

# Measuring the Digital Economy in the Philippines: Towards a Satellite Account

By

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# Outline of Presentation

1. Introduction
2. Scope and Coverage
3. Available Information
4. Proposed Methodology
5. Way Forward

# Current Trends



Grab



LAZ



airbnb



waze AUDIO PLAYER



S Shopee

# Some ASEAN Initiatives



to become the Southeast Asia's largest digital economy



national digital transformation



established the world's first Digital Free Trade Zone



Smart City initiative



to develop digital capacities in all economic sectors



Philippine digital transformation strategy

# Some Statistics

In 2018, based from the IMD World Digital Competitiveness Ranking, USA tops the list followed by Singapore and Sweden.

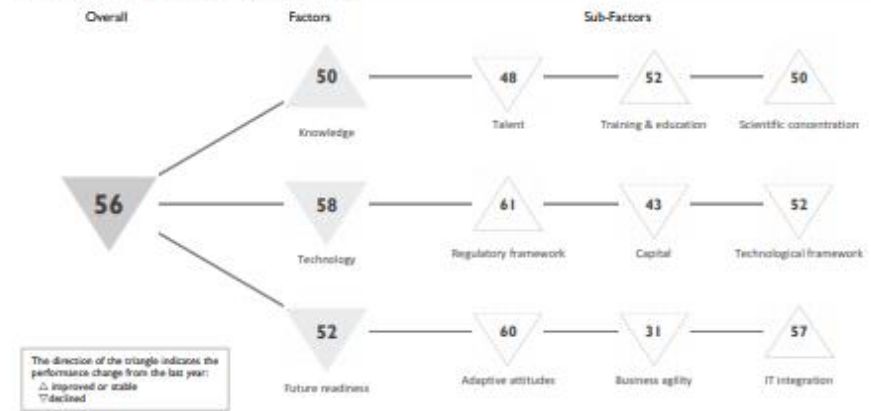


# Some Statistics

- Philippines experienced one of the largest drops in the overall ranking, from 46<sup>th</sup> to 56<sup>th</sup> in 2018.
- The drop comes after declines in the technology and future readiness factors.

## PHILIPPINES

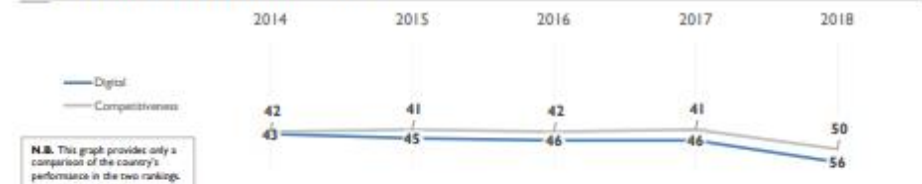
### OVERALL PERFORMANCE (63 countries)



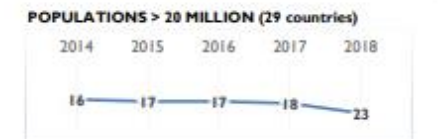
### OVERALL & FACTORS - 5 years

	2014	2015	2016	2017	2018
OVERALL	43	45	46	46	56
Knowledge	41	49	50	53	50
Technology	48	50	50	51	58
Future readiness	41	40	40	43	52

