

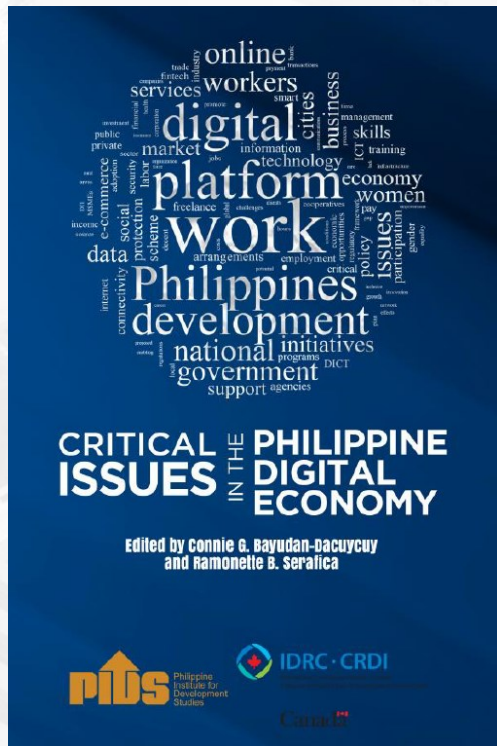


Response to PIDS' Virtual Book: "Critical Issues in the Philippine Digital Economy"

**Department of Information and Communications Technology
Republic of the Philippines**

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Director IV, ICT Industry Development Bureau**

CRITICAL ISSUES IN THE PHILIPPINE DIGITAL ECONOMY



Infrastructure and
Connectivity



Digital Literacy/Skills



Cybersecurity and
Data Privacy



Partnerships and Multi-level
Government Support

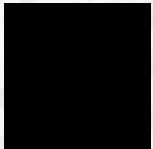
PERTINENT STRATEGICAL UPDATES



Enhancement and/or Development of Frameworks and Roadmaps for the ICT Industries and Sectors



Recalibration of the Department's Thrusts vis-a-vis the rapidly progressing digital landscape



Decentralization of efforts and boosting countryside development for holistic economic growth

OLD FRAMEWORK:



NEW FRAMEWORKS AND ROADMAPS

- Philippine Development Agenda 2022
- Innovative Startup Act of 2019 (RA 11337)
- Philippine Creative Industries Development Act (RA 11904)
- IT-BPM Industry Roadmap 2028
- Skills Future Singapore
- Digital Workforce Competitiveness Law (RA 11927)
- Philippine Innovation Act of 2019 (RA 11293)
- Global Startup Ecosystem Report 2022
- Global Innovation Index 2022

DIGITAL ECONOMY AS A MAJOR CONTRIBUTOR TO THE NATIONAL ECONOMY



Table 1. Contribution of the digital economy

	2018	2019	2020	2021
GVA, digital economy (in million PHP)*	1,842,860	1,955,281	1,734,794	1,869,548
GDP (in million PHP)**	18,265,190	19,517,863	1,7951,574	19,410,568
Share of the digital economy to GDP, %	10	10	10	10
Employment, digital economy (in thousand)*	5,542	5,645	5,010	5,592
Total employment, 15 years old and above (in thousand)**	43,696	45,022	42,158	44,512
Employment share, %	13	13	12	13

GVA = gross value added; PHP = Philippine peso; GDP = gross domestic product
 Source: *PSA (2022); **estimated using the International Labour Organization population estimates and World Development Indicators-World Bank's working-to-population ratio

Critical Issues in the Philippine Digital Economy

2022 FIGURES



FILIPINOS EMPLOYED



MARKET VALUE/REVENUE



GDP CONTRIBUTION

IT-BPM INDUSTRY <i>Source: IBPAP</i>	6.8 million	PhP 1.6 trillion	7.3 percent
STARTUP ECOSYSTEM	-	USD 3.6 Billion (2020-2022)	N/A
CREATIVE ECONOMY <i>Source: PSA</i>	1.57 million	USD 32.5 billion	N/A
GIG ECONOMY <i>(Source: Mastercard report)</i>	1.5 million (as of 2022)	USD 4.39 B (2022) Growth rate of 16.5% from 2023 to 2030	N/A

