



# Digital Transformation in ASEAN and East Asia: Promoting Knowledge and Building Capacity

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# Digital technologies are rapidly transforming ASEAN

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**The number of internet users in ASEAN has steadily increased.**

- 46.8 million increase in 2020-2021 ASEAN as a single market ranks 3<sup>rd</sup> in the world

**ASEAN e-commerce is expected to continue to grow at a high rate.**

- Expected to grow at 11.4% CAGR in 2023-2027

**Formal account and digital payments**

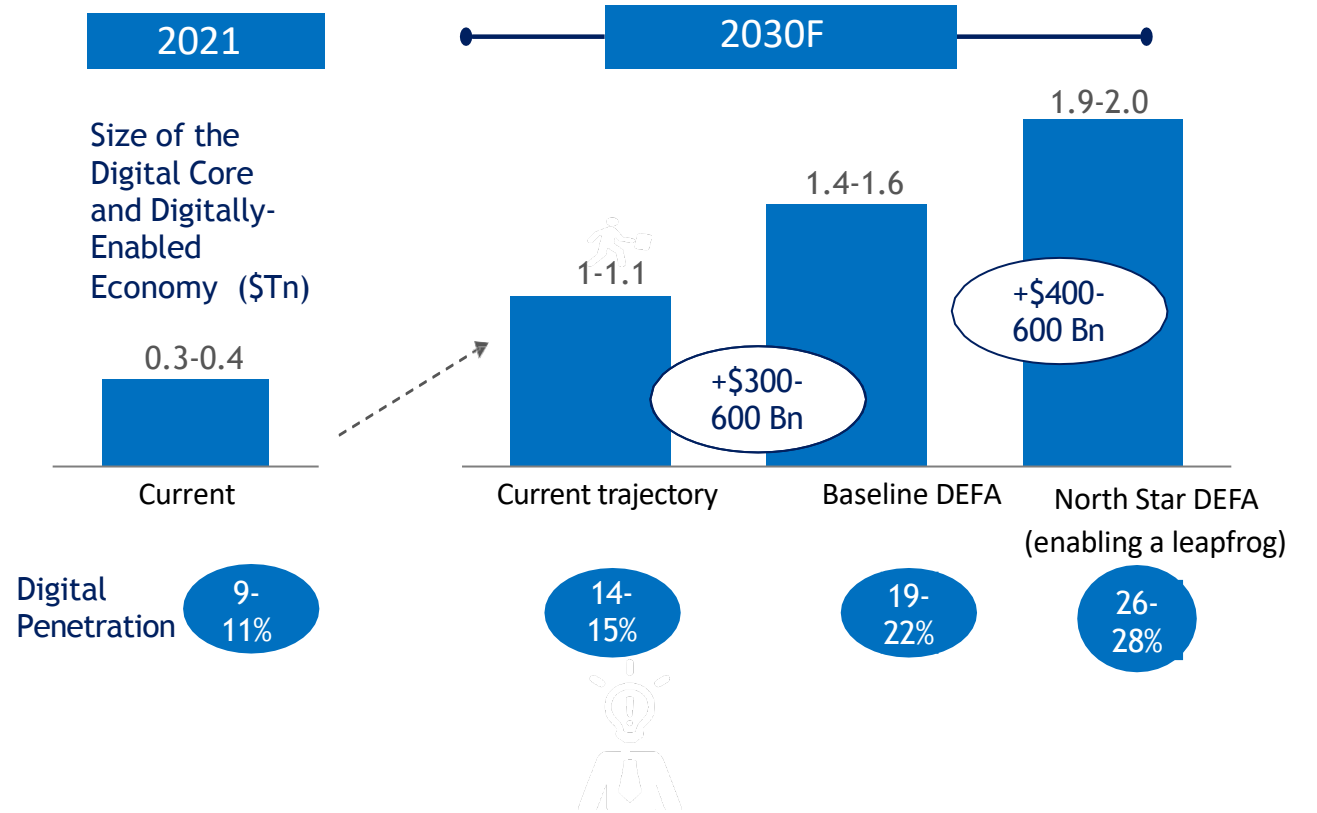
- 97.5% Singapore adults own a formal account, meanwhile only 33.4% in Cambodia.

**Government AI Readiness**

- China, ASEAN, and Japan are preparing AI governance initiatives. ASEAN Guide on AI Governance and Ethics may be finalized as soon as January 2024.

