



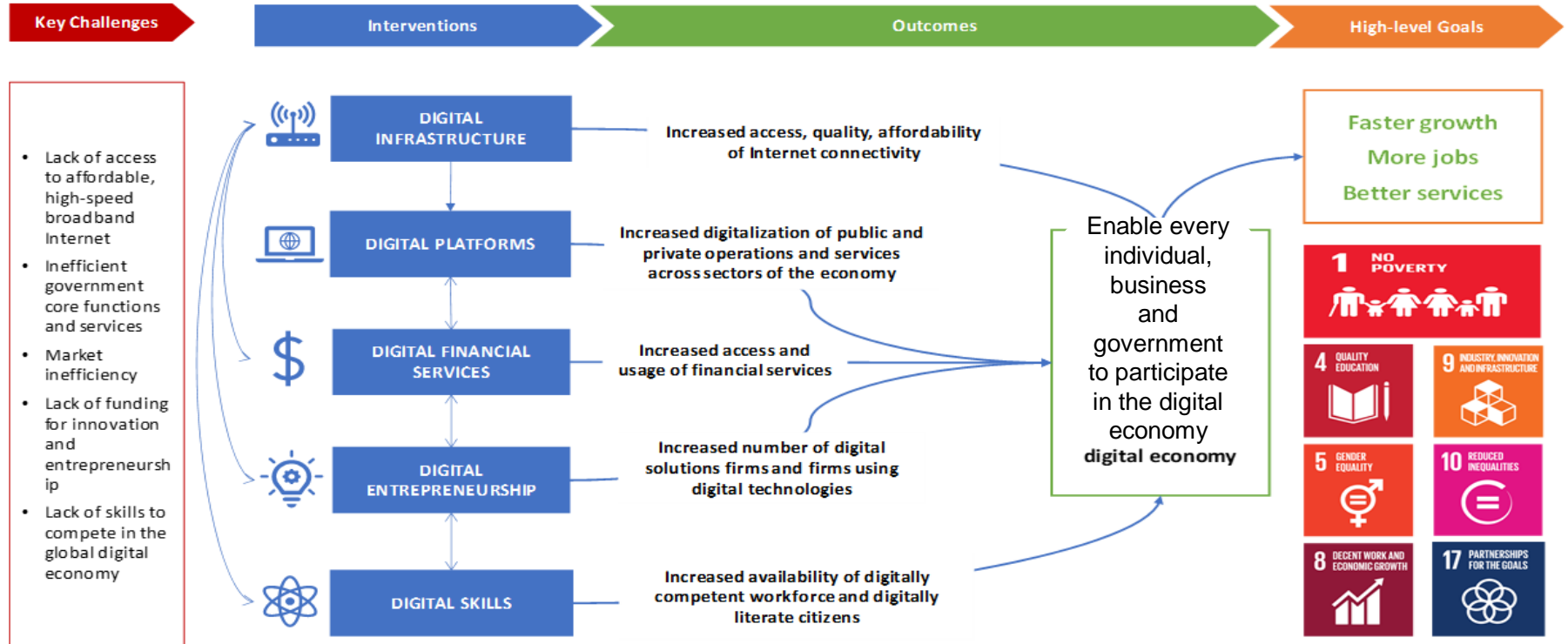
WORLD BANK GROUP

Digital connectivity in the Philippines and ASEAN: key challenges

Natasha Beschorner
Senior Digital Development Specialist

