Solomon Islands
Rapid eTrade Readiness Assessment
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NOTE

Within the UNCTAD Division on Technology and Logistics, the ICT Policy Section carries out policy-oriented analytical work on the development implications of information and communication technologies (ICTs) and e-commerce. It is responsible for the preparation of the Information Economy Report (IER) as well as thematic studies on ICT for Development.

The ICT Policy Section promotes international dialogue on issues related to ICTs for development and contributes to building developing countries’ capacities to measure the information economy and to design and implement relevant policies and legal frameworks. It also monitors the global state of e-commerce legislation (unctad.org/cyberlawtracker). Since 2016, the section has coordinated a multi-stakeholders’ initiative entitled eTrade for all (etradeforall.org), which aims to improve the ability of developing countries, particularly least developed countries (LDCs), to use and benefit from e-commerce.

Reference to companies and their activities should not be construed as an endorsement by UNCTAD of those companies or their activities.

The following symbols have been used in the tables:

- Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row;

- A dash (-) indicates that the item is equal to zero or its value is negligible;

- Reference to “dollars” (US$) means United States of America dollars, unless otherwise indicated;

- Reference to “SBD” means Solomon Islands Dollars, unless otherwise indicated; 1 SBD = 0.126 US$ (June 20, 2018).

- Details and percentages in tables do not necessarily add up to the totals because of rounding.
PREFACE

The eTrade for all Initiative, launched at the fourteenth Ministerial Conference of UNCTAD in July 2016, is a practical example of how to harness the digital economy in support of the 2030 Agenda for Sustainable Development, notably Sustainable Development Goals (SDGs) 5, 8, 9, and 17. The initiative seeks to raise awareness, enhance synergies, and increase the scale of existing and new efforts by the development community to strengthen the ability of developing countries to engage in and benefit from e-commerce by addressing seven relevant policy areas:

- E-commerce readiness assessment and strategy formulation
- ICT infrastructure and services
- Trade logistics and trade facilitation
- Payment solutions
- Legal and regulatory frameworks
- E-commerce skills development
- Access to financing

As part of the initiative, demand-driven assessments are envisaged to provide a basic analysis of the current e-commerce situation in the countries concerned, and to identify opportunities and barriers. The resulting reports will serve as a valuable input to these countries’ involvement in various discussions related to e-commerce and digital trade, such as in the context of the UNCTAD Intergovernmental Group of Experts on E-commerce and the Digital Economy.

It may furthermore help LDCs to identify areas in which they could benefit from assistance by partners of eTrade for all.

The Solomon Islands Rapid eTrade Readiness Assessment is the tenth such assessment conducted by UNCTAD and the third for a Pacific Islands Nation. Requests for eT Ready have been received from Kiribati, Niue, Tonga and Tuvalu, which UNCTAD hopes to support in coming months. With this report, UNCTAD contributes to the recommendations of the joint WTO/UNCTAD/PIFS Workshop on e-Commerce for the Pacific to have all PIF members benefit from an eTrade Readiness Assessment as a first step towards developing a coherent regional E-Commerce strategy. The Solomon Islands Rapid eTrade Readiness Assessment and action matrix contribute as well to the Pacific Aid-for-Trade strategy action plan.

With the eTrade for all partners, UNCTAD is committed to continue supporting Solomon Islands and other Pacific Islands Nations in its resolve to harness the potential of e-commerce for its development.

Shamika N. Sirimanne
Director, Division on Technology and Logistics, UNCTAD
ACKNOWLEDGEMENTS

This Rapid eTrade Readiness Assessment for Solomon Islands was prepared by Rahul Bhatnagar in close collaboration with a team comprising Cécile Barayre, Sven Callebaut, Dominic Leong and Marian Pletosu, under the overall guidance of Torbjörn Fredriksson. Local inputs and support were provided by Ronney Kenitahana, UNCTAD national consultant.

Profound gratitude goes out to George Tutu, Director, Department of External Trade, MFAET, Tanushree Sahai, Advisor, MFAET, and Ezekiel Parairae, Coordinator, National Implementation Unit (NIU) of the Enhanced Integrated Framework (EIF) for championing the eT Ready in Solomon Islands.

In Geneva, UNCTAD is grateful for the guidance of Mr. Barrett Salato, Minister Counsellor & Chargé d’affaires a.i. at Permanent Mission of Solomon Islands; Ambassador Mere Falemaka, Permanent Representative, and Dr. Andrea Giacomelli, Trade Policy and Aid-for-Trade Advisor at The Permanent Delegation of the Pacific Islands Forum (PIF) to the World Trade Organization (WTO).

The assessment benefited from inputs from more than 100 stakeholders in both public and private sectors, through the eTradeforall online surveys and subsequent interviews in Honiara.

In Honiara, UNCTAD is grateful to: Alwyn Danitofea, Director – Communications and Timothy Mausae, Deputy Director – Communications, Ministry of Communications and Aviation (MCA); Allan Arafoa CEO and Alfred Ghemu, Deputy CEO of Solomon Islands Postal Corporation; Wilson Leguvaka, Director – Regulatory Resources, Telecommunications Commission Solomon Islands (TCSI); Marlon Houkarawa, President, ITSSI; Linda Folia, Manager – Financial Inclusion, Central Bank of Solomon Islands; for their efforts in integrating e-commerce within the overall national development agenda, and lending robust support and guidance for this assessment.

Comments and inputs provided by the following eTrade for all partner agencies’ experts have substantially improved the final report: James Howe, Eric Buchot (ITC); Paul Donohoe, Alexandre Rodrigues, Youssouf Sy, Raquel Ferrari, Olivier Boussard (UPU); Luca Castellani (UNCITRAL); Mia Mikic, Yann Duval, Tengfei Wang, Tsuen Yip Jonathan Wong (UN/ESCAP).

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**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AML/CFT</td>
<td>Anti-Money Laundering / Combating the Financing of Terrorism</td>
</tr>
<tr>
<td>ASYCUDA</td>
<td>Automated System for Customs Data</td>
</tr>
<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
</tr>
<tr>
<td>BTCA</td>
<td>Better Than Cash Alliance</td>
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<tr>
<td>COD</td>
<td>Cash on Delivery</td>
</tr>
<tr>
<td>DFS</td>
<td>Digital Financial Services</td>
</tr>
<tr>
<td>DTIS</td>
<td>Diagnostic Trade Integration Study</td>
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<tr>
<td>DSFG</td>
<td>Digital Services Financial Group</td>
</tr>
<tr>
<td>EFTPOS</td>
<td>Electronic Funds Transfer at Point of Sale</td>
</tr>
<tr>
<td>EIF</td>
<td>Enhanced Integrated Framework</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
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<td>ICTSU</td>
<td>ICT Support Unit</td>
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<td>IER</td>
<td>Information Economy Report</td>
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<tr>
<td>ITSSI</td>
<td>Information Technology Society Solomon Islands</td>
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<td>ITU</td>
<td>International Telecommunication Union</td>
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<tr>
<td>MCA</td>
<td>Ministry of Communications and Aviation</td>
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<tr>
<td>MCILI</td>
<td>Ministry of Commerce, Industry, Labor and Immigration</td>
</tr>
<tr>
<td>MEHRD</td>
<td>Ministry of Education &amp; Human Resources Development</td>
</tr>
<tr>
<td>MFAET</td>
<td>Ministry of Foreign Affairs and External Trade</td>
</tr>
<tr>
<td>MFI</td>
<td>Micro Finance Institution</td>
</tr>
<tr>
<td>MoFT</td>
<td>Ministry of Finance and Treasury</td>
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<tr>
<td>MoID</td>
<td>Ministry of Infrastructure Development</td>
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<tr>
<td>MoJLA</td>
<td>Ministry of Justice and Legal Affairs</td>
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<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprises</td>
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<tr>
<td>NDS</td>
<td>National Development Strategy</td>
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<tr>
<td>NSO</td>
<td>National Statistics Office</td>
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<tr>
<td>NTDC</td>
<td>National Trade Development Council</td>
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<tr>
<td>SICED</td>
<td>Solomon Islands Customs and Excise Division (SICED)</td>
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<tr>
<td>SIPA</td>
<td>Solomon Islands Ports Authority</td>
</tr>
<tr>
<td>TCSI</td>
<td>Telecommunications Commission Solomon Islands</td>
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<tr>
<td>TF</td>
<td>Trade Facilitation</td>
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<tr>
<td>TFA</td>
<td>Trade Facilitation Agreement</td>
</tr>
<tr>
<td>TPO</td>
<td>Trade Promotion Organization</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UPU</td>
<td>Universal Postal Union</td>
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<tr>
<td>US$</td>
<td>US Dollar</td>
</tr>
<tr>
<td>WCO</td>
<td>World Customs Organization</td>
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<tr>
<td>WIPO</td>
<td>World Intellectual Property Organization</td>
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<tr>
<td>w3w</td>
<td>what3words</td>
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EXECUTIVE SUMMARY

The Solomon Islands economy is undergoing a transformational shift, driven by growth in productive sectors, a robust public sector reform program, a stable financial system closely integrated with nearby developed economies, and concerted efforts aimed at enhancing national education and health systems. The country has made remarkable progress in the past decade in improving the fundamental drivers of the economy along three axes: improving financial inclusion, enabling a gradual diversification in productive sectors (such as tourism, fisheries and agriculture) away from dependence on logging and mining, and leveraging ICT as a driver for connecting government to citizens.

The business case for e-commerce led growth in Solomon Islands

E-commerce appeals to policymakers and the private sector as a mechanism to galvanize private sector activity and markets at the domestic level, and spur trade led growth. Several key factors contribute to the case for e-commerce as a development opportunity.

First, the physical characteristics of the country - involving a coastline stretching 1,000 miles containing 1,000 islands of which more than 300 are inhabited - pose significant challenges for connectivity, governance, social development and commerce. In the past, the population outside Honiara and provincial capitals was largely detached from development efforts. ICT-led growth is changing this. Liberalization of the telecommunications sector in 2009 has led to high mobile telephony penetration and a revolution in terms of connecting people in remote areas to the government, banking services and with each other. Some 94 per cent of the population is now within reach of a mobile signal, and mobile penetration rates rose from 20 per cent in 2010 to 78 per cent in 2017.

Solomon Islands has joined the Better Than Cash Alliance (BTCA) and committed to converting 80 per cent of its payments to digital channels by 2020. A number of e-government initiatives, including online tax filings and government salary payments, are being planned/piloted. There is public and private sector support for increasing the role of e-Government in order to speed up the various regulatory and infrastructure related components of the e-commerce ecosystem, in addition to encouraging consumer adoption of online transactions.

Productive sectors especially tourism, agriculture and fisheries, which were relatively neglected in the past in favour of logging and mining, are now receiving significant development attention. The focus is on building the value chain, supporting the Micro, Small and Medium Enterprises (MSME) sector, and fostering market development for associated products. E-commerce fits in neatly within this development paradigm. As a Pacific island economy, where goods-based trading incurs high costs, market development for trade, trade facilitation and logistics are critical factors for success. The concerted efforts by Ministry of Foreign Affair and External Trade (MFAET), Solomon Islands Postal Corporation and others to develop these areas bode well for e-commerce.

Figure 1: Relative maturity of the following areas pertaining to e-commerce in Solomon Islands

(49 public sector responses, 27 private sector responses; x-axis represents perception of maturity: 1 being the least mature and 10 the most mature)

<table>
<thead>
<tr>
<th>Area</th>
<th>Public sector</th>
<th>Private sector</th>
</tr>
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<tbody>
<tr>
<td>Availability of support service providers (website development etc.)</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Gender equality</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>IT skills among entrepreneurs or availability of skilled contractors</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Payment methods for e-commerce</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Legal framework</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Effective trade logistics and cross-border facilitation measures</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>ICT infrastructure</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Understanding of e-commerce</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Coordination among institutions</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>High level political support</td>
<td>8</td>
<td>8</td>
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</tbody>
</table>

Source: UNCTAD
The impending arrival of the submarine cable on Solomon Islands shores in 2018 will significantly boost Internet speeds, uptime and latency. This will have a ripple effect on website development in the country and on browsing activity. Finally, there has been increasing growth and maturity vis-à-vis e-commerce in almost all the policy areas, with the possible exception of skills development, where a significant skills mismatch persists and focus on the tertiary ICT education has yet to emerge.

Current commercial activity online is limited to buyer-seller interactions, without actual order placement or payment. The base of e-commerce in Solomon Islands is low, and there are no lead firms. However, buyer-seller interaction online is growing especially through social media sites. There are a number of buy/sell Facebook groups with 1,000 plus members including overseas diaspora who use the groups to advertise, meet, negotiate and sell a wide range of products, including land and houses. The key advantage is fast turnaround. While the bulk of the products are second-hand goods, there is some retail activity as well. Within the fisheries sector, a number of companies are using Facebook as an advertising mechanism for selling fresh catch on a weekly basis, a trend that has become popular and may be replicated in other sectors. The hotel sector is the main e-commerce operator in the country. While leading hotels have websites and offer booking capabilities, most activity takes place through third party websites, such as Booking.com.

The next few years will see a spurt in online presence for existing businesses in the tourism sector due to development activity led by partners including EIF and Strongim Bisnis (DFAT). This will be followed closely by activity in agro-industry sectors which are also recipients of significant development support with a market side component. It is also anticipated that mobile phone-based activity rather than activity over fixed line connections will dominate e-commerce activity. This is due to the very low level of fixed line penetration (0.18 per cent in 2017), as well as the anticipated rise of smartphone use in the country estimated by GSMA to rise to 54 per cent (of overall mobile subscribers) in 2020 from 24 per cent in 2014.

Growth in online transactions is likely to be led by the government in the initial stages. First, the weak base of the private sector – only recently starting to diversify towards productive sectors – constrains emergence of lead firms. Second, the significant number of e-government initiatives that have been piloted recently, including online tax payments, will drive consumer confidence in online transactions, which in turn will create a spillover impact for future e-commerce transaction activity as well. Third, the national payment systems bill is an essential component that will lay out the legal basis for electronic payments. This will allow enhancements such as automatic cheque clearing, online interbank transfers, and other payment system innovations. It will drive inflow of fintech solutions by commercial banks and non-bank financial actors.

**Important hurdles to overcome**

While there is national consensus (and consequent focus through development plans and strategies) on ICT as a support driver, the focus on e-commerce and on ICT use by enterprises has only started emerging now and is still in nascent stage of development.

First, the conflict spanning 1999-2004 created deep and lasting economic and socioeconomic fissures in Solomon Islands. Successive governments have focused the post-conflict period on resolving the challenges faced by 80 per cent of the population that live in remote rural areas, through health, education, and financial inclusion initiatives. Second, the aforementioned dependence on the logging and mining sectors has led to other productive sectors being neglected and slow emergence of a viable private sector base. Third, ICT penetration is a relatively new growth phenomenon and the consumer base will require time to get used to conducting online transactions. This is reflected in the fact that the bulk of services currently utilized are mobile banking services. With time and emergence of services with more complex ICT use, the utilization of mobile money for payments will increase. Fourth, satellites are the sole means of international Internet connectivity for the country currently. It is expensive and prone to disruption in the wet season, which is a major challenge given that Internet speeds (both in terms of average and peak sessions) in Solomon Islands fall well below regional averages. Indeed, the successful deployment of the submarine cable and implementation of last mile connectivity through backhaul networks will be critical for e-commerce growth in the country.

