

# Making Broadband Universal, for All Filipinos

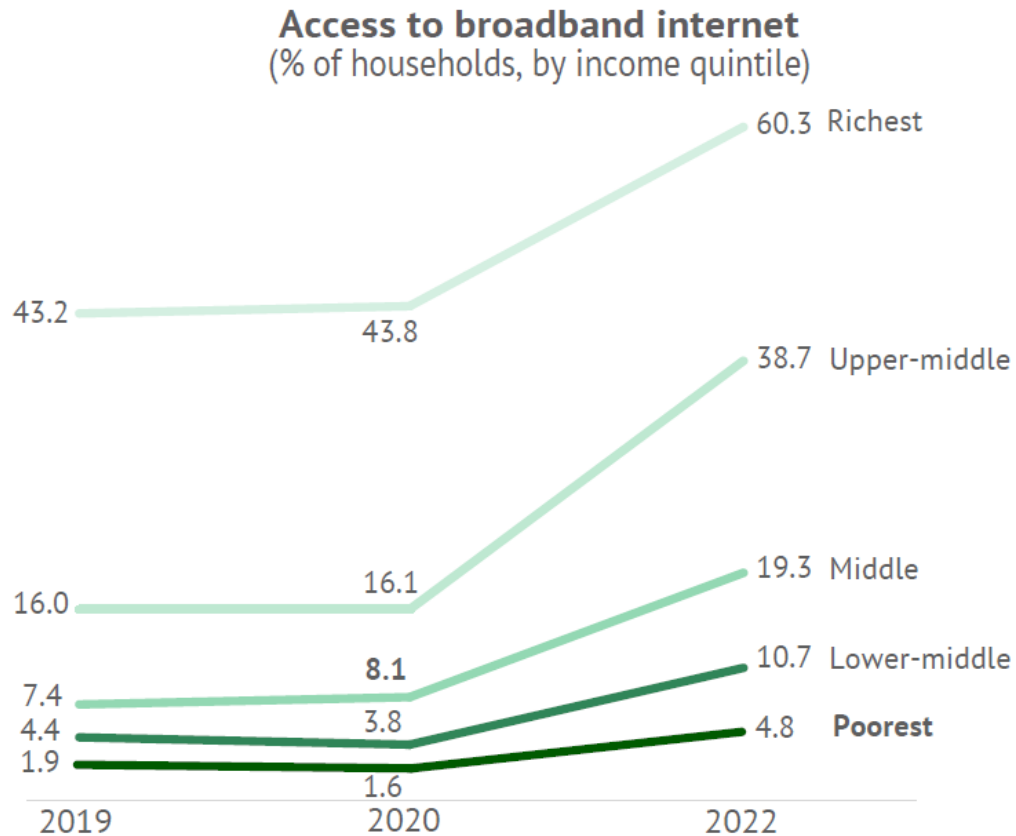
World Bank Comments  
At PIDS Seminar

June 6, 2024

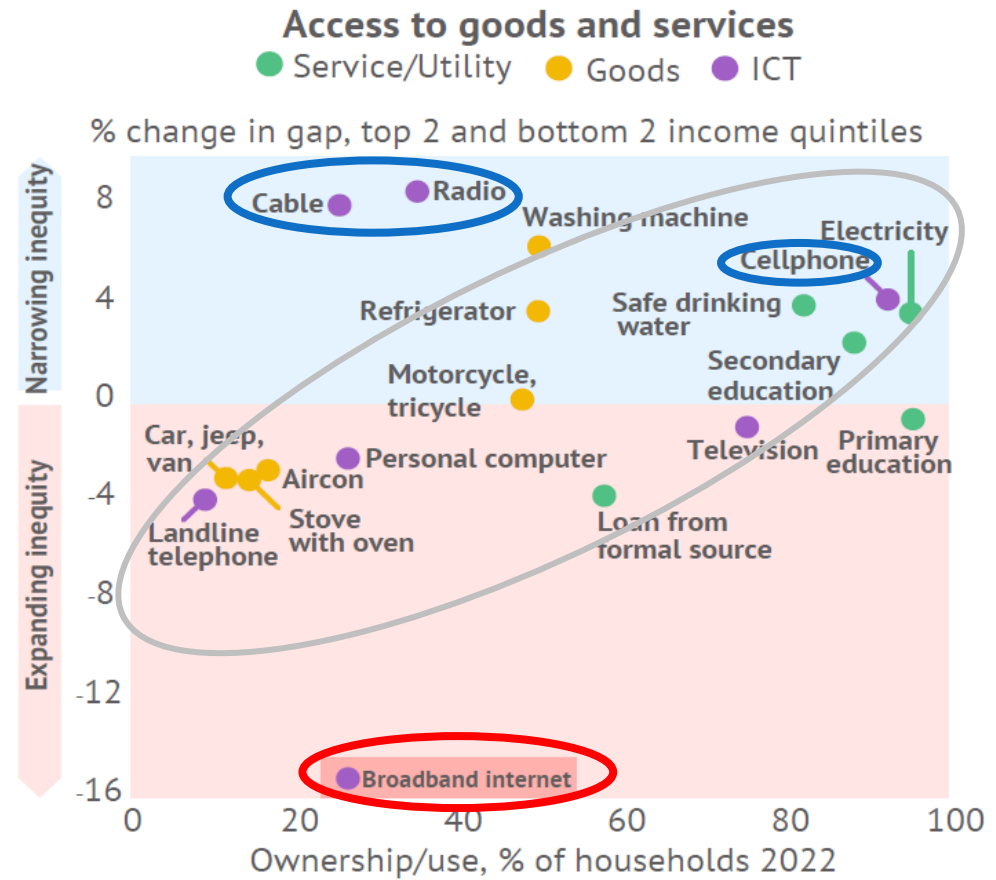


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Digital Development