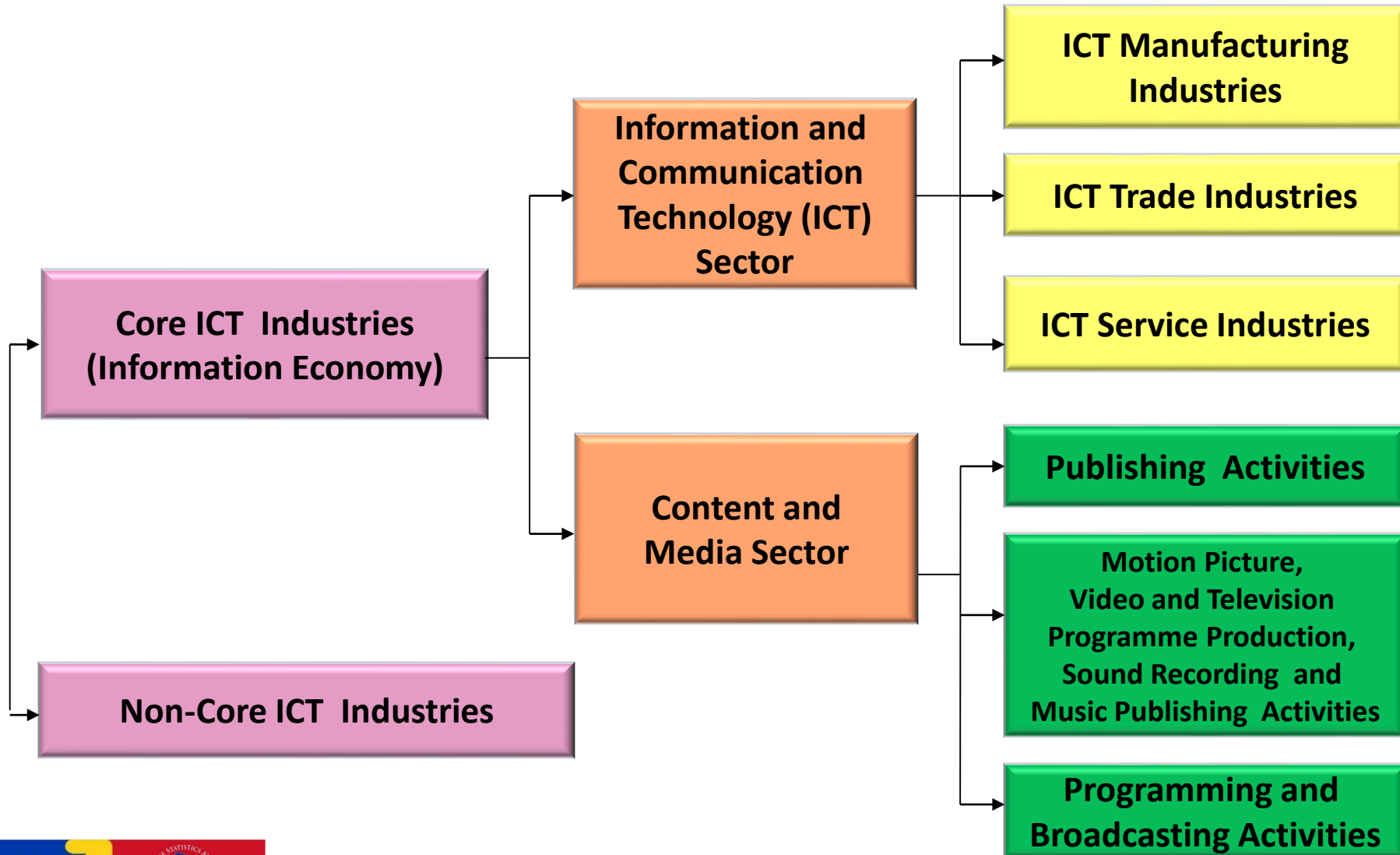
### COMPETITIVENESS & DIGITAL RANKINGS



### PEER GROUPS RANKINGS

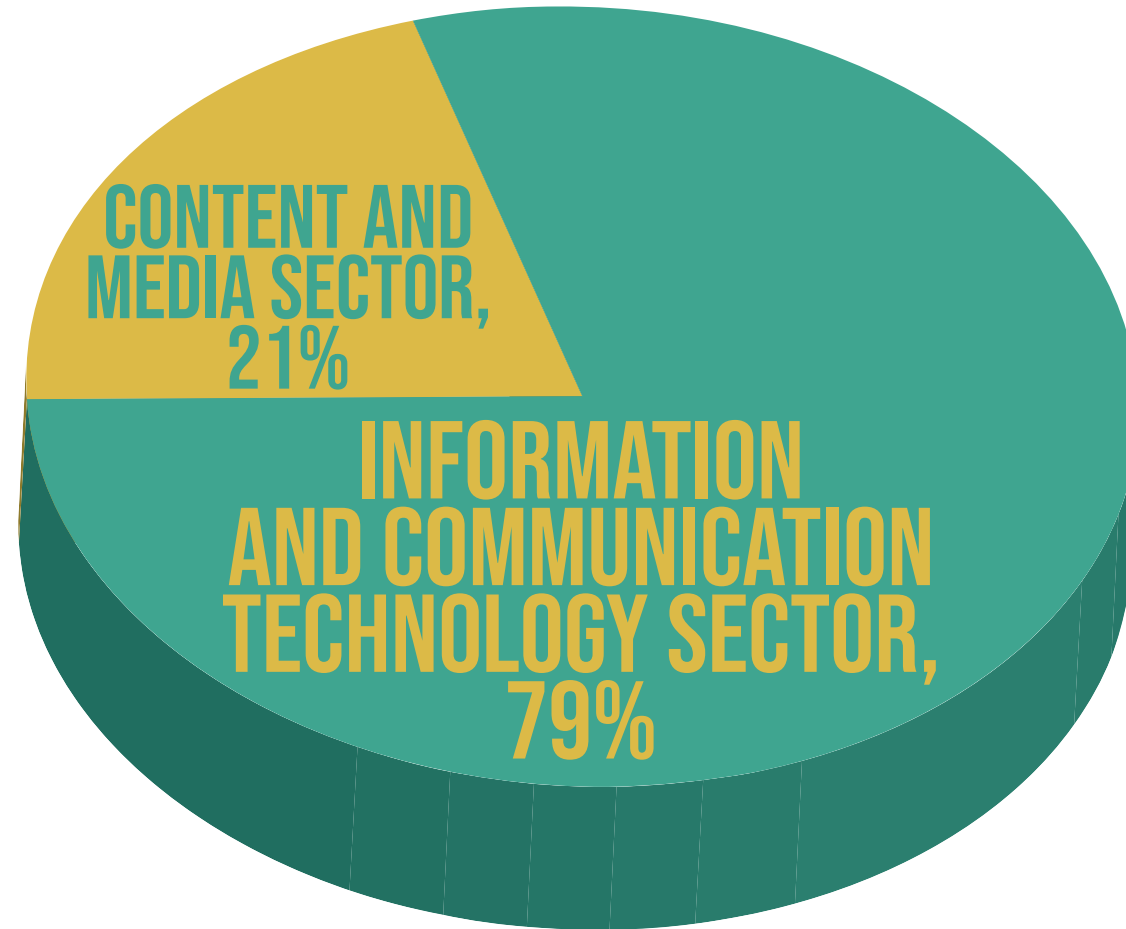
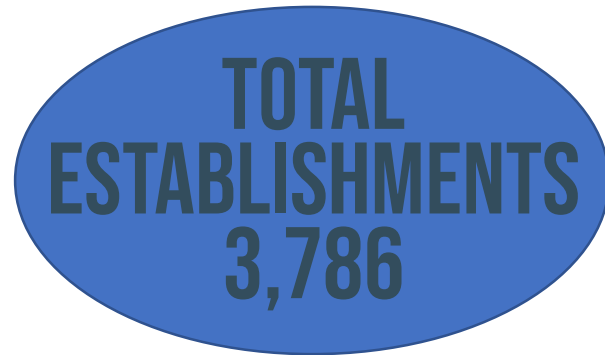


# Survey of Information and Communications Technology



# Distribution of Establishments in Information Economy

**In 2015,**





# Some Variables in the SICT

**Percentage of Employees Routinely using Computers**

**Percentage of Employees Routinely using Computers with Internet Access**

**Percentage of Establishments with E-commerce via Internet**

# Issues and Challenges

- Lack of statistics that explicitly measure the digital economy
- Satellite accounts not yet formulated
- No international definition and statistical framework
- No international guidelines

# Role of the Philippine Statistics Authority

Philippine Statistical Act of 2013: “REORGANIZING AND STRENGTHENING THE PHILIPPINE STATISTICAL SYSTEM AND FOR OTHER PURPOSES” (RA 10625)