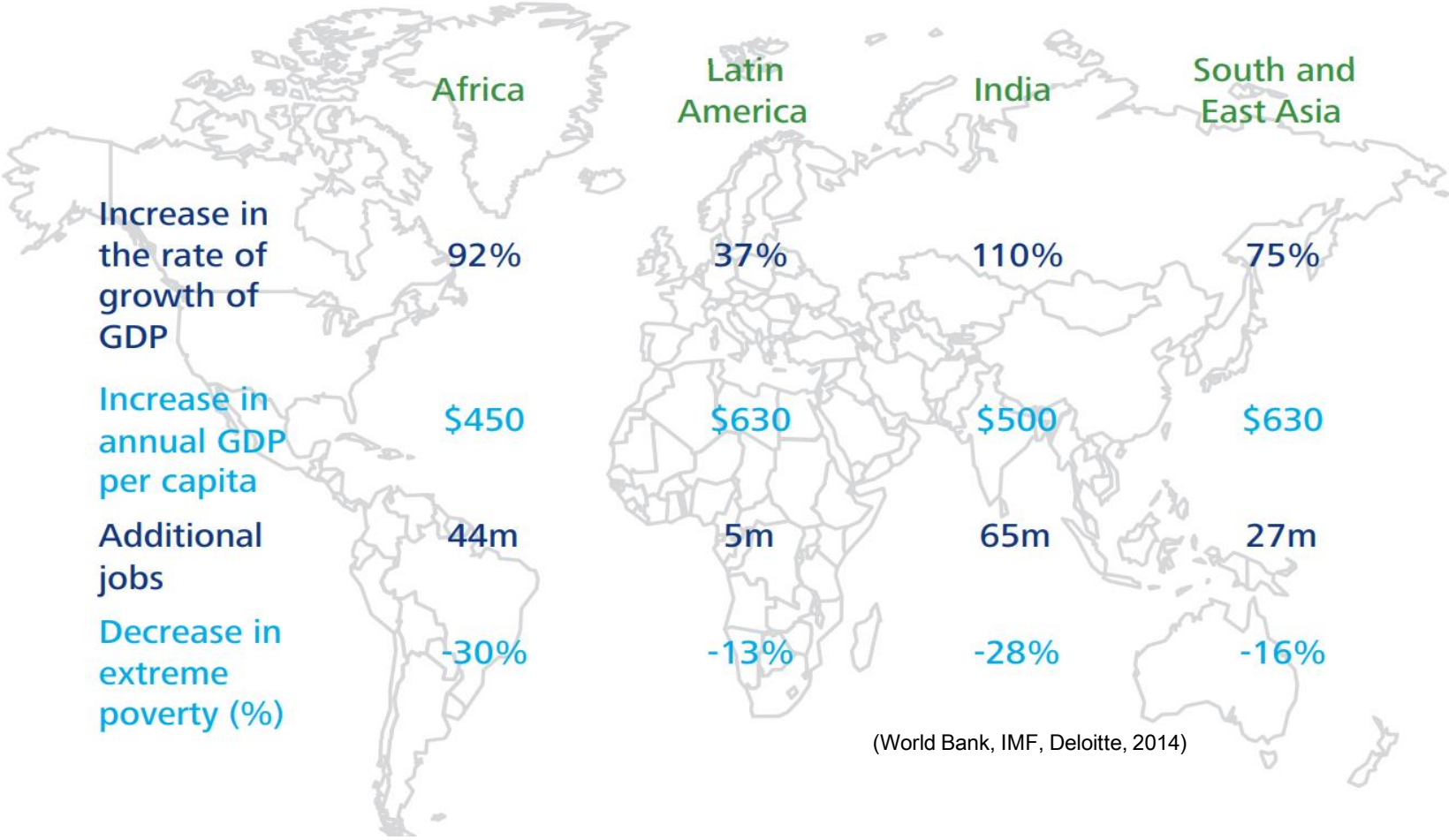
Digital transformation

Moving towards the implementation phase.



Digital Infrastructure is a Good Investment.

