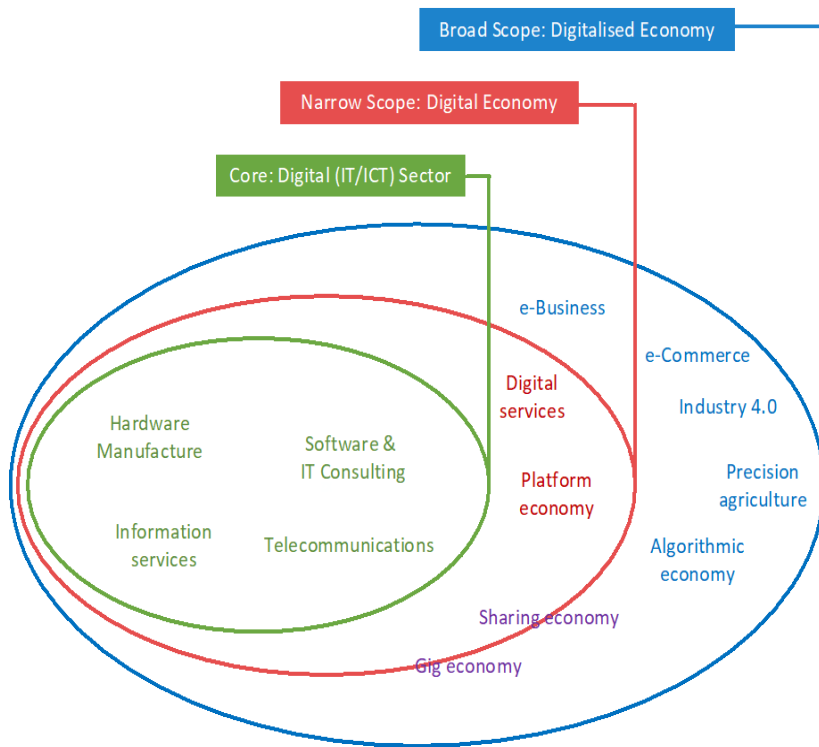


**THE LANDSCAPE:  
WHERE ARE WE?**

# What is a digital economy?

“that part of economic output derived solely or primarily from digital technologies with a business model based on digital goods or services.”  
Bukht and Heeks (2017, p. 13)



Source: Bukht and Heeks (2017)



ICT, a platform that mediates development



*NAST's Pagtanaw 2050* (looking ahead) identified digital technology or ICT as one of the 12 key operational areas to achieve various national goals articulated in the country's medium- and long-term plans. \*Governance, Business and trade, Health system, Shelter, transportation, and infrastructure



\*Social and financial prospects have become abundant, transforming the interactions and behaviors of people, businesses, and consumers.  
\*Work opportunities have become ubiquitous through labor platforms. Diverse goods and services abound through goods and asset platforms.



\*Critical issues in the digital economy, organic to innovation, challenge conventional ways of conducting and organizing work and business.  
\*Innovation outpacing regulations, challenging legal and regulatory frameworks, and rendering ICT infrastructures inadequate.

# *The economic contribution of the digital economy in the Philippines is significant.*

**Table 1: Contribution of the digital economy**

	2018	2019	2020	2021
GVA, digital economy (in million PHP)*	1842860	1955281	1734794	1869548
GDP (in million PHP)*	18265190	19517863	17951574	19410568
Share of the digital economy to GDP, %	10	10	10	10
Employment, digital economy (in thousand)*	5542	5645	5010	5592
Total employment, 15 years old and above (in thousand)**	43696	45022	42158	44512
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

- Around 400,000 Filipinos are actively working on major crowdworking platforms in 2021 (ASEAN forthcoming).

