March 2017, the House of Representatives and the Duterte administration were supporting a bill to institutionalize the Free Wi-Fi program.

4 President Duterte appointed Rodolfo Salalima, a former classmate, as the inaugural Secretary of the DICT, a newly-formed executive department in June 2016 after the purview over information and communications technology (ICT) was detached from then Department of Transportation and Communication by virtue of the DICT Act of 2015 or Republic Act no. 10844. Salalima was a former chief legal advisor for a major telecommunications company.

Events moved quickly after the passage of the Free Public Wi-Fi bill. Just a few months later, the DICT issued the revised deployment design parameters for service providers of the Free Wi-Fi project.

The original 2015 design relied on a single technology delivery strategy based on the existing infrastructure of telecommunications companies. The revised 2017 design identified three strategies to deliver the Free Wi-Fi project, with satellite technology as one of the options.

This new openness and more technology-neutral design was a critical breakthrough in creating space for technological and management creativity from potential service providers.

DICT reports indicate that the reform is leading to very positive results. In the first eleven months after the law was passed, the program installed twice as many access points (1,592 from 807) in just a third of the time.

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**Original Design**

- **NATIONAL GOVERNMENT BACKBONE NETWORK**
- **EXISTING TELECO INFRASTRUCTURE**
- **INTERNET SERVICE PROVIDERS**
- **SATELLITE BROADBAND**
- **SATELLITE BEACON LINKS**
- **WIRELESS TRANSCEIVER LINK**
- **WIFI ACCESS POINT**

**Revised Design**

- **NATIONAL GOVERNMENT BACKBONE NETWORK**
- **EXISTING TELECO INFRASTRUCTURE**
- **INTERNET SERVICE PROVIDERS**
- **SATELLITE BROADBAND**
- **SATELLITE BEACON LINKS**
- **WIRELESS TRANSCEIVER LINK**
- **WIFI ACCESS POINT**

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**FIGURE 2. POLICY TIMELINE**

<table>
<thead>
<tr>
<th>March 2017</th>
<th>August 2017</th>
<th>September 2017</th>
<th>March 2018</th>
<th>July 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills on Free Public Wi-Fi program for discussion in House and Senate</td>
<td>Free Internet Access in Public Places Act (Republic Act 10929) signed into law</td>
<td>New bid design for Free Public Wi-Fi service providers allows satellite technology for the first time</td>
<td>Satellite-based Free Public Wi-Fi broadband service launched in two remote and poor municipalities in Mindanao</td>
<td>Implementing rules and regulations for Free Internet Access in Public Places Act issued</td>
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**FIGURE 3. ORIGINAL (2015) AND REVISED (2017) FREE PUBLIC WI-FI PROJECT DESIGN**

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11 Section 11 of the law mandates that the DICT coordinate with the Inter-Agency Council Against Child Pornography to develop mechanisms to protect children against sexual abuse and exploitation online. This provision came out from the efforts of the Child Protection Project of the Australian Embassy and The Asia Foundation Partnership in the Philippines.
1. Reform must be transformative but feasible

The Better Broadband Alliance recognized that the legislative barriers to competition and an over-reliance on telecommunications infrastructure stood in the way of providing Internet access to unserved and underserved areas. Understanding the game-changing nature of satellite broadband, the legislative process, the appropriate policy recommendations, and the prevailing market environment were critical to introducing the reform.

2. Keep the message consistent

While Coalitions for Change (CfC) and the Better Broadband Alliance (BBA) applied several approaches to the broadband reform, the message remained the same. Decision-makers encountered satellite as the most viable solution to improving Internet service at every turn. Hence, even as the Executive Order fell by the wayside, the idea to shift to satellite technology stuck. This awareness helped the team move the reform quickly with the legislation when the time was ripe. Consistent messaging also has a ripple effect. BBA started the conversation about satellite broadband as alternative Internet technology. These days, the satellite option can be heard from different stakeholders, even those not directly engaged with the BBA.

3. Seize the moment

Time and circumstance were on the side of the CfC and the BBA: the new administration is interested in expanding Internet access. The team identified and maximized available opportunities to engage with various decision-makers. The team worked hard to ride the positive accord of the administration and the legislative bodies to achieve the change needed: reclassifying satellite as a value-added service.

Change can happen quickly if the reform has both technical and political soundness: the reform took only a year from the introduction to actual implementation.

Lessons Learned

A few lessons from the Coalitions for Change and Better Broadband Alliance’s experience:

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Remote and never-before connected municipalities of Simunul, Tawi-Tawi and San Jose, Dinagat Islands were beneficiaries of the program. For the first time, citizens of these two rural fourth-class municipalities—with a population of about 30,000—accessed the Internet. Upon installation of the satellite broadband service, the regional DICT office boldly announced on Facebook, “[w]orld, prepare for what Tawi-Tawi can contribute to our Internet-fueled businesses.”

Internet access will likely provide these communities with more livelihood opportunities and up-to-date information on education, public health, transport, weather forecasts, and other useful areas of knowledge. Email, social media, and other forms of online communication will also enable these communities to interact with the rest of the world more easily. Of course, opening these remote areas to internet service are not without some important concerns. For one, support services should be established and maintained so that beneficiaries, especially those offering basic services, can maximize web connectivity. There is also the challenge of enforcing safeguards on online avenues for violent extremism, terrorism, and the exploitation of women and children.

Pipol Konek, the Free Public Wi-fi program, is flourishing and the government is signaling strong support: from an approved budget of Php 1.4 billion (AUD 35 million) in 2015, the program received Php 1.8 billion (AUD 45 million) in 2017. From the original target of 748 plazas in low-income municipalities, the program has been expanded to include public schools, public hospitals, transport terminals, and other public places.


By supporting the Better Broadband Alliance, Coalitions for Change contributed to increasing Internet access in rural areas in the Philippines. Armed with strong technical analysis and political capital that was earned through the years, the BBA identified and engaged reform-minded leaders in pushing the reform.

The successful change in policy did not come from a single source. Rather, it was from identifying an important policy reform and then testing various avenues among key players and decision-makers that made satellite technology a viable solution. CfC and the BBA worked to sustain the interest in the reform and rode the legislative momentum. Ultimately, their effort to maximize an existing government program paid off.

A couple of months after the law was passed in August 2017, the DICT began allowing smaller internet service providers (ISPs) to bid on, install, and operate the Wi-Fi access points (i.e. VSAT terminals) in public places, rather than relying solely on the duopoly. The ISPs can then ride the government’s Free Wi-Fi network to provide internet services to their other subscribers, separate from the government program. This partnership with smaller players in the private sector will need to be maintained for the Free Wi-Fi program to continue to proliferate and be sustainable. CfC is in the process of developing a baseline study to monitor the progress of Pipol Konek in various provinces.

The promise to provide internet access to all Filipinos seems within reach, even for those in the remotest of places.
For More Information

Development Section (Governance)
The Australian Embassy – The Philippines
Tel: +63 (2) 757 8100
Email: manilagovernance@dfat.gov.au
Website: www.philippines.embassy.gov.au

The Asia Foundation - Philippines
Tel: +63 (2) 722 9999
Email: country.philippines.pmt@asiafoundation.org
Website: www.asiafoundation.org