Economic impacts of extending internet penetration by region



(World Bank, IMF, Deloitte, 2014)

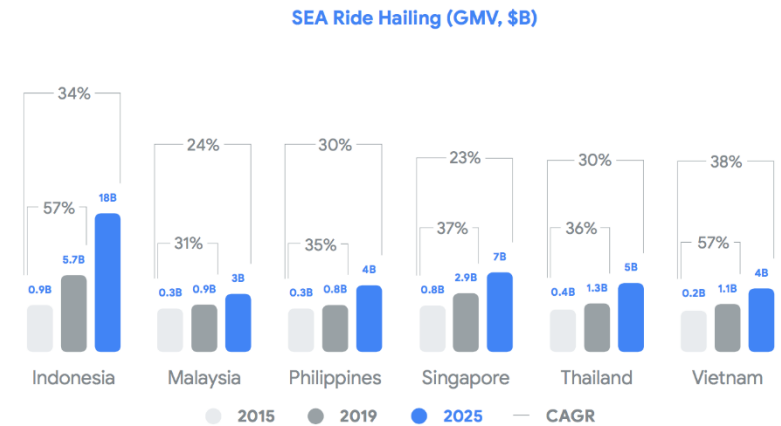
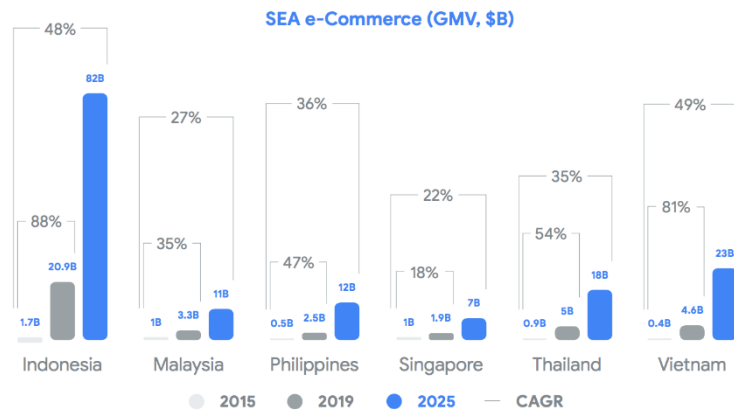
Affordable and reliable connectivity is essential for digital platforms, in the public and private sector

Enabling Environment	Government Platforms	Private Sector Platforms
Policies & Regulations	Digital Identity	Digital Payments
Systems & Infrastructure	Digital Financial Management	Digital Commerce
Standards & Protocols	Digital Taxation	Digital Marketplaces
Skills & Capacity Building	Additional Applications	Additional Applications

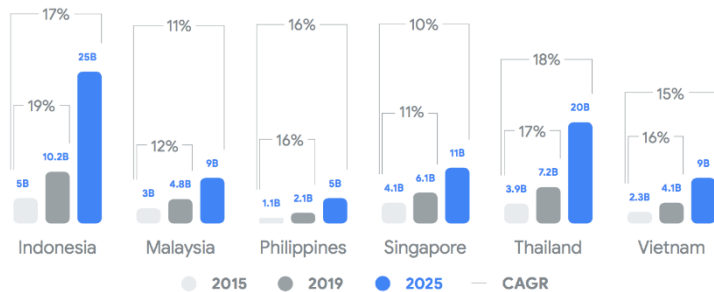


Platforms: Digital systems that facilitate exchange of information between multiple users, improving service delivery and coverage for both public and private sector services

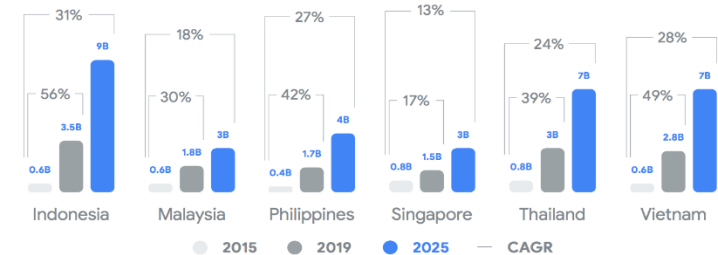
Southeast Asia's digital economy has been expanding rapidly on the back of improved connectivity