# *Compared with its ASEAN neighbors, the Philippines lags in various digital performance indicators.*

**Table 2. ASEAN member states' ranking in various digital indicators**

	Digital transformation and digital trade <sup>2</sup> ( <u>out of 131</u> countries)	Digital government <sup>3</sup> ( <u>out of 193</u> countries)	Digital connectivity <sup>4</sup> ( <u>out of 176</u> countries)	Digital security <sup>5</sup> (out of 182 countries)	Digital innovation <sup>6</sup> ( <u>out of 190</u> countries)
Indonesia	59	77	111	24	73
Malaysia	36	53	63	5	12
Philippines	71	89	101	61	95
Singapore	2	12	18	4	2
Thailand	46	55	78	44	21
Viet Nam	62	86	108	25	70

ASEAN = Association of Southeast Asian Nations

Source: ASEAN (forthcoming) (updated by authors)

Gaps in the number of services providers

Expensive ICT services

Few secured internet servers

# *Online services have flourished but with varying degrees of success across sectors.*



\*E-commerce platforms flourish, adding value to customers through promotions, deals, and sales.

\*The government created e-commerce websites and mobile apps to support micro, small, and medium enterprises (MSMEs)

Ride-hailing and delivery services became a lifeline when mobility restrictions were imposed.

The use of digital payment platforms rose steeply, especially during the COVID-19 pandemic, when people were constrained to shift from offline to online transactions (Quimba et al.).

\*More people are engaged in online work, as evidenced by the increase in freelancing revenues.

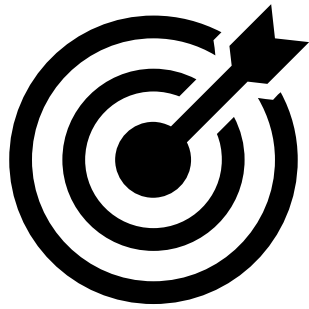
\*The gig economy in the country continues to grow and is expected to thrive even after the pandemic (Payoneer and GCash (2022)).

\*The smart city initiative requires a more ambitious digital transformation.

\*Needs institutional and systems-wide changes at the national and local levels.

\*Low public uptake of smart applications (Ballesteros and Ancheta).

*Improvements are observed on the financial technology front, but much needs to be achieved in financial inclusion.*



## Improvements

- Interoperable financial transactions
- Allow customers to shop, pay bills, or send money conveniently.



## Challenges

- BSP Financial Inclusion Survey: The proportion of banked adults increased by 10.5 percentage points from 2019 to 2020, **still low at only 30%.**

# *The policy environment to support digital economy growth continues to be strengthened.*

- E-commerce Act in 2000, retail trade covering the e-commerce subsector (RA 11595 Philippine Identification System Act (Republic Act [RA] 11055), Personal Property Security Act (RA 11057), Innovative Startup Act (RA 11337) , Ease of Doing Business and Efficient Government Service Delivery Act (RA 11032), Revised Corporation Code of the Philippines (RA 11232)., Free Internet Access in Public Places Act (RA 10929), Recent liberalization measures in public services, telecommunications (RA 11659), retail trade covering the e-commerce subsector (RA 11595), and businesses involved in advanced technology and startup or startup enablers (RA 11647)

## *The government introduces different plans and programs to facilitate digital transformation*



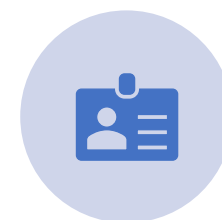
**Plans and roadmaps:** National Broadband Plan (DICT 2017), Philippine E-commerce Roadmap 2016–2020, E-Commerce Philippines 2022 Roadmap , BSP’s Digital Transformation Roadmap



**Infrastructures:** Tech4ED, Free WiFi or Broadband ng Masa, eKadiwa and use of data analytics across the agricultural value chain, Digital Cities 2025 program, the Paspas Pilipinas Paspas project