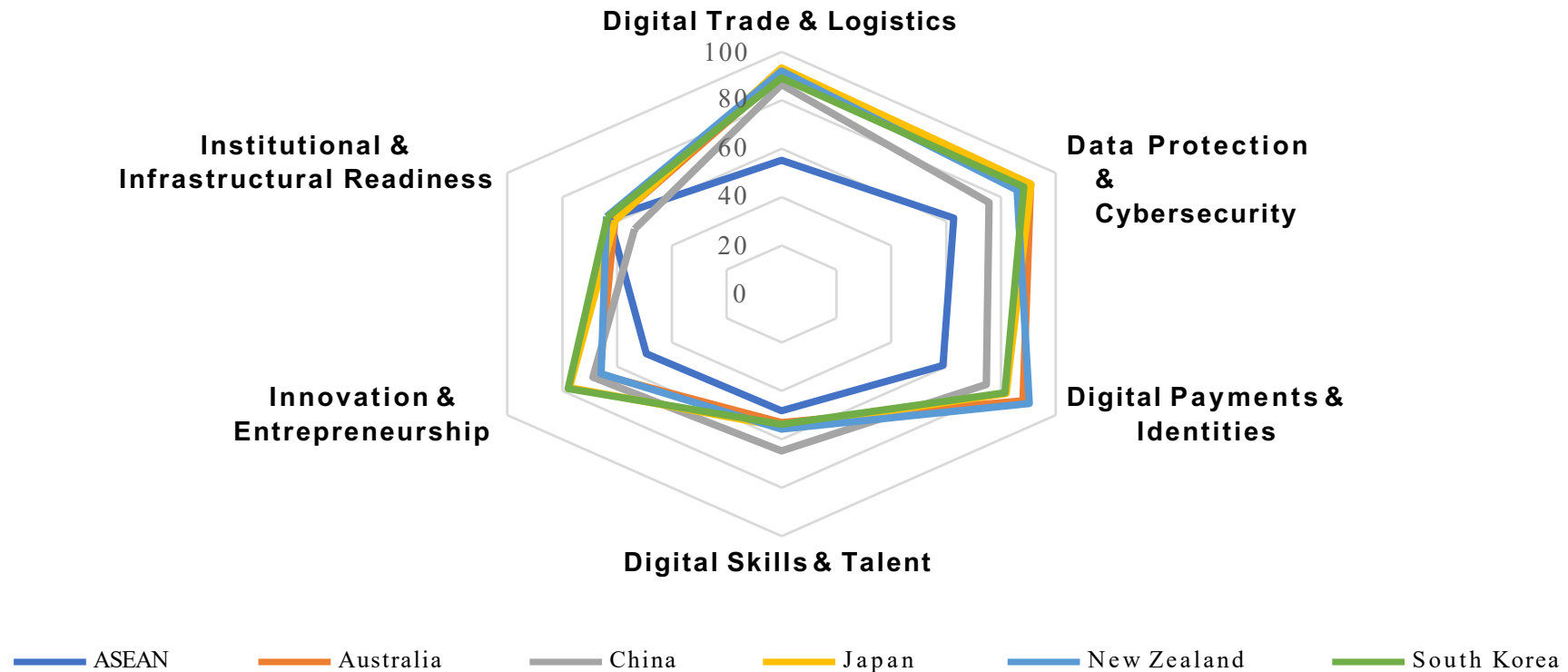
Source: Global Findex Database; Statista; World Bank; Oxford Insights

## Digitally Integrated ASEAN (Impact of DEFA)



Source: BCG (2023)