SEA Online Travel (GMV, \$B)



SEA Online Media (GMV, \$B)

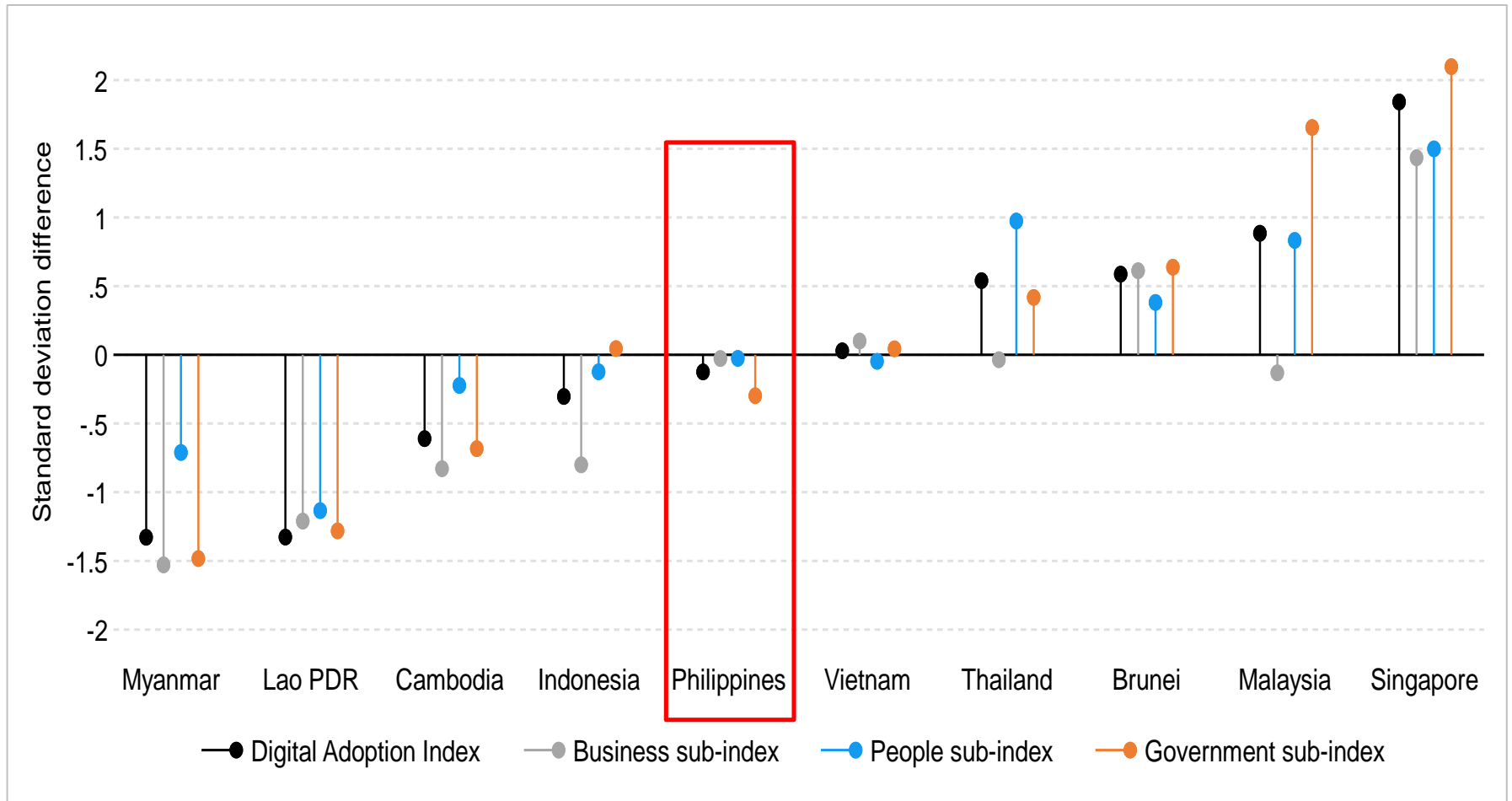


GMV: Gross Merchandise Value; CAGR: Compounded Annual Growth Rate

GMV: Gross Merchandise Value; CAGR: Compounded Annual Growth Rate

e-Conomy SEA 2019 (Google, Temasek, Bain & Company)