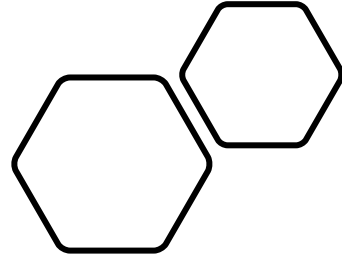


**Training:** DICT’s Digitaljobsph project, which seeks to provide ICT-related training to MSMEs and freelancers, and DTI’s CTRL+BIZ: Reboot Now!, Go Digital ASEAN, DOST’s League of Developers Initiative (LODI) project



**Financial inclusion:** National ID (Philippine Identification System or PhilSys)





**THE EVIDENCE: WHAT  
ARE THE CRITICAL  
ISSUES?**

# *Despite enabling policies and programs, various factors impede the growth of the digital economy in the Philippines.*



POOR DIGITAL  
INFRASTRUCTURES



LACK OF CAPITAL



LACK OF  
SKILLS/KNOWLEDGE/TALENTS



TRUST ISSUES AND DATA  
PRIVACY CONCERNS

# *Socioeconomic divides amplify digital-spatial divides and vice-versa.*



People in the countryside cannot harness earning prospects due to limited connectivity, high prices of equipment and devices, and erratic electricity supply (Peña and Yao).



Training programs have been developed to create jobs in rural areas, but workers are forced to move to big cities for access and connectivity (Seráfica and Oren).



Disruptions created by the pandemic made connectivity issues more pronounced. The limited mobility imposed during community quarantines forced online workers to stay in places with slow or erratic internet connection (Bayudan-Dacuycuy and Baje).

# *Nonstandard work arrangements can make achieving decent work for all more difficult.*



Some types of online work are **susceptible to exploitation and mental health risks**, e.g., exposure to harmful content (Seráfica and Oren).



Employment classification and irregularity of work and income mean that **online workers may not be covered or maintain active membership in existing government social protection schemes** (Seráfica and Oren).



Women are more likely to participate in platform work (Bayudan-Dacuycuy and Baje, this volume). **May deepen the gendered disparity in access to social protection.**



Social protection coverage gaps in rural areas arise because most breadwinners are men (Peña and Yao)



Budget constraints, negative view of social protection, and inadequate information, to some extent, have resulted in people not subscribing to government-led social protection schemes (Bayudan-Dacuycuy and Baje)

# *Information dissemination of programs needs to be improved.*

## **Importance of access to info:**

Mitigates vulnerabilities of shocks.

Informed business decisions: Joining e-commerce platforms has costs (Bayudan-Dacuycuy and Sinsay).

Individuals are **unaware that financial transactions can be conducted online** (Tabuga and Cabaero).

Many entrepreneurs are **unaware of efforts like the government-led COVID-19 assistance** (Peña and Yao; Carlos et al).

*Effective partnerships between the government and the private sector are demonstrated, but collaboration and coordination at the national and local levels are inadequate.*

