

# Chapter 1

## Trade and Investment

### I. SITUATIONER

Investment and trade, among others, are essential to job creation. Modest investment spending is a key reason why unemployment has remained high at 11.4 percent.

Investment in the Philippines as a portion of gross domestic product (GDP) was 19.5 percent in 2003<sup>1</sup> and expected at 20.1 percent in 2004. Foreign investments have been slow in coming to the country. For example, the increase in foreign direct investment inflows from US\$1.43 billion in 2002 to US\$1.49 billion in 2003 was insignificant and did not reduce unemployment. This situation is a result of several factors, including the pull of investments towards China, weakening investor confidence due to concerns about fiscal sustainability, and structural problems such as peace and order and a weak infrastructure and logistics system. The latter, for example, has hampered the distribution of products.

Based on the World Competitiveness Report, the Philippines' ranking slid from 48 in 2001 to 56 in 2002 among the countries included in the Global Competitiveness Ranking (GCR). The high cost of doing business has hampered the competitiveness of the Philippines. Power costs are higher compared to China, Taipei, Korea, and Indonesia due to high distribution charges. (Philippine power rates, however, are lower than Singapore, Malaysia, Thailand, and India). At the same time, telephone and mobile phone charges were the highest among ASEAN member countries.<sup>2</sup>

Also, the limited government funding for infrastructure is adversely affecting the country's competitiveness. The Philippine infrastructure and capital outlay performance vis-à-vis other Asian countries is the lowest for the period 1998-2002, averaging a mere 3.3 percent of GDP. The poor quality of infrastructure is perennially cited as the main problem in the Philippines' global competitiveness.

Philippine exports also face stiff global competition as countries continually strive to improve their productivity and competitiveness. Exports (in dollar terms) grew by 2.4 percent in 2003 and 8.5 percent as of August 2004 while imports grew at 6.1 percent in 2003 and 6.9 percent as of July 2004.

While Philippine merchandise exports (in dollars) grew at an average of 19.2 percent in 1992-1997, export growth decelerated to 14.8 percent in 1998-2000 and further to -1.1 percent in 2001-2003. Philippine merchandise exports were affected by the meltdown in the IT sector in 2000. Exports have grown modestly in 2003 as global demand firmed up. The ADB's forecast of 8.5 percent growth of Philippine merchandise exports in 2004 is at par with Malaysia and five percentage points higher than Indonesia's, while Thailand and Singapore will post higher growth rates.

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<sup>1</sup> Source: *NEDA S-I Gap, computed using National Income Accounts data in 1985 constant prices*

<sup>2</sup> Source: *The 13<sup>th</sup> Survey of Investment-Related Cost and Comparison in Major Cities and regions in Asia, March 2003*

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The global economy, especially our major trading partners like the United States and Japan, is showing signs of recovery. China's strong growth is becoming a driving force for countries in the East Asia Pacific region.

We must seize these opportunities. We must expand our market shares and attract more foreign investments.

**Table 1-1 Comparative Export Growth of Selected Countries**

	1992-1997	1998-2000	2001-2003	2004 Outlook*	
				As of Apr	As of Oct
China	17.3	11.5	21.3	15.0	22.0
Hong Kong	11.5	2.3	3.7	6.8	7.0
Taiwan	9.5	7.4	-0.1	8.0	16.2
India	20	8.4	10.7	16.1	20.9
Vietnam	28.2	16.9	10.1	12.0	16.3
ASEAN					
Philippines	19.2	14.8	-1.1	8.5	10.0
Malaysia	15.4	8.9	2.6	8.6	14.6
Thailand	16.8	6.7	5.4	14.0	20.0
Indonesia	10.7	6.2	-0.6	3.5	3.5
Singapore	10.8	3.5	2.4	12.2	15.0

Source: ADB-ARIC, ADB Key Indicators 2003 & 2004

\* ADB Development Outlook 2004 updates

## II. GOALS, STRATEGIES AND ACTION PLANS

### A. Targets

Investment rate is targeted to increase from 19 percent to 28 percent of GDP as a result of increased investment promotion activities. Increased spending on public infrastructure by PhP100 billion shall be pursued through greater private sector investments. Exports of goods and services are targeted to increase from US\$39 billion to US\$50 billion in two years or a minimum growth of 10 percent every year as the government focuses on priority areas such as ICT, automotive, electronics, mining, health care, and tourism. These are where the country has comparative advantage because of its human resources and geographic location and the revitalization of the power, airlines, and shipping industries.