But digital adoption varies across Southeast Asian economies... *Philippines needs to accelerate*



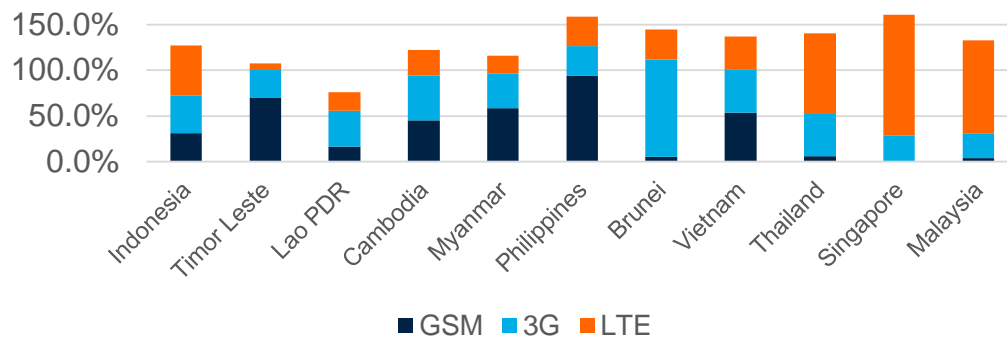
Source: World Bank 2018.

Despite progress, the Philippines faces a continuing digital divide

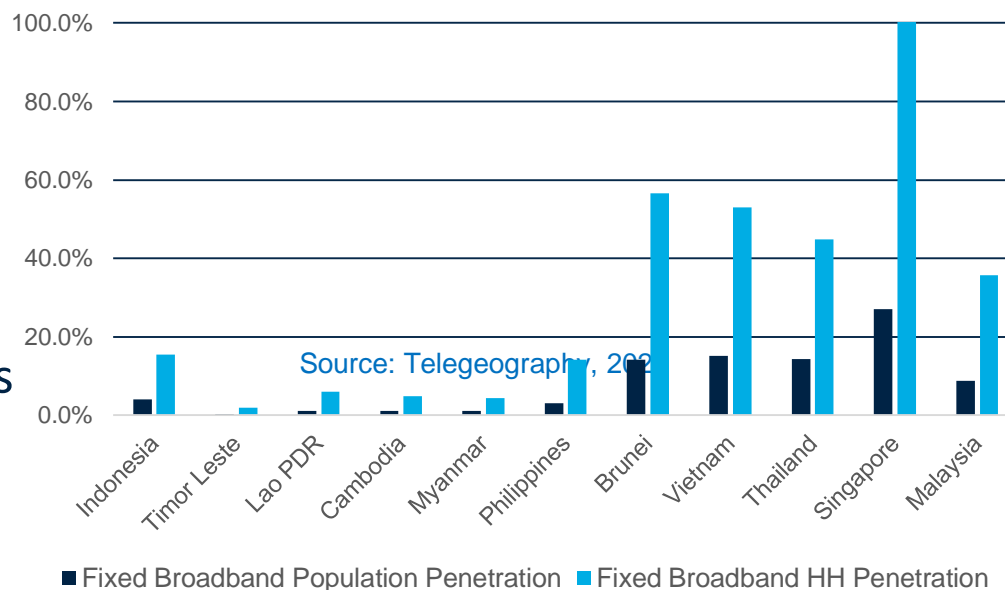
Across ASEAN around 50% of people still lack fast, cheap, reliable quality internet services

- **The global pandemic is boosting demand for e-commerce, online health and education**
- **Mobile broadband penetration is increasing but 4G needs to accelerate**
 - The majority of users access the internet through mobile devices. Mobile broadband is important for both households and businesses esp. SMEs
- **5G mobile transition is approaching**
- **Fixed broadband is relatively low:**
 - Fixed broadband access is essential for data-intensive transactions and very important for business, government, schools and health care facilities.