# Digital divide MUST NOT grow into a broader “development divides”



**Access gap (top and bottom 2 income quintiles): expanded from 26% (2019) to 42% (2022)**



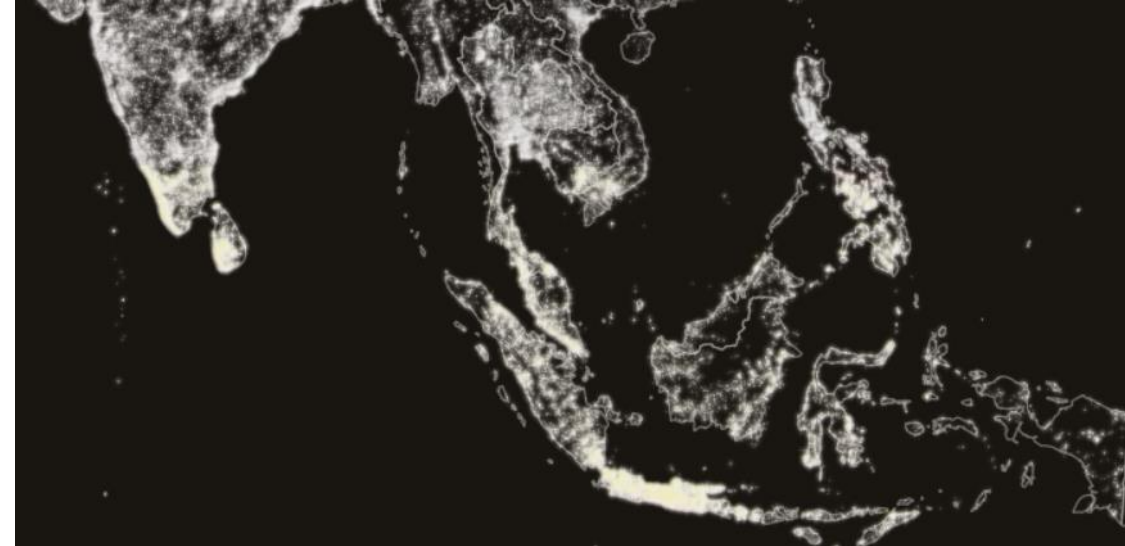
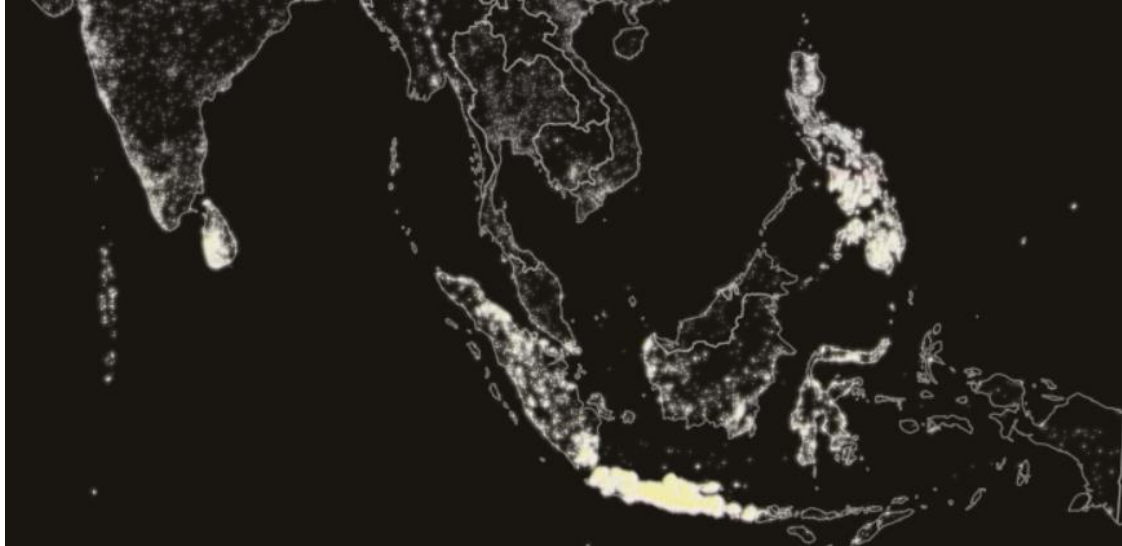
**Broadband with low penetration and expanding inequality... cable narrowing inequality**

# Philippines is unique with granular middle-/last-mile infrastructure gaps (fixed and mobile), and affordability gaps (mainly for fixed broadband)

