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Advancing Together for Sustainable, Inclusive and Resilient ASEAN

**EXPLANATORY NOTE ON
ENHANCING DIGITAL TRANSFORMATION FOR INCLUSIVE SOCIAL
PROTECTION**

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BACKGROUND

1. Home to approximately 678 million people, the Southeast Asian region has recently experienced a leapfrog in digital transformation, mainly due to the Covid-19 pandemic . Amidst the pandemic, the activities of governments and businesses as a whole as much as the daily livelihoods of people have been dramatically transformed to adapt to the new digital norms. Governments in the region have adopted policies and strategic frameworks to ensure that their societal and industrial backbone reflect the digital transformation in the age of the Fourth Industrial Revolution.
2. In 2021, in their ASEAN Summit Joint Statements, ASEAN Leaders have committed to accelerating digital transformation for the post-COVID-19 pandemic recovery and building long-term resilience against future challenges and crises. As the main drivers of the transformation process, the private sector entities have invested significant resources in technological research and innovation to make its digital goods and services even more convenient and cost-effective for consumers.
3. Nowadays, digital connectivity has witnessed a stunning increase and become part of our daily lives. In 2020, the number of internet users reached 400 million, jumping from 360 million just a year ago, with 36% them are new of the digital services . In 2022, the revenue from e-commerce in Southeast Asia has more than doubled from USD 56.39 billion to USD 142.69 billion over the three years period . Most government agencies in the region use digital services to communicate with the public and to regulate economic transactions while the education sector rushed to introduce virtual systems with course materials all available online. On the demand side, digitally creative goods and services have overwhelmed the cyber market place.
4. Notwithstanding the beneficial leapfrog effect of the digital transformation, this digitalization process has exacerbated the risk of inequality and social exclusion among poor communities and marginalized group, giving rise to a wider digital gap between urban and rural populations. Despite the

limited interventions from central governments to support the poor and marginalized households in rural areas, particularly during the COVID-19 pandemic, the latter continue to face difficulties due to limited physical and digital infrastructure, shortage of public digital literacy, and limited or sheer lack of access to digital devices and services in rural areas.

5. In this regard, it is crucial for AIPA to pay closer attention to digital transformation to enhance inclusion in social protection so as to ensure that fairer benefit are filtered down to rural areas, where the majority of the population resides in Southeast Asia. The inclusive digital protection scheme should contribute to reducing urban-rural inequality gaps as well as promoting sustainable and inclusive rural development.

6. To that effect, parliamentarians can play pro-active role, inter alia, in the following areas:

- Promoting proactive parliamentary diplomacy in advancing digital transformation for inclusive social protection, including through the adoption of AIPA joint-statements and other high-level interventions at international fora;
- Holding policy and advocacy dialogues with relevant stakeholders on the need to ensure that digital transformation serve inclusive social protection;
- Providing legislative support to enable an environment conducive to the development of digital services that is supportive of social protection;
- Establishing a digitalised system for recording and storing primary data of the population that can be utilised for interventions and support for emergency and social development from personal identification to emergency cash transfer, contact tracing, health record, insurance, financial record, and agriculture market matching;
- Supporting the initiatives for culture-based development for rural digital transformation and ASEAN cultural corridor connectivity through the establishment and development of virtual museums and creative industries, as in the case of Cambodia's TECHO 100 Village, a culture-based development project guided by Technology, Education, Cooperation, Humanity, and Ownership for sustainable and inclusive rural development, and similar innovative projects in Southeast Asia.
- Encouraging Public-Private Partnership investment in digital transformation for inclusive social protection scheme;
- Adopting budget and financial legislation supporting public investment for inclusive social protection.

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