ASEAN Mobile penetration per technology % population (2019 Q3)



ASEAN Fixed broadband penetration % population (2019 Q3)



Source: Telegeography, 2020

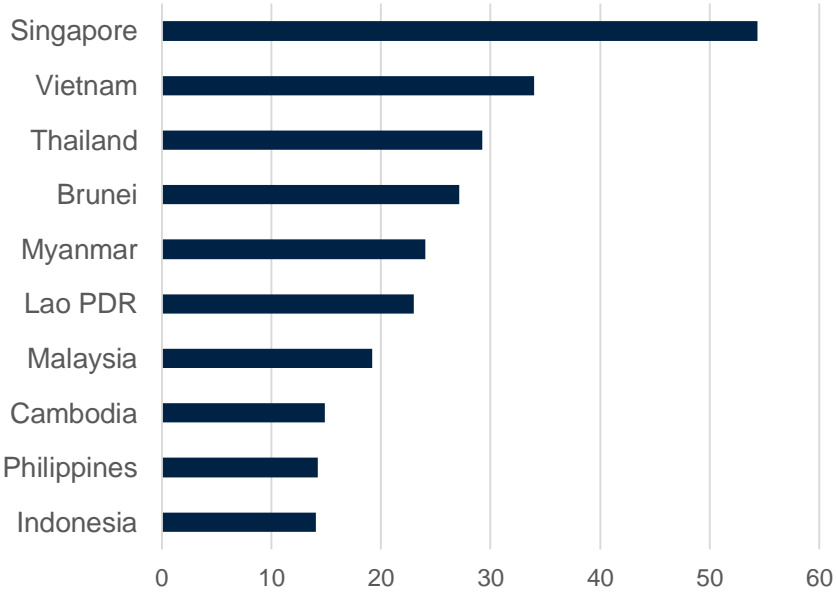
...impacting growth, competitiveness and service delivery prospects

Philippines vs ASEAN benchmarking

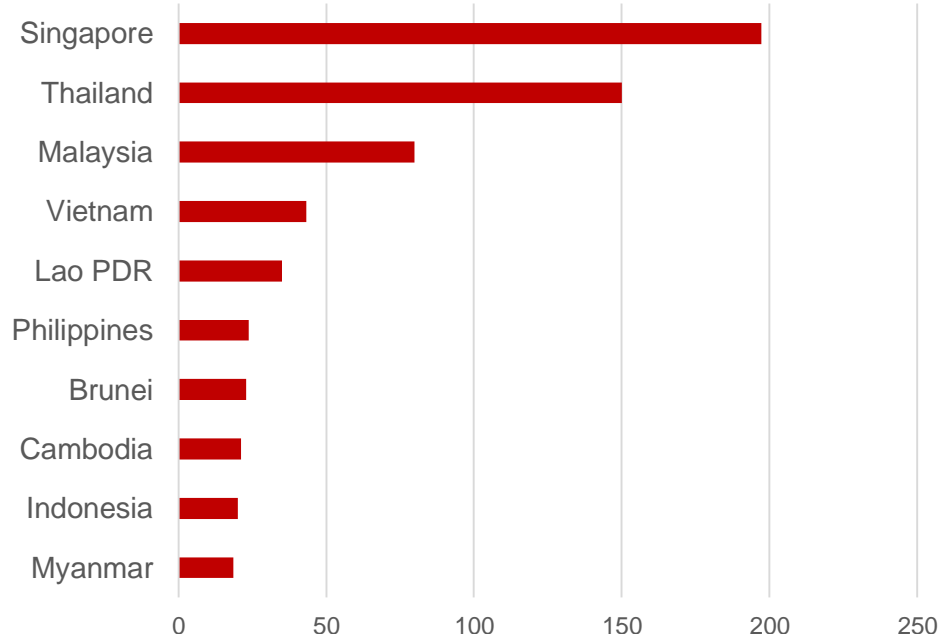
	Philippines	ASEAN
Share of population which are active broadband subscribers	70%	88%
4G/LTE mobile broadband network coverage	72%	82%
Share of population which are fixed broadband subscribers	4%	10%
3G/4G mobile average download speed	7Mbps	13Mbps
Fixed broadband average download speed	26Mbps	59Mbps