- Primarily responsible for all national censuses and surveys, sectoral statistics, consolidation of selected administrative recording systems and **compilation of national accounts.**

Republic Act No. 11055: “An Act Establishing the Philippine Identification System”

Republic Act No. 11315: “An Act Establishing a Community-Based Monitoring System”

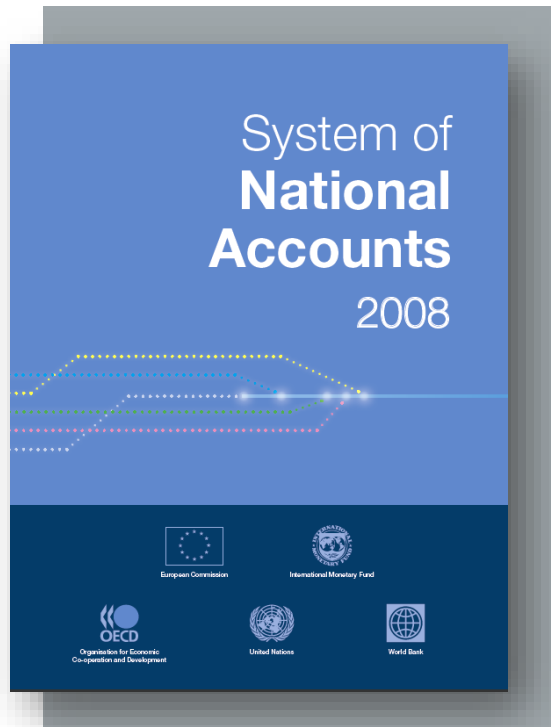
# Gross Domestic Product

## Insights on National Accounts



Monetary value of all final goods and services produced within the economy in a given period of time

# SNA Framework



The *System of National Accounts 2008* (2008 SNA) is the latest version of the international standards to measure economic activity, adopted by the United Nations Statistical Commission (UNSC)



Comprises comprehensive, consistent, and integrated set of accounts that record economic activities within given period