ICT SERVICES IMPROVEMENTS



**IMPROVED DIGITAL ACCESS
AND CONNECTIVITY**



**EXPANSION OF
TELECOMMUNICATIONS,
COMMUNICATION
SERVICES, AND NETWORK
PROVIDERS**



**EMERGENCE OF DIGITAL
PLATFORMS AND
TECHNOLOGIES**

**WIDE-SCALE APPLICATIONS AND SOFTWARE
USE, UTILIZATION OF ONLINE SERVICES, AND
TRANSITIONING TO DIGITAL TRANSACTIONS**

THE PH DIGITAL INFRASTRUCTURE



Improved Internet Speed

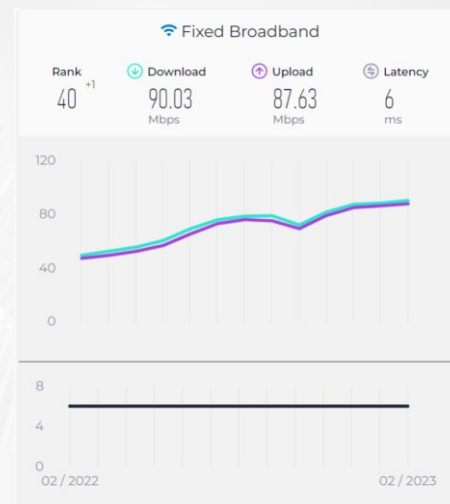
40th in global rankings for fixed broadband speed

- 4th in Southeast Asia
- From 49.48Mbps in 2021 to 88.13Mbps in 2022 (median download speed)

Ookla Speedtest Global Index

Country	Download Speeds (Median)
Singapore	234.55 Mbps
Thailand	201.81 Mbps
Malaysia	92.69 Mbps
Philippines	88.13 Mbps
Vietnam	84.18 Mbps
Brunei	49.77 Mbps
Laos	29.22 Mbps
Indonesia	25.89 Mbps
Myanmar (Burma)	19.63 Mbps

Speedtest Global Index Median Country Speeds January 2023



Speedtest Global Index Median Country Speeds February 2023



THE PH DIGITAL INFRASTRUCTURE



National Broadband Plan (NBP)

- Aims to deploy broadband connectivity, through fiber and wireless technologies, across the country
- *August 2022:* High-speed broadband connection to 981 government offices in 13 provinces

Broadband ng Masa Program

- **4,757** live sites in **17 regions**, **75 provinces** and the National Capital Region
- **By 2023**
15,384 free WiFi sites
- **By 2025**
100,000 operational free WiFi sites

GovNet

- Helps address the basic needs of the government for transparency, efficiency, and effective governance
- **Over 1000 government interconnected agencies** through Fiber Optic Cable

DIGITAL GOVERNANCE AND CYBERSECURITY CONCERNS



However, the slow progress in other digital transformation initiatives, such as smart city development, is hampered by inadequate collaboration and coordination among national agencies, resulting in the lack of interoperability of systems (Ballesteros and Ancheta, this volume). Systems work in silos at the local level, as each project or initiative has its own data collection and storage method. The differences are due to the diverse priorities of requesting offices and partnerships with varied service providers.

Trust issues and data privacy concerns hamper the utilization of digital platforms and services. For example, a weakness of the Philippine fintech industry is distrust in using technologies due to access point issues. Adding to distrust of technology is the unreliability of connectivity and the high cost of internet (Quimba et al., this volume). For smart city development, safety and security issues on data and electronic transactions, inadequate connectivity, and poor digital literacy contribute to low public uptake of smart applications (Ballesteros and Ancheta, this volume). Meanwhile, the

Source: *Critical Issues in the Philippine Digital Economy*



UN E-Government Knowledgebase

E-Government Development Index (2022):

- **89th** out of the 193 UN member states
- *Previously:*
 - 75th (2016)
 - 71st (2018)
 - 77th (2020)



Tholons Services Globalization Index 2022:

- **15th** out of 50 Digital Nations
- *Previously:*
 - 2nd (2018)
 - 5th (2019)
 - 5th (2020)
 - 18th (2021)

eGovernment Priority Projects Citizen-Centric Platforms

1



eGov PH App

Streamlining all local and national government services in a single app. Promoting a more contactless, cashless and paperless transactions.