The government will strengthen its program to support three million entrepreneurs and small and medium enterprises (SMEs) by providing credit, technology, and marketing assistance. Loans to self-employed small business owners will be tripled.

### B. Strategic Measures

To strengthen and sustain our global competitiveness and create 10 million jobs, the government will focus on five strategic measures:

1. Make food plentiful at reasonable prices to make our labor cost globally competitive (Chapter 2: Agribusiness).
2. Reduce the cost of electricity to make the cost of running our machines and our manufacturing processes regionally competitive (Chapter 11: Power Sector Reforms).

3. Modernize the physical infrastructure and logistics system at least cost to ensure efficient movement of goods and people (Chapter 6: Infrastructure).
4. Mobilize and disseminate knowledge to upgrade our technologies and increase our people's productivity (Chapter 19: Science and Technology).
5. Reduce red tape in all government agencies to reduce transaction costs (Chapter 21: Anti-Corruption).

**C. Job Creation Thrusts**

**Job creation shall focus on the following:**

1. High skill industries and services, namely, software, business processing outsourcing or BPO, contact centers, fashion garments, jewelry, medical services, automotive, electronics, health care;
2. Medium skill industries and services, namely, agribusiness (Chapter 2), mining (Chapter 3), tourism (Chapter 5), hotels and restaurants, entertainment; and
3. Simple skill industries and services such as construction, SMEs, micro-enterprise.

**D. Policy Objectives**

1. Promote investments in agribusiness.
2. Promote entrepreneurship and SME development.
3. Promote energy independence and savings.
4. Promote investments in infrastructure.
5. Promote investments in exports.

**E. Action Plan**

**1. Agribusiness** (Chapter 2)

**2. Entrepreneurship**

Micro, small and medium enterprises (MSMEs) play a significant role in our country's development. In 2001, MSMEs accounted for 99.6 percent of the country's total business enterprises (811,589) and generated a 69.1 percent share of total employment. While SMEs provide more jobs compared to large enterprises, they however, contribute only 32 percent of value added.

- a. Provide credit, technology and marketing support for three million MSMEs; and
- b. Empower existing SMEs to generate additional employment through increased lending and promotion of Big Brother-Small Brother program.

The SME Development Plan shall be implemented and the twin strategies of credit provision and product development shall be pursued. To triple loans to SMEs, access to various sources of financing shall be improved through the enhanced SULONG Program. The overall cumulative target of government financing institutions (GFIs) involved in the SULONG Program is expected to reach PhP 309.98 billion by 2010 from a base of PhP24 billion in 2004.

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On a yearly basis, target loans shall be PhP24 billion in 2004; PhP28.80 billion in 2005; PhP34.56 billion in 2006; PhP41.47 in 2007; PhP49.77 in 2008; PhP59.72 billion in 2009; and PhP71.66 billion in 2010.

The participation of private financial institutions to promote and comply with the mandatory lending quota to SMEs shall be further encouraged. The legal impediments to the establishment of an SME Credit Bureau shall be removed. The establishment of an SME credit rating/scoring system shall be fast-tracked. The implementation and operation of the SME Capital Market shall be strengthened and venture capital financing shall be promoted.

**Table 1-2 Targets to Triple SME Loans by 2010**

Period	2004	2005	2006	2007	2008	2009	2010	Cumulative
Overall target	24.00	28.80	34.56	41.47	49.77	59.72	71.66	309.98
Projected total		29.16	33.39	38.00	43.17	48.93	55.37	
DBP	9.00	9.90	10.89	11.98	13.18	14.49	15.94	85.38
LANDBANK	9.00	9.90	10.89	11.98	13.18	14.49	15.94	85.38
NLSF	0.80	0.96	1.15	1.38	1.66	1.99	2.39	10.33
PHIL EXIM	1.20	1.44	1.73	2.07	2.49	2.99	3.58	15.50
SB. Corp.	2.50	3.60	4.32	5.18	6.22	7.47	8.96	38.25
QUEDANCOR	2.50	3.16	4.01	4.80	5.65	6.50	7.35	38.97
SSS	0.10	0.20	0.40	0.60	0.80	1.00	1.20	4.30
Total including GSIS							55.37	273.12
GSIS*		1.00	1.20	1.44	1.73	2.07	2.49	9.93
Total including GSIS							57.85	283.05

