



## **THE BANDAR SERI BEGAWAN ROADMAP:**

### **AN ASEAN DIGITAL TRANSFORMATION AGENDA TO ACCELERATE ASEAN'S ECONOMIC RECOVERY AND DIGITAL ECONOMY INTEGRATION**

#### **Introduction**

1. The COVID-19 pandemic has accelerated the pace of digitalisation in ASEAN. In 2020, 40 million people in the six largest economies in Southeast Asia adopted digitalisation for the first time compared to 100 million new users in the preceding five years - further cementing ASEAN's position as the fastest growing Internet market in the world.<sup>1</sup> This increased pace in digitalisation in the region and increased appetite for meaningful access and use of digital technologies by ASEAN citizens must be matched with a strong commitment and necessary political vision to meet these expectations. Therefore, harnessing the ongoing digital transformation in the region is necessary to catalyse ASEAN's digital economy integration agenda.

2. Digital transformation has been on ASEAN's radar for more than two decades with the signing of the e-ASEAN Framework Agreement by the Leaders in November 2000. Over the years, a lot of work has been done to catalyse digitalisation within ASEAN including through the ASEAN Digital Integration Framework Action Plan (DIFAP) 2019-2025, the adoption of the ASEAN Digital Masterplan 2025 and the ASEAN E-commerce Agreement. Most recently, the ASEAN Comprehensive Recovery Framework (ACRF) has identified Accelerating Inclusive Digital Transformation as one of the five broad strategies to bring ASEAN out of the COVID-19 crisis. ASEAN is also in the midst of articulating its Fourth Industrial Revolution (4IR) Strategy through the development of the Consolidated Strategy on the 4IR for ASEAN, which is a cross-pillar Priority Economic Deliverable of Brunei Darussalam for its ASEAN Chairmanship in 2021.

3. The ongoing pandemic brought to the fore the need to articulate a cohesive digital transformation strategy for ASEAN that takes into account various ongoing digitalisation action plans and frameworks vis-à-vis recent developments. This is important to help the region recover from the economic impacts of COVID-19 and build a resilient foundation for the region's growing digital economy towards an ASEAN Digital Economy, where the seamless and secure flow of goods, services, and data is underpinned by enabling rules, regulation, infrastructure, and talent. In other words, a coherent digital transformation strategy for ASEAN is not only crucial for the region's recovery but also for its long-term competitiveness.

4. Given the disruption and shifts in adoption of technology in the region because of COVID-19, ASEAN must ensure that immediate steps are taken so that digital

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<sup>1</sup> Google, Temasek and Bain, e-Conomy SEA 2020. Available at: [https://storage.googleapis.com/gweb-economy-sea.appspot.com/assets/pdf/e-Conomy\\_SEA\\_2020\\_Report.pdf](https://storage.googleapis.com/gweb-economy-sea.appspot.com/assets/pdf/e-Conomy_SEA_2020_Report.pdf)

transformation provides fair share of benefits to all ASEAN Member States (AMS) and ensures that no AMS is left behind. In this regard, the proposed Bandar Seri Begawan Roadmap (BSBR) provides a focused plan for ASEAN to take concrete steps to develop an enabling environment for a robust ASEAN digital economy and ensure that the region emerges stronger and more resilient from the disruptions of the COVID-19.

## Objectives

5. The BSBR aims to map immediate term steps that ASEAN can take to leverage the ongoing digital transformation happening in the region without creating overlapping initiatives. Rather than a new set of action lines, the BSBR highlights key actions from existing relevant ASEAN initiatives<sup>2</sup> with immediate and long-term benefits for the region's competitiveness. In doing so, the aim is to pave the way for a strong foundation so that the action items in the broader ASEAN Community-building agenda involving digital technology will be able to achieve their intended outcome in the shorter to medium term. More specifically, the BSBR aims to achieve the following:

- (a) articulate the strong commitment to transform the ASEAN region into a leading digital economy;
- (b) work on a single coherent document, with key areas of action, flagship initiatives, specific targets, timelines, and accountability; and
- (c) prioritise actions that: (i) harness the use of technology to jumpstart the region's economy including in the resumption of safe and orderly movement of people and goods; (ii) simplify business processes through the use of IT applications including in cross-border trading; (iii) promote access to and trust in the use of digital applications and transactions; (iv) enhance protection of intellectual property rights in the digital era; (v) capacitate its people on digital technologies; and (vi) improve cross-sectoral cooperation and coordination of ASEAN bodies in the area of digital transformation.