2



eLGU

One-Stop System that combines all Local Government Unit services including permits, contributions, clearances and payments.

3



eGovCloud

Centralizing cloud services will simplify the way the government maintain and manage data storages and making all data useful and integratable.

4



eTravel

Unifying all travel applications and documents including health, tourism, OFWs and transport. This will bring ease of transactions to all travelers.

5



eGovPay

Aggregating all payment channels and gateways in a single system. This will simplify and standardize all payment processing and transactions.

6

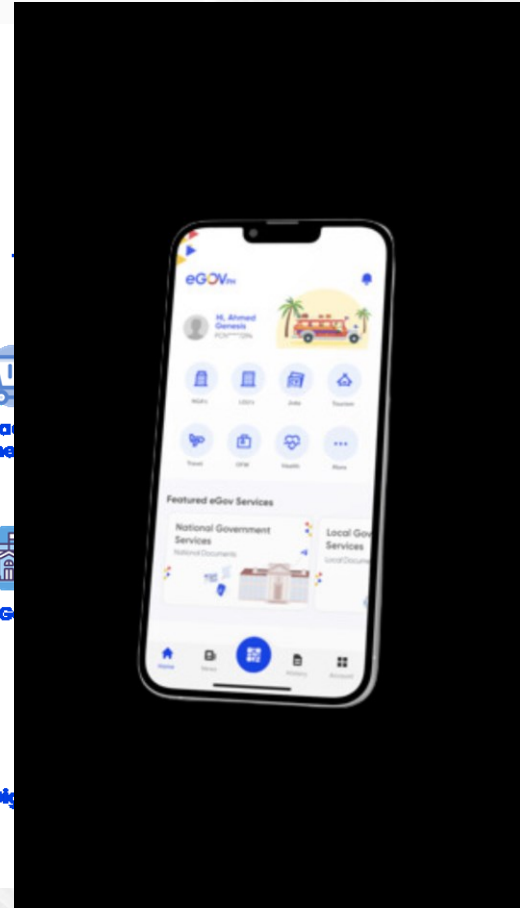


eReport

Good news! You can now file your complaints or feedback so that the Government can improve its government mandate and services to serve the public better.

eGov Super App

It is the Philippine's first one-stop shop platform for local and national government services that will streamline processes and transactions; and **to bring a total ease of doing business to all users.**



Government (G)
Transportation
Commerce
National Government
Digital
Manpower
Feedback
anism



Cybersecurity Management System Project

a platform for intelligence sharing to monitor threats and defend the country's cyber *'infostructure'* from cyber-attacks



Cybersecurity Education in the Philippines in the Face of New Normal Adversities Project

equipped **over 70,000+** **Filipinos** on Cybersafety, Data Privacy, and other related topics through onsite, online, and on-demand modalities

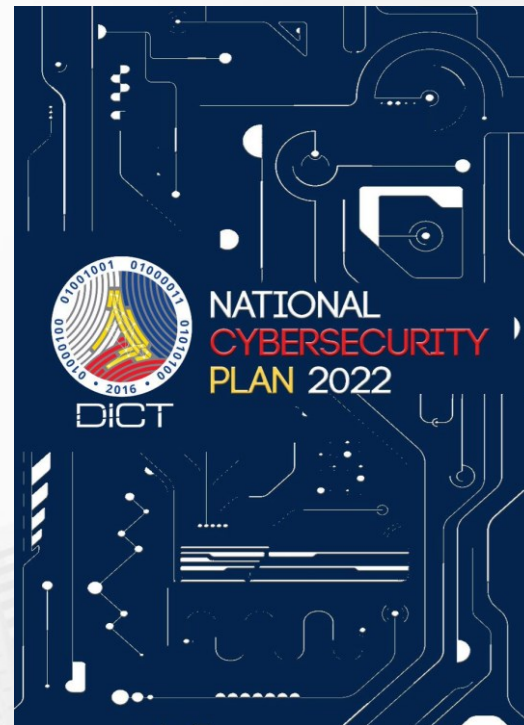
Assessment of the National Cybersecurity Plan 2022