Notes:

*Fixed annual growth rate of 20% at P24 billion base except for DBP, LBP and Quedancor*

*Assume GSIS can be tapped to support SULONG*

The One Town-One Product (OTOP) Program shall be implemented. This involves the development and promotion of a product or service where a town has competitive advantage. The OTOP interventions include: provision of a comprehensive package of assistance to MSMEs and OFWs through a convergence of services by LGUs, NGAs and private sector in product/design development, skills and entrepreneurial training, marketing assistance and introduction of appropriate technologies. OTOP also promotes the Big Enterprise-Small Enterprise Program as a source of technology and market, ensures sustainability of the MSME through the industry clustering approach by capitalizing on complementation among towns within a province or a region. Technology based entrepreneurship shall be encouraged and supported (Chapter 19: Science and Technology).

c. Tap returning OFWs as sources of capital;

OFWs shall be tapped to invest in micro and small income-generating projects and activities. The remittance profiling survey project for efficient remittance data collection shall be pushed. The evaluation of the Livelihood Development Program for OFWs (LDPO) shall be immediately implemented. Partnerships/linkages with other formal remittance channels (e.g., foreign banks and money couriers) shall be established. The government with support from the private sector will conduct a massive information campaign, through trimedia, Presidential foreign trips, consultations, dialogues and symposia to encourage OFWs/migrant to invest in SMEs, use formal channels of remittance and save in banks particularly in GFIs. The SME Development Plan will include OFW utilization to establish a clear and well-defined working relationship between Department of Trade and Industry (DTI) as support provider for OFW/SMEs and OWWA as caretaker of OFWs. The use of

formal channels for remittances will be promoted through incentive programs such as higher than prevailing interest rate in the market and other similar services offered by the informal network. The possible expansion of the formal banking branch network shall be studied to effectively link overseas workers with the remittance receiving families. Issuance of OFW bonds as savings and investments shall be explored. The SME Guidance Program shall continue its lending operations and venture capital funds and implement and expand the web-based marketing of SME receivables.

- d. Continue product development as part of technology support (Part 4, Chapter 2);
- e. Provide an environment conducive to MSME development.

The documentary requirements and processing time for registering BMBEs will be simplified and reduced. The Philippine Business Registry System will serve as platform for one-stop centers to facilitate business registration and harmonize government frontline services delivery. An on-line Investment Registration and Monitoring System and Business Action Centers — where a comprehensive package of assistance to businessmen/entrepreneurs will be housed under one roof, shall be set up nationwide.

To spur the development of MSMEs, access to information on business opportunities, available raw materials, available sources of funds and latest technologies including product design shall be facilitated. LGUs shall be encouraged and supported in the establishment of SME Centers. Entrepreneurial culture will be developed and promoted by incorporating entrepreneurship in the educational curriculum (Chapter 18). Labor productivity shall be enhanced and industrial peace promoted to ensure amiable relations between firms and workers (Chapter 9).

Local government units (LGUs) shall implement city development strategies such as city investment promotion, problem-solving activities as well as the Bayanihan Savings Replication Project and the One Cluster-One Vision Project.

### **3. Energy** (Part 2)

### **4. Infrastructure** (Chapter 6)

### **5. Investments**

To sustain and generate investments, aggressive promotion campaigns shall be pursued especially in the identified priority areas that will support the country's job creation thrusts. Focused investment promotion in priority markets (e.g. US, Europe, Japan, Taiwan and Singapore) for the retention, expansion and diversification of existing investments shall be undertaken in cooperation with major foreign companies operating in the Philippines and other partners (e.g. foreign embassies, business chambers and associations, international organizations, etc.).

- a. Draw up a more focused incentives package with focus on priority areas:
  - Information Technology and IT-enabled Services Sector (See Item 7)
  - Automotive

The active participation of Philippine assemblers and parts producers in the ASEAN Industrial Cooperation (AICO) Scheme will be promoted and investments in automotive parts and components production for exports will be encouraged. The Board of Investments (BOI) and Philippine Exports Zone Authority (PEZA) shall work with the Bureau of Customs (BOC) for the implementation of policy and administrative reforms towards facilitating import and export transactions by automotive assemblers and parts and components manufacturers. The Auto Parts Industry Roadmap shall be implemented. A Center of Excellence that will support the development of the motor vehicle industry in terms of research and development (R&D), technology scanning, selection and adoption, provision of incubation program and extending facilities for SMEs in parts development will be established.