The current low use of e-commerce belies significant potential for the sector to grow swiftly and make economic and socioeconomic contributions to the country. Trade is a lifeline for the economy and e-commerce should help spur trading relationships. Additionally, it will help in developing national markets, bringing disparate and remotely located buyers-sellers closer together.
METHODOLOGY

A four-step approach was used for the Rapid eTrade Readiness Assessment for Solomon Islands, to ensure a high level of participation and engagement of key stakeholders in the consultative process:

As with all other Rapid eTrade Readiness Assessments, the seven policy areas used in the eTrade for all initiative were used as entry points for this assessment. These are:

1. E-commerce readiness assessment and strategy formulation
2. ICT infrastructure and services
3. Trade logistics and facilitation
4. Payment systems
5. Legal and regulatory framework
6. E-commerce skills development
7. Access to financing

The information provided in this report is based on data collected from survey respondents from both the public and private sectors and stakeholders met in bilateral and roundtable-based discussion formats during the mission (16 - 20 April 2018).
# MAIN FINDINGS AND RECOMMENDATIONS

## e-Commerce Readiness Assessment and Strategies Formulation

<table>
<thead>
<tr>
<th>MAIN FINDINGS</th>
<th>MAIN RECOMMENDATIONS</th>
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<tbody>
<tr>
<td>Overall low national readiness level for e-commerce, but significant strides made recently - including adoption of national ICT strategy, umbrella coordination group on digital finance and strong integration of private sector in policymaking. Main focus is on developing ICT as a support driver, rather than developing 'ICT as a business'. The government's drive towards e-government is encouraging consumer adoption of online transactions and speeding up regulations and infrastructure.</td>
<td>Extend focus on developing ICT as a business sector. Ensure future plans/strategies with a market-side component including an e-commerce dimension. Reduce uncertainty regarding MCA's mandate and supervisory scope and strengthen it through financial/technical support. Strengthen ongoing public-private dialogue on ICT development with an added focus on e-commerce and the digital economy. Facilitate continued progress on e-government initiatives and harmonize activities. Develop an e-commerce strategy in the medium term.</td>
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## ICT Infrastructure and Services

<table>
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<th>MAIN RECOMMENDATIONS</th>
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<tbody>
<tr>
<td>Internet penetration has increased rapidly in the past decade following telecommunications sector liberalization with competent regulation, and the consumer base has expanded in lockstep. Solomon Island's difficult geography makes mobile phones and their related services (telephony, Internet and mobile banking/money) key drivers of financial and technological inclusion. Satellite Internet is slow, expensive and unreliable. Impending arrival of submarine cable with Australian assistance expected to boost speeds, uptime and reduce latency.</td>
<td>Oversee the successful implementation of submarine cable project and deploy a fair-play model involving service providers in implementing last mile connectivity and providing diverse services through high-speed broadband. Encourage telecommunications service providers to cooperate on network/infrastructure sharing in remote areas to benefit from cost sharing, as well as improving last mile connectivity. Continue discussions at national level on developing a universal access framework that does not impart undue burden to the government or the service providers.</td>
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## Trade Logistics and Trade Facilitation

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<th>MAIN RECOMMENDATIONS</th>
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<tr>
<td>Solomon Islands Postal Corporation has emerged as key driver of innovation and consensus building. Recurring challenges in paying membership dues to international partners including UPU and WCO may restrict access to industry leading expertise. ASYCUDA has resulted in revenue gains for customs authority, and the anticipated deployment of further systems with UPU and WCO support is expected to improve processing times. The launch of the what3words addressing system, and continued progress on a national Postal addressing system are promising developments. De minimis value of 2 SBD (US$0.25) creates significant backlogs in customs processing times and adds time burdens for both authorities and importers. A number of trade facilitation measures are pending implementation.</td>
<td>Advocate for demand-side adoption of recently piloted addressing system and maintain progress on adopting a national post code addressing systems among other initiatives. Revise the national de minimis regime. Develop sustainable models for ensuring continued membership in international organizations, such as the WCO. Focus on implementing planned trade facilitation initiatives including 'E-Single Window, E-Application and Issuance of import and export permit, E-Payment of duties and E-Application for Customs refunds'. Focus trade facilitation efforts on the implementation of paperless trade and institutional cooperation measures. Ensure participation in new regional UN treaty on cross-border paperless trade facilitation.</td>
</tr>
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## Payment Solutions

Anticipated passage of the national payment systems bill and government’s commitment under the Better Than Cash Alliance (BTCA) to convert 80 per cent of its payments to digital channels by 2020 are promising developments. Mobile money has experienced rapid growth aligned with mobile services across the country, however consumers primarily utilize it for mobile banking purposes and the case for using mobile money for payments (e-wallets) has not been adequately leveraged. Financial illiteracy is a pervasive challenge, given that it affects absorptive capacity of the consumer base for any innovations, and additions in services. The government has recognized the need to improve quality, network of cash agents. The country has been appreciated for its due diligence in managing AML/CFT risks.

### MAIN RECOMMENDATIONS

- Pass the national payments systems bill in parliament and hold consultations with relevant stakeholders, including Solomon Islands Postal Corporation, to discuss implications. Improve financial literacy, and client identification, especially outside the capital. Foster development of an independent mobile money agent network that can provide both mobile money services, and phone top-ups. Ensure adherence to the cash agents guidance instructions developed by CBSI and develop associated standards.
- Promote digital payment channels in all government P2G and G2P transactions (including with government salaries, tax payments, public utility bills and the like).
- Introduce new value added mobile money services, such as specialized savings and loan products. Implement the FATF recommendations related to the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) review.

## Legal and Regulatory Framework

There are no e-transaction, data protection or cybercrime laws. A decades old consumer protection act requires revision to include electronic transitions in its scope. Market surveillance of such acts remains a foreseeable challenge.

### MAIN RECOMMENDATIONS

- Adopt the missing legislation in terms of e-transactions, data protection and cybercrime law, and adapt the existing consumer protection act to reflect e-transactions. Improve capability for enforcement, also increased consumer awareness of the tenets of the developed regulations and their related obligations and rights.

## e-Commerce Skills Development

The government’s focus on introducing ICT skills proficiency at the primary and secondary school level are gradually bearing fruit. However, ICT education at the tertiary level remains weak, both in terms of quality and quantity. The ecosystem for spurring entrepreneurship is also weak. Small IT support supply chains constrain businesses developing online presences, however the supply chain has not developed due to a weak private sector demand, highlighting the catch-22 situation. Anticipated demand from lead e-commerce firms over time is expected to have a pull effect on the skills providers as long as a feedback loop is maintained between policymakers, skills providers and the private sector.

### MAIN RECOMMENDATIONS

- Develop institutional collaboration mechanism for feeding skills requirements from the private sector to the public sector and skills providers to reduce skills-mismatch issues. Spur development of ICT certificate level courses and integrate e-commerce relevant skills provision into national TVET infrastructure. Extend the government’s preferred suppliers program to software development (in addition to content and application development) in addition to the current focus on hardware support and leverage the focus on e-government as a market for these suppliers.
- Establish incubators to foster start-ups with mentoring and technical support.

## Access to Financing

The strong policy focus on financial inclusion, telecommunications sector liberalization, and increasing integration of fintech over the last decade has resulted in deepening of the banking network in terms of the network of financial services access points. Access to finance remains a pervasive challenge for MSMEs, which depend on community-based lending solutions rather than on commercial banking. Despite the government’s efforts to establish special schemes directed at offsetting the lending gap, the uptake on the demand side has been poor.

### MAIN RECOMMENDATIONS

- Strengthen linkages between commercial lenders and sector associations focusing on early adopters of e-commerce such as tourism and agro-industry. Resolve constraints currently restricting uptake of MSME Business Loan Guarantee Scheme. Consider developing e-commerce specific lending instruments as the sector matures over the medium-long term. Resolve issues of MSME scope and definition within the public sector, and the commercial lending sector. Test digital solutions for savings clubs and market vendors, aimed at increasing MSME financial literacy that will allow them to demonstrate creditworthiness. Leverage agent networks for filing loan applications.
1. E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION

The policy focus on ICT as a business has not crystallized yet, however there is broad consensus on leveraging ICT as an enabler for health, education, government and other sectors. While e-commerce activity is currently low, the demand side is rapidly developing increased readiness due to three factors: 1) the number of e-government initiatives planned/piloted, which are encouraging consumer adoption of online transactions and speeding up the various regulatory and infrastructure related components of the e-commerce ecosystem; 2) high usage of social media (primarily Facebook) for B2C/C2C sales (of both first-hand and second-hand products); and 3) a policy and development focus on private sector development and trade to diversify from logging and mining.

On the supply side, Ministry of Communication and Aviation, Central Bank of Solomon Islands BSI, Solomon Islands Postal Corporation, Ministry of Foreign Affairs and External Trade and other policy-setting and implementing agencies have adopted a forward-thinking approach to developing various components of e-commerce, with the aggregate impact of fast emerging policies, regulations and overall consensus regarding e-commerce. The adoption of the National ICT policy is an important step forward in developing the ICT ecosystem, as is the establishment of the digital financial services working group, both of which have resulted in a broad consensus on the role of ICT in Solomon Island’s overall development agenda.

Solomon Islands was ranked 157 out of 176 economies in ITU’s ICT Development Index rankings, reflecting a drop of three ranks over the ranking in 2016. Lack of data means that the country is not included in UNCTAD’s B2C E-commerce Index or WEF’s Networked Readiness Index, two other indices that provide an indication of e-commerce readiness of an economy.

The ranking in the ITU index reflects the relatively low level of overall ICT readiness in the country. Solomon Islands has made significant strides in recent years in preparing its institutional and technological infrastructure vis-à-vis the digital economy relative to the low base less than a decade ago. Progress includes the finalization and adoption of the long-awaited ICT policy (and continuing progress on the associated multi-year masterplan), launching of numerous - albeit silo-driven - e-government initiatives, accompanied by a broader trade and private sector development drive by the government aimed at growing the productive sectors of the economy, away from dependence on the extractive sectors.

1.1. National policies related to ICT, e-government and e-commerce

The ICT sector has found impetus in the National Development Strategy (2016-2035).

ICT has been identified as a priority area in Solomon Islands’ recently released National Development Strategy.
Solomon Islands Rapid eTrade Readiness Assessment

Box 1: National Development Strategy and the National ICT Policy

The National Development Strategy (2016-2035) establishes a long-term vision for the sustainable development of Solomon Islands (aligned with the SDGs) and achieving the long-term vision of improving the social and economic livelihoods of all Solomon Islanders. It proposes a whole-of-government approach to ensure coherence within public sector entities in support of national economic and socio-economic development. The focus on diversifying the economy away from dependence on the timber and mining sectors is strong, and the strategy proposes the development of productive sectors including tourism, agriculture, fisheries, forestry, energy and related sectors.

E-commerce is not noted explicitly as a focus area in the NDS. It rather focuses on leveraging the benefits of ICT through stated goals compiled across sector development plans such as education and health.

The National ICT Policy is closely aligned with the NDS and focuses on leveraging ICT towards the fulfillment of national goals as stated in the NDS. The policy was approved, endorsed and adopted by the national government in 2017. Nine objectives have been established for the policy focusing on improving the accessibility of ICT for citizens, developing the legal environment for ICT, and establishing ICT for essential pillars of good governance, peace and unity, health learning, business, environment, and equity.

Specifically relating to ICT for business, the policy aims to ‘promote the availability, affordability, and use of ICT to support economic growth, private sector development, and employment creation in Solomon Islands’. Similar to the NDS, the ICT policy does not address e-commerce directly. It just notes the importance of establishing regulations in areas such as consumer protection and cybercrime that will assist in e-commerce growth.


The recently adopted ICT policy includes a forward-looking perspective on e-commerce.

The ICT policy (led by MCA and adopted in 2016) is an important development in charting ICT development in Solomon Islands. It contains several recommendations of relevance to e-commerce and e-trade development. In order to translate policy into action, MCA has developed a five-year masterplan that will serve as MCA’s strategic roadmap for executing its mandate.

Impetus on e-government is expected to drive regulatory reforms, infrastructure development and consumer adoption of e-transactions.

A number of e-government initiatives, including online tax payments, are being planned/piloted. There is public and private sector support for increasing the role of e-government with the understanding that such initiatives will help speed up the various regulatory and infrastructure related components of the e-commerce ecosystem, in addition to encouraging consumer adoption of online transactions. Indeed, this government activity is spurring online activity and is especially important for the development of the overall ecosystem.

More coherence in this drive towards integrating e-government services, a national e-government strategy would be required. This is currently under discussion but there is a need to increase the pace of developing this strategy given that individual components are under development.

1.2. National policies related to trade and private sector development

The national trade policy’s focus on e-business is important for the future of e-commerce.

The trade policy framework aims to create a conducive business environment for Solomon Island businesses seeking to expand into the domestic as well as international markets. While the NDS does not explicitly note the potential of e-business, the trade policy identifies the role of e-business as a potential growth lever for the economy. ICT is one of the priority sectors identified in the Trade Policy Framework, as noted in the excerpt below:

E-business is often neglected by policymakers in many developing and Least Developed Countries because it is perceived as a high-tech activity which takes place only in sophisticated economies. Yet broadband should be seen as essential new infrastructure just as many developed countries saw railways and roads as the backbone of development over a century
FINDINGS UNDER THE SEVEN eTRADE FOR ALL POLICY AREAS

ago. In this sense, ICT offers an opportunity to leapfrog a number of stages of development, bringing LDCs into the contemporary era. ICT-driven business is not just for the educationally-advanced; it represents an opportunity even for low-skilled workers […] and may even lead to skills development in the longer term. Information technology, in the right institutional setting, can also enable access to educational courses and materials that would otherwise be too specialized to provide to small population centres. Solomon Islands should aim to create a situation where all citizens have access to high-speed broadband and where young people see the Internet as a normal part of the economy and everyday life.

The national trade policy framework is the only policy instrument that notes the potential through the reference to e-business (above). However, this has not yet translated down to any development action. There is a need to review the nascent e-commerce value chain to develop it for private sector development and trade.

1.3. National coordination on digital economy issues

The Digital Services Financial Group serves as an important platform for discussing e-commerce.

The Central Bank of Solomon Islands (CBSI) has established and shepherds a Digital Services Financial Group (DSFG) for deliberating on regulatory and infrastructure issues related to payment systems. The membership includes commercial banks, telecommunication firms, and key ministries, including Ministry of Commerce and Industry and Ministry of Finance.

Table 1: Key institutions in the Solomon Islands e-commerce ecosystem

<table>
<thead>
<tr>
<th>ET READY POLICY AREA</th>
<th>GOVERNMENT INSTITUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-commerce readiness</td>
<td>MCA, MFAET, CBSI, MoFT, MCILI, ITSSI, SICED, Solomon Islands Postal Corporation</td>
</tr>
<tr>
<td>assessment and strategy</td>
<td></td>
</tr>
<tr>
<td>formulation</td>
<td></td>
</tr>
<tr>
<td>ICT infrastructure and services</td>
<td>TCSI, MCA, MCILI, MoFT/ICTSU, MoID</td>
</tr>
<tr>
<td>Trade logistics and facilitation</td>
<td>MFAET, SICED, Solomon Islands Postal Corporation, MCILI, SIPA,</td>
</tr>
<tr>
<td>Payment solutions</td>
<td>CBSI, MoFT, MCILI</td>
</tr>
<tr>
<td>Legal and regulatory framework</td>
<td>CBSI, MCA, MCILI, MoFT, MoJLA</td>
</tr>
<tr>
<td>E-commerce skills development</td>
<td>MEHRD</td>
</tr>
<tr>
<td>Access to financing</td>
<td>CBSI, MoFT, MCILI</td>
</tr>
</tbody>
</table>

Important requirement to rationalize the role of MCA and empower it through financial and technical support.