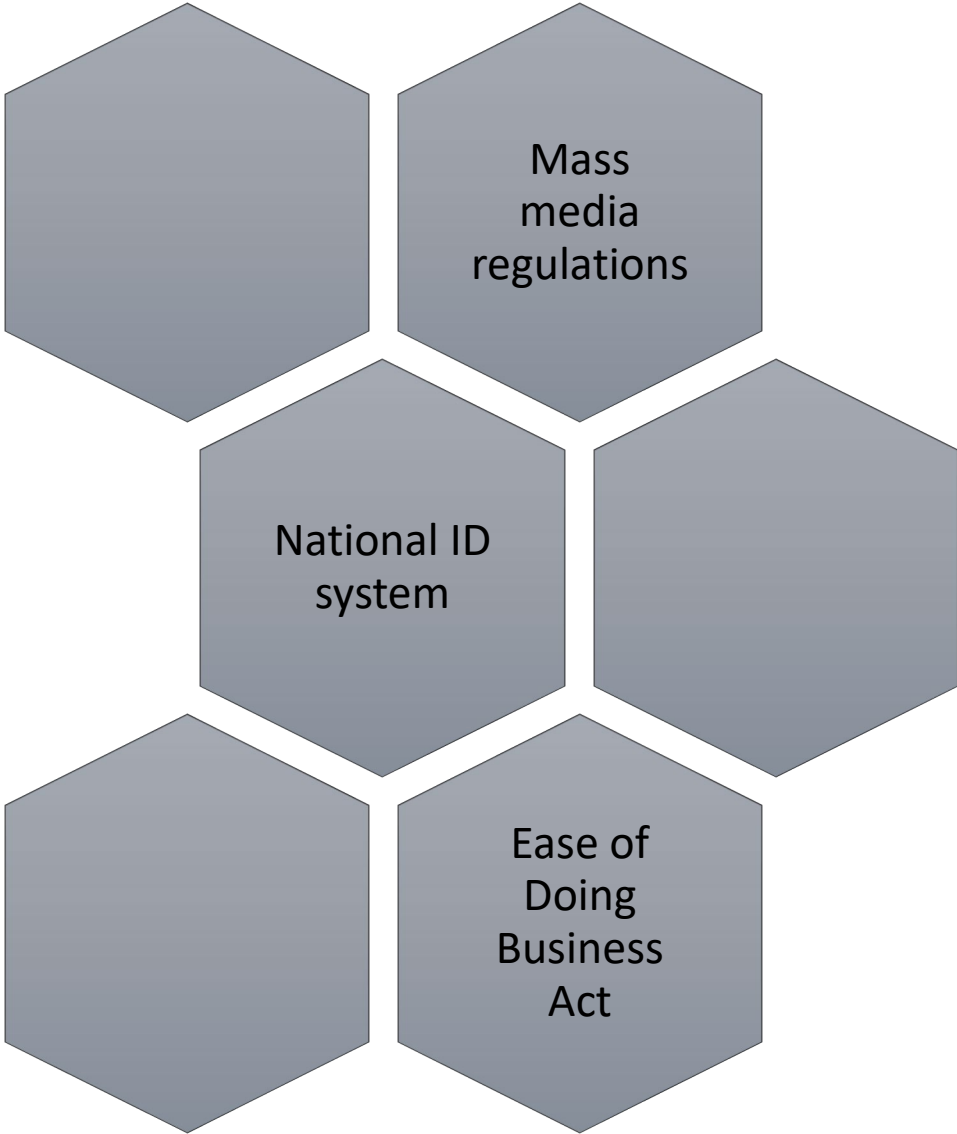


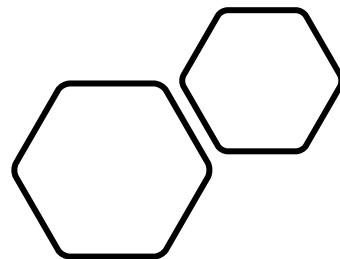
**Inadequate collaboration and coordination among national agencies**, resulting in the **lack of interoperability of systems**, hampers smart city development.



**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.

*Inconsistent and/or delayed implementation of laws create uncertainty in the regulatory and business environment.*