To ensure security of the country's constantly evolving ICT environment

Drafting of the National Cybersecurity Plan 2028

February to April 2023 Multi-stakeholders' Consultations

May 2023 - Draft published for public comments; **October 2023** - Publication of the final copy



CYBERSECURITY INNOVATIONS



National Cybersecurity Inter-Agency Committee (NCIAC)

Development of Cybersecurity Policies

Incident Response

Cyber Threat Monitoring and Information Sharing

Vulnerability Assessment and Penetration Testing



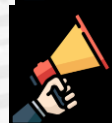
- Security Operations Center
- CERT-PH Cyber Incident Response Drill
- Cyber Range Platform
- Mobile Security Operations Center
- Security Source Code Review Tool
- External Threat Intelligence Solution
- Comprehensive Website Application Scanner



Issuance of Digital Certificates (PNPKI)



RA Trainings



PKI Awareness Campaign



- Recognition of Cybersecurity Assessment Providers
- Privileged Access Management System

EDUCATION SYSTEMS, RESKILLING, AND UPSKILLING



“General skills upgrading is crucial.”

- Critical Issues in the Philippine Digital Economy



STRENGTHENING THE PHILIPPINE WORKFORCE THROUGH ADAPTIVE AND RESPONSIVE DIGITAL KNOWLEDGE INITIATIVE (SPARK)

- Aims to upskill ICT and ICT enabled service workers to enable local companies to become more competitive in the global markets

Upskilling Courses:

- Business Storytelling
- Problem Solving Skills
- Managing Remotely
- Data Analytics (Data Science Track)
- Fundamentals in 2D Animation
- Visual Development and Digital Matte Painting
- 3D modeling, rigging and animation
- Animation Storyboarding



Philippine Skills Framework

- Will serve as a guide in enhancing the competencies and skills of the country's workers in select industries

Analytics & AI

Software Development

Contact Center & BPM

Healthcare Information Management

Global In-House Center

WAYS MOVING FORWARD: STRENGTHENING THE FOUNDATIONS OF THE DIGITAL ECONOMY



**ICT Industry & Countryside
Development Programs**



ON CHAPTER 6 - SMART CITIES



“Stepping up the Value Chain”



Leveraging the IT-BPM Industry and Fostering Local Talents

LEVERAGING THE IT-BPM INDUSTRY AND FOSTERING LOCAL TALENTS

Aims to promote careers in the industry and showcase Filipino talent, creating jobs and ensuring the Philippines' stature as the leading provider of globally outsourced services



Talent development and attraction



Networking, marketing, and promotion



Deliver industry-specific assistance

2028 Targets Based on the IT-BPM INDUSTRY ROADMAP 2028



2.5 million
direct jobs/FTEs



USD 58.9 billion
in revenues



8.9 percent
contribution to GDP



Priorities / Acceleration Levers

1. Government support
2. Talent development
3. Infrastructure development
4. Marketing & brand positioning

ON CHAPTER 6 - SMART CITIES



“Next Wave Cities” →



The **Digital Cities Program** aims to strengthen the ICT industry in the countryside and to promote the digital cities as viable IT-BPM destinations locally and internationally that will result to the generation of more jobs and revenue.

This year, the DICT intends to expand the program to include the Centers of Excellence, Next Wave Cities, and other high-potential cities and municipalities across the country to become the next investment hubs for IT-BPM services.

Objective:

- ❖ Successful **setup of IT-BPM locators** in the 6 Centers of Excellence, 7 Next Wave Cities, 31 Digital Cities, and other cities and municipalities by 2025
- ❖ **Generate jobs** in the countryside by 2025

Industry Partners:



PHILIPPINE STARTUP ECOSYSTEM



“The Philippines has been one of the most dynamic economies in the East Asia and Pacific region.”



