

Connectivity Scorecard 2011

Philippines



Philippines
2.15

	Score	Weight
Consumer Infrastructure	0.32 (0.88)*	0.16
Consumer Usage and Skills	0.30 (0.70)*	0.16
Business Infrastructure	0.11 (0.64)*	0.39
Business Usage and Skills	0.25 (0.71)*	0.25
Public sector Infrastructure	0.20 (0.83)*	0.03
Public sector Usage and Skills	0.23 (0.68)*	0.02

*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

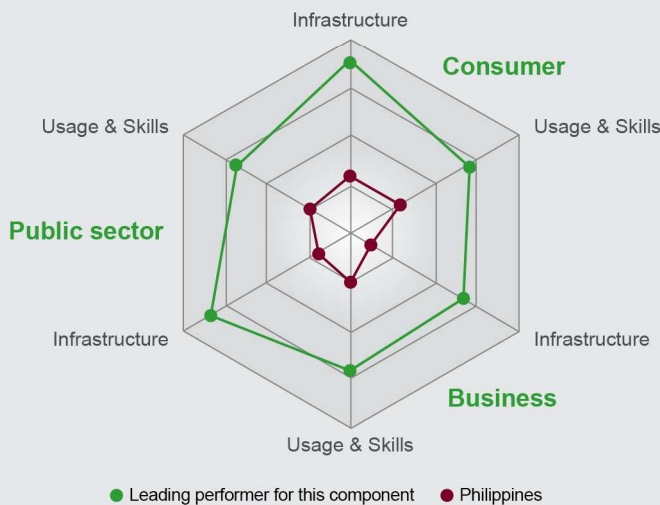


Fig 1: Component Scores 2011

Overview

Philippines scores 2.15 and climbs three places to rank 16th among the resource and efficiency-driven¹ economies on the Connectivity Scorecard 2011 index.

This performance places Philippines well ahead of India (21st), but behind China (14th) and regional neighbor Thailand (11th).

Strengths

The Philippines' relative strength lies in the consumer usage and skills, and infrastructure components, where the country scores 0.32 and 0.30 respectively. The population's general readiness to adopt new technology is perhaps not surprising given that the Philippines is commonly known as the "SMS capital of the world" – with some estimates suggesting that a subscriber base of 60 million sends as many as 1 billion text messages per day.

The country's relatively good consumer infrastructure score of 0.30 is still quite low compared to the top performer in this component which scores 0.80. This indicates the poor availability of basic infrastructure, particularly in the fixed-line world.

The Philippines' strong performance in consumer usage and skills is surprisingly not mirrored in the public sector, with the country scoring only 0.23 for public sector usage and skills. Also, contrary to other infrastructure components, public sector infrastructure receives a reasonable score of 0.20, which unfortunately has almost no impact on total score with 3 percent weighting.

¹ As defined by The World Economic Forum www.weforum.org

Weaknesses

The penetration rate of consumer broadband in the Philippines is very low (less than 1/10 of the levels of Malaysia, China and Russia), indicating both the potential for improvement but also the challenge involved in expanding networks that require significant investments.

As observed in various resource and efficiency-driven economies, and particularly those finishing in the bottom half of the Scorecard, the Philippines scores very poorly on business metrics, with just 0.11 on business infrastructure and 0.25 in business usage and skills. The top scores of 0.64 and 0.71 respectively in those components clearly illustrate how far the Philippines stands behind the best performers. In almost every business metric, the Philippines scores less than 0.5, the one exception being secondary school enrolment where it achieves a relative score of 0.71, but that too is lower than the median score of 0.84.

Conclusions

There are some positive indicators within the existing data that indicate Philippines' performance can be improved significantly. When compared to nations at similar income levels, its literacy and basic educational achievement rates are relatively strong, reaffirming the potential for good use of infrastructure. However, this performance appears less favorable when compared to the secondary school enrolment and completion rates of higher income nations.

It is clear that the Philippines needs to make significant investments in "basic infrastructure" such as broadband networks or submarine cable networks that facilitate international connectivity. Much of this investment can come from international corporations, but for that to happen the country requires an appropriate regulatory environment. The Philippines does have a sector-specific regulator for telecommunications and broadcasting, which is autonomous. Also, all aspects of the Philippines' markets have in theory been opened to competition; however, there is room for greater transparency and certainty, which will be a critical requirement for attracting international capital to the sector.

A silver lining for the Philippines is that the weak development of its wireline voice market, because this gives the country with the option of "leap-frogging" and realizing the advantages of newer technologies such as

Rank [*]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

*last year's rank in parenthesis

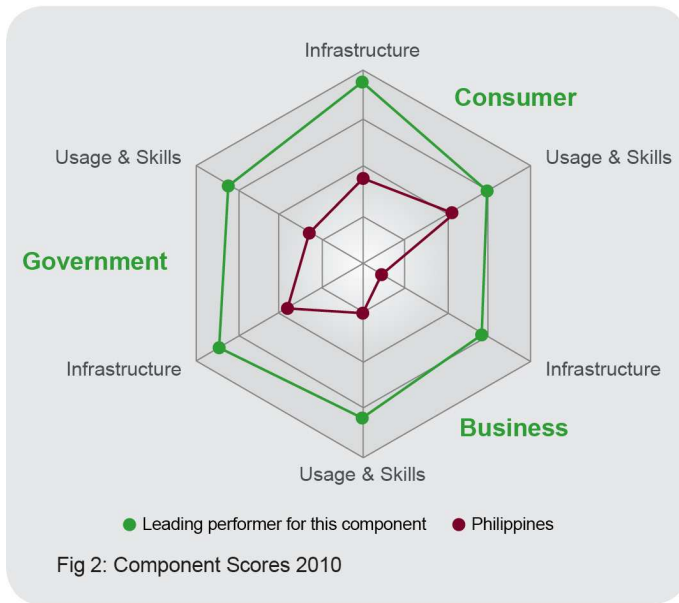
Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

fixed wireless and mobile broadband. This is because the would-be investors may be more interested in expanding a healthy mobile voice penetration rate (80 per 100 inhabitants) into "voice plus data" – representing a more efficient option than that of expanding a stalling wireline voice base into the data market.

2011 vs. 2010

The Philippines scores 2.15 and ranks 16th on this year's Connectivity Scorecard compared to a score of 2.92 and a rank of 19th in 2010. For the resource and efficiency economies, two major differences drive the difference in scores and rankings this year². First, there is the use of new weights that have a particular effect on the split between "infrastructure" and "usage and skills" in the business and public sector components of the Scorecard. Using Conference Board data, it is possible to obtain

² For more information download the Connectivity Scorecard 2011 Report from www.connectivityscorecard.org



not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector “make use” of connectivity technologies to enhance social and economic prosperity. This “useful connectivity” is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Communea.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

weights specifically for the relative contributions of ICT capital and labour force improvements to economic growth, from which the split between infrastructure (capital) and usage and skills is derived. In general, this change has resulted in more weight put on the “business infrastructure” component than in previous Scorecards. Further, the inclusion of new indicators has made a significant difference to countries’ relative performance on the business components of the Scorecard. This has been discussed in detail above.

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country’s performance is measured in relation to the best performing nation in each segment at a given point of time. As with other indices of relative rankings, it is difficult to interpret the Scorecard in terms of absolute “improvements” or “deteriorations” and to make comparisons of scores over time.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of “useful connectivity”. That is,

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