**THE WAYS FORWARD:  
WHAT CAN BE DONE?**



# Strengthen the foundations of the digital economy.



INTERNET  
CONNECTIVITY



FINANCIAL  
CAPITAL



SKILLS  
UPGRADING



DIGITAL  
LITERACY



TRUST AND  
SECURITY

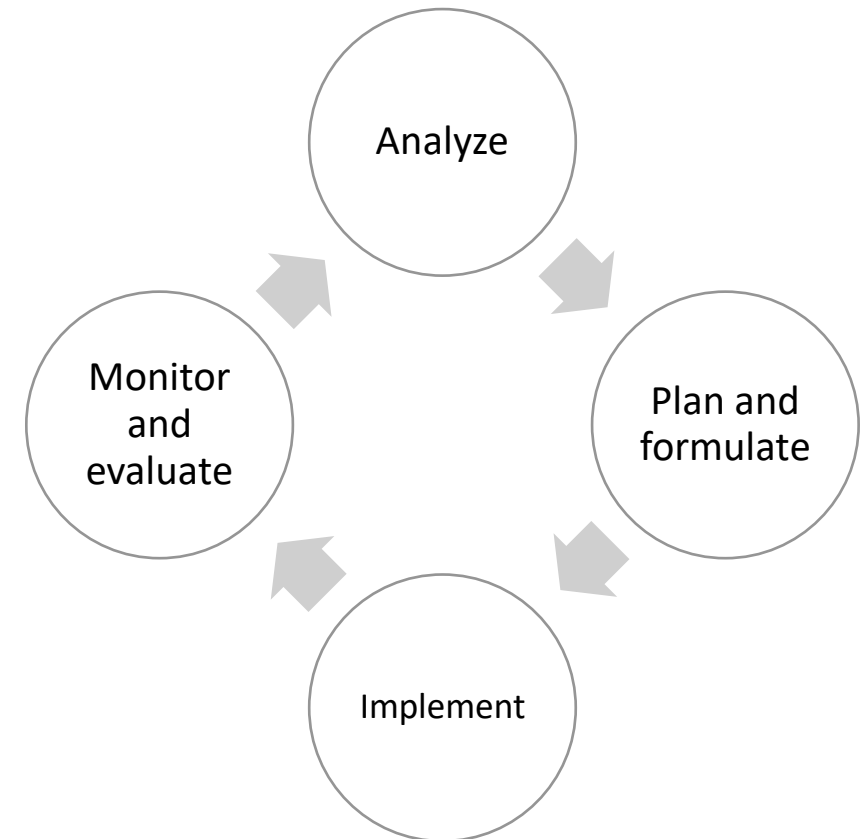
# Improve digital policy governance.

Leadership

Policy framework and strategic plan

Policy process

The lifecycle of a policy process



Heeks (2016)

# Modernize policies and the regulatory environment.

Adapt	Review restrictive regulations and enable regulators to adapt to new technologies, products, and business models.
Protect	Update social protection systems to accommodate nonstandard forms of work.
Collaborate	Continue to harness public-private partnerships (PPPs) to address some supply-side and demand-side constraints.
Measure	Improve data collection to enhance evidence-based research.

# Book chapters

Understanding Digital Platforms: Opportunities, Risks, and Government Responses

by Ramonette B. Serafica and Queen Cel A. Oren

Regulatory Reforms and the Development of the Philippine Digital Economy

by Aiken Larisa O. Serzo

Navigating the FinTech Industry Landscape: Seizing Opportunities and Addressing Weaknesses

by Francis Mark A. Quimba, Mark Anthony A. Barral, and Jean Clarisse T. Carlos

Exploring Policies and Initiatives for Online Workers in the Philippines

by Ramonette B. Serafica and Queen Cel A. Oren

Transforming Philippine Cities to Smart Cities: Policy Issues and Ways Forward

by Marife M. Ballesteros and Jenica A. Ancheta

Decent Work In Crowdwork: Gendered Takeaways from an Online Survey in the Philippines

by Connie Bayudan-Dacuycuy and Lora Kryz C. Baje

DigitALL for Her: Futurecasting Platform Work for Women in the Rural Philippines

by Paul John M. Peña and Vince Eisen C. Yao

Filipinos' Access and Exposure to ICT: A General Overview Based on the National ICT Household Survey

by Aubrey D. Tabuga and Carlos C. Cabaero

Bridging Gaps, Breaking Barriers, and Building Capacities in Online Marketplaces

by Connie Bayudan-Dacuycuy and Leih Maruss V. Sinsay

E-Commerce Adoption of Women-led MSMEs in Metro Manila: Challenges, Opportunities, and Policy Directions

by Jean Clarisse T. Carlos, Jovito P. Katigbak, and Jill Angeli V. Bacasmas



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# Thank you

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