With a mandate to develop the ICT ecosystem in the country, the communications department of MCA has taken the lead in developing the National ICT policy. However, the department faces challenges in fulfilling its mandate due to inadequate human, technical and financial resourcing. There is also some contention between the MCA and MOF regarding the role of the ICT Support Unit within the government’s organizational and reporting structure, given that the ICTSU is leading the implementation of the government ICT infrastructure including a government wide network and the various e-government systems deployed so far, and is currently housed at the MOF. Continued uncertainty about where the mandate of e-government should reside, as well as regarding the positioning and capacity constraints of MCA, may adversely affect coordination initiatives as well as the ability of MCA to execute its responsibilities. This issue should be addressed on a priority basis.

ITSSI is playing a valuable role to develop a feedback loop between policymakers, and IT private sector enterprises.

ITSSI has emerged as an important bridge between policymakers and the IT sector. Comprised of IT firms and professionals, ITSSI is actively promoting IT literacy at the community and school levels. The society is well recognized and positioned to act as an anchor for development initiatives related to ICT in general, which can be scaled up to include e-commerce pilots.

1.4. Access to relevant statistics

ICT and e-commerce statistics are lacking.

Solomon Islands has a decentralized statistics system. The National Statistics Office (NSO), a stand-alone entity within the Ministry of Finance and Treasury, is mandated to ‘collect, process, analyse and disseminate core official statistics for the purposes of policy and planning, decision-making and public debate’\(^3\). Statistics are sourced from different entities such as the CBSI, MEHRD etc. Significant effort has been expended in understanding the challenges in the national statistics ecosystem resulting in the National Statistics Development Strategy 2016-2035.

There are a number of challenges related to e-commerce statistics collection and analysis. Data collection and provision of statistics to the NSO are not included in the mandate of ministries, and therefore the operationalization and due-diligence regarding statistics are weak. The capacity to measure both ICT and e-commerce indicators is very low. The national statistics development strategy does not include provisions for improvements in services sectors in particular.

1.5. Current status of e-commerce activity in Solomon Islands

Low e-commerce activity, but social media is spurring B2C/C2C transactions.

E-commerce activity is very limited, although increasing use of B2C/C2C sales (of both new and second-hand products) via social media channels indicate that buyer-seller interfacing through online means is growing. Facebook is the main platform for buying and selling online. It is used for C2C, B2C, and to a lesser but still pronounced degree, B2B transactions. There are a number buy/sell groups with 1,000 plus members (including an overseas diaspora) who use the groups to advertise, meet, negotiate and sell a wide range of products, including land and houses. The key advantage is fast turnaround. While the bulk of the products are second-hand goods, there is some retail activity. Solomon Islands Postal Corporation sells national stamps through a third-party website\(^4\) based in the EU.

Within the fisheries sector, a number of companies are using Facebook to advertise fresh catch on a weekly basis, a trend that has become popular and may be replicated in other sectors. The hotel sector is the main e-commerce operator in the country. While leading hotels have websites and offer booking capabilities, the bulk takes place through third-party websites, such as Booking.com.

As the accompanying Figure notes, the main utilization of websites is for advertisement and promotion while a minority use third-party/self websites for booking (mainly hotels and tour operators). Almost 50 per cent of the businesses surveyed lack an online presence.

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\(^3\) National Statistics Development strategy 2016-2035.

\(^4\) https://stamperija.eu/?home?country=35998

Figure 3: What type of e-commerce platforms do you utilize?

(in per cent, 28 private sector responses)

![Figure 3](https://stamperija.eu/#home?country=35998)
Strong e-commerce-led tourism potential bodes well for the agricultural sector and for economic diversification in general.

The tourism sector, owing to large development projects, is expected to see a rise in online activity. A wave effect is anticipated where the models employed by lead firms (including hotels, tour guide firms and others) is replicated by other firms. This is expected to benefit the agricultural sector in particular, which already has strong linkages with tourism actors. Farmers and farmer groups are supplying food (such as fresh fruit and fish) to hotels, tour agencies and food outlets. Enhanced tourism activity (possibly spurred on by e-commerce) will benefit these sectors as well.

E-commerce is increasingly viewed as a lever for much needed economic diversification. Current dependence on timber, and consequent periods of price volatility, have informed policymakers of the need to develop other sectors of the economy to escape the ‘resource curse’. Of the five priority sectors of the government, (agriculture, forestry, fisheries, tourism and mining), agriculture, fisheries and tourism offer the most potential for e-commerce growth in the medium-long term.

2. ICT INFRASTRUCTURE AND SERVICES

Solomon Island’s difficult geography poses inevitable challenges in ensuring last-mile connectivity for mobile telephony. Following a decade of telecommunications sector liberalization, the two service providers are expanding services at a rapid pace, and the consumer base is expanding in lockstep. The telecom regulator has largely succeeded in ensuring a fair-play telecommunications market, contributing to rising mobile phone/Internet penetration levels, as well as the availability, type and quality of services. However, continued growth requires increased cooperation between the two telecommunications providers involving network and infrastructure sharing, as the costs for network expansion in remote areas rise steeply.

Satellite use is the sole means of international Internet connectivity. It is expensive and prone to disruption in the wet season, a challenge given that Internet speeds fall well below regional averages. The impending arrival of the submarine cable should significantly improve Internet speeds, uptime and latency. Technological dividends may include reduced costs of fibre and mobile Internet to consumers, enabling consumer and private sector adoption of technology and e-commerce.

2.1. Broadband /mobile penetration

Reforms have resulted in a relatively well-functioning telecommunications supply side.

The Telecommunications Act of 2009 established the independent regulatory agency - the Telecommunications Commission of the Solomon Islands (TCSI) – and also paved the way for sector liberalization. The monopoly of Solomon Telekom ended with the entry of Bmobile Limited in 2010. Generally, TCSI’s efforts in ensuring a fair-play telecommunications market has been reflected in the growth of the telecom players and the overall sector. Both telecommunications providers are expanding services and the consumer base is expanding.

In 2014, Bmobile and Vodafone signed a partner market agreement which allows Bmobile access to Vodafone’s best practices, products and services in Solomon Islands and beyond. Solomon Telekom (now called Our Telekom) functions as a joint venture company between Solomon Islands National Provident Fund, (SiNPF) which holds 97.32 per cent of the shares, and the Investment Corporation of the Solomon Islands (ICSI) which owns 2.68 per cent of the shares. Our Telekom also functions as the designated administrator of the country’s .sb domain.

The impact of liberalization and consequent competition has been significant in terms of mobile phone penetration levels.

Since 2010, more than SBD 2 billion\(^5\) have been invested in the national telecommunications market. In 2010, an estimated 20 per cent of the population

was within reach of a mobile signal; by 2017 this coverage had risen to 94 per cent. Mobile penetration has similarly exhibited steep growth, rising from 20 per cent penetration (115,500 mobile subscribers) in 2010 to 78 per cent (465,331 mobile subscribers) in 2017. The gap between mobile coverage and penetration indicates scope for further growth in the subscriber base.

The launch of the 3G upgrades, the introduction of 4G/LTE, and competing offers from the two telecommunication providers have contributed significantly to the 12 per cent increase in subscriber base in the last year, principally in Malaita, Western Province and Honiara where the bulk of the population resides. The principal technology in the Pacific is 2G, but Solomon Islands has performed relatively well in introducing 3G early in the country. Our Telekom introduced 4G in early 2018, which is available in Honiara.

Mobile broadband usage rose from 1.8 per cent in 2010 to 19.2 per cent in 2017, while fixed broadband subscribers hover around the 0.2 per cent mark. TCSI has noted that Internet prices remain relatively high resulting in below-potential penetration of mobile broadband. Telecommunication firms have prioritized network expansion, but efforts are constrained by high costs of electricity and the challenges of infrastructure development in rural areas.

About 78 per cent of the population has access to 2G networks, and approximately 19 per cent has 3G coverage (up from 13 per cent in the preceding year). Approximately 2.4 per cent of the population are either in locations with no mobile signal and where base stations/relays would need to be established.

One of the reasons for low penetration of fixed-line broadband Internet is the high cost. Mobile Internet costs in the Pacific are on average higher than the rest of the world, but relative to fixed line broadband, they are much more affordable. The ITU estimates that in the Solomon Islands, fixed broadband prices as a percentage of GNI per capita are 202 per cent, much higher than the global average (18 per cent), and in developed countries (two per cent), developing countries (26 per cent), and the Asia-Pacific (24 per cent).

In contrast, mobile broadband prices as a percentage of GNI per capita are lower, although much higher than the global and comparator averages indicated above, as well as compared with Fiji and Samoa. This indicates the need for increased competition in the sector, and also reflects the costs involved in setting up the infrastructure.

### Table 2: Key ICT Indicators for Solomon Islands

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2010</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-telephone subscriptions per 100 inhabitants</td>
<td>1.65%</td>
<td>1.32%</td>
<td>1.28%</td>
<td>1.27%</td>
<td>1.29%</td>
</tr>
<tr>
<td>Mobile cellular subscriptions per 100 inhabitants</td>
<td>20%</td>
<td>66%</td>
<td>73%</td>
<td>71%</td>
<td>78%</td>
</tr>
<tr>
<td>Fixed broadband subscribers per 100 inhabitants (ADSL)</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.18%</td>
</tr>
<tr>
<td>Active mobile-broadband subscriptions per 100 inhabitants</td>
<td>1.80%</td>
<td>13.7%</td>
<td>11.5%</td>
<td>13.3%</td>
<td>19.2%</td>
</tr>
<tr>
<td>International Internet bandwidth mbps</td>
<td>275 mbps</td>
<td>452 mbps</td>
<td>717 mbps</td>
<td>900 mbps</td>
<td></td>
</tr>
</tbody>
</table>

Source: Telecommunications Commission Solomon Islands (TCSI).

Internet penetration levels have risen in recent years. Further growth is constrained by high Internet costs and infrastructural issues.

Despite improvements, Internet penetration remains limited due to the challenges posed by Solomon Islands’ geography as well as infrastructural issues. The average ‘Internet users per 100 people’ is the lowest of all PICs. Rural areas, separated by long stretches of ocean, suffer from weak or a complete lack of electricity coverage. Telecommunication firms have not been able to deploy a cost-effective solution of expanding the network throughout the country. The existing satellite connectivity is expensive and prone to disruption in the wet season, which is a concern given that satellites represent the sole means of international connectivity for Solomon Islands.

Internet prices remain relatively high resulting in below-potential penetration of mobile broadband. The ITU estimates that in the Solomon Islands, fixed broadband prices as a percentage of GNI per capita are 202 per cent, much higher than the global average (18 per cent), and in developed countries (two per cent), developing countries (26 per cent), and the Asia-Pacific (24 per cent).

In contrast, mobile broadband prices as a percentage of GNI per capita are lower, although much higher than the global and comparator averages indicated above, as well as compared with Fiji and Samoa. This indicates the need for increased competition in the sector, and also reflects the costs involved in setting up the infrastructure.

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Mobile technologies will play an important role in GDP growth by 2020

It is anticipated that mobile technologies will result in value addition of 11 per cent to the country’s GDP by 2020. This can be segmented into growth within the overall mobile ecosystem, as well as through productivity gains to the economy and through value-added services. As the accompanying bubble graph indicates, almost 11 per cent of growth in GDP may be attributed to the mobile phone ecosystem’s activity through 2020, indicating the potential also for value-added services like e-commerce and the like.


Figure 4: Mobile broadband prices in the Pacific as a percentage of GNI per capita

![Graph showing mobile broadband prices in the Pacific as a percentage of GNI per capita.](source)

Source: Pacific Islands Mobile Economy, 2015, GSMA using ITU figures.

Figure 5: Forecast of total value added generated by mobile technologies

(based on 2014 data as a base and 2014-2020 CAGR estimated growth). Bubble size is proportionate to size of market.

![Graph showing forecast of total value added generated by mobile technologies.](source)

Source: Pacific Islands Mobile Economy, GSMA, 2015
2.2. **Reliability / affordability / latency / speed / coverage**

Stakeholders are in support of universal access, but details about implementation still need to be finalized.

TCSI has stated that implementing a supply-side universal access scheme, driven by subsidies and increased burden to the telecommunication providers, would result in significant market distortion and negatively affect consumers in the long run. However, it has noted its support for network sharing options where capital costs of setting up new towers in remote locations may be shared by the telecommunication providers. TSCI is continuing to monitor prospects for alternative demand-side subsidy measures to assist remote communities. There is no Universal Access Fund or a formal policy to that effect.

The Internet country code top level domain management is due to undergo an upgrade.

Our Telekom is the designated manager of the top level .sb domain in the country. One important update potentially taking place in 2018 concerns the transition from the IPV4 to the IPV6 address scheme, which will result in increased availability of Internet protocol addresses for Solomon Islands, and over time increased local content and websites. This is an important driver for e-commerce because local content involves greater involvement of Solomon Islands companies and consumers, and also because websites load up more quickly.

2.3. **Major infrastructure projects**

The imminent submarine cable landing in Solomon Islands with Australian assistance will significantly improve Internet speeds, uptime and latency.

The lack of a stable high-speed connection across the islands is a significant impediment. Satellite connectivity is often lost throughout Honiara and other population centers during wet months due to heavy cloud cover and inclement weather.

A submarine cable is due to land in Honiara through Australian assistance in 2018-2019. The cable will connect both Papua New Guinea and Solomon Islands with high speed Internet through Australia (and consequently the rest of the world). The Australian government has signed an agreement with Telecommunications firm Vocus to conduct a scoping study for the design, construction and procurement for the project. The rollout of the 4,000+ km cable system is expected to commence in 2018. Last mile connectivity is planned primarily through a network of microwave stations and/or domestic satellites. The cable is expected to run directly from Australia to key landing points in Honiara and other locations through the Coral Seas. The project displaces an earlier agreement involving the Chinese company Huawei linking Sydney and Honiara through a shorter cable.

The dividends from this technological upscaling will include reduced costs of fibre and mobile Internet to consumers, which bodes well for increased consumer and private sector adoption of technology and participation in e-commerce. This has been proven in other SIDS in the region and beyond, where submarine cable deployment has resulted in significant benefits economic and socio-economic benefits.
3. TRADE LOGISTICS AND FACILITATION

Trade logistics infrastructure is significantly underdeveloped owing to the challenging geography and high resource requirements.

Solomon Islands Postal Corporation has emerged as an important driver of innovation and consensus building in the trade facilitation/trade logistics area. The Postal services, with its network of branches and infrastructure, is poised to play an important role in e-commerce development.

Non-payment of dues to the World Customs Organization is restricting necessary technical support that will be provided through the membership. Customs-based inefficiencies are major non-tariff barriers to trade and modernizing the customs procedures in Solomon Islands has been noted as a priority in the national trade policy framework. A key challenge is the de minimis value of SBD 2, which effectively translates into every packet being opened for inspection. Given the importance of customs collections towards the overall public-sector revenue model, improvements in this area constitute an urgent area of reform.

Areas of pending trade facilitating reform include ‘E-Single Window, E-Application and Issuance of import and export permit, E-Air Cargo Manifests, E-Preferential Certificate of Origin, E-Payment of duties and E-Application for Customs refunds’.

3.1. Mode of delivery, last mile delivery

Solomon Islands Postal Corporation has emerged as an important driver of innovation and reform in trade logistics.

Solomon Islands Postal Corporation has adopted a forward-thinking approach on the potential for e-Commerce. It is coordinating with international institutions such as the UPU and internally, as well as leading consensus building efforts within the trade facilitation and logistics policy area. Regarding readiness, Solomon Islands Postal Corporation and the UPU have designed a national project called Operational Readiness for E-commerce (ORE) with a roadmap and an Action Plan, aiming at addressing operational obstacles preventing consumers from buying online cross-border, at modernizing operational processes and improving the quality of service, and at using all available IT tools and EDI messages.