The measurement of the economy adopts an internationally-agreed framework

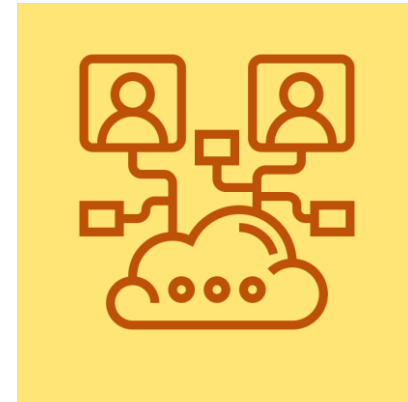
# Latest Economic Structure



**DIGITALIZATION  
OF THE ECONOMY**

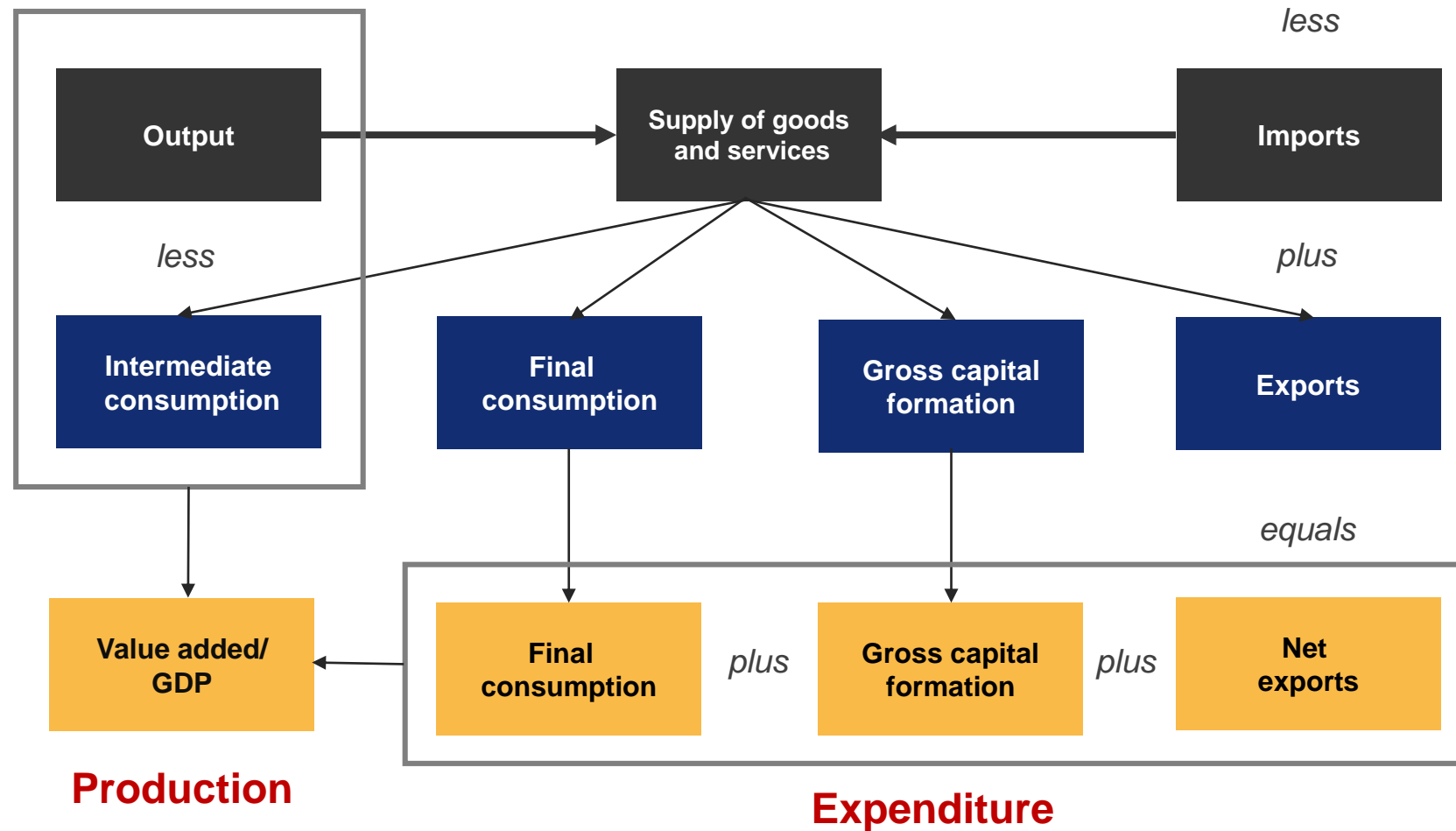


**RISE OF GLOBAL  
PRODUCTION  
NETWORKS AND BUYING  
CHAINS**

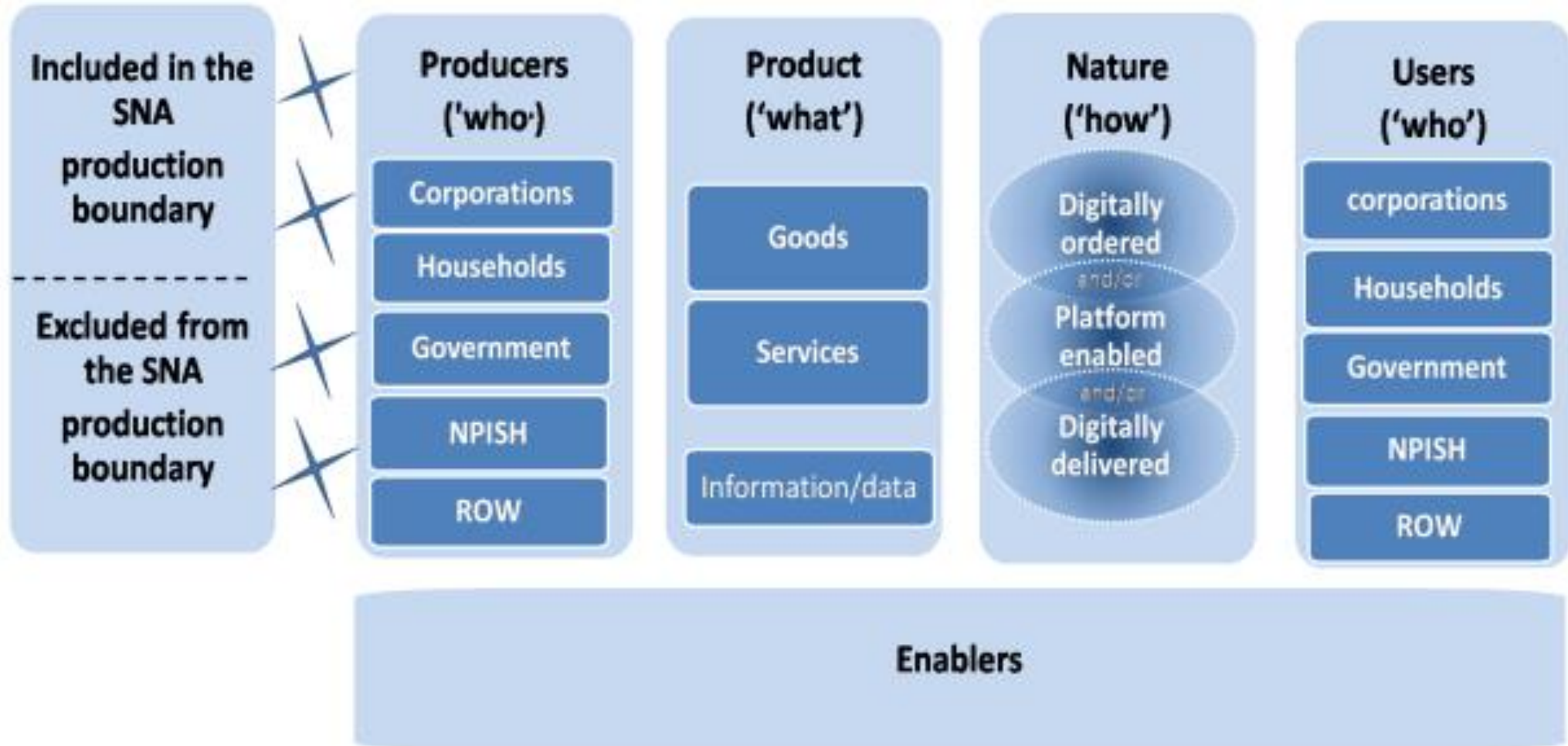


**AGGLOMORATION OF  
ECONOMIES**

# Supply and Use Framework



# Dimension of the Digital Economy





# Philippine Standard Industrial Classification (PSIC)



- Classification of industries prevailing in the country according to their specific economic activities
- Serves as basis to identify the digital economy activities and to come up with the operational definition

# Table 1. List of Core ICT Industries in the Philippines: 2009 PSIC

2009 PSIC	Industry Description	<i>ICT Service Industries</i>	
<i>ICT Manufacturing Industries</i>		J58200	Software Publishing
C26110	Manufacture of electronic valves	<i>Telecommunications Services</i>	
C26120	Manufacture of semi-conductor devices and other electronic components	J61101	Wired (landline) services
C26200	Manufacture of computers and peripheral equipment and accessories	J61102	Wired internet access service activities (e.g. DSL, leased line, dial-up)
		J61103	Telegraph, facsimile/telefax, and telefax services
		J61109	Other wired telecommunication activities, including pay phone
C26300	Manufacture of communication equipment	J61201	Wireless landline services
C26400	Manufacture of consumer electronics	J61202	Mobile telecommunications services
C26800	Manufacture of magnetic and optical media	J61203	Wireless internet access services ( e.g., Internet Service Provider, broadband)
<i>ICT Trade Industries</i>		J61209	Other wireless telecommunication services, n.e.c.
G46510	Wholesale of computers, computer peripheral equipment and software	J61300	Satellite telecommunications activities
		J61901	Telephone access in facilities open to public service activities
G46521	Wholesale of electronic valves and tubes	J61902	Internet access in facilities open to the public service activities
G46522	Wholesale of semi-conductor devices	J61903	Voice Over Internet Protocol (VOIP) service activities
G46523	Wholesale of micro-chips and integrated circuits	J61909	Other telecommunications service activities n.e.c.
G46524	Wholesale of printed circuits	<i>Computer Programming, Consultancy and Related Activities</i>	
G46526	Wholesale of telephone and communications equipment including parts and accessories	J62010	Computer programming activities
		J62011	Game design and development
		J62019	Other computer programming activities
G46527	Wholesale of blank audio and video tapes and diskettes, magnetic and optical disks (CDs, DVDs)	J62020	Computer consultancy and computer facilities management activities
		J62090	Other information technology and computer service activities

