GROWING ASEAN’S DIGITAL ECONOMY

Southeast Asia has the potential to become one of the world’s top five digital economies. Its digital market has expanded threefold in the past three years and represents seven percent of the Association of Southeast Asian Nations’ (ASEAN) combined $3 trillion GDP. The United States, through the U.S. Agency for International Development (USAID) partners with ASEAN to enhance internet connectivity and accessibility while adopting approaches that strengthen cybersecurity and digital finance.

Specifically, the Inclusive Growth in ASEAN through Innovation, Trade and E-Commerce (ASEAN-USAID IGNITE) project works closely with ASEAN to increase the availability of relevant, affordable, and secure digitally-enabled services that reflect international standards and practices and facilitates e-commerce, especially for micro, small, and medium enterprises. Building on the momentum of the expanding digital economy, these activities enhance the shared prosperity of ASEAN member states (AMS) and the United States.

REGULATORY REFORM FOR THE DIGITAL ECONOMY

ASEAN encourages member states to promote digital payments at the national level and interoperability at the regional level. To expand regional e-commerce, AMS must improve policies and regulations on digital payment, fintech innovation, and open data flows. ASEAN-USAID IGNITE supports the streamlining and diminishing of cumbersome regulatory approaches to the digital economy and regular monitoring of progress in enabling the digital economy. This fosters competition and innovation while ensuring consumer protection and ease of cross-border trade.

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1 The Association of Southeast Asian Nations (ASEAN) is a regional organization focused on maintaining regional security and promoting regional integration. ASEAN has 10 members: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

**IMPROVED REGULATIONS FOR CYBERSECURITY & DATA PRIVACY**

Free cross-border data flows benefit people and economies by facilitating trade opportunities, investment innovation, development and growth, and productivity. In 2018, ASEAN adopted the Framework on Digital Data Governance and the ASEAN Framework on Personal Data Protection to respond to challenges associated with greater connectivity. ASEAN-USAID IGNITE stands ready to support ASEAN as it improves regulations on cybersecurity and improves data privacy without impairing the growth of services.

**ENHANCED ASEAN SMART CITIES NETWORK**

Rapid migration to ASEAN cities is putting pressure on existing resources and infrastructure. With the presence of the Fourth Industrial Revolution, technologies such as the Internet of Things, Artificial Intelligence and big data have enabled ASEAN to exploit smart solutions to manage challenges associated with urbanization. The ASEAN Smart Cities Network (ASCN), established in 2018, ensures effective and efficient delivery of municipal services. ASEAN-USAID IGNITE supported this effort by developing a monitoring framework for more effective monitoring of progress and access to resources in adopting smart technology, identification of solutions, and engagement with industry and global partners to implement successful ASCN action plans.

**IMPROVED EXPANDED BROADBAND ACCESS**

Equal, effective, and efficient IT services for all—including isolated and vulnerable groups—can bring the benefits of the growing digital economy to more people. ASEAN-USAID IGNITE supports ASEAN to expand broadband access and make content more accessible for more users. Given that certain barriers to internet access and digital literacy are gender-based, such as limited access to smart phones and concerns regarding cyberstalking, these efforts consider the unique needs of women.

**HIGHLIGHTED RESULTS**

The USAID-supported IGNITE project achievements include:

- Developed a report on Next Generation Universal Service Programs (USO 2.0) to guide ASEAN policymakers in rolling out USO programs across member states. This work paved the way for national level support for implementing USO policies that will ensure balanced access to broadband and support the development of the digital economy.

- Designed a monitoring, evaluation, and learning tool called the ASEAN Digital Integration Index (ADII) to guide how the region progresses toward a robust digital economy. The ADII represents the first time that ASEAN will track digital economy readiness, which will inform evidence-based policy in data protection and cybersecurity, digital skills, and digitally enabled trade.

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