Fixed

Mobile

Less than  
5 Mbps



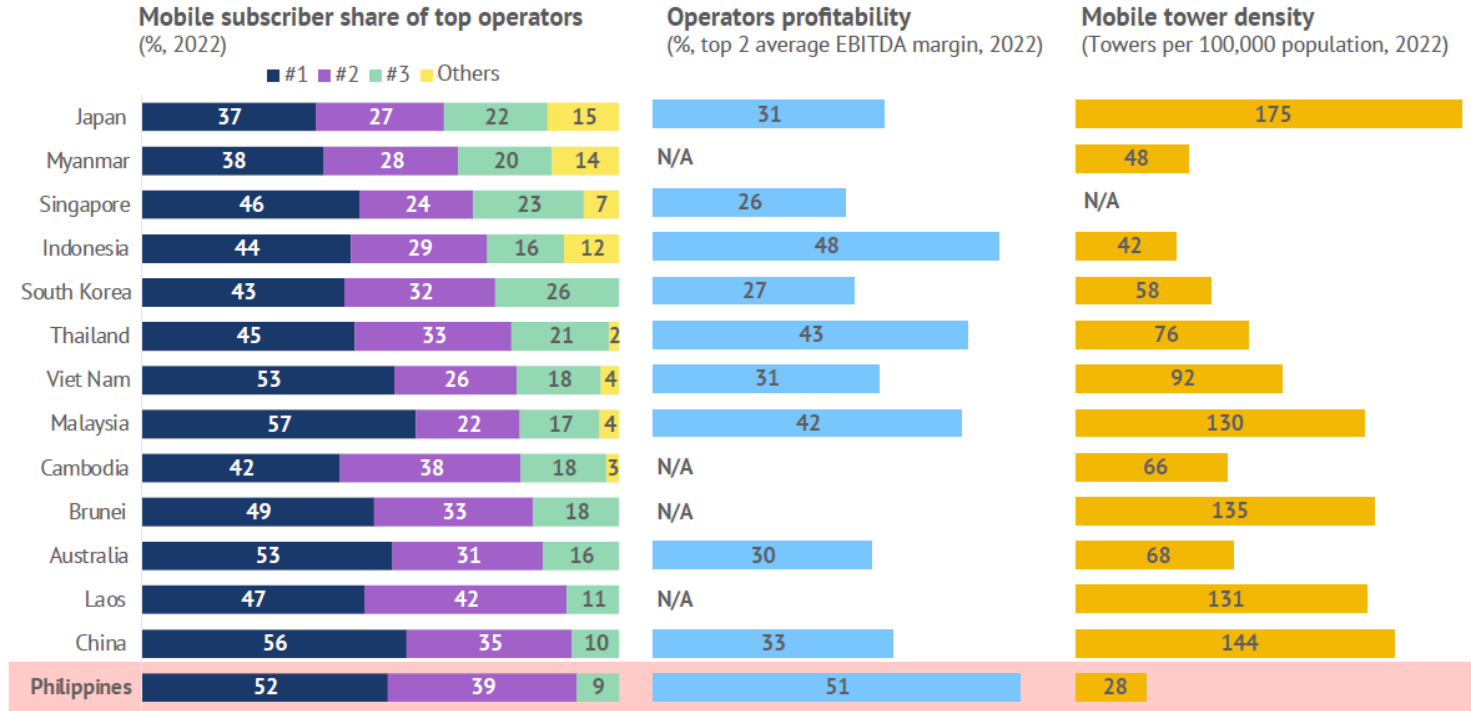
Over 100  
Mbps



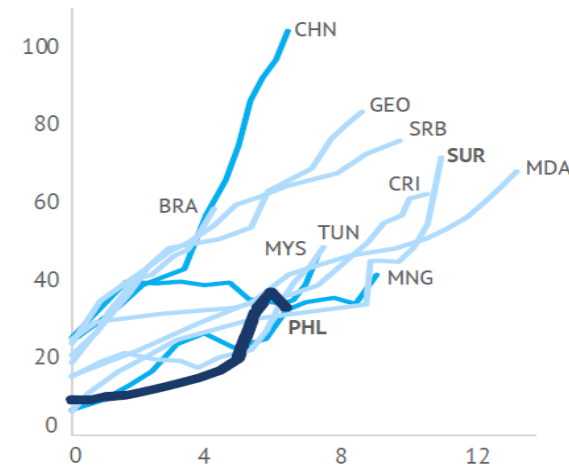


**Weak competition results in less consumer choices and higher price, and limits investments**

**PH the most concentrated, most profitable, least Invested, mobile market in the region**

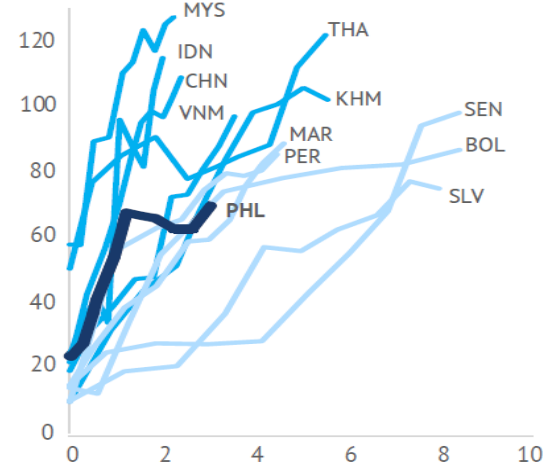


**Fixed broadband penetration**  
(% of households, 2009-21, TeleGeography)



**Investment in telecommunications**  
(Cumulative % of GDP, 2009-21, ITU)

**Active mobile broadband subscribers**  
(Per hundred inhabitants, 2013-22, ITU)



**Investment by mobile operators**  
(Cumulative % of GDP, 2013-22, GSMA)

# Policy choices and policy mix?

## Immediate market reform package – “Must”

SENATE  
S. No. 2699

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(In substitution of S. Nos. 183, 814, 815, 864, 1213, 1380, 1383, 1611, 1845, 1876, and 2146, taking in consideration H. No. 6)

Prepared and submitted jointly by the Committees on Science and Technology; Public Services; and Finance with Senators Marcos, Gatchalian, Poe, Revilla Jr., Zubiri, Villanueva, Tulfo, Lapid, Estrada, Legarda, and A. Cayetano as authors thereof

**AN ACT**  
**ESTABLISHING A COMPREHENSIVE AND INCLUSIVE DATA**  
**TRANSMISSION AND CONNECTIVITY FRAMEWORK FOR THE PHILIPPINES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**CHAPTER I**  
**GENERAL PROVISIONS**

**Section 1. Short Title.** – This Act shall be known as the “*Konektadong Pinoy Act*”.

**Sec. 2. Declaration of Policy.** – The State recognizes the role of digital inclusivity in nation-building and the necessity of narrowing the digital divide in the country by encouraging the development of data transmission infrastructure and removing any barrier to competition in data transmission services in the telecommunications sector.

<https://legacy.senate.gov.ph/lisdata/4417740164!.pdf>

## Govt support and incentives – “Good if doable”



PSAC is optimistic that the government will positively respond to its recommendation to set aside at least ₱240 billion to enhance internet infrastructure.