## Implementation and Coordinating Mechanism

6. The ASEAN Coordinating Committee on Electronic Commerce (ACCEC) will serve as the coordinating sectoral body for the BSBR with oversight by the Senior Economic Officials (SEOM) and support/input from each AMS' representatives from the relevant sectoral bodies (**Annex 1**). The SEOM will report the progress of the Roadmap regularly to the AEC Council. Given the cross-cutting nature of the BSBR, relevant Ministerial tracks should be updated on the BSBR, such as the ASEAN Economic Ministers (AEM) and ASEAN Digital Ministers (ADGMIN) and ASEAN Finance Ministers and Central Bank Governors (AFMGM). Noting that digital transformation is cross-sectoral in nature, part of the deliverables for the BSBR is the review of the Terms of Reference of ACCEC to ensure that ACCEC is not only able to

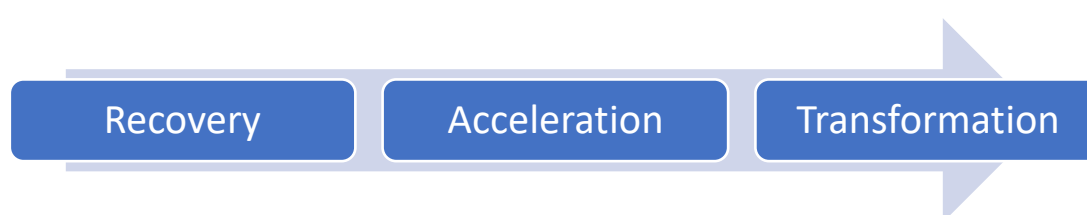
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<sup>2</sup> Such as the ASEAN Digital Integration Framework Action Plan (DIFAP) 2019-2025; the ASEAN Digital Masterplan 2025; the ASEAN E-commerce Agreement; and the ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan.

deliver on the present requirements of ASEAN's digital transformation agenda, but is also future-ready and capable of supporting the ever-increasing requirements for cross-sectoral collaboration under digital transformation.

## Roadmap 2021-2025

7. The BSBR does not intend to supersede existing action items across various ASEAN digital plans. Rather, the BSBR selects from existing initiatives or those in the pipeline where there may be greater impact in helping the region's recovery from COVID-19 and provide a strong foundation for the ASEAN's digital transformation agenda. To keep the activities under the BSBR focused, three phases have been identified to establish and strengthen the necessary foundation to transform the region into an ASEAN Digital Economy.



### **Phase I: Recovery (2021-2022)**

8. As the region confronts the ongoing challenges brought by COVID-19, the immediate task for AMS is to jumpstart the region's economic recovery. With much of Southeast Asia reliant on trade and tourism, it is essential that digital technology is harnessed to help in the safe and orderly opening of the region's economies and other ongoing recovery efforts. In this regard, the Recovery phase focuses on measures that are aligned in (i) using technology to help in resuming essential travels<sup>3</sup> in the region and (ii) strengthening institutional mechanisms and capacities in ASEAN Secretariat and relevant ASEAN Sectoral Bodies that deal with digital transformation.

#### ***Measure 1 Adopt interoperable and secure digital solutions to facilitate cross-border travel***

9. The use of digital solutions to issue and/or endorse, store and display, as well as verify digital COVID-19 test and vaccination certificates, will help provide assurance of authenticity of test and vaccination records to facilitate certificate verification, ensure proper health protocols are followed, build confidence in travel, and advance digitalisation efforts, by taking into consideration relevant official guidelines set by the World Health Organization (WHO). To this end, the Ad Hoc Task Force on the Operationalisation of the ASEAN Travel Corridor Arrangement Framework (TF-ATCAF) should work towards enabling a common approach on verifying the authenticity of digital certificates taking into consideration, where relevant, official guidelines set by the WHO. This approach could encompass the verification of COVID-

<sup>3</sup> For greater certainty, the operative understanding of essential travels will be in line with the ASEAN Travel Corridor Arrangement Framework (ATCAF).