- Electronics

The value-chain structure of the industry will be strengthened to help promote high value added activities and improve the R&D and design and testing capability of the industry. The industry and academe will initiate the establishment and operation of a Center of Excellence that will provide facilities and training programs for skills development, technological upgrading, R&D and other productivity enhancement. It will also serve as a convergence center for industry leaders to keep the industry in pace with global technological advancements. The engineering curricula will be geared towards producing graduates with knowledge and skills responsive and relevant to the requirements of the industry. Global leaders in the electronics manufacturing services (EMS) and allied and support service-enterprises will be encouraged to locate in the Philippine to strengthen the industry supply chain and increase local value added. The procedures and requirements to encourage and facilitate business transactions between export-producers (particularly those operating inside economic zones) and local enterprises towards increasing local value-added will be simplified.

- Mining (Chapter 3)

The Mineral Action Plan shall be implemented.

- Healthcare and wellness

Foreign investments for the establishment of medical zones that will target foreigners as primary patients/clients will be promoted. The necessary policy and administrative reforms to facilitate entry and practice of foreign medical specialists in designated medical zones shall be looked into. The DOT in coordination with Philippine and foreign tour operators will promote and arrange tour packages aimed at developing a competitive medical tourism program for overseas corporate clients. The establishment and operation of retirement villages, whose foreign residents shall also serve as clients of the medical zones, shall be encouraged and supported to create jobs for Filipino doctors, nurses, caregivers and other workers and generate other business opportunities. Target sources of investments and clients are Japan, Korea, Taiwan, Pacific Islands, and Singapore.

- Tourism (Chapter 5)
- Shipbuilding

Investments in the establishment of additional shipbuilding/ship repair capacities in the country for the production of ocean-going vessels, bulk-carriers, inter-island ships/ferries and catamarans for export and domestic shipping shall be encouraged and supported. The customer base shall be expanded through leveraged selling missions and business matching facilities. The Philippine Navy shall continue its collaboration program with the shipbuilding industry.

- Fashion garments (wearables)

The government will encourage investments in fashion garments to accelerate development of Philippine brands, franchising networks, fashion trend products and fashion forecast centers. The vertical specialization and vertical integration of manufacturing and service facilities between existing garment manufacturer and textile milling companies will be accelerated by providing financing assistance, management services, skills training and enabling legislation. The customer base shall be expanded through leveraged selling missions and business matching facilities.

- Jewelry

Investments in jewelry to develop products for middle- to high-end market shall be encouraged. Local manufacturers will be encouraged to diversify to fall and winter accessories for costume jewelry and expand to contemporary silver jewelry line. Programs envisioned to build and strengthen local institutions under specific legislations (e.g. Jewelry Industry Act) shall be implemented. Industry competitiveness shall be enhanced through design consultation programs and design competitions.

- Agribusiness (Food) (Chapter 2)

b. Simplify Investment Registration Procedures

Ongoing efforts to further simplify procedures and requirements in registering investments will be continued. These include reducing the documentary requirements, processing time, steps and fees as well as the issuance of various certifications. There shall be a nationwide implementation of on-line registration and monitoring of investments.

## **6. Exports**

To attain the US\$50 billion export target by 2006, the industry shall move toward expanding the export base by tapping new markets, developing more competitive export products and services and maximizing opportunities through bilateral and multilateral agreements. Toward this direction, the following activities shall be undertaken:

- a. Maximize exports and investment opportunities offered by trade agreements;

The Philippines will continue to participate in and conclude various international trading arrangements, among others, the Japan-Philippines Economic Partnership Agreement (JPEPA), the

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ASEAN Priority Integration Program (PIP) and the ASEAN-China Free Trade Area under the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the People's Republic of China.

Discussions on economic cooperation initiatives through the Asia-Europe Meeting (ASEM) will be continued while pursuing aggressively the European market. Possible trade agreements with other major trading partners including the US, Taiwan, South Korea, India, Canada, and Australia-New Zealand will be initiated. Studies to identify advantages and disadvantages of these agreements shall be conducted in consultation with various stakeholders.