TOP 1000 CITIES

95 Manila

468 Cebu City

661 Cagayan de Oro

904 Naga

951 Davao City

\$1.03 B

**FUNDS RAISED BY
PHILIPPINE
STARTUPS IN 2021**

PHILIPPINE VENTURE CAPITAL
REPORT 2022

59^t
GLOBAL

6th
ASIA



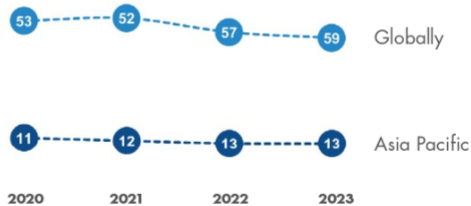
PHILIPPINE STARTUP ECOSYSTEM



GLOBAL STARTUP ECOSYSTEM INDEX 2023, STARTUP BLINK

Global Startup Ecosystem Index 2023

59 The Philippines



National Rank & Change (from 2022)	City	Global Rank & Change (from 2022)	Total Score	Category
1 ⁻	Manila	95 ⁺⁵	7.43	Fintech
2 ⁻	Cebu City	468 ⁻¹⁹	0.57	AI/ML
3 ⁻	Cagayan de Oro	661 ⁺⁴⁷	0.30	AI/ML
4 ⁻	Naga	904 ⁺⁴⁸	0.15	AI/ML
5 ⁻	Davao City	951 ⁺⁸	0.13	AI/ML

View Country Ecosystem Dashboard on [StartupBlink website](#).

Manila Startup Ecosystem

Startup Genome

Global Ecosystem in Affordable Talent

Top 25

Startup Genome

Asian Ecosystem in Affordable Talent

Top 10

Startup Genome

Asian Ecosystem in Funding

Top 20

Booming Ecosystem utilizing Digital Platforms
Chapter 2: Understanding Digital Platforms: Opportunities, Risks, and Government Responses

The Philippines



PHILIPPINE STARTUP ECOSYSTEM



FinTech and E-commerce as two of the Philippines' Sub-sector Strengths

Chapter 4: Navigating the FinTech Industry Landscape: Seizing Opportunities, and Addressing Weaknesses; and Chapter 11: E-Commerce Adoption of Women-led MSMEs in Metro Manila: Challenges, Opportunities, and Policy Directions

Sub-Sector Strengths

Fintech

BSP, the central bank of the Philippines, aims to achieve 50% digital retail transactions and 70% of Filipino adults having bank accounts by 2023. It places Cybersecurity as a top priority in building public trust in digital banking. Tonik, the first independent all-digital bank in the country, was launched in 2021 and has raised \$175 million over five rounds. Buy Now, Pay Later startup BillEase has raised \$51 million over three rounds. PDAX, Lista, and UNO Digital Bank are other notable local Fintech startups.

Ecommerce

The Philippines is among the fastest-growing countries in terms of online retail sales growth, with a young population and high internet penetration contributing to this. The government has supported development through the E-Commerce Act of 2000 (RA 8792), which recognizes electronic documents as legally equivalent to written ones, and the E-Commerce Roadmap 2022, which aims for easy commerce through the MADALI program. Great Deals, Kumu, and GrowSari are three examples of successful local Ecommerce startups.

Gaming

Esports is growing in popularity in the Philippines because of the increasing availability of smartphones and mobile internet. There are over 45 million active gamers in the country. CasinosEnLigne.com projects mobile games revenue will jump by 13% to \$173 billion in 2023. GosuGamers and Fulcrum Esports signed an agreement to elevate grassroots Gaming and esports in the Philippines. The Bang Bang World Championship (M5) will be held in Manila in December 2023. CONQuest Festival 2023 took place in June.

ECOSYSTEM VALUE ^①

(H2 2020 - 2022)

\$3.5 bn

GLOBAL AVG. \$34.6 bn

GLOBAL STARTUP ECOSYSTEM REPORT 2023, STARTUP GENOME




DIGITAL STARTUP DEVELOPMENT AND ACCELERATION PROGRAM



2023 Agenda

- Map 10 more locations across the country
- Offer at least 36 startup awareness activities
- Support 30 startups under the acceleration project in 3 locations
- Support 10 startups under the Startup Grant Fund
- Launch and utilize the Startup Innovations Portal in relation to other functioning platforms like the eGov SuperApp
- Establish and strengthen partnerships with local and national ecosystem enablers

GOV.PH Philippine Standard Time - Friday, February 17, 2023, 9:22:59 am

 **PH**

Sign up instructions

For full access to all the features, create an account on the Portal.