19 PCR test results, COVID-19 vaccination certification, and other health status-related documents that may be required.

***Measure 2 Strengthen the coordinating mechanism and capacities on digital transformation***

10. Digital transformation in ASEAN is a cross-sectoral process with the involvement of various sectoral bodies of ASEAN as per Annex 1. It is essential for SEOM officials to look into how to strengthen the ACCEC for it to be able to monitor, coordinate effectively, and expedite the implementation of the DIFAP, the future Work Plan on Implementation of the ASEAN Agreement on E-commerce and the BSBR.

***Measure 3 Adopt the Work Plan to Facilitate the Implementation of the ASEAN Electronic Commerce Agreement***

11. The Work Plan will guide the AMS in advancing effective implementation of the ASEAN Agreement on E-Commerce over the next five years both at the regional and national levels. It would complement the DIFAP 2019 – 2025 by providing insights on the emerging trends in the global digital economy, identifying priority areas, international best practices, and initiatives for the effective implementation of the ASEAN Agreement on Electronic Commerce in order to promote E-commerce in the region as well as to help the AMS to boost their economic growth through E-commerce for the post-COVID 19 period.

***Measure 4 Review DIFAP 2019-2025***

12. The DIFAP 2019-2025 was adopted by the AEM in September 2019 and endorsed by the ASEAN Economic Community (AEC) Council in October 2019. In line with DIFAP's biannual review mechanism, there is a need to re-evaluate the implementation strategy under DIFAP and to ensure that DIFAP is relevant and responsive to a new normal of a post-COVID 19 world. In reviewing DIFAP, the focus will be on re-examining implementation timelines including accelerating delivery of outputs under DIFAP as necessary especially in the areas of digital trade, digital payments, and entrepreneurship, and incorporating new priorities drawing from emerging developments in the digital ecosystem.

***Measure 5 Finalise the 1<sup>st</sup> Report of ASEAN Digital Integration Index (ADII)***

13. The ASEAN Digital Integration Index (ADII) was endorsed by the 52nd AEM in August 2020. It is designed for the AMS to assess the progress and effectiveness of the ASEAN Digital Integration Framework (DIF). The 1<sup>st</sup> ADII Report offers a starting point for the ASEAN region to begin to review the progress in implementing the DIF. It also assists the AMS to identify regulatory gaps and suggest a way forward on accelerating digital transformation across sectors in line with COVID-19 recovery efforts and strengthening resilience for the digital era.

## **Phase II: Acceleration (2022-2024)**

14. This phase would include work from the DIFAP's priority areas<sup>4</sup> where (i) the need to accelerate the progress in the work of relevant ASEAN Sectoral Bodies, including the ASWSC, ACCMSME, ACCSQ, AWGIPC, WC-PSS in areas, such as, amongst others, trade facilitation and digitalisation, cross-border digital payments and intellectual property, and (ii) the impetus to provide an enabling environment for these sectors, are crucial to ensure that the impact of the ongoing digital transformation in the region can be harnessed for good and sustained in the long run.

### **Measure 1 Accelerate existing work in the area of trade facilitation and digitalisation**

15. Digital solutions and the digitalisation of processes have become critical for business continuity in view of the COVID-19 pandemic. Key is to ensure regional interoperability of systems to enhance connectivity, boost intra-ASEAN trade and as well as enhance ASEAN's standing in global trade flows. To achieve this goal, the following action items are proposed:

- (a) Establish ASEAN Single Window connections to ASEAN's Dialogue Partners, while ASEAN continues parallel work to expand the number of trade documents to be exchanged electronically amongst each other;
- (b) Accelerate the full implementation and promote the use of the ASEAN Customs Transit System (ACTS);
- (c) Develop and adopt common e-invoicing standards to facilitate business transactions;
- (d) Establish an ASEAN-wide Unique Business Identification Number (UBIN) and further work on Business Digital Identities;
- (e) Promote and monitor the adoption of the implementing guidelines of the ASEAN Data Management Framework and recognise the ASEAN Model Contractual Clauses as an important tool in data governance and facilitation of the cross-border data flow;
- (f) Identify and establish interoperable standards that support trade facilitation and digitalisation, including for smart manufacturing and supply chain solutions;
- (g) Develop and implement the ASEAN Online Dispute Resolution mechanism for cross-border consumer complaints;
- (h) Promote technology exchange and transfer across the region to have enough capacity for ASEAN integration and inclusive growth;

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<sup>4</sup> The DIFAP's six priority areas are: (i) facilitate seamless trade; (ii) protect data while supporting digital trade and innovation; (iii) enable seamless digital payments; (iv) broaden digital talent base; (v) foster entrepreneurship; and (vi) coordinate actions.

