



PACIFIC DIGITAL ECONOMY PROGRAMME

Semi-Annual Report | 2022



Table of Contents

Abbreviations	3
Executive Summary	4
1. Programme Stakeholders.....	5
2. Regional Updates.....	6
2.1 Enabling Policy and Regulation.....	6
2.2 Open Digital Payment Ecosystems	8
2.3 Inclusive Innovation.....	8
2.4 Empowered Customers	9
3. Country Updates	10
3.1 Fiji	10
3.2 Kiribati	13
3.3 Samoa.....	13
3.3 Solomon Islands.....	14
3.4 Tonga.....	17
3.5 Vanuatu.....	19
4. Monitoring, Evaluation, Accountability and Learning	20
5. Communications	21
6. Financial Update.....	24
7. Risk Log.....	26
8. Annexures.....	28

Abbreviations

BSP	Bank of South Pacific
CBS	Central Bank of Samoa
CBSI	Central Bank Solomon Islands
DFAT	Australia Department of Foreign Affairs and Trade
DFI	Digital Frontiers Institute
DFS	Digital Financial Services
eKYC	Electronic Know Your Client
EU	European Union
FPF	Fiji Police Force
HFC	Home Finance Company
HTHH	Hunga Tonga Hunga Ha'apai
IC	Investment Committee
IDES	Inclusive Digital Economy Scorecard
KYC	Know Your Client
MCA	Ministry of Communication & Aviation
MCTTT	Ministry of Commerce, Trade and Tourism
MNO	Mobile Network Operator
MOU	Memorandum of Understanding
MSME	Micro, Small & Medium Enterprises
MTED	Ministry of Trade and Economic Development
MTO	Money Transfer Operator
NBS	National Bank of Samoa
NBV	National Bank of Vanuatu
NDET	National Digital Economy Taskforce
NDES	National Digital Economy Strategy
NFIT	National Financial Inclusion Taskforce
NES	National E-Commerce Strategy
NFIS	National Financial Inclusion Strategy
NRBT	National Reserve Bank of Tonga
P2B	Person-to-Business
B2B	Business-to-Business
PADS	Project Appraisal Document
PCC	Police Clearance Certificate
PCC	Police Certificate Clearance
PDEP	Pacific Digital Economy Programme
PFIP	Pacific Financial Inclusion Programme
PICAP	Pacific Insurance and Climate Adaption Programme
PIFS	Pacific Islands Forum Secretariat
PICs	Pacific Island Countries
PoS	Points of Sale
RFA	Request for Applications
RJS	Reuben James Summerlin
RMF	Results Measurement Framework
SICCI	Solomon Islands Chamber of Commerce and Industry
SINPF	Solomon Islands National Provident Fund
TCSI	Telecommunications Commission Solomon Islands
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs

Executive Summary

The first half of 2022 has been eventful for the Pacific Digital Economy Programme (PDEP). With borders open and new staff recruited and awaiting deployment in Vanuatu, Samoa and Timor-Leste, the programme is adequately resourced and poised to deliver in the remainder of the year.

Progress has been made on the national and regional e-commerce strategies with a number of regional trainings being held throughout the first 6 months of implementation. E-Commerce projects targeting MSMEs have also taken off across four countries including Fiji, Vanuatu, Tonga, and Solomon Islands. Under the innovation workstream, preparatory work commenced for the Pacific Islands Fintech Challenge earmarked for quarter three of which 11 FinTech partners were selected to develop and co-create solutions to address pre-identified gap areas around the digital payment's ecosystem. Quarter two also saw the launch of the digital and financial literacy survey in which roll out will take place in eight Pacific island countries over the next two quarters. The programme also kick-started the drafting of its Gender and Social Inclusion Strategy this reporting period.

Programme expansion plans have now been put in place with Kiribati becoming the first Micronesian country for PDEP to establish presence in and provide support towards building the "Digital Financial Services (DFS) Ecosystem". A concept note has been developed to capture planned initiatives and funding has been approved by Australia. PDEP intends to work with both the private and public sector in Kiribati to build inclusive digital economies targeting low-income households with cross-cutting focus on women, youth, migrant and MSMEs.

Alongside programme implementation were ongoing resource mobilization efforts with PDEP managing to secure additional funding support from the European Union's Pacific Regional Integration Support (PRISE) Programme in 2023. PRISE aims to support greater circular economic integration among the small and scattered countries of the region, and between the Pacific Region and the global economy. In doing so, it directly responds to the regional economic integration goals set out in the 'Blue Pacific' concept and in the Framework for Pacific Regionalism. The funding support from the EU will enable PDEP to implement activities across all four PDEP work streams. PDEP initiatives will be expanded to Papua New Guinea, Timor-Leste, Federated States of Micronesia (FSM), Nauru and Republic of Marshall Islands (RMI) in addition to the existing five targeted countries (i.e., Fiji, Tonga, Samoa, Kiribati Vanuatu, and Solomon Islands).