The creation of a website account should be accomplished by the applicant startup or enable themselves, using their own details.

Email Address*

This address will be used for receiving updates in the status of your registration.

Username*



ON CHAPTER 5 - EXPLORING POLICIES AND INITIATIVES FOR ONLINE WORKERS IN THE PHILIPPINES



EMPOWERING, PROMOTING, AND INVIGORATING THE DIGITAL CREATIVE INDUSTRY

Aims to promote and sustain the competitiveness of the country's digital creative industry and the Filipino creatives and creators



Outsourced services



Original Filipino content

TARGETS

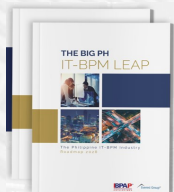
Source: Creative Economy Roadmap



BY
2030

- **15 percent** GDP contribution
- **USD 20 billion** market value

Source: IT-BPM Industry Roadmap 2028



BY
2028

ANIMATION

- 7,500 new jobs
- US\$ 141.1 million annual revenue

GAME DEVELOPMENT

- 6,200 new jobs
- US\$ 177.8 million annual revenue

KEY INTERVENTIONS

1. Policy development
 - **Republic Act No. 11904 or the “Philippine Creative Industries Development Act”**
2. Institutional development
3. Marketing and promotions
 - Local roadshows and conferences
 - International delegation
4. Talent attraction

Support to the Online Freelancing Industry



OBJECTIVES:

To develop a strong ICT ecosystem for the Online Freelancing Industry that will result to the generation of more jobs and revenue.

- Develop and strengthen the online freelancing industry ecosystem
- Increase awareness of the employment and economic opportunities of the Online Freelancing Industry
- Strengthen collaboration among Online Freelancing Communities and key industry players
- Scale up online freelancers to entrepreneurs

Industry Partners





2023 Plans and Activities

PHILIPPINE ONLINE FREELANCING
CONFERENCE 2023

Convene all online professionals, freelancing industries, and graduates of the Digital Jobs Program for an insightful discussion about the digital freelancing industry situation in the country

Digital Careers Expo

Showcase the market opportunities of the Filipino talents in the global online freelancing spaces and its potentials for higher income opportunities especially in the countryside

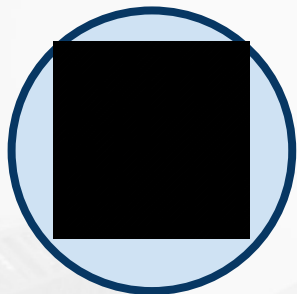
HOMEGROWN BPO LEARNING SESSIONS

To capacitate the online freelancers in advancing their careers as social entrepreneurs and business owners to be able provide employment opportunities to Filipino talents especially in rural communities.

INDUSTRY LINKAGES & COLLABORATION

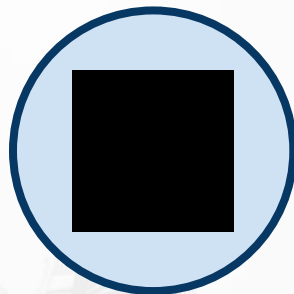


KEY TAKEAWAYS

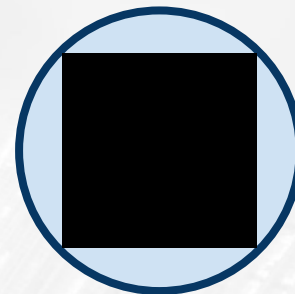


Philippine **digital economy is accelerating** at an extraordinary pace

*Key ICT-enabled industries in focus:
IT-BPM, startup, digital creative,
gig, emerging technologies*



Industry **monitoring, evaluation, and benchmarking** initiatives must be facilitated and intensified



Advocacies and opportunities for overall digital inclusion, especially in the countryside, must be activated or revitalized



THANK YOU!

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