Solomon Islands Postal Corporation’s migration to the IPS.POST System satisfies an important criterion for e-commerce operational readiness. This system introduced by UPU globally functions as a single platform for exchanging electronic data. It includes a track and trace capability where inward and outward dispatches are barcoded and can be tracked and traced. This capability is essential for facilitating efficiency gains and transparency in postal delivery services, and has a strong e-commerce relevance (for instance, allowing consumers to view the status of their orders online). Solomon Islands Postal Corporation migrated to this system in mid-2016.

A tripartite agreement exists between Solomon Islands Postal Corporation – Customs – Quarantine Department as a mechanism to gain consensus on mutually important issues, include trade. E-commerce has recently figured on the agenda, specifically focusing on aspects such as customs clearance, pre-shipment inspections, etc. Discussions are ongoing to include the Ports Authority and Solomon Airlines in the group, which should bode well for improved trade logistics and trade facilitation.

![Figure 6: Which vendor do you use to ship products?](27 private sector responses)
Lack of a national addressing system including postcodes constrains delivery services and creates inefficiencies for e-commerce.

There is currently no system of postcodes or street-addressing in Solomon Islands leading to consistent delays in package deliveries and other inefficiencies.

- Due to the lack of postcodes and addresses, the corridor for international transactions is effectively closed. In the case of international e-tailers such as Amazon, inbound international orders cannot be placed without a postcode.
- Postcodes allow delivery services including post offices to efficiently sort and plan distribution. In their absence, packages are often delayed, and delivery services cannot effectively set shipment charges.
- Government ministries each have their own coding for segmenting the areas of operations in the absence of a national postcode.

As an initial but important step, Solomon Islands Postal Corporation and MCA have developed a postcode matrix and efforts are ongoing to build consensus and agreement for adoption of the matrix by government ministries.

What3words as an alternate National Addressing System.

Solomon Islands Postal Corporation along with the MCA adopted the what3words System as an alternate national addressing system. It allows mail/package senders, recipients and delivery services to adopt GIS-based addressing through the three-word addressing system developed by what3words. The model has significant potential, but user adoption has been slow, especially in remote provinces. End-users including citizens and businesses are not yet fully aware of the usage and benefits. Consumers have to start using the system for Solomon Islands Postal Corporation (and other delivery services) to be able to deliver packages. Building nationwide awareness is key to ensuring its success.

Weak transportation infrastructure in Honiara constitutes a barrier to order fulfillment.

There is no ring-road around Honiara, and only one main road is used by traffic travelling between the western and eastern parts of Honiara, leading to frequent traffic jams. This is exacerbated by road-repairs in preparation for the Pacific Islands games to be hosted by Solomon Islands in 2023.

3.2. Trade Facilitation

A number of reforms required to move up the trade facilitation ladder have been identified.

Modernizing the customs procedures in Solomon Islands has been noted as a priority in the national trade policy framework. Policymakers will need to balance the commitments noted in preferential trade agreements (both bilateral and multilateral) with commitments to the WTO. A number of priorities for technical assistance have been identified in conjunction with TFA consultations in country, and the vast majority are still relevant.

According to the Trade Facilitation and Paperless Trade Implementation Survey conducted in 2017, Solomon Islands increased its overall implementation of trade facilitation measures from 23 per cent in 2015 to 31.2 per cent in 2017. Its level of implementation is below the level of Asia-Pacific (50.4 per cent) and above the level of Pacific Islands Developing Economies (28.2 per cent). Among the five core groups of trade facilitation measures, the most implemented in Solomon Islands are “Formalities” measures (54.17 per cent). The least implemented are “Cross-border paperless trade” measures (11.11 per cent).

In the ‘paperless trade’ performance area, the survey highlights several e-government initiatives that have been planned but not implemented, including ‘E-Single Window, E-Application and Issuance of import and export permit, E-Air Cargo Manifests, E-Preferential Certificate of Origin, E-Payment of duties and E-Application for Customs refunds’. This is borne out through the consultations (Figure 7) where the importance of having a single window came through clearly.

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The survey suggests that the country’s trade facilitation efforts should be focused on full implementation of ‘paperless trade’ and ‘institutional arrangement and cooperation measures’, as well as progressing towards cross-border paperless trade, especially through active participation in the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

<table>
<thead>
<tr>
<th>Table 3: Progress of Trade Facilitation Efforts in Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transparency</strong></td>
</tr>
<tr>
<td>Full progress</td>
</tr>
<tr>
<td>Advanced progress</td>
</tr>
<tr>
<td>No/limited progress</td>
</tr>
</tbody>
</table>

| **Formalities** | **Advanced progress** | **No/limited progress** |
| Full progress | Risk Management. | Separation of release and clearance. |
| Advanced progress | Pre-arrival processing. | Establishment and publication of average release times. |
| No/limited progress | Post-clearanceaudit. | Trade facilitation measures for authorized operators. |

| **Paperless Trade** | **Advanced progress** | **No/limited progress** |
| Full progress | Internet connection available at border crossings. | E-Single Window system. |
| Advanced progress | E-customs system. | E-application of customs declarations. |
| No/limited progress | E-preferential certificate of origin. | E-submission of customs declarations. |
| | | E-technical certificate of origin. |
| | | E-preferential certificate of origin. |
| | | E-payment of customs duties and fees. |
| | | E-application for customs refunds. |

| **Cross-border paperless trade** | **Advanced progress** | **No/limited progress** |
| Full progress | Laws and regulations for electronic transactions. | Recognized certification authority. |
| No/limited progress | Electronic exchange of Certificate of Origin. | Electronic exchange of SPS certificate. |
| | | Electronic exchange of SPS certificate. |
| | | E-letters of credit. |

| **Institutional arrangement and cooperation** | **Advanced progress** | **No/limited progress** |
| Full progress | Intra-agency cooperation at national level. | National TF committee. |
| Advanced progress | Government agencies delegating controls to customs authorities. | |


**Figure 7:** Which trade facilitation/trade logistics areas are important for e-commerce development in the country?

(46 public sector responses, 27 private sector responses; x-axis represents perception of importance: 1 being the least important and 10 the most important)
ASYCUDA has resulted in significant customs gains for Solomon Islands.

Since its deployment in 2015, Asycuda World has been estimated to help the customs agency (SICED) collect more than SBD 1 billion in revenue. The system automates customs procedures, improving processing times, transparency, and time to shelf for many of the country’s imported products including food items.

Low de minimis value constitutes an inordinate burden for importers.

A key challenge is the de minimis value of SBD 2, which effectively translates into every packet being opened for inspection by customs. Competent authorities, including Customs and Solomon Islands Postal Corporation, must recognize that this needs to be resolved.

Important requirement for rejuvenating postal services.

Solomon Islands Postal Corporation is emerging as a force of innovation in the e-commerce ecosystem. Fully owned by the government until 1996, Solomon Islands Postal Corporation was reorganized as a semi-autonomous agency after the passing of the 1996 Postal Act. Solomon Islands Postal Corporation has struggled to elevate the importance of postal services to the government – there is currently no legislative and policy framework for the postal sector, and the 20+ years old Postal Services Act needs to be revised. Solomon Islands Postal Corporation requires financial and technical support to scale up current activities and diversify in areas such as remittances.

Imports/Exports pre-shipment clearance capability is closer to reality with the imminent deployment of a Customs Declaration System (CDS).

The CDS is in the process of being deployed in Solomon Islands with support from UPU, WCO and UNCTAD/ASYCUDA. It is an important component of the UPU’s Operational Readiness Programme (ORE) being developed with Solomon Islands Postal Corporation. Solomon Islands Postal Corporation is leading the effort in-country, focusing currently on implementing the protocols and system configurations. The system will allow exporters to apply for export pre-shipment clearance. This is essential for e-commerce firms to ensure efficient order facilitation and timely delivery to international clients. Similarly, importers will benefit from efficient processing of their imported goods.

In the future, the system is expected to be scaled up to interface with ASYCUDA and various WCO systems. The system also allows for interoperability and cooperation between the three key institutions constituting Solomon Islands Postal Corporation, Customs and Bio-security (quarantine). To prepare for the deployment of the CDS, staff from these institutions are to undergo related training.

Non-compliance with WCO membership dues is restricting the country from benefiting to expertise in the customs technical area.

Solomon Islands is in non-compliance with WCO membership due payments, hindering necessary technical support that can be provided through membership. Dues for UPU were recently paid after a period of non-compliance. To finance a sustainable model of WCO membership that does not burden the public sector, Solomon Islands Customs has proposed hiking the ‘acceptance fees’ of packages from SBD 20 to SBD 100. This move is largely supported by the private sector given that the fees structure has not been revised for the last several decades.
4. PAYMENT SYSTEMS

The anticipated passage of the payments systems bill will be a significant milestone paving the way for innovations including automatic cheque clearing, same day inter-bank transfers, and fintech solutions that can be utilized by the private sector and consumers. The government’s decision to join the Better Than Cash Alliance (BTCA), and related commitment to convert 80 per cent of its payments to digital channels by 2020 is promising for the development and adoption of payment systems in the country. The integration of Solomon Islands’ financial system with those of New Zealand and Australia, and the due diligence that the government has invested in the AML/CFT space have resulted in continued strong compliance with AML/CFT regulations.

Overall, the case for mobile money services as a payment mechanism in Solomon Islands remains strong. Mobile money has experienced rapid growth aligned with the growth trajectory of mobile services across the country. However, consumers primarily utilize it for mobile banking purposes and the case for using mobile money for payments (e-wallets) has not been adequately leveraged. Banks and telecommunication firms have introduced a variety of mobile banking and payment services, and the steep adoption rate indicates strong demand for these services.

One important constraint to overcome is financial illiteracy, especially outside Honiara. Continued consumer adoption of innovations in mobile money and related services will required that the consumer base perceives the value of conducting financial transactions without cash. Another challenge relates to the sustainability of the agent network for mobile money services, and the need to ensure liquidity (cash availability), standardization of quality and adherence to the CBSI’s prescribed rules, and coverage in remote areas of the country.

Mobile banking is helping to bridge the financial divide.

Driven by the government’s support to fintech and active collaboration between banks and telecommunications providers, mobile banking and money services have expanded significantly. The major banks in Solomon Islands offer electronic banking to their customers. ANZ launched Go Money, a mobile phone-based accounts management system, in 2013, while BSP utilizes EFTPOS systems to provide customer access.

The IMF notes:\footnote{IMF Country Report No. 18/57, Solomon Islands: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Solomon Islands, IMF, 2018}

- CBSI started licensing agents in 2013, and by end-2015, the country had one of the highest ratios of mobile banking agents relative to population in the Pacific.
- As of 2015, approximately 30 per cent of the population with a banking account had access to mobile banking.
- In 2015, Solomon Islanders conducted at least seven times more mobile banking transactions than their Pacific Islands and Small States counterparts.

Expansion of mobile banking agencies is hampered by liquidity and coverage issues. There is a geographical disparity in the number and quality mobile banking agents outside of Honiara and the provincial capitals. The distances also affect movement of cash to the agents, making liquidity a prevailing challenge. Agent training and supervision are related challenges, especially outside the capital. There is significant opportunity to leverage the network and experience of agencies such as the Solomon Islands Postal Corporation to find solutions to these challenges.
Solomon Islands Rapid eTrade Readiness Assessment

<table>
<thead>
<tr>
<th>Area</th>
<th>Current Status (2016)</th>
<th>Target in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall access</td>
<td>90 per cent of the population live within eight hours of the nearest financial access point.</td>
<td>90 per cent of the population live within 60 minutes of the nearest financial access point.</td>
</tr>
<tr>
<td>Overall use</td>
<td>33.8 per cent of adults have active formal/semi-formal financial accounts.</td>
<td>70 per cent of adults have active formal/semi-formal financial accounts.</td>
</tr>
<tr>
<td>Formal credit</td>
<td>3.8 per cent of adults have active/semi-formal credit accounts.</td>
<td>10 per cent of adults have active/semi-formal credit accounts.</td>
</tr>
<tr>
<td>Savings clubs</td>
<td>5.3 per cent of adults are members of savings clubs.</td>
<td>10 per cent of adults are members of savings clubs.</td>
</tr>
</tbody>
</table>

Source: NFIS II, as noted in IMF Country Report No. 18/57, Solomon Islands: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Solomon Islands, IMF, 2018.

4.1. Financial Regulations

A payments system act is under consideration by parliament.

A Payments Systems Bill developed by the Central Bank (through a consultative process) with technical support from the World Bank, is under deliberation by the parliament. The bill lays out the legal basis for building the technical infrastructure related to online payment systems in the country. One of the first follow-up activities will involve the development of a switching network to allow Automated Clearing House (ACH) operations allowing inter-bank transfers through the switching network, rather than manually. Also, international banks present in Solomon Islands will be in a position to roll out online payment systems, once the legal and regulatory framework related to payment systems is established and private sector demand picks up. E-Government initiatives for online payment of taxes and customs fees are already in the planning phase and can be implemented once the legal basis has been established by the payment bill.

Continued reforms in the AML/CFT space will help develop the payments systems area.

The AMl/CFT risk for Solomon Islands is considered low due to the strong integration with financial systems of Australia and New Zealand, and other facts that restrict anonymity.

The Crime Amendment Act of 2010 established the Anti-Money Laundering Commission (AMLC) chaired by the Attorney General for Solomon Islands. The Solomon Islands Financial Intelligence Unit (SIFIU), comprising seconded officers from CBSI and the Ministry of Police, National Security and Correctional Services, is responsible for operationalizing the AMT/CMT framework in the country, and reports to the AMLC. SIFIU, works closely with the licensed banks to discuss issues related to money laundering and terrorism financing including Know Your Customer (KYC) requirements for new customer.

The enforcement of the AML/CFT framework has implications for banks in the country being able to find correspondent banks outside the country, an important condition for payments and remittances. While banks in the country do have access to correspondent banks, finding additional links has been cited as an issue.

A 2010 assessment conducted by the Financial Action Task Force (FATF) of the Asia Pacific Group on Money Laundering (APG) assessed the AML/CFT risks in Solomon Islands to be low, while providing recommendations on further enhancing capabilities to combat AML/CFT concerns. Implementation of these recommendations will help keep the risk of money laundering and terrorism financing low for Solomon Islands and help further improve the business climate.

The implementation of these recommendations will have a secondary effect on the type of information and qualification requirements for firms receiving and making international payments. While improving standing of the banking sector, care will need to be taken to ensure that the business community is supported in adapting to information requirements.

4.2. Mobile Money Regulations

Cash on delivery is the predominant payment mechanism currently in the country.

Cash on delivery is the dominant payment mechanism in Solomon Islands. The survey revealed that card payments and Paypal are preferred over mobile money, which is a point of divergence from other eT Ready surveyed countries. This reflects that mobile money is still in the early stages of development and adoption and because the services offered are limited. This is expected to change in the coming years with mobile money services and adoption rates by consumers ramping up.

Figure 8: Which are the payment solution areas are key for the country.

(47 public sector responses, 27 private sector responses; x-axis represents perception of importance: 1 being the least important and 5 the most important)

Figure 9: What is the current form of payment system that you offer to your customers?

(27 private sector responses)
Practice note aimed at financial institutions on obligations related to cash agents has been issued by the CBSI.

CBSI has issued a practice note for licensed financial institutions and credit institutions, in recognition of the need for ensuring adequate supervision of mobile agents in line with the growth of the network. Responsibilities of the institutions in selecting and contracting the cash agents are addressed.