# Table 1. List of Core ICT Industries in the Philippines: 2009 PSIC

<i>Data processing, hosting and related activities; web portals</i>		J59110	<i>Motion picture, video and television programme activities</i>
J63111	Data processing	J59111*	Pre & main production of traditional & 2D animation
J63112	Website hosting services	J59112*	Pre & main production of 3D animation
J63113	Application hosting services	J59119*	Pre & main production of other motion firms and etc.
J63120	Web portals	J59120	<i>Motion picture, video and television post- production activities</i>
<i>Repair of computers and communication equipment</i>		J59121*	Post production of traditional & 2D animation
S95110	Repair of computers and peripheral equipment	J59122*	Post production of 3D animation
S95120	Repair of communication equipment	J59129*	Post production of other motion films and etc.
S95210	Repair of consumer electronics	J59130	Motion picture, video and television programme distribution activities
<i>Content and Media Industries</i>		J59140	Motion picture projection activities
<i>Publishing Activities</i>		J59201	Sound recording activities
J58110	Book publishing	J59202	Publishing of music
J58120	Publishing of directories and mailing lists	<i>Programming and broadcasting activities</i>	
J58130	Publishing of newspapers, journals and periodicals	J60101	Radio broadcasting and relay station and studios
J58190	Other publishing activities	J60102	Radio program production
J63910	News agency activities	J60103	Radio broadcasting activities over the Internet (internet radio stations)
J63990	Other information service activities, n.e.c	J60201	Television broadcasting and relay station and studios including closed circuit television services
<i>Motion picture, video and television programme production, sound recording and music publishing activities</i>		J60202	Television program production
		J60203	Television broadcasting activities
		*newly assigned industry codes which were split from selected industries (J59110, J59120 and J62010) and for PSA internal use only	

## Table 2. List of Business Process Management (BPM) Industries in the Philippines: 2009 PSIC

2009 PSIC	Industry Description
N82211	Customer relationship management activities
N82212	Sales and marketing (including telemarketing) activities
N82219	Other call centers activities (voice), n.e.c
N82226	Medical Transcription activities

# Available Information

- Census of Philippine Business and Industry (CPBI)
- Annual Survey of Philippine Business and Industry (ASPBI)
- Survey of Information and Communications Technology (SICT)
- Updated List of Establishments (ULE)
- Family Income and Expenditure Survey (FIES)
- Commission on Audit Annual Financial Reports
- Department of Information and Communications Technology

# Proposed Methodology

## Utilization of the Supply-Use Framework<sup>1/</sup>

1. Development of conceptual and operational definition of the digital economy
2. Identification of goods and services within the supply-use framework relevant to digital economy
3. Identification of industries responsible for producing the goods and services related to digital economy

*1/ Bureau of Economic Analysis. Defining and Measuring the Digital Economy*

# Way Forward

1. Project with World Bank
2. Define conceptual coverage of Philippine digital economy
3. Operational definition of digital economy including the identification of possible data and indicators for estimation
4. Preliminary estimates on the size of digital economy in terms of GDP and other economic indicators

# Way Forward

5. Institutionalization of a satellite accounts framework for digital economy
6. Project of Philippine Statistical Research and Training Institute on digital economy
7. IAC on Information and Communications Technology



# Maraming Salamat.



<http://www.psa.gov.ph>



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