Development programs and activities in Mindanao and Palawan aimed at taking advantage of trade and other opportunities in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) will be pursued. The external trade and marketing activities from Mindanao and Palawan to focus areas in BIMP-EAGA and its ASEAN Dialogue partners such as China, Japan, Korea, India and Australia shall be promoted and intensified. SME development activities in Mindanao and Palawan shall be coordinated and integrated to enhance trade in BIMP-EAGA. Technical assistance will be provided to facilitate and enhance Philippine participation in BIMP-EAGA activities. The Mindanao and BIMP-EAGA database will be updated and maintained.

- b. Pursue a market-driven strategy that will link our supply capacity closer to the high-impact markets

Export promotion will focus on the following priority markets: US, China and Hong Kong, Japan, ASEAN, European Union, Taiwan, Australia-New Zealand, South Korea, India, Canada, United Arab Emirates and Kingdom of Saudi Arabia. The Philippine Export Development Plan (PEDP) for 2005-2007 will elaborate on this.

A market-driven export promotion campaign will be undertaken for the following Philippine export products/services in addition to the priority areas where investments will be promoted.

- (i) Marine Products:
  - Advocate compliance with standards for fresh and marine products;
  - Embark on an intensive marketing promotions of value-added marine products through informational campaign and participation in trade shows;
  - Promote product development for seaweed and carageenan;
  - Promote branding of Philippine marine products as quality products through country of origin logo;
  - Pursue bilateral fisheries agreements to gain market access to fishing grounds for tuna and to reduce tariff and nontariff barriers to marine products; and
  - Promote new investments in cold storage facilities to assure continuous supply of fresh and frozen marine products.
- (ii) Construction Materials/Services:
  - Tap well-known construction consultants in promoting construction materials and construction contracting services;
  - Strengthen existing construction industry associations;
  - Encourage local contractors to undertake overseas projects by providing appropriate incentives; and

- Promote compliance with internationally-recognized products and services standards to ensure that construction materials are globally competitive in quality.
- (iii) Gifts, Toys, Housewares and Holiday Decors
- Continue providing technical assistance to private entrepreneurs and product development to keep them in pace with trends in world markets; and
  - Participate in key international trade fairs and undertake trade missions to important target markets to promote Philippine products.
- (iv) Home Furnishings
- Continue experimentation and R&D on new materials and material application;
  - Promote investments in the metalworking and plastics sectors for the production of parts and components of home furnishings and furnitures;
  - Set up special international events through trade fairs and selling missions;
  - Support a National Country Imaging Program to sustain promotional strategies and market share;
  - Establish aggressive market intelligence network for primary and emerging markets; and
  - Provide integrated development assistance to improve production efficiency.
- (v) Logistics Services
- Focus on investment promotions to make RP the prime logistics hub in Asia; and
  - Develop Clark-Subic as the best logistics and service hub in the region (Chapter 6).
- c. Simplify export and import procedures and facilitation

The import and export documentation and clearance procedures will be automated to improve efficiency, transparency and accountability. Unnecessary administrative and legal barriers that hamper semiconductor and electronics exports will be dismantled. An electronic business facilitation platform will be developed to facilitate business matching and eventually, export transactions. The One Stop Export Documentation Center will be strengthened. The Automated Export Documentation System shall continue to be implemented. The manufacturing warehouse liquidation system shall be implemented.

- d. Maintain existing and develop more competitive export products and services and diversify markets

The US\$150 billion Halal market will be tapped using the United Arab Emirates and Kingdom of Saudi Arabia as gateways. Philippine food products shall be exported to areas with significant OFW presence.

Product standards will be aligned with international standards. The government shall maintain its membership with the Pacific Accreditation Cooperation and International Accreditation Scheme for Quality Management System (QMS) to ensure international recognition of Philippine QMS certificates. Likewise, it shall pursue participation and negotiation of bilateral/multilateral recognition arrangements on conformity assessment activities (testing, certification, etc. especially on products that are regulated by foreign countries).

The country shall intensify commercial intelligence to cover market information, competitor intelligence and potential and existing barriers to Philippine exports. In areas where there are no trade posts but are potential markets, the diplomatic mission shall conduct trade promotion and commercial intelligence.

e. **Legislative Agenda**

As part of the SULONG program, and to further promote entrepreneurship, the amendment to the Magna Carta for SMEs (RA 6977 as amended by RA 8289) shall be pushed. To simplify and streamline import and export procedures, the Export Development Act shall be amended. Presidential Decree (PD) 930 which simplifies export procedures by realigning functions of certain government offices/agencies involved in processing export documents shall be repealed. Likewise, Executive Order (EO) 1016 withdrew the inspection, commodity and export clearance requirements on Philippine exports shall be repealed. The amendment of EO 226 or the Omnibus Investment Code of 1987 shall be pursued to rationalize the investment incentive system (Chapter 7).