The note allows for the following operations to be conducted by cash agents: Deposit and withdrawal, Repayment of loans made by the financial institution, Payment of bills, Payment of retirement and other social benefits, Transfer of funds, Balance enquiry, Generation and issuance of receipts/statements, Collection of documents in relation to accounts opening/loan application and debit card application, Issuance of debit cards (EFTPOS), and other activities as approved by CBSI in response to a request from a financial institution, or as prescribed by CBSI in consultation with financial institution.

The IMF recommends that further to the practice note, the CBSI should start assessing the risk of mobile payments to financial institutions, and the management of those risks, as part of the regular supervision process.

Agent network presence, liquidity and standardization of quality is a pervasive challenge.

Agents involved in mobile banking face issues of cash liquidity outside the capital due to the challenges in moving cash across land and water. Moreover, efforts to regulate agents have only recently been initiated by CBSI (starting with the guidance provided by the practice note indicated above). The key challenges are how to standardize the quality of agent networks and how to strengthen the reach of this network across the country. In response, the PFIP has provided solutions that are worth examining.

- “Coopetition” (cooperative competition) in the form of platform sharing at the agent level is one possible solution, and an independent agent network that could be shared among all service providers. The benefit of this shared agent concept is not limited to a specific geographic area and could therefore be considered for deployment throughout the country. Sharing can drastically cut down infrastructure and operational costs, thus allowing financial service providers to reach remote provinces, which they could not have done otherwise.

- One way to address the MB/BB agent liquidity management problem is by leveraging the existing network of Solomon Island Post or the two mobile network operators (MNO). The Solomon Islands Postal Corporation through their network of post offices and agencies can provide business to business (B2B) services to banks by acting as a rebalancing point for the MB/BB agents without cannibalizing their domestic money transfer (DMT) services. The MNOs have their own regional offices where lots of liquidity passes through and can be trialed as rebalancing outlets. There are also opportunities to explore using Savings clubs in rural areas as “liquidity points” or “super agents”.

In other words, agent sharing between banks as well as leveraging the telecommunication agency networks by banks is an option that will result in cost-sharing, increased liquidity and increased collaboration between the various ecosystem providers. Encouraging an independent network of agents will also foster entrepreneurship and standardization of agent quality.

4.3. Main mobile and cashless solutions

Rapidly evolving payment landscape is driven by the leading commercial banks in the country.

Launched in 2013, ANZ’s goMoney application was the first mobile phone banking channel in the Solomon Islands. The application experienced a sharp rise in adoption. By February 2015, the service had attracted 24,500 customers, 15,500 of whom had never previously held a bank account. Customers can use goMoney to initiate transactions through a linked mobile phone or through an ANZ merchant. To improve customer service and to facilitate cash out

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FINDINGS UNDER THE SEVEN eTRADE FOR ALL POLICY AREAS

services, ANZ partnered with Premier Mobile Money (PMM), an Agent Network Manager (ANM), to on-board and manage a network of over 150 agents/merchants across Solomon Islands. Through this partnership, over 55,000 customers have so far been brought into the fold of formal banking services.

Bank of South Pacific (BSP) primarily conducts branchless banking operations through EFTPOS terminals, mobile banking applications and an extensive network of agents. The branchless banking model has been recognized for its impact on rural and low-income customers, who typically perform few transactions per month. Agents involved in the banking network are not restricted to their shops but can travel to surrounding communities and markets to open accounts through tablets and immediately issue EFTPOS cards. This has a significant impact on catering to the unbanked population.

Pan Oceanic Bank (POB) recently launched the POB Purse that, apart from the standard functions, also includes merchant payments.

The impact of these applications has been immense, in terms of:

1. Assisting existing customers but also attracting new customers who have never held a bank account before. The number of bank accounts in the country doubled between 2011 and 2014 as the result of branchless banking based on mobile phones.
2. Cashless transactions reduce pressures for liquidity on the agent network.
3. Risk-mitigation in terms of security due to reduced cash carried across locations.

The main case for the use of mobile money is primarily for mobile banking rather than for payments, however increasing options for consumers will lead to further diversity of consumer activity.

The solutions deployed by the main banks in the country (ANZ, BSP, POS all have mobile banking applications) have been widely appreciated and adopted by Solomon Islands. In the first year of the first mobile banking application launch (goMoney in 2013), more than half of the new accounts were attributed to the application and its potential to help the unbanked.

The diversity of options available from the mobile banking applications include P2P money transfers, paying electricity bills online, and merchant banking at POS. Uptake of these services (especially remittances) by consumers has been gradually increasing and is expected to increase as trust develops and ease of usability becomes evident.

| **Table 5: Typical mobile banking features offered by ANZ and BSP in Solomon Islands** |
|-----------------------|-----------------------|
| **BSP**               | **ANZ**               |
| 1. View your balances on your accounts. | 1. Make cash withdrawals or deposits at any ANZ goMoney™ merchant. |
| 2. View your last three transactions history. | 2. Purchase goods or services from any ANZ goMoney™ merchant. |
| 3. Transfer funds between your own accounts or to other BSP accounts. | 3. Buy mobile airtime credit. |
| 4. Transfer funds to other bank accounts. | 4. Send money to anyone in the country (even if they don’t have a bank account or bank with ANZ). |
| 5. TopUp Mobile credits - Available to bmobile-vodafone and Telekom subscribers. | 5. Transfer money to another ANZ goMoney™ customer. |
| 7. Manage your SMS Alerts. | 7. Transfer money between linked ANZ accounts. |
| 8. Manage your Payees. | 8. Check your account balances. |
| 9. Manage your SIEA cash power metre numbers. | 9. View your ten most recent account transactions. |
| 10. Manage your mobile numbers. | 10. Manage your ANZ goMoney™ settings. |
| 12. View your UserID. |   |
| 13. Change language. |   |

Mobile banking has facilitated the growth of domestic remittances and has important implications for e-commerce.

The business case for mobile money as a payment mechanism for e-commerce is strong, although it is not yet leveraged across the Solomon Islands economy.

According to a 2015 survey, almost 20 per cent of mobile banking customers in Solomon Islands sent or received money domestically through this medium, and remittances were one of the top three use-cases for mobile banking (the other two being checking account balances and topping up mobile phone credit balances). Although the current value of mobile remittances/payments is low, with five per cent of total account balances (trailing Fiji but ahead of other countries such as Tonga, Samoa and Timor-Leste), high number of mobile money/banking transactions relative to population, and the steady growth in the value of mobile banking transactions (as per cent of GDP, between 2013 and 2016). The bottom line is that the mobile money transfer infrastructure is ready and already deployed in the country. Once lead e-commerce firms start emerging, this payment mechanism can be leveraged to reduce the dependency on cash.

The IMF notes factors that indicate the high potential of remittances in the country: 1) the steep growth in number of active mobile money/mobile banking agents (trailing Fiji but ahead of other countries such as Tonga, Samoa and Timor-Leste), high number of mobile money/banking transactions relative to population, and the steady growth in the value of mobile banking transactions (as per cent of GDP, between 2013 and 2016). The bottom line is that the mobile money transfer infrastructure is ready and already deployed in the country. Once lead e-commerce firms start emerging, this payment mechanism can be leveraged to reduce the dependency on cash.

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16 ibid.


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**Figure 10: Mobile banking growth potential for Solomon Islands**

![Graph showing mobile banking growth potential](image-url)

- **Solomon Islands has leapfrogged peers in mobile banking infrastructure...**
- **...and in number of transactions relative to its population.**
- **Although the total value of mobile banking activity is small relative to the size of the economy...**
- **...it has grown steadily.**

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**Source:** IMF Country Report No. 18/57, Solomon Islands: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Solomon Islands, IMF, 2018.
Ezi Pei mobile wallet system holds significant promise for catering to consumer needs in rural areas, streamlining public sector salary payments, and boosting Solomon Islands Postal Corporation’s operating model.

Solomon Islands Postal Corporation will soon launch mobile money wallet service called Ezi Pei in collaboration with BiBiMoney. The wallet service will assist consumers in sending money using a network of merchant agents across the country as well as through the post office network. Discussions are underway with the Ministry of Finance and the Central Bank to explore government salary payments through the system, a significant benefit considering that government workers have to expend costs just to travel to a central location to receive their salaries. The system will utilize Our Telekom and BeMobile’s networks for operations. The UPU is in discussion with Solomon Islands Postal Corporation to support the implementation of Ezi Pei through its Financial Inclusion Technical Assistance Facility (FITAF) with some technical and financial assistance.

The spillover effect of consumers using the mobile-money service will be felt on Solomon Islands Postal Corporation’s other efforts including widespread adoption of the what3words (w3w) addressing system for deliveries. The service also has the potential to serve as a revenue generating model for Solomon Islands Postal Corporation’s core Postal operations.

PFIP is assisting the government in deploying online tax payment services.

The PFIP is currently providing technical and financial assistance to the Inland Revenue Division (IRD) to enable online based tax payment in the country. The project spans August 2017 – December 2018, and targets 123,800 wage and salary employees, 200 corporate taxpayers and 3,684 small businesses. This is an important endeavor considering that 60 per cent of the government’s revenues comes in through tax collected through the IRD. The initiative is aligned with and will contribute to the National Financial Inclusion Strategic goal of transferring 80 per cent of all government payments to digital channels by 2020.

The system would provide for self-management of tax obligations by taxpayers via e-filing of tax returns using an IRD web portal for registered online taxpayers and facilitating the generation of e-payments of taxes via commercial banks (Internet banking, ATM, EFTPOS and over-the-counter).

Box 2: UNCDF and PFIP

PFIP is a Pacific-wide programme that has helped over 1.6 million low-income Pacific Islanders gain access to financial services and financial education. It achieves these results by funding innovation of financial services and delivery channels, supporting policy and regulatory initiatives, and empowering consumers. PFIP operates from the UNDP Pacific Office in Suva, Fiji and has offices in Papua New Guinea, Samoa and Solomon Islands. It is jointly administered by the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Australian Government, the European Union and the New Zealand Government.

Through the PFIP, UNCDF aims to add one million Pacific Islanders to the formal financial sector by 2019 by supporting policy and regulatory initiatives, funding innovation with financial services and delivery channels, disseminating market information, and empowering consumers.

In Solomon Islands, many of the DFS innovations have had PFIS’s footprints, and the initiative is actively involved in and collaborating with banks, telecommunication providers and the government.

Source: http://www.uncdf.org/solomonislands.

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Financial literacy must be tackled as a prerequisite for maintaining growth of mobile banking/money and for improved financial inclusion.

Financial illiteracy is a pervasive demand-side challenge that prevents absorption of financial services, even when the services undergo significant improvements. In a 2015 survey conducted by CBSI\(^\text{20}\), 45 per cent of the surveyed population identifying themselves as unbanked stated that they did not know how to use a bank account. The survey also discovered a strong correlation between income-financial inclusion and financial inclusion-schooling on the other, indicating a link between schooling and financial inclusion. Indeed, banked adults now average 4.5 years more schooling than the unbanked, indicating the need to address the issue at the grassroots level. NFIS II imparts significant focus on catalysing a shift towards financial literacy for the population. The bottom line for continued growth of consumer adoption of new innovations in mobile money and related services is that the consumer base must perceive the value of conducting financial transactions without cash. In this regard, the ITSSI is undertaking an effort to bring together telecommunication firms, banks and the public/private sector stakeholders to help spread financial and technical literacy related to mobile banking.

Another barrier to e-payments/transactions is when the sender/recipient does not have proper identification (national identity card) to meet KYC requirements. In certain cases, recipients are not allowed to withdraw funds because of a lack of proper ID, which is still an issue for rural populations. Public institutions such as the Solomon Islands Postal Corporation could support efforts to provide proper identification to people. This would primarily apply in rural areas and could involve some KYC requirement revisions.

5. LEGAL AND REGULATORY FRAMEWORK

The legal and regulatory framework related to e-commerce requires a comprehensive overhaul. There are no e-transactions, data protection or cybercrime laws. A decades-old consumer protection act requires revision to include electronic transitions in its scope. This regulatory gap needs to be adjusted as a matter of priority, especially in the context of future e-commerce, payment services operating to and within the country that will need to maintain compliance with the country’s laws, and to provide confidence for both for businesses and consumers. The development of regulations will need to be matched with capability for enforcement as well increased consumer awareness of the tenets of the regulations and their related obligations and rights.

The legal and regulatory framework related to online transactions is outdated.

Without this legal basis, consumer protection and other important aspects are also neglected. It is important to enact legislation that ensures the legality of online transactions and associated aspects such as e-signatures and online contract formation. In this respect, it is to be noted that all Pacific States adopted an e-transaction and e-signature law based on UNCITRAL texts. The Solomon Islands should consider doing the same, and ensure that the most recent UNCITRAL texts are taken into consideration, to establish legal uniformity that favors cross-border exchange.

Data protection is another area of concern and will become increasingly so as online transaction activities ramp up. This is not only an e-commerce issue but
also relevant given the government’s increasing focus on transitioning to digital payments for 80 per cent of government payments by 2020. Information related to personal data, personal communications, as well as ensuring anonymity (where legal) for consumers is important. This is relevant both where the government is holding citizen data, and where a private sector firm is collecting consumer data.

There is currently no law in the country addressing cybercrime. Without any specific tenet on cybercrime in the country’s penal system, national authorities do not have a legal basis for prosecuting offenders. A national awareness workshop on promoting information and communications regarding cybercrimes and laws was held in September 2017 and the Solomon Islands Police has initiated training for officers in areas of cybercrime, among other types of offences.

The Consumer Protection Act needs to be updated to reflect the developments since 1996 in terms of online transactions-based ICT, including e-commerce. In parallel, there is also a need to review the level of consumer awareness of their rights that fall under this act.

The bulk of online transactions in Solomon Islands are B2C, and either involve purchases of goods and services from overseas vendors, or online offers and sales to overseas guests. Noting that the tenets of the Consumer Protection Act are not applicable directly to either case, the National ICT policy advocates for an approach where existing safeguards of the Consumer Protection Act are applied to online transactions, and where Solomon Islands suppliers who invite consumers to enter into online transactions must disclose certain minimum required information. The Policy further advocates for the development of a code of practice by online vendors to encourage consumer confidence, especially important in the tourism sector. The following areas are essential to review (as noted in the ICT policy):

1. Correct information about the identity of the vendor, nature of the goods and services, terms and conditions and pricing.
2. Consumer access to affordable, effective and timely means for resolving disputes with vendors.
3. Spam and advertising.

This broad legislative gap reflects the nascent state of e-commerce in the country. With the government’s focus on e-government, DFS and the anticipated passage of the Payments Systems Act (enabling online payments), the e-commerce ecosystem’s focus is maturing to a sufficient degree that warrants prioritization of revising the associated legal framework. As with other areas, the government’s forward-thinking approach to mainstreaming digital payments in the Government’s work will fast-track infrastructure, consumer adoption of online activity (especially in terms of using card payments), as well as regulations. Post-revision, consumers and the broader public will need to be made aware of and sensitized about what the regulations entail for them. This is a necessary prerequisite for consumer adoption of online activity and e-commerce. Also, the market surveillance capabilities of relevant institutions must be increased to ensure compliance with the regulations, as will be the need to increase consumer awareness.
Figure 11: Do you agree that government regulations in the following areas are important to enhance trust in e-commerce?

Assign a value between 1 and 5
(with 1 indicating “strongly disagree” and 5 “strongly agree”, 49 public sector responses)

Source: UNCTAD

Figure 12: Do you agree that government regulations in the following areas are important to enhance trust in e-commerce?