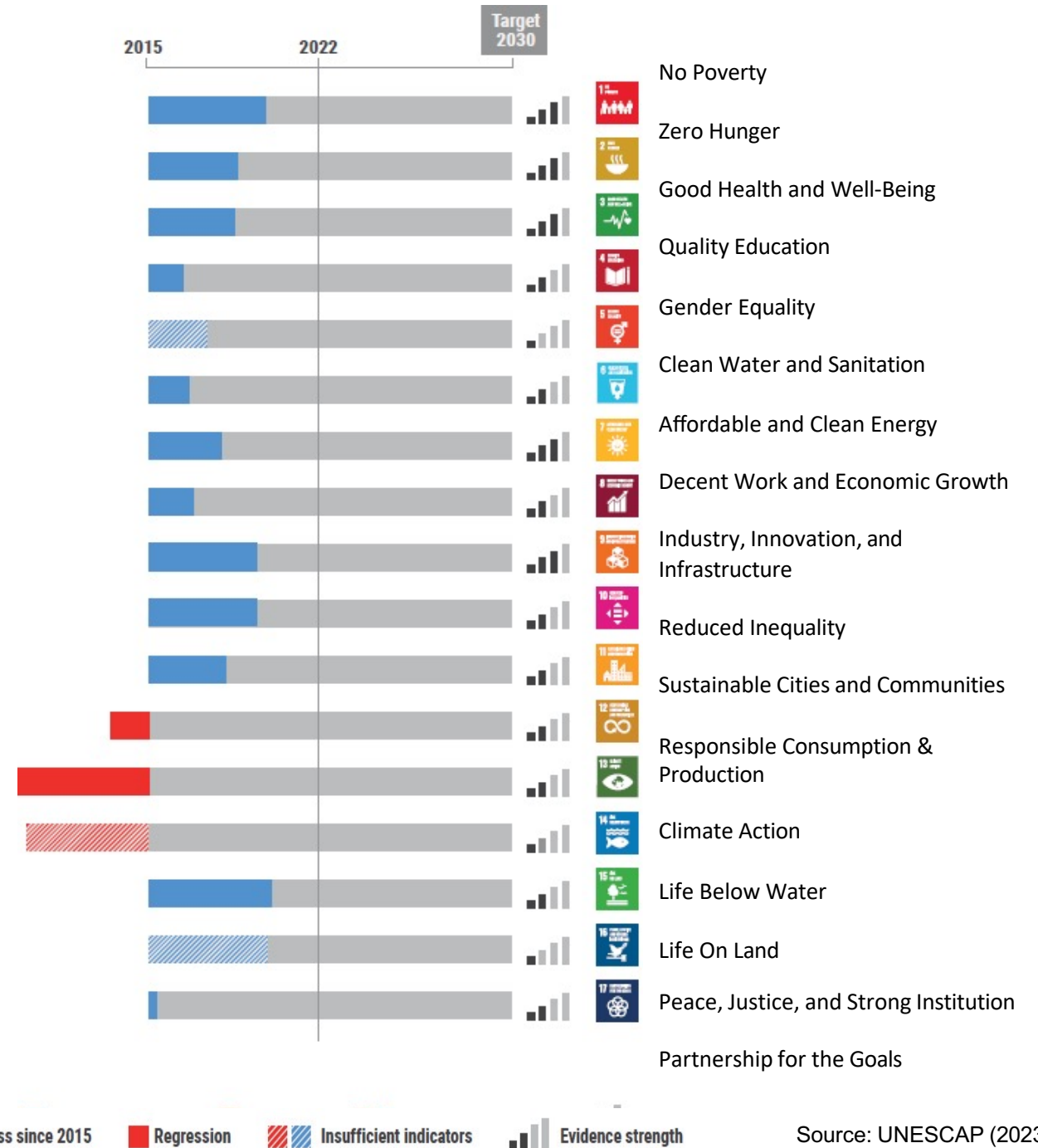
# ... but digital transformation is still not at a level that it should or could be



Source: ASEAN & USAID (2021).

# Sustainability is still a critical challenge

- ASEAN progresses well in developing infrastructures for digitalization and industries.
- Setbacks persist in areas like responsible consumption and production, climate action, and preserving life below water.



# Digital technologies as sustainable solutions



Digitalization as a driver of **circular economy**: enhancing product efficiency and production; shifting to circular goods and services is crucial to climate solution



Technology to enhance **supply chain resilience**: technical solutions that embed additional value to global value chains; enhancing visibility and increasing ability to respond to shocks



Technology as a major accelerant to **low carbon transition**: generating positive impact on net zero and other economic, social, and governance goals

# Despite the imperatives of transformation, challenges and risks remain



## Disparities

Notable slow progress is observed in broadband subscriptions, digital divide, and digital skills, pointing to challenges in achieving digital inclusivity.



## Gaps

Gaps in innovation, entrepreneurship, digital skills & talents, especially if compared to dialogue partners.



## Sustainability Challenges

Compounding the region's problems from climate change to food insecurity, natural disasters, and disruption of supply chains and vital infrastructure.