- (i) Establish an ASEAN Regional CERT (Computer Emergency Response Team) as a mechanism to facilitate incident response coordination and information exchanges amongst AMS CERTs to ensure a safer regional cyberspace for digital transformation; and
- (j) Implement the Memorandum of Understanding (MOU) of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP) to complement the work on digitalisation by promoting cybersecurity through information exchange on cyber threats and cybersecurity best practices.

16. Individuals should also be equipped with the necessary skills to maximise the use of digital technologies. To achieve this goal, it is important that the promotion and adoption of digital technologies should be accompanied by upskilling and re-skilling initiatives to provide ASEAN peoples with the capacity to partake in the opportunities that come with the digital economy. These can be concretely implemented through initiatives such as those in the ACRF Implementation Plan:

- (a) Mapping out business models that incorporate digital reskilling and upskilling of workers with the objective of promoting such business models for adoption by the business community;
- (b) Conducting an in-depth assessment or develop a diagnostic tool to assess the state of digitalisation and skills gap that will identify challenges and recommendations to support digital awareness and adoption of relevant technology and digital tools;
- (c) Utilising the ASEAN SME Academy, and include more digital-related contents in the programme;
- (d) Implementing the Go Digital ASEAN with the view of providing programmes and modules tailored to the needs of each AMS;
- (e) Exploring partnership opportunities with tech companies in providing digital upskilling for MSMEs, including for women led MSMEs; and
- (f) Implementing any other initiatives that may be mutually agreed among the AMS.

***Measure 2 Implement inter-operable cross-border digital payments in ASEAN***

17. The ACRF Implementation Plan identifies the promotion of financial inclusion through digital financial services and regional payment connectivity as one of the key priorities under the Accelerating Inclusive Digital Transformation Strategy. With the rise of use of e-commerce in the region, it is imperative that systems are in place at the domestic and regional payments ecosystem to ensure that these systems are efficient and safe to use. With the endorsement of the ASEAN Payments Policy Framework for Cross-Border Real Time Retail Payments within the ASEAN region, work will now focus on the:

- (a) development of an ASEAN Interoperable QR Code Framework<sup>5</sup> by 2022; and
- (b) implementation of interoperable cross-border real-time retail payment system based on the ASEAN Payments Policy Framework (FW) for Cross-Border Real Time Retail Payment Systems and its Implementing Policy Guidelines with at least two AMS in 2021, and additional jurisdictions thereafter (three AMS in 2022, four AMS in 2023, and at least five AMS in 2024).

**Measure 3 Establish a one-stop IP services and information platform for the ASEAN region**

18. Intellectual Property (IP) cooperation is key to spurring innovation, attracting foreign investment and driving economic growth. The ASEAN region should focus on improving regional IP platforms and infrastructures in order to raise IP standards to facilitate IP protection and access in the region. To this end, it is proposed that the ASEAN IP Portal should become a one-stop platform for IP services and information, which includes: (a) improved IP services of AMS, and improved management and access to IP-related information and databases via a centralised digital portal; (b) IP training programs, including through a virtual ASEAN IP Academy; and (c) access to updated IP resources and information. To achieve this goal, the AWGIPC is tasked to accelerate current plans to enhance the ASEAN IP Portal.