Assign a value between 1 and 5
(with 1 indicating “strongly disagree” and 5 “strongly agree”, 27 private sector responses)

Source: UNCTAD
6. E-COMMERCE SKILLS DEVELOPMENT

The skills development focus is centered on the government’s efforts to develop ICT skills proficiency starting at the primary and secondary school level, and on facilitating access to education for children in remote communities through ICT. Efforts to develop the skills base at the tertiary sector and in terms of ICT for entrepreneurship development need to be strengthened. The feedback loop between public sector, skills providers and private sector needs to be established. Start-up activity and related support are also weak.

Skills development (for e-commerce) remains constrained due to both supply and demand side challenges. Businesses have not invested significantly in e-commerce activities and therefore the pull effect on the supply side has been weak. Universities, certificate level education providers, TVET centers have a weak focus on ICT, and even weaker on skills (website, API development and the like) relevant to e-commerce. The IT support supply chain remains largely limited to hardware support.

This area is expected to evolve and mature as a result of anticipated demand from lead e-commerce firms emerging over time, and a following wave effect leading to further expansion of businesses expanding in online activity. These firms will seek to develop in-house competencies or acquire short-term contractual support in a wide range of ICT areas. The pull effect will extend to skills providers such as universities and training institutes. Apart from natural evolution, the government (and other members of the skills development ecosystem) will need to expand their attention to higher ICT education to support the anticipated growth in demand.

6.1. Skills gap assessment

**Weak IT supply chain limits growth options for e-commerce entrants.**

The IT support supply chain is weak. Many of the ICT companies function as preferred hardware support providers to the government (eight preferred suppliers exist currently), and website design/software development firms are a handful, and there are a number of freelance programmers. Given that smaller entrants in the e-commerce field are unlikely to invest in full-time IT developers right at the beginning - initially depending on contractors to develop website and online content - enhancing the availability of competent IT consultants/firms offering affordable services is essential. The IT supply chain will in turn grow (and become more affordable) based on increased demand so, to an extent, both the demand (e-commerce entrants) and supply sides (IT firms) will depend on each other for growth. It is likely that e-commerce entrants will use IT firms for developing an online presence through websites and uploading content and make further iterative developments as they see the benefits of the initial investments. Without a competent IT supplier base, this initial important step will be more difficult to achieve.

Companies that require specialized software development skills currently have to outsource them to international firms based in China, the Philippines or other sourcing markets.

**The opportunities of distance learning through ICT need to be capitalized upon.**

ICT offers potential for improving literacy and education levels as well as the skills of job seekers. As noted by Solomon Islands’ trade policy framework, ‘ICT-driven business is not just for the educationally-advanced; it represents an opportunity even for low-skilled workers and may even lead to skills development in the longer term. Information technology, in the right institutional setting, can also enable access to educational courses and materials that would otherwise be too specialized to provide to small population centres.’

The National ICT policy echoes the above and notes that the ‘given the deficiencies of transportation infrastructure and limited number of skilled teachers, ICT provides an important mechanism for transmitting educational content and connecting expert teachers with students. ICT-in-education policies and funding for underserved populations offer the possibility for bridging the divide that restricts opportunities for rural students’.
Requirement to improve coordination between ministries, notably MCILI and MEHRD, especially in the area of TVET provision.

Both ministries play an important role in identifying private sector ICT skills requirements and translating them into actions to cover gaps. However, the level of collaboration between MEHRD and MCILI is not clear or established. This is especially relevant in the case of TVET since the level of cooperation directly affects workforce development. There is an important need to carefully review the coordination between the TVET ecosystem and especially between the public-sector entities.

Preferred suppliers program for software vendors to the government to spur demand.

The ICT educational landscape will not mature until demand side drivers improve. In the absence of a consistent demand for IT services (both software and hardware), the supply-side will continue to remain disinterested in seeking ICT education/skills, which will have a spillover impact on skills providers. The demand has to be ramped up and it is likely that the government will lead the charge in raising demand through its e-government initiatives, rather than the private sector. A program for software service providers should be developed, similar to the preferred suppliers program that the government has put in place for hardware support service providers. Increased activity in this area may result in a greater interest in the sector by candidates as well as skills providers.

Figure 13: Which are the key skills development areas to be addresses vis-a-vis e-commerce in Solomon Islands?

(46 public sector responses, 26 private sector responses; x-axis represents perception of importance: 1 being the least important and 5 the most important)

6.2. Availability of tertiary education/curriculum, professional training

An important need exists for spurring e-commerce related entrepreneurship.

As the private sector starts developing proficiencies in e-commerce, they will need to re-learn business management skills from a digital business standpoint.

Focus on ICT at the tertiary level is inadequate.

Higher education is provided by Solomon Islands National University (SINU), Open College of University of Papua New Guinea (UPNG) (distance learning), and University of South Pacific (USP). Of these, only USP provides a Bachelor’s of Computer Science degree.
Vocational education is offered by SINU, UPNG, approximately 40 vocational and rural training centers, APTC, and a handful of private providers. There is little to no focus (apart from Don Bosco) on providing substantive courses in ICT by these institutions, although their level and quality of activity in other trades is relatively high.

**Lack of certificate level training limits innovation, adaptability of the IT sector.**

No certificate level training providers exist. This is a significant problem because such institutes are frequently the main source of spreading basic- to moderate/advanced-level ICT competencies. In other countries where eTrade Readiness Assessments have been conducted, the certificate level course providers often serve as testing ground for assessing new courses through feedback from the private sector, policy makers etc. Universities are typically slower to adapt and certificate level skills providers are typically the early responders to emerging needs from the private sector. In the near absence of any type of demand from the public or private sector, ICT firms remain focused on hardware support.

**Policy level focus on ICT in education is required.**

The National Education Action Plan ensures that long-term goals for the Solomon Islands education system include a focus on ICT through the following goal: ‘To ensure that secondary education delivers both work-related skills and transferable skills, including entrepreneurial and ICT skills to increase the number of youth who have relevant skills for employment, decent jobs and entrepreneurship.’ The translation of this goal to an implementable strategy is unclear as is the level of implementation.

There is a need to build capacity within the Ministry of Education to be able to better utilize ICT in education. The Ministry has made commendable gains in exploring options for better integrating ICT education at the primary and high school level, however at the tertiary level, more needs to be done. The main recommendation is for MEHRD to take a coordinating role in working with tertiary education and vocational education providers to develop consensus and facilitate expansion of affordable ICT specific education.

**6.3. Tech start-ups scene**

A handful of ICT companies/startups are primarily focusing on hardware work rather than software.

The ICT startup community in Solomon Islands is small, and primarily consists of private hardware firms (that have some software development capability as well) conducting business with the government through a system of preferred suppliers. So far, software development firms have not emerged in any significant number.

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**Box 3: Strongim Bisnis**

Strongim Bisnis is an Australian Government funded project that aims to increase incomes and generate livelihoods, primarily focusing on, but not limited to, women and youth. The scope of the project currently extends to the tourism, cocoa and coconut sectors, and utilizes a market systems analysis approach to understanding drivers of long-term growth in the three sectors. The project is seeking to drive impact at the sector, enterprise and household level that will result in long-term, systemic and sustainable change.

Strongim Business has emerged as a potential source of skills development focusing on coaching the tourism, cocoa and coconut sector MSMEs develop and leverage online presence. The project was launched in 2017, and recent work has focused on conducting the foundational analyses related to the market systems, stakeholder mapping and constraints analysis across the three sectors. Improved marketing, business development and promotion has been identified as constraints for all three sectors, especially tourism, and a common theme during the implementation phase will be skills development for MSMEs for better promoting and marketing their products possibly including through the e-commerce channel or at least content rich websites.

7. ACCESS TO FINANCING

The strong policy focus on financial inclusion, telecommunications sector liberalization, and increasing integration of fintech over the last decade has started delivering results, particularly demonstrated by a steep growth in financial services access points (commercial banks, branches, ATMs, mobile banking agents, EFTPOS points), as well as growth in formal financial inclusion leading to an overall widening and deepening of the banking network.

The policy focus has shifted from enhancing the supply side dynamics (building the financial infrastructure and services) to the demand side, although both remain important. Access to finance for MSMEs remains a problematic area. There are no specific lending instruments available for e-commerce or ICT operations. Commercial banks remain unviable for most MSMEs due to difficult lending terms and challenging in proving creditworthiness. Limited incubation and mentoring support further affects the readiness of MSMEs to demonstrate soundness to apply and absorb funding. Instead most MSMEs depend on community lending solutions. Despite the government’s efforts to establish special schemes directed at offsetting the lending gap, the uptake on the demand side has been poor, reflecting the reality that the bulk of the private sector is not ready to absorb financing to scale up.

7.1. Depth of the banking network

Rapid rise of financial access points from a low base in the last decade result from a strong policy focus on financial inclusion, telecommunications sector liberalization, and increasing integration of fintech.

Important progress in financial inclusion has been made since the launch of the first iteration of the National Financial Inclusion Strategy I (NFIS I) spanning 2011-2015. One of the key achievements has been the formation and successful operationalization of the National Financial Inclusion Taskforce (NFIT), which is comprised of the Central Bank, Ministries, commercial banks, private sector associations and civil society. This taskforce has made important strides in driving collaboration between the financial sector ecosystem on financial inclusion issues including fintech, which has been positioned by the government at the core of its financial inclusion strategy. The case for mobile banking and other fintech services is obvious given the barriers to access resulting from the country’s challenging geography. The liberalization of the telecommunications sector, and the ensuing competition has also resulted in rapid integration of mobile-banking services.

Between 2011 and 2016, financial access points rose significantly as indicated in Table 6. In particular, the steep rise in number of mobile banking agents since 2014 highlights the rapid expansion and adoption of mobile phones and accompanying services. To an extent, the decline in EFTPOS points reflects the rise of mobile banking. The period also saw formal financial inclusion grow by 78,000 (surpassing the goal set at 70,000).

|----------------------|------|------|------|------|------|------|
| Commercial Banks     | 3    | 3    | 3    | 4    | 3    | 3
| Agencies             | 7    | 7    | 7    | 7    | 7    | 7    |
| Branches             | 13   | 13   | 12   | 14   | 14   | 15   |
| ATMs                 | 36   | 38   | 38   | 39   | 41   | 42   |
| EFTPOS Terminals     | 175  | 224  | 306  | 346  | 400  | 310  |
| EFTPOS Merchants     | 72   | 325  | 353  | 256  | 256  |
| Mobile Banking Agents| 0    | 105  | 164  | 192  |      |

Source: CBSI Annual report, CBSI, 2016

21 The commercial banking system in Solomon Islands includes one domestic bank (Pan Oceanic Bank) and three international banks ANZ, BSP, and BRED. ANZ, BSP and POB offer mobile banking and money solutions. Additionally, there is one microfinance institution in the country and more than 300 savings clubs operated through NGOs as well as independently in rural areas.

22 This figure changed to 4 with the opening of BRED Bank in 2017.
The rise of financial access points/services is all the more impressive because of the extremely low base less than a decade ago. Notwithstanding these advancements, the island chain country’s geography will always pose difficulties that constrain traditional banking services. Fifteen bank branches currently exist in five provincial locations, presenting significant physical access issues given that the population is spread across 300 islands. A recent study noted that 25 per cent of the government’s 16,000 staff travel more than two hours to access their salaries, and 34 per cent incur access costs that exceed SBD 100\(^23\). In 2015, a financially excluded Solomon Islander lived an average of 6.2 hours from the closest bank branch, while a person with a bank account would need to travel 2 hours\(^24\), incurring time and cost burden.

The NFIS II (2016-2020), focuses on increasing the financial literacy and capacity of users to utilize the rapidly improving financial infrastructure in the country. The strategy envisages that by 2020, 300,000 adults (of which, 150,000 must be women) will be active users of formal or semi-formal financial accounts (including accounts at MFIs and savings clubs); and 90 per cent of the population will have a financial service access point one hour of ordinary travel time from their home.

The success of NFIS I and anticipated progress on NFIS II is indicative of the importance that policymakers have imparted to improving financial inclusion in the country.

7.2. Financing by commercial banks and MFIs

MSMEs depend on informal and community lending solutions for their lending requirements, bypassing commercial banks due to challenges on both demand and supply sides.

SMEs find it particularly hard to access funding through the formal banking system. Interest rates are high and loan-seekers are not adequately able to demonstrate financial creditworthiness in terms of either paperwork or collateral requirements. The majority of loan-seeking companies depend on community and family ties rather than approaching these institutions for a variety of factors including the following:

- Barriers to access to physical branches, coupled by the high transaction costs for banks to reach outside the key urban areas.
- Weak capability of MSMEs to demonstrate creditworthiness through paperwork, financial statements etc.
- Assertion by the private sector that banks are not attuned to the needs of MSMEs.
- Communal land ownership restricts individuals from utilizing the land as collateral.
- Lack of financial literacy of users.
- A common definition of MSME has not emerged leading to lack of coherence between policy makers such as MCILI and banks. MCILI defines MSMEs based on the number of staff and revenue while commercial banks define SMEs based on loan size. Without consensus on a baseline definition, the bottom line impact will be felt on MSMEs seeking to apply for loans, and growth schemes such as the Business Loan Guarantee Scheme.

The overall result is one of the highest interest rate spreads in the region, a low rate of loan issuance for MSMEs, and high dependence on informal banking networks driven by community ties. Informal borrowing is common, especially from shops.

No specific access to financing instruments exist for e-commerce. The Business Loan Guarantee Scheme offers to bridge the lending gap for MSMEs, but uptake has been limited.

E-commerce being a new area is particularly unfamiliar to both loan-seekers and banks, and access to financing is expected to remain a significant challenge for SMEs seeking to start e-commerce operations. To a large extent, the main barriers constraining access to financing relate to issues of financial literacy, geographical constraints, etc. Although no specific loan instrument exists for e-commerce, the MSME Business Loan Guarantee Scheme is available for companies that are operating or wish to operate in the e-commerce space.

Established in 2016 jointly by the Ministry of Commerce, Industry, Labour and Immigration (MCILI), Ministry of Finance and Treasury (MoFT), and administered by CBSI, it intends to bridge the lending gap, specifically the collateral gap, for the MSME segment. This is the


\(^{24}\) IMF Country Report No. 18/57, Solomon Islands: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Solomon Islands, IMF, 2018.
main financing instrument available to MSMEs, including those that may be interested in e-commerce activities. Partner banks—currently constituting ANZ, BSP and POB—conduct the due diligence for loan applications and submit eligible applications to the Central Bank for approval. Under the scheme, the Central Bank covers 90 per cent of a collateral shortfall that a bank is facing for a loan application, with a ceiling guarantee of SBD 300,000 and for maximum loan applications of SBD 1 million. The borrower pays a two per cent guarantee fee to the commercial bank, which is transferred to the Central Bank. The scheme aims to assist rural and export-oriented businesses, including Honiara based businesses that purchase rural products, or supply services to rural people. Sectors included are: agricultural production or processing, timber and wood industries, fishing, tourism, small-scale industry or manufacturing, retail trading, professional services, and transportation services. Most of these sectors have e-commerce potential.

So far, the scheme has remained underutilized. The 2018 CBSI annual report notes that in 2017, only three nominations were approved with a total value of $0.96 million compared to two (nominations approved in 2016 with aggregate value of SBD 0.72 million. Reasons include low creditworthiness on the part of loan-seeking MSMEs, lack of understanding of MSME needs by commercial banks, and lack of marketing of the scheme by commercial banks. To identify the root causes and take corrective action, efforts are ongoing through a consultancy launched by Strongim Bisnis, which will result in recommendations to the CBSI MSME working group.