The Philippines also lags other middle income ASEAN economies in terms of internet quality of service

Mobile Broadband Throughput (Mbps)



Fixed Broadband Throughput (Mbps)



The “digital divide” is significant

- In 2018, the United Nations Broadband Commission reported that about 40% of the Philippines’ total population million and about 57% of the country’s 23 million households did not have internet access
- All of these factors impact potential for e-commerce, e-government, online health and education services



Note: Green dots indicate strong cellular signal, red indicates weak signal.

Addressing the access and quality gaps

- ***Lower barriers to market entry*** by easing the restrictions on foreign ownership of equity in telecommunications and broadband networks: amending the Public Service Act and the Public Telecommunications Policy Act, and by passing the Open Access in Data Transmission bill.
- ***Make more spectrum available for Internet connectivity.*** Spectrum management reform would entail amending the Radio Control Law and/or the Public Telecoms Policy Act, and by passing the Open Access in Data Transmission bill, including the guidelines that will clarify the powers and functions of the NTC in terms of spectrum assignment, recall, and reassignment.
- ***Maintain fair and level playing field for operators:*** consistent service obligations for all service providers

Addressing the access and quality gaps

- ***Fast-track and lower the cost of deploying broadband infrastructure*** through infrastructure sharing policies that address: (a) the use of government assets (submarine cable, NGCP dark fiber); (b) use of existing infrastructure across sectors such as roads, railways, electricity transmission; and (c) coordinated build for a shared utility corridor.
- ***Encourage more private sector infrastructure sharing:*** proposed Open Access in Data Transmission Act, new Common Tower Policy (June 2020), pole sharing, and access to ducts.
- ***Streamline permit requirements*** for network deployment and *rationalize fees* imposed by various national and local government agencies, as well as private sector association (JMC)

World Bank Engagement: the “CHIP” Framework for East Asia & Pacific

Leveraging technology for inclusive development:
faster growth, more jobs and better service delivery

Connect

Build digital foundations and enablers (digital ID, digital payments, data analytics, etc.) and ensure system compatibility.

Harness

Invest in analog complements: regulations, skills/literacy, and leadership and institutions

Innovate

Create and expand new economy services, business models, digital entrepreneurs and e-government

Protect

Mitigate risks: cybersecurity and privacy, misinformation, inequality of opportunities, automation and digital monopoly

Digital Development

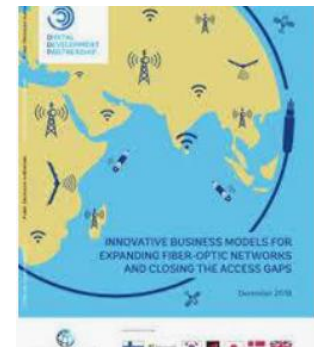
The World Bank provides knowledge and financing to help close the global digital divide, and make sure countries can take full advantage of the ongoing Digital Development revolution.

Thank you

nbeschorner@worldbank.org

<https://www.worldbank.org/en/topic/digitaldevelopment>

<http://documents1.worldbank.org/curated/en/674601544534500678/pdf/Main-Report.pdf>



WORLD BANK GROUP