**Measure 4 Conduct a study on the establishment of an ASEAN Digital Economy**

19. Clearly defined and comprehensive rules are essential to sound, competitive regional digital ecosystems that benefit from the ongoing digital transformation in the region and to remain competitive. In this regard, building on the progress in the implementation of the DIFAP 2019 – 2025, ADM 2025, the Work Plan on the Implementation on ASEAN E-Commerce Agreement, and other digital initiatives across relevant sectors, transforming the region into an ASEAN Digital Economy becomes a logical next step. Towards this end, it is proposed that a study be conducted by 2023 to examine areas that can be included in a framework to accelerate ASEAN's digital integration towards a regionally integrated economy. These areas could include essential areas based on mutual interests of ASEAN with recommended measures and milestones towards the commencement of negotiations for an ASEAN Digital Economy Framework Agreement (DEFA) to be reported to the AEC Council after the study is completed in 2024.

**Phase III: Transformation (2025)**

20. To truly make the ASEAN region a Community of Opportunities for All, it is essential that embracing digital transformation is backed by concrete steps in embedding digital technologies as an integral component of the ASEAN Community.

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<sup>5</sup> The ASEAN Interoperable QR Code Framework is a Priority Economic Deliverable under the Vietnam Chairmanship. The initiative is being led by the ASEAN Bankers Association and seeks to develop a framework to enable a common approach in the reading of QR codes.

While the Recovery and Acceleration phases of BSBR provide actionable measures that can provide an enabling environment for digital technologies to thrive and support the region's digital transformation agenda, these measures need to be codified so that the region's digital transformation is sustained in a virtuous cycle. To do so, the following measure is proposed.

**Measure 1 Work towards the adoption of the ASEAN Digital Economy Framework Agreement (DEFA)**

21. Finally, to establish an open, secure interoperable, competitive and inclusive regional digital economy in the broader AEC-building agenda, the BSBR calls for the commencement of negotiations *by 2025*, expeditiously conclude such negotiations as and subsequently adopt the ASEAN DEFA. The ASEAN DEFA will be comprehensive to progress ASEAN's cooperation in the digital ecosystem, while also considering on addressing the digital and development gaps of AMS and include matters which are deemed to be essential for harnessing the ongoing digital transformation in the region and preparing MSMEs for digital transformation and developing digital-ready workforce, as agreed by all AMS.

**Conclusion**

22. Taken together, the ten measures identified in this Roadmap provide a clarion call for the AMS to work together to turn the ongoing crisis into an opportunity. With Brunei Darussalam's theme running parallel to the three phases of the BSBR, i.e., by: (i) harnessing the ongoing digital transformation to recover from the crisis; (ii) accelerating existing work on digitalisation to prepare for the future; and (iii) institutionalising the digital transformation in the region to make it sustainable, we send a signal that the ASEAN Community is a place where *We Care, We Prepare, We Prosper*.



## ANNEX 1

### **ASEAN SECTORAL BODIES<sup>6</sup> FOR THE IMPLEMENTATION OF THE BANDAR SERI BEGAWAN ROADMAP**

1. ASEAN Senior Economic Officials Meeting (SEOM)
2. ASEAN Coordinating Committee on Electronic Commerce (ACCEC)
3. ASEAN Trade Facilitation Joint Consultative Committee (ATFJCC)
4. ASEAN Coordinating Committee on the Implementation of the ATIGA (CCA)
5. ASEAN Coordinating Committee on Services (CCS)
6. ASEAN Coordinating Committee on Investment (CCI)
7. ASEAN Working Group on Intellectual Property Cooperation (AWGIPC)
8. ASEAN Committee on Consumer Protection (ACCP)
9. ASEAN Expert Group on Competition (AECG)
10. ASEAN Single Window Steering Committee (ASW-SC)
11. ASEAN Customs Directors-General Meeting (Customs DG)
12. ASEAN Customs Procedures and Trade Facilitation Working Group (CPTFWG)
13. ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME)
14. ASEAN Consultative Committee for Standards and Quality (ACCSQ) – Digital Trade Standards and Conformance Working Group (DTSCWG)
15. ASEAN Digital Senior Officials Meeting (ADGSOM)
16. ASEAN Network Security Action Council (ANSAC)
17. ASEAN Central Banks Working Committee on Payment and Settlement Systems (WC-PSS)
18. Ad Hoc Task Force on the Operationalisation of the ASEAN Travel Corridor Arrangement Framework (TF-ATCAF)

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<sup>6</sup> (i) This is a list of ASEAN sectoral bodies for the implementation of the BSR, where relevant; and (ii) this list also serves as a living document.