**Mobile banking has not yet expanded to loans.**

The bulk of the mobile banking activity relate to checking balance, airtime top-up, cash withdrawals and small but growing domestic remittances. These services have not yet expanded to specialized use cases, including loan applications through mobile phones that would be beneficial to the large segments of population without access to bank branches. This could be an area of expansion in the future.

### 7.3. Financing by business incubators, business accelerators and venture capitalists

Business incubation has not yet found root in Solomon Islands, although there are ongoing efforts aimed at setting up structures to assist MSMEs:

- MCILI operates a Training and Development Program (T&DP) aimed at transferring business and entrepreneurship skills to a wider section of Solomon Islands society. The program provides business skills training outsourced to three Private Sector Service Providers: Solomon Islands Small Business Enterprise Centre (SISBEC), MASE Business Training Centre, and Small and Medium Enterprise Council of Solomon Islands (SMECSI).

- The Small Business Enterprises Centre provides training to small businesses in rural areas in terms of starting and operating their businesses. Limited information is available on current operations. The attention of venture capitalists including foreign investors has hitherto been confined to the traditional extractive sectors such as logging and mining. However, the government wants to increase the focus on productive sectors including agri-business and tourism. This will only occur in the middle-long-term given that these sectors are still in early stages of development, and it will take time for lead firms to emerge and develop minimum capability levels that encourages investors.

### 7.4. Financing by development partners

Through the PFIP programme, UNCDF is involved in a number of projects aimed at improving financial inclusion. These include support for the expansion of BSP’s Go-Money service, BSP Branchless Banking and Agent banking services in the hinterland and for providing support to develop the banking, mobile-enabled insurance and digitizing government-to-person (G2P) payments space.

Apart from the PFIP, financing options remain limited in terms of development partner support. It is possible that the DFAT-supported Strongim Bisnis (See Skills Development section) program may incorporate a funding dimension at a later stage, but for now such options remain limited.

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25 The Pacific Financial Inclusion Programme (PFIP) is a joint programme of the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) with additional funding support from the Australian Agency for International Development (AusAID) and the European Union/Africa, Caribbean and Pacific Microfinance Framework Programme (EU/ACP).
FINDINGS UNDER THE SEVEN eTRADE FOR ALL POLICY AREAS

CONCLUSION

The current low use of e-commerce in Solomon Islands belies significant potential for the sector to grow swiftly and make economic and socioeconomic contributions to the country. Trade is a lifeline for the economy and e-commerce can help spur trading relationships. Additionally, it will help in developing the national markets, bringing disparate and remotely located buyers-sellers closer within a conducive ecosystem.

This is an opportune moment for e-commerce development, due to the transformative shift occurring in the economy towards productive sectors. According to the IMF, infrastructure spending, fisheries and agriculture are expected to keep growth rates buoyant at three per cent in 2018 (slightly below the three per cent growth rate in 2016), despite an anticipated decrease in logging production. Sectoral growth is projected for fisheries, tourism, and agriculture, which are also priority areas noted in the National Development Strategy. Tourism and agriculture especially tend to be early adopters of e-commerce, thereby presenting significant opportunities for anchoring e-commerce, and for e-commerce to drive market penetration for these sectors.

The government should ensure that the national development planning for sectors where a market-side approach is involved includes a focus on e-commerce. Doing so will ensure that tangible sector-specific actions related to e-commerce pick up pace. Although there is no private sector led e-commerce activity occurring presently in the country, it is anticipated that lead firms will soon start emerging, starting with the tourism sector.

Solomon Islands has significant challenges to overcome in terms of social delivery, health and education. These will keep the Government’s attention spread across competing areas. The country’s challenging geography also presents problems for financial inclusion (access to banking services), last mile ICT connectivity (Internet connectivity), and trade logistics (package delivery within and outside the country), among many others. The progress achieved by the NFIS I and other initiatives are significant, and demonstrate that, despite the challenges, a growth path can be charted for the various components of the e-commerce ecosystem. The priority now is to demonstrate that the ecosystem as a whole can be developed along with the individual components.

The road ahead is promising but will require a collective effort from all involved stakeholders within the ecosystem ranging from regulators to banks to universities to telecom service providers to the public sector. Resources will need to be planned and projects executed with proper due diligence. Policymakers must work to integrate the plan of action of this report into the national development agenda.

The role of international partners in support of implementation will be important. Solomon Islands will continue to require technical and financial support in ensuring that e-commerce is firmly integrated in private-sector and trade development initiatives, and indeed within the overall national development agenda.
## THE WAY FORWARD: ACTION MATRIX

### 1. E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION

<table>
<thead>
<tr>
<th>Indicative action</th>
<th>Expected outputs</th>
<th>Priority Level</th>
<th>Potential support by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that any development plan/strategy/project involving developing market-side aspects for prioritized productive sectors (as part of the NDS and the National Trade Policy Framework) includes an e-commerce component.</td>
<td>Integrated focus on e-commerce within the national development agenda, especially for productive sectors of the economy such as agriculture and tourism, which have high e-commerce adoption potential and involve a significant MSME presence.</td>
<td>High</td>
<td>MFAET, MCILI, MCA, EIF/NIU</td>
</tr>
<tr>
<td>Conduct strategic planning for the communications department of the MCA, and provide technical, human capital and financial resources to allow it to execute its mandate. Resolve the positioning of the ICTSU within the government’s reporting structure to reduce uncertainty.</td>
<td>Enhanced capability of MCA to deliver on its mandate related to ICT policy development in Solomon Islands; reduced uncertainty and contention regarding MCA’s relationship vis-à-vis ICTSU.</td>
<td>High</td>
<td>Cabinet, MOF, MCA</td>
</tr>
<tr>
<td>Develop a national e-commerce strategy drawing on a multi-stakeholder effort and focusing on developing a medium-term strategic roadmap for the sector.</td>
<td>A detailed five-year strategic plan for the e-commerce sector in Solomon Islands that lays out critical activities, priorities, potential implementation partners, and time frame, among other elements.</td>
<td>Medium</td>
<td>MCA, MFAET, UNCTAD</td>
</tr>
<tr>
<td>Improve statistics capability of national offices in measurement of core ICT indicators defined by the government. Additionally, build a capability for measuring trade in services and e-commerce activity, both international and domestic.</td>
<td>Improved capacity of the NSO for measuring ICT infrastructure and access; access/use of ICT by households and individuals; use of ICT by businesses; trade in ICT goods and services; ICT in education; ICT in government. Enhanced capacity to measure trade in services and e-commerce activity.</td>
<td>Medium</td>
<td>NSO, ITU</td>
</tr>
<tr>
<td>Conduct a dedicated national ICT household survey in Solomon Islands to develop a ICT specific baseline in the country.</td>
<td>Improved understanding of the depth and breadth of ICT utilization aggregated from the household level up.</td>
<td>Low</td>
<td>NSO</td>
</tr>
</tbody>
</table>

### 2. ICT INFRASTRUCTURE AND SERVICES

<table>
<thead>
<tr>
<th>Indicative action</th>
<th>Expected outputs</th>
<th>Priority Level</th>
<th>Potential support by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oversee successful implementation of the submarine cable project currently in progress and deploy fair-play model involving service providers in implementing last mile connectivity and providing diverse services through the high-speed broadband network.</td>
<td>Successful deployment of high speed fibre Internet in the country, backed by reliable backbone connectivity by service providers to ensure last mile connectivity throughout the country.</td>
<td>High</td>
<td>MCA, MoFT, DFAT</td>
</tr>
<tr>
<td>Continue exploratory discussions about the establishment of a Universal Access framework/ fund and identify select tangible issues for progress over the next five years.</td>
<td>Progress towards the development of a universal access strategy that does not rely heavily on subsidies or require the supply side to assume an undue burden.</td>
<td>Medium</td>
<td>MCA, ICTSU/MOF, ADB</td>
</tr>
<tr>
<td>Coordinate with IANA regarding the transition from IPv4 to IPv6 protocol and the increase in address range for Solomon Islands.</td>
<td>An increase in the number of .sb websites with faster loading times and local content development.</td>
<td>Medium</td>
<td>TCSI, Our Telekom</td>
</tr>
</tbody>
</table>
## 2. ICT INFRASTRUCTURE AND SERVICES

<table>
<thead>
<tr>
<th>Indicative action</th>
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<th>Priority Level</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Enhance cooperation with ITU and other international telecommunication actors such as GSMA, as well as regional fora.</td>
<td>Continued integration of the country in international development related to the telecommunications sector.</td>
<td>Medium</td>
<td>TCSI, MCA, ITU, GSMA</td>
</tr>
<tr>
<td>Encourage additional investment in the sector. Identify and resolve barriers to investment and additional service providers.</td>
<td>Reduced prices and increased services for the consumer base.</td>
<td>Medium</td>
<td>TCSI</td>
</tr>
<tr>
<td>Encourage the two telecommunications service providers and other service providers to cooperate on network and infrastructure sharing issues in remote areas to benefit from cost sharing, as well as improving last mile connectivity.</td>
<td>Continued cooperation between service providers, especially after the arrival of the submarine cable and related connectivity upgrades, in order to benefit remote and hitherto weakly connected regions.</td>
<td>Low</td>
<td>TCSI, Service providers</td>
</tr>
</tbody>
</table>

## 3. TRADE LOGISTICS AND TRADE FACILITATION

<table>
<thead>
<tr>
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<th>Expected outputs</th>
<th>Priority Level</th>
<th>Potential support by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a Single Window System facilitating a single point of submission and processing of regulatory documents, which have been harmonized between different agencies.</td>
<td>Streamlined processes for processing of shipments. Effective communication and coordination between customs and other agencies such as port authority, quarantine etc.</td>
<td>High</td>
<td>Customs, Port Authority, WCO, UNCTAD</td>
</tr>
<tr>
<td>Launch a national consumer awareness campaign aimed at citizens and businesses for promoting the use of the what3words system (adopted by the Solomon Islands Postal Corporation and the MCA) as an alternate addressing system.</td>
<td>Increased awareness of utilization of w3w by Solomon Islands Postal Corporation’s consumer base, especially in remote areas of the country, leading to enhanced adoption of w3w as the standard addressing mechanism used nationally for sending posts and packages.</td>
<td>High</td>
<td>Solomon Islands Postal Corporation, MCA</td>
</tr>
<tr>
<td>Hold workshops with ministries, agencies and UPU to discuss and agree on the national postcode matrix co-developed by Solomon Islands Postal Corporation and MCA.</td>
<td>Development of a national post-code over the medium-long term period in line with international standards and postal operations’ requirements.</td>
<td>High</td>
<td>Solomon Islands Postal Corporation, MCA</td>
</tr>
<tr>
<td>Support the Operational Readiness for E-commerce for the Solomon Islands Postal Corporation (ORE programme) through capacity building and implementation of relevant IT tools.</td>
<td>Improved postal processes through targeted operational trainings (distribution of postal items and parcels, and operational organization). Implementation of quality of service IT tools (UPU Global Monitoring System-GMS) for quality of service control and improvement.</td>
<td>High</td>
<td>UPU, Solomon Islands Postal Corporation</td>
</tr>
<tr>
<td>Consider establishing a Trade Facilitation Committee under the National Trade Development Council, for coordinating trade facilitation and logistics areas.</td>
<td>Enhanced coordination on trade facilitation areas in support of the WTO’s agreement on trade facilitation.</td>
<td>High</td>
<td>MFAET, NTDC, UNCTAD</td>
</tr>
<tr>
<td>Progress on the following important e-government trade facilitation initiatives that have been planned but not implemented: ‘E-Application and Issuance of import and export permit, E-Air Cargo Manifests, E-Preferential Certificate of Origin, E-Payment of duties and E-Application for Customs refunds.</td>
<td>Improved trade facilitation environment in the country.</td>
<td>High</td>
<td>MFAET, NTDC, UNCTAD</td>
</tr>
</tbody>
</table>
### 3. TRADE LOGISTICS AND TRADE FACILITATION

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</thead>
<tbody>
<tr>
<td>Facilitate active participation in the new regional UN treaty on cross-border paperless trade facilitation, exploring options to become a signatory to the treaty.</td>
<td>Digital complement to the WTO agreement on trade facilitation leading the way for process improvement gains and better regional integration.</td>
<td>Medium</td>
<td>Solomon Islands Postal Corporation, MCILI, MFAET</td>
</tr>
<tr>
<td>Support deployment of the Customs Declaration System that will allow exporters and importers to benefit from advance rulings for goods being exported and imported from and to Solomon Islands respectively. Ensure adequate training for staff from all related institutions.</td>
<td>Facilitated declaration, release and clearance processes for goods being shipped to and from Solomon Islands.</td>
<td>Medium</td>
<td>Customs, UPU, WCO</td>
</tr>
<tr>
<td>Review the de minimis regime in Solomon Islands to reduce the inordinately high burden on customs and importers due to the de minimis value of SBD 2.</td>
<td>Streamlined flow of goods and reduced burden incurred by importers.</td>
<td>Medium</td>
<td>Customs, WCO</td>
</tr>
<tr>
<td>Ensure compliance with WCO membership dues and develop a sustainable revenue model for funding the country's obligations to the organization via a modest hike in customs acceptance fees for packages from SBD 20 to 100 (or another viable figure).</td>
<td>Compliance with WCO membership allowing the country to gain valuable technical expertise in the customs technical area.</td>
<td>Medium</td>
<td>Customs</td>
</tr>
<tr>
<td>Conduct a broad review of resource and capacity requirements for agencies including Solomon Islands Postal Corporation, Customs that are essential to the trade logistics and facilitation area.</td>
<td>Enhanced sustainability for critical public-sector agencies.</td>
<td>Medium</td>
<td>Government, MoFT, UPU</td>
</tr>
<tr>
<td>Consider the development of a network of coastal transport and landing points (starting with Honiara).</td>
<td>Facilitated rapid movement of people and goods.</td>
<td>Low</td>
<td>MoID</td>
</tr>
</tbody>
</table>

### 4. PAYMENT SOLUTIONS

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Approve the National Payment Systems Bill currently pending before the parliament and hold consultations with relevant stakeholders, including banks, fintech providers and CBSI to discuss the implications and operationalization of the act.</td>
<td>National Payment Systems Act is adopted, establishing the legal basis for online payments in the country, resulting in greater interoperability related to payments, and broad-ranging introduction of payment solutions from banks and fintech providers.</td>
<td>High</td>
<td>CBSI, Parliament, World Bank</td>
</tr>
<tr>
<td>Upgrade regulatory and supervisory frameworks related to AML/CFT and tax transparency, especially taking into account recommendations from recent FATF reviews in country.</td>
<td>Ensure compliance of Solomon Islands with international standards related to AML/CFT and tax transparency.</td>
<td>High</td>
<td>CBSI, MoFT</td>
</tr>
<tr>
<td>Foster development of a network of independent, competent agents who can cater to both telecommunications providers of mobile services, as well as for multiple banks for mobile banking and mobile money services.</td>
<td>Improved network presence of agency banking across the country with individual agents providing multiple services; development of an agency banking supply chain leading to jobs and entrepreneurship opportunities.</td>
<td>High</td>
<td>CBSI, Commercial Banks</td>
</tr>
<tr>
<td>Support financial literacy drive by ITSSI by holding sensitization and awareness building workshops across the country, especially in remote areas.</td>
<td>Sensitized citizenry regarding financial literacy.</td>
<td>High</td>
<td>ITSSI, MCA</td>
</tr>
</tbody>
</table>
### 4. PAYMENT SOLUTIONS