**7. Information and Communications Technology (ICT)**

The Philippines faces a massive task of adjustment and catch-up to derive the most from ICT. Hence, the need to further develop and enlarge the ICT sector in order to take advantage of the skill level, availability and comparative costs of the country's technical skilled manpower (Chapter 18 and Chapter 19). Developments in ICT offer vast opportunities for the country, especially in shared services or back-office operations, animation and software development and technical support.

McKinsey and Company recently identified 11 white-collar services — with an estimated demand worth US\$180 billion by 2010 — that the mature economies can profitably outsource, and which the Philippines is well positioned to supply. Through the information highway, Filipinos can help reduce the overhead cost of service industry multinationals without their going overseas.

The possibility of generating wealth from high-end technology (Chapter 1) must be continuously explored, with new emphasis on biotechnology (Chapter 19), as part of the program to build a knowledge economy.

Hence, for the Philippines to become an active player in the global knowledge economy, the government, in close partnership with the private sector, including civil society, shall harness the full potentials of information and communications technology (ICT), especially in bringing investments into the country.

This can be done through the following:

a. **Draw up a more competitive incentives package**

To further attract investors, more competitive incentives package with focus on ICT shall be made available. Existing or new investment incentives package will be rationalized to attract more ICT businesses and other long-term direct investors and locate their operations in the country.

b. **Improve ICT manpower**

For the five priority areas for ICT services (Contact Centers, Animation and Software Development, Medical Transcription, Business Process Outsourcing, Engineering and Design Services), the industry shall establish a human resource development program to ensure a steady supply and adequate pool of qualified IT executives and workers.

- Math and Science curriculum in the primary, secondary and tertiary levels shall be enhanced.
- Industry-academe initiatives in increasing number of MS and PhD graduates in Math, Engineering and Computer Science courses shall be encouraged.
- State universities and colleges, private universities and technical-vocational institutions shall offer specialized ICT degree programs and shall include specialized ICT courses in their curricula.
- Internationally recognized ICT certification programs for individuals/professionals and organizations/institutions shall also be implemented. Software enterprises will be encouraged to acquire Capability Maturity Model Integration (CMMI) certification to enhance marketability. (Chapter 6 and Chapter 18).

c. Conduct investment promotions and foreign missions

An aggressive ICT-focused investment promotion program shall be undertaken for the five priority ICT services, while trade attaches and foreign service officers assigned abroad will be tapped for these investment promotion activities. Active participation in trade fairs, expositions, e-services fora, and job fairs in and outside the country shall be encouraged and regular ICT investment promotion missions shall be conducted.

d. Legislative actions/recommendations

In support of these efforts to promote the country as a global knowledge player and ICT services provider, the government will undertake the necessary legal and regulatory reforms.

- The Department of Information and Communications Technology (DICT) shall be created to ensure effective coordination and implementation of the national ICT agenda. The proposed DICT shall be the primary policy, planning, coordinating, implementing, and administrative entity of the executive branch of the government responsible for the promotion and development of the country's ICT industry.
- The National Telecommunication Commission (NTC) shall be transformed as an independent regulatory body, with the commission members given a fixed term of office to insulate them from political and other outside pressures, and equipped with clearly defined mandates and the necessary resources to effectively carry out their decisions.
- The government will continue to exploit the use of ICT as a tool to improve access to and delivery of government services. This effort shall be supported by enacting supporting laws and policies such as the institutionalization of the e-Government Fund to meet the requirements of major ICT projects of the government.

- A National Information Security Plan shall be developed and adopted by 2005, which shall lead to the enactment of a Network Information Security and Privacy law. This shall be pursued to develop a trustworthy legal environment that ensures privacy of data and other information, resulting in higher trust and confidence in the Philippine ICT environment.
- Security measures will be implemented to protect the integrity of the digital infrastructure networks, information and communications, including commercial, official and personal transactions. A Cybercrime and Cyberfraud Prevention law shall provide the legal basis for enforcing security measures and protecting the general public interest.
- A Freedom of Information law shall provide clear guidelines on: (1) public access to government data; (2) sharing and exchange of information among government agencies; and (3) the use of information obtained under this law by the recipient-government agency or private sector.