# E-DISC: Responding to digital and sustainable future

- ▶ An integral part of digital transformation and sustainable development is the role of knowledge to understand the complexities of digital technologies.
- ▶ Innovation necessitates the seamless sharing of ideas, expertise and critical capabilities in order to stay ahead of change and secure its opportunities.
- ▶ E-DISC's mission is to catalyse digital innovation and a sustainable economy in ASEAN and East Asia by leveraging on digital technologies for sustainable and inclusive development.

# E-DISC Priorities



## Digital Trade

Utilizing technology to bolster digital goods and services, Global Value Chains, and e-commerce

## Data Governance

Developing unified rules and cybersecurity measures

## Innovation and Entrepreneurship

Empowering small and inclusive businesses and startups through technology and innovation



# Delivering E-DISC



Building Knowledge and Capacity  
Building Support



Fostering Public-Private  
Dialogue



Providing Regional Policy  
Recommendations



E-DISC Formal Launch, 24 August 2023, Jakarta (with Indonesian Coordinating Minister Airlangga and ERIA President Tetsuya Watanabe)

# Research and Capacity Building Support

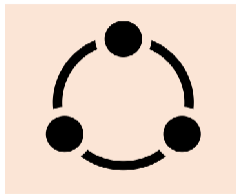
## Research Project Framework



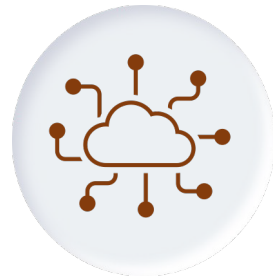
Innovation and digital transformation



Human development and entrepreneurship



Supply chain and data flows



Development and governance of technology

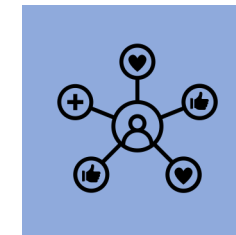


Inclusiveness

## Capacity Building



Nurture technology-savvy talent for innovation



Collaborate with OECD on entrepreneurship and digital skills development.

# E-DISC support to ASEAN startups

## Objectives

- Promote the formation of the ASEAN startup ecosystem
- Establish connections with global startup ecosystems such as the US, EU, Japan, China, and India.
- Help ASEAN countries achieve startup-driven economic growth.

## Activities

- Holding events
- Forming a network
- Creating annual white papers

## Demarcation from other accelerators and startup supporting agencies

- Forming an ASEAN-Wide Startup Ecosystem
- Pursuing the creation of impactful startups that address social issues
- Deepening policy research
- Not support individual startups, but forming ecosystem formation

# Providing Regional Policy Support



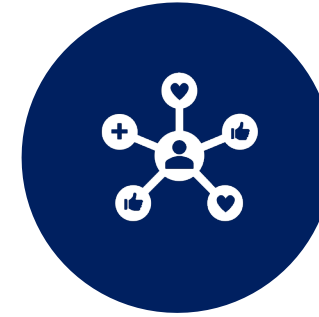
## Research

- Digital trade
- E-commerce
- Cybersecurity
- Digital ID
- AI
- Robot
- Fintech



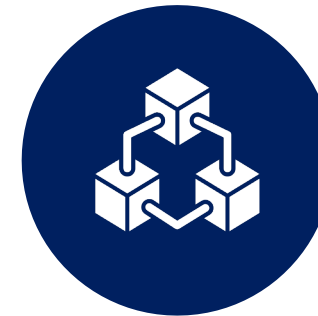
## Policy Design

Supporting ASEAN Sectoral Bodies,  
e.g., RCEP



## Outreach & Capacity Building

- Workshop
- Training program
- Stakeholder engagement



## E-DISC

- Digital trade
- Data governance
- Innovation & entrepreneurship

# ERIA as a Knowledge Partner for DEFA Negotiations



## Regional Support

- Evidence-based research and recommendations
- Discussion and issues papers on digital economy
- Stakeholder engagement forum



## Country-Specific Support

- In-country training and capacity building program
- Demand-driven research based on country's needs
- Post-negotiations and implementation activities



## Network and Resources

- Extensive research network in ASEAN and East Asia
- Regional presence (ASEAN sectoral bodies)
- Global partnerships (G-20, G-7, OECD)

# Access E-DISC Work



**E-DISC  
and Digital Integration  
Related Publications**



**E-DISC  
Entrepreneurship-  
Startup-Innovation  
Related Publications**



**Economic Research Institute  
for ASEAN and East Asia**

**THANK YOU!**



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