<table>
<thead>
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<th>Priority Level</th>
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</thead>
<tbody>
<tr>
<td>Aligned to the government's commitment under the BTCA, promote digital payment channels in all government P2G and G2P transactions (including government salaries, tax payments, public utility bills and the like).</td>
<td>Enhanced servicing and governance of remote areas in the country where cash movement is logistically challenging and poses a security risk; increased adoption and ease of conducting mobile money transactions by consumers and government employees.</td>
<td>Medium</td>
<td>MoFT, CBSI</td>
</tr>
<tr>
<td>Foster the expansion of merchant networks accepting payments through EFT/POS payments or mobile money, which also act as cash surplus/liquidity clearance points for smaller mobile money agents.</td>
<td>Enhanced liquidity for smaller agents resulting in increased liquidity for mobile money agents around the country; increased adoption of mobile money payments by consumers, and pressure relief for mobile money agents in terms of liquidity; and movement to cash-lite society.</td>
<td>Low</td>
<td>Banks, CBSI</td>
</tr>
<tr>
<td>Ensure that the telecommunication providers and mobile money agents adhere to the cash agents' guidance instructions provided by CBSI.</td>
<td>Improved compliance with the practice guidance note ‘use of cash agents in the Solomon Islands’ issued by CBSI, leading to assured minimum standards of agent quality.</td>
<td>Medium</td>
<td>CBSI, Telecommunications providers</td>
</tr>
<tr>
<td>Develop and implement national standards for the selection, training, licensing and de-licensing of mobile banking agents, based on the strategic direction and guidance set by the NFIS and the CBSI’s practice note on cash agents.</td>
<td>Development of a competent, trained network of mobile banking agents.</td>
<td>Medium</td>
<td>CBSI, MoFT</td>
</tr>
<tr>
<td>As part of CBSI’s risk assessment process, include risk emanating from mobile payments to financial institutions, and the management of those risks as part of the scope.</td>
<td>Strengthened regulatory environment aligned with the fintech developments in Solomon Islands.</td>
<td>Medium</td>
<td>CBSI</td>
</tr>
<tr>
<td>Test introduction and expansion of newer use case-driven value added mobile money services, such as specialized savings and loan products, and/or tailored services for specific customer segments.</td>
<td>Availability of mobile money solutions to address the greatest needs of the consumer base, thereby expanding the adoption of mobile money services across different consumer segments, such as women.</td>
<td>Medium</td>
<td>DSFG</td>
</tr>
<tr>
<td>Support the implementation and launch of new e-wallet solutions in Solomon Islands, especially for populations living outside of Honiara. This should also involve establishing the associated ecosystem (agent network, merchant payment acceptance, good connectivity, etc…).</td>
<td>Foster financial inclusion and digital payment solutions for individuals and business through the postal network.</td>
<td>Medium</td>
<td>UPU, Solomon Islands Postal Corporation</td>
</tr>
<tr>
<td>Provide required financial and technical support to Solomon Islands Postal Corporation to scale up current activities and diversify in areas such as international payments.</td>
<td>Development of payment services through the adoption of UPU’s IFS system to provide international electronic postal payment services.</td>
<td>Medium</td>
<td>UPU, Solomon Islands Postal Corporation</td>
</tr>
<tr>
<td>Reach consensus on ongoing discussions to explore the possibility of issuing regulations enabling regulated non-banks including MNOs to issue mobile wallets.</td>
<td>Innovations in the fintech space leading to increased options regarding digital payments for consumers and businesses.</td>
<td>Low</td>
<td>CBSI</td>
</tr>
</tbody>
</table>
### 5. LEGAL AND REGULATORY FRAMEWORK

<table>
<thead>
<tr>
<th>Indicative action</th>
<th>Expected outputs</th>
<th>Priority Level</th>
<th>Potential support by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop/update regulations covering gaps in the four areas: e-transactions, consumer protection, data protection, and cybercrime. In parallel, strengthen appropriate market surveillance and enforcement capacities.</td>
<td>Updated legislative framework related to cyberlaws.</td>
<td>High</td>
<td>CBSI, UNCITRAL, UNCTAD, WB</td>
</tr>
<tr>
<td>Clear the backlog of financial legislation including the new Financial Institutions Act, the Credit Unions Act, the National Provident Fund Act – which act as prudential standards allowing the CBSI to strengthen its supervisory framework (IMF).</td>
<td>Deployment of prudential standards allowing the CBSI to strengthen its supervisory framework vis-à-vis financial service providers, including fintech services.</td>
<td>High</td>
<td>IMF</td>
</tr>
<tr>
<td>Agree on national principles of consumer protection in financial services and the broader e-commerce area. Revise the 1996 consumer protection law to reflect e-transactions in scope.</td>
<td>Formation of harmonized laws on consumer protection that incorporate tenets of e-commerce and electronic transactions.</td>
<td>High</td>
<td>CBSI, MoFT, MCILI, UNCTAD</td>
</tr>
<tr>
<td>Enact legislation to ensure legal certainty for electronic documents and online contract formation, and recognition of e-signatures.</td>
<td>Progress towards ensuring legal certainty for e-transactions, as a necessary prerequisite.</td>
<td>High</td>
<td>CBSI, MCA, MoFT</td>
</tr>
<tr>
<td>Consider becoming a signatory to the WIPO Convention, Berne Convention for the protection of literary and artistic works, and the Paris Convention for the protection of industrial property.</td>
<td>Ensuring protection of intellectual property, especially for services-based sectors that will become active through e-commerce.</td>
<td>Medium</td>
<td>MFAET, MCA, WIPO</td>
</tr>
</tbody>
</table>

### 6. E-COMMERCE SKILLS DEVELOPMENT

<table>
<thead>
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<tr>
<td>Undertake national skills audit to ascertain existing and needed ICT and e-commerce skills through involvement of the private sector (especially in sectors such as tourism and agro-industry, which may be early e-commerce adopters), public sector and skills providers.</td>
<td>Overall consensus on the strategic direction for entrepreneurship specially focusing on e-commerce, leading to upgrading course offerings in universities and training institutes over the medium-long term.</td>
<td>Medium</td>
<td>ITSSI, MEHRD, Universities, technical training institutes</td>
</tr>
<tr>
<td>Develop institutional feedback loop between the private sector, public sector and skills providers in the form of a consultative forum where tertiary level ICT skills competencies can be discussed.</td>
<td>Enhanced focus on the tertiary level ICT skills base, driven by private sector feedback.</td>
<td>Medium</td>
<td>ITSSI, MEHRD, Universities, technical training institutes, sector associations</td>
</tr>
<tr>
<td>Foster strong linkages between accommodations (hotels, resorts) and local suppliers linking local companies to hotel supply chains, creating e-commerce applications for local communities to advertise and sell tourism-related services and making greater use of digital technologies such as online marketing and smartphone apps.</td>
<td>Value chain wide e-commerce adoption in the tourism sector, which has been identified as a high-potential e-commerce segment.</td>
<td>Medium</td>
<td>Ministry of Culture and Tourism, ITC, WTO</td>
</tr>
<tr>
<td>Conduct a performance review of TVET policy with specific focus on ICT as business support driver and digital entrepreneurship (utilizing results of the skills gap analysis).</td>
<td>Recommendations from the review to be fed into the next TVET strategy development cycle, resulting in increased focus on ICT in the TVET technical area.</td>
<td>Medium</td>
<td>MEHRD, ITSSI</td>
</tr>
</tbody>
</table>
### 6. E-COMMERCE SKILLS DEVELOPMENT

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</thead>
<tbody>
<tr>
<td><strong>Develop a preferred suppliers program for software vendors to cater to e-government initiatives, along similar lines as the suppliers’ program currently in place for hardware suppliers.</strong></td>
<td>Growth in network and competencies of the software development supplier base, which will benefit potential e-commerce firms seeking services of firms/professions.</td>
<td>Medium</td>
<td>ICTSU, MoF, MCA, ITSSI, ITC</td>
</tr>
<tr>
<td><strong>Develop an incubation program/incubator for companies that are seeking to establish an e-commerce presence. Program scope would cover all seven eT Ready areas to build competencies across a broad range of topics.</strong></td>
<td>Facilitate emergence of e-commerce lead firms that can spur further growth waves in the private sector; enhanced focus on productive sectors such as tourism and agro-industry will help in diversify economy from the current dependence on logging and mining.</td>
<td>Medium</td>
<td>MCA, ITSSI, software firms/professionals, skills providers (universities/institutes), ITC</td>
</tr>
<tr>
<td><strong>Develop e-commerce bootcamps/clinics for existing firms as week-long ‘sprints’ featuring technical and business coaching in a wide range of e-commerce component areas.</strong></td>
<td>Increased breadth of private sector firms sensitized to e-commerce and its related components and investment/resource requirements.</td>
<td>Low</td>
<td>ITSSI, ITC</td>
</tr>
<tr>
<td><strong>Spur development of certificate level course providers for ICT.</strong></td>
<td>A dynamic and flexible certificate provider base that is reactive to the needs to the private sector and changing market environment.</td>
<td>Low</td>
<td>MEHRD, MCA, MCILI, ITSSI</td>
</tr>
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</table>

### 7. ACCESS TO FINANCING

<table>
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<tbody>
<tr>
<td><strong>Assist in adoption of the MSME Business Loan Guarantee Scheme to understand the root causes leading to the (1) lack of suitable applications shortlisted by commercial banks, (2) low number of firms seeking financial support in the first case and (3) lack of ICT firms taking advantage of the scheme.</strong></td>
<td>Improved uptake of the loan guarantee scheme by high potential MSMEs in the e-commerce sector.</td>
<td>CBSI, Commercial Banks, ITSSI</td>
<td></td>
</tr>
<tr>
<td><strong>Formalize a definition of MSMEs that serves the purpose of the public sector and financial institutions.</strong></td>
<td>Development of a common understanding of this segment of the economy, based on what policy and services coherence can be achieved.</td>
<td>MCILI, Banks</td>
<td></td>
</tr>
<tr>
<td><strong>Facilitate discussions between regulated lenders and sector associations representing sectors anticipated to be early adopters of ecommerce, such as agri-business and tourism, and identify options/solutions for surmounting challenges that sector firms face when applying to loans, such as provision of mentoring by sector associations to firms that will also enhance confidence of banks.</strong></td>
<td>Improved access to financing for sector firms seeking to establish e-commerce operations.</td>
<td>Sector Associations, Banks</td>
<td></td>
</tr>
<tr>
<td><strong>Test digital solutions for savings clubs and market vendors, including digital bookkeeping and financial literacy apps.</strong></td>
<td>Gradual increase in financial literacy for MSMEs that will allow them to demonstrate creditworthiness for banks, investors in the medium-long term.</td>
<td>MCILI, ITC</td>
<td></td>
</tr>
<tr>
<td><strong>Utilize the cash agent network to test and scale access to financing solutions in remote areas of the country.</strong></td>
<td>Increased access to financing coverage for the non-capital areas of the country.</td>
<td>CBSI, Commercial Banks</td>
<td></td>
</tr>
<tr>
<td><strong>Develop and pilot e-commerce specific financing instruments, tailored to the needs of the sector.</strong></td>
<td>Increased e-commerce specific loan instruments in line with rising maturity and needs of the e-commerce sector.</td>
<td>Banks, CBSI, ITSSI, UNCDF</td>
<td></td>
</tr>
</tbody>
</table>
Annex I: Solomon Islands Profile on etradeforall.org

GENERAL INFORMATION - 2016

| Population | 0.6 Millions |
| Internet users | 0.1 Millions |

GDP: 1 134 Millions current US$  
Merchandise trade: 845 Millions current US$  
GDP growth: 3.2%  
Land area: 27 990 km²

Source: UNCTAD and ITU (complete URL addresses in the General Notes)

E-COMMERCE ASSESSMENT - 2017

Rank in UNCTAD B2C E-commerce Index: 144  
Rank in ITU ICT Development Index: 176  
Rank in WEF Networked Readiness Index: 139

Source: UNCTAD, ITU and WEF (complete URL address in the General Notes)  
Note: 1 = Best

ICT INFRASTRUCTURE AND SERVICES - 2016

Internet users: 11.0  
Active mobile broadband subscriptions: 12.9  
Fixed broadband subscriptions: 0.3

Source: ITU (complete URL address in the General Notes)

PAYMENTS - 2014

Debit card used in the past year: SOLOMON ISLANDS, ≤N/A  
Credit card used in the past year: SOLOMON ISLANDS, ≤N/A  
Used an account to make a transaction through a mobile phone: SOLOMON ISLANDS, ≤N/A

Source: World Bank (complete URL address in the General Notes)

Fixed broadband Internet tariffs, PPP $/month:

- Highest tariff: 874.4 - SOLOMON ISLANDS, 379.7
- Lowest tariff: 5.1

Tariffs in 50% of economies are below this value:

- SOLOMON ISLANDS, ≤N/A

Per 100 inhabitants
COUNTRY PROFILE: SOLOMON ISLANDS

**TRADE LOGISTICS - 2016**

- Percent of population having mail delivered at home:
  - **SOLOMON ISLANDS**: 0.0
  - **WORLD**: 83.3

- Postal reliability index (0 to 100, 100 = Best):
  - **SOLOMON ISLANDS**: 9.1
  - **WORLD**: 56.0

- Days to clear direct exports through customs:
  - **SOLOMON ISLANDS**: 6.3
  - **WORLD**: 7.7

Source: UPU and World Bank (complete URL addresses in the General Notes)

**LEGAL AND REGULATORY FRAMEWORKS - 2017**

SOLOMON ISLANDS

- Electronic Transactions: Legislation
- Consumer Protection: Legislation
- Privacy and data protection: Legislation
- Cybercrime: Legislation

Source: UNCTAD


**SKILLS DEVELOPMENT - 2013-17**

- Percentage of firms using e-mail to interact with clients/suppliers:
  - **WORLD AVERAGE**: 83.7
  - **SOLOMON ISLANDS**: 47.8
  - **AFRICA**: 52.0
  - **WESTERN ASIA**: 62.1
  - **SOUTHERN, EASTERN & SOUTH-EASTERN ASIA AND OCEANIA**: 72.6
  - **LATIN AMERICA AND THE CARIBBEAN**: 84.6
  - **DEVELOPED ECONOMIES**: 84.1

Source: World Bank (complete URL address in the General Notes)

**FINANCING FOR eCOMMERCE - 2014-15**

- Percentage of firms identifying access to finance as a major constraint:
  - **WORLD AVERAGE**: 18.4
  - **SOLOMON ISLANDS**: 5.8
  - **DEVELOPED ECONOMIES**: 15.2
  - **TRANSITION ECONOMIES**: 20.2
  - **SOUTHERN, EASTERN & SOUTH-EASTERN ASIA & OCEANIA**: 11.0
  - **LATIN AMERICA AND THE CARIBBEAN**: 32.7
  - **LODs**: 31.7
  - **WESTERN ASIA**: 27.8
  - **AFRICA**: 34.2

Source: World Bank (complete URL address in the General Notes)
Policies and reports

- CBSI Annual Reports 2017, 2016 CBSI.
- TCSI Annual Reports, 2017, 2016, TCSI.
- Payments System Bill (draft), NBSI/World Bank, 2018.
- IMF Country Report No. 18/57, Solomon Islands: 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Solomon Islands, IMF, 2018
- Pi strategy consulting, G2P Study in the Solomon Islands, PFIP and UNCDF, 2015.
- Practice Guidance Note 1, use of cash agents in Solomon Islands, CBSI (Financial Market Supervision Department), 2017.

Main Websites

- http://www.tcsi.org.sb
- http://www.uncdf.org/solomonislands
Solomon Islands
Rapid eTrade Readiness Assessment