PDEPs inception phase comes to an end in December 2022 with a midterm review earmarked to take place quarter three in which the results will be used to inform programme planning and scale up for the next three years.

1. Programme Stakeholders

1.1 Grant Partners

By June 2022, PDEP had signed grant and letters of agreement with one regional agency and nine country level grantees. All project level activities contribute to one or more workstream areas under PDEP.

- Workstream 1: Enabling Policy and Regulation
- Workstream 2: Open Digital Payments Ecosystem
- Workstream 3: Inclusive Innovation
- Workstream 4: Empowered Customers

No.	Partner	Contribution To Workstream	Region Country
1	Pacific Islands Forum	1,2,3	Regional
2	Reserve Bank of Fiji	1,2,3,4	Fiji
3	Cyber Foods	2	Fiji
4	Solved Fiji	2	Fiji
5	SkyEye	2	Vanuatu
6	Digicel	2	Tonga
7	Tonga Development Bank	2	Tonga
8	Island Tech	1	Solomon Islands
9	Our Telekom	2	Solomon Islands
10	Central Bank of Solomon Islands	1	Solomon Islands

1.2 Non-Grant Partners

Apart from partnerships established through the competitive request for grant applications (RFA) process, the programme also works with and provides TA support to a number of public and private sector partners outside project grant and TA funding.

Partner Name	Thematic / Work Area
Regional	
Pacific Community (SPC)	E-Commerce
Global Green Growth Institute (GGGI)	Innovation and Incubation
Fiji	
Green House Studio	Co-working Space Agreement
Ministry of Commerce, Trade, Tourism and Transport (MCTTT)	National E-Commerce Strategy
Ministry of Economy (MOE) Fiji Police Force (FPF)	Digitisation of police clearance certification process
Fiji Development Bank (FDB)	Pacific Islands FinTech Innovation Challenge – Digitisation of customer service
Vodafone Fiji	Pacific Islands FinTech Innovation Challenge – Streamlining Foreign Exchange
HFC Bank (HFC)	Pacific Islands FinTech Innovation Challenge - E-Commerce and POS Merchant Payment Services
Samoa	
National Bank of Samoa (NBS)	Pacific Islands FinTech Innovation Challenge - E-Commerce and POS Merchant Payment Services

Partner Name	Thematic / Work Area
National Bank of Samoa (NBS)	Pacific Islands FinTech Innovation Challenge - Improving access to financial products and services
Solomon Islands	
Ministry of Communication and Aviation (MCA) Ministry of Commerce, Industry, Labour, and Immigration (MCILI)	National E-Commerce Strategy
Telecommunications Commission of Solomon Islands (TCSI)	SIM-registration and e-KYC
Solomon Islands National Provident Fund (SINPF)	Pacific Islands FinTech Innovation Challenge – Increasing usage of financial products and services
Tonga	
National Reserve Bank of Tonga (NRBT) Prime Minister’s Office (PMO) Ministry of Finance (MOF) Ministry of Education and Training (MOET) Tonga Ministry of Meteorology (MTED) Energy, Information, Disaster Management, Environment, Climate Change and Communications (MEIDECC)	IDES
Tonga Development Bank (TDB)	Pacific Islands FinTech Innovation Challenge - Improving access to financial products and services
Vanuatu	
Vanuatu Qualifications Authority (VQA) Reserve Bank of Vanuatu (RBV)	Steering Committee Financial Literacy Course Membership

2. Regional Updates

2.1 Enabling Policy and Regulation

The Inclusive Digital Economy Scorecard (IDES)

The Inclusive Digital Economy Scorecard (IDES) is a policy tool developed by UNCDF (United Nations Capital Development Fund) to support countries in better understanding and monitoring the status of their digital transformation, with a view to making it more inclusive. In 2021, seven Pacific Islands countries including Fiji, Samoa, Tonga, Timor-Leste, and Vanuatu used the IDES tool to conduct initial assessments of how digitally inclusive their economies were. The results of these assessments were communicated with national stakeholders predominantly stakeholders from the central banks. By the end of 2021, Solomon Islands adopted IDES as a policy tool and had published their IDES report. IDES Solomon Islands has been a key tool used by the Central Bank of Solomon Islands (CBSI) in the development of the NFIS 3 which is currently in implementation phase. NFIS