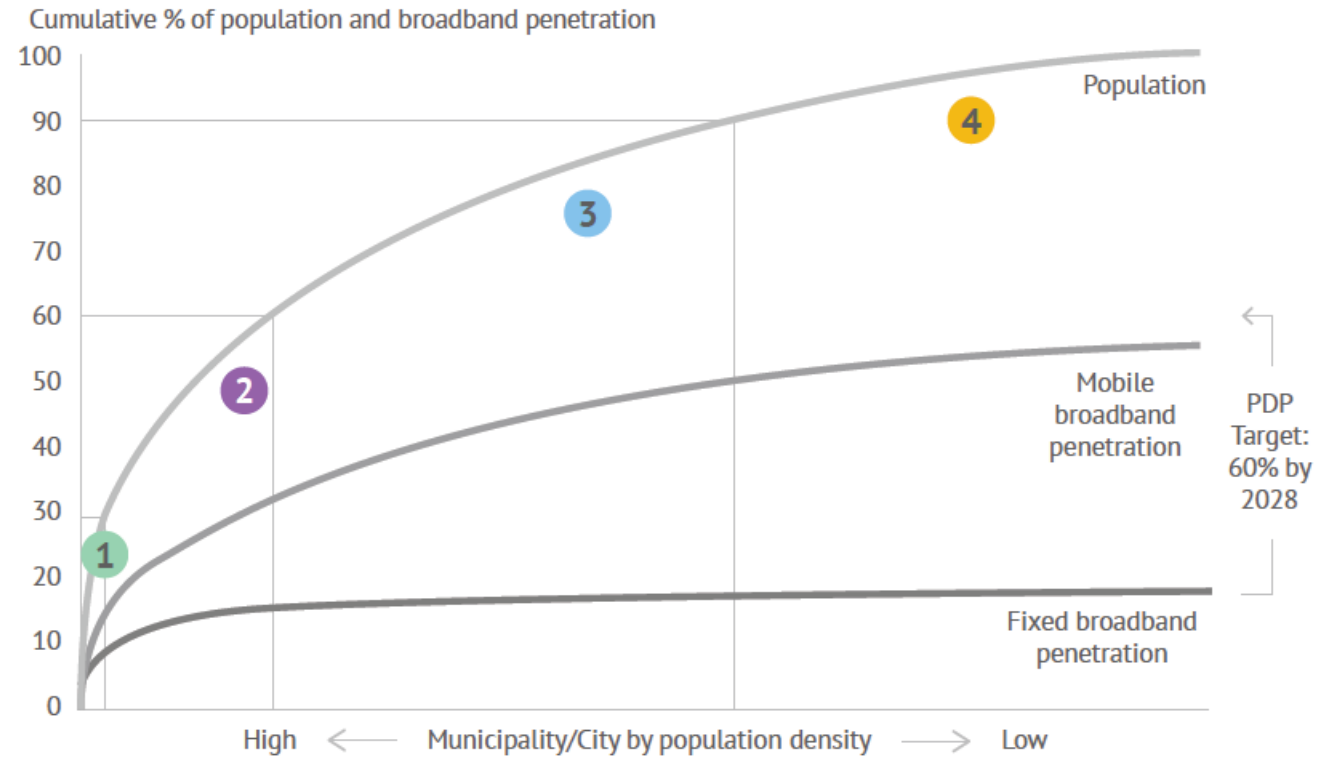
It hopes to explore a commercial partnership between the government and the private sector to build 35,000 new cell sites. PSAC also emphasized mandating the full and consistent implementation of Executive Order No. 32, which the president issued last year to streamline and expedite the permitting process for telco infrastructure, which had been a roadblock to network expansion. These are essential steps toward achieving comprehensive national coverage by 2028.

PSAC also requested at least ₱60 billion in annual allocation for the Department of Information and Communications Technology (DICT) to lease towers, build last-mile facilities, and optimize existing telco facilities to provide internet access in 125,000 public facilities, including schools, hospitals, and health centers, over a four-year period.

<https://www.globe.com.ph/about-us/newsroom/corporate/psac-spearheads-initiative-with-president-marcos>

# Four segments of geographic and socioeconomic conditions

...warrant differentiated public-private approaches

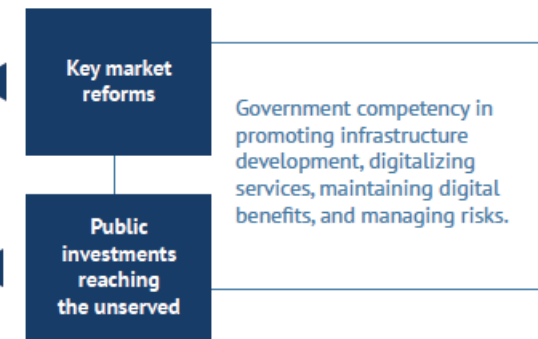


**1 Private**  
Urban centers where competition in telecom sector should continue to improve broadband availability, quality, and affordability.

**2 Private upon regulatory reforms**  
Duopolies not under any effective rollout obligations to allow open access for commercially attractive network rollout by broader market participants.

**3 Public-Private**  
Public investments, with complementary regulatory reforms, to address market efficiency gap, expand sustainability frontier and enable private deployment.

**4 Public**  
Geographic and socioeconomic conditions in some areas are prohibitive to commercially viable infrastructure deployment requiring missionary interventions.



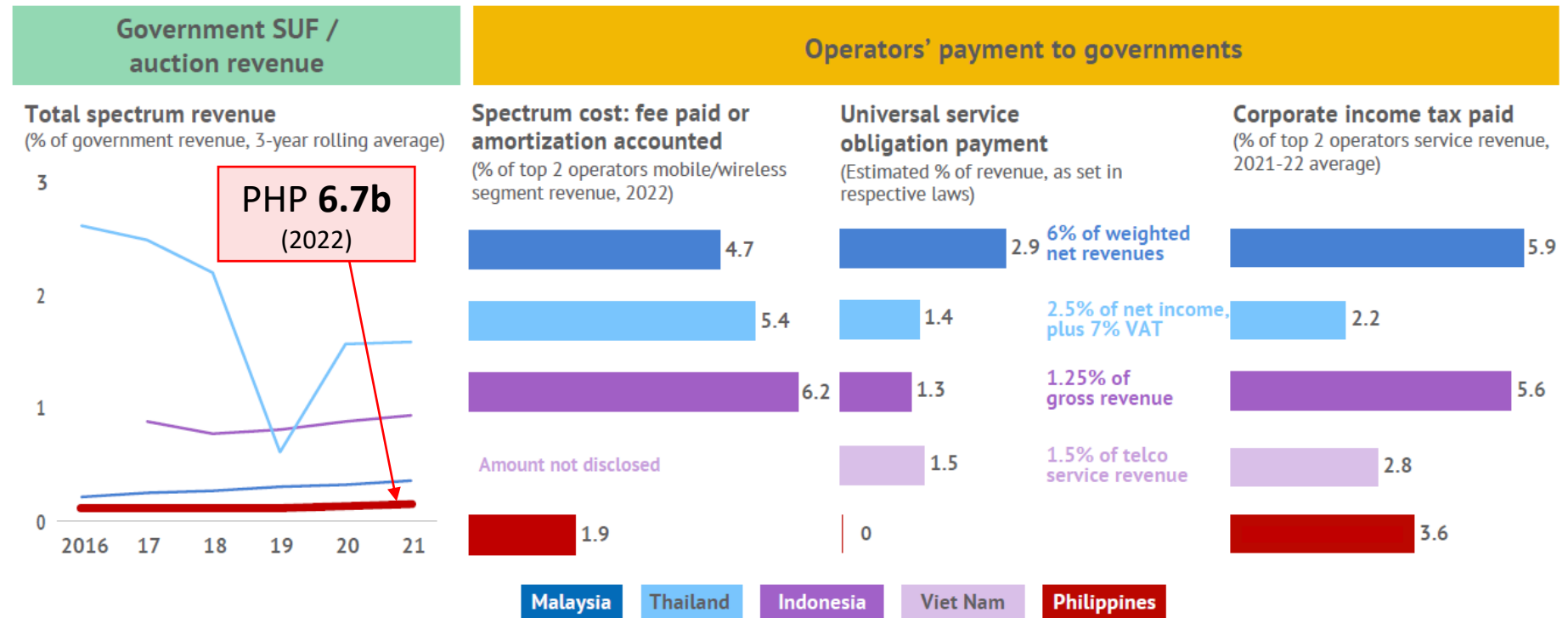


# Universal access and fiscal policy options

...unexplored and needs revisiting

The government lacks sufficient policy options or fiscal space to address the digital divide that the market alone cannot resolve:

- Spectrum User Fee (SUF) as % of total government revenue: from **0.09%** (2015-17) to **0.14%** (2019-21) – **3 to 10 times lower** than ASEAN middle-income peers (Malaysia 0.34%, Indonesia 0.91%, Thailand 1.57%, 2019-21).
- The Philippines **collects less direct or indirect taxes** from the sector through universal service obligation payment and corporate income tax.
- Unlike most peers, the country **does not have a universal service fund**. And top operators are **not obliged to expand rural coverage**, due to the licensing framework rooted in the legislative franchise.



# Thank you.

To learn more, download the Policy Note:  
“Better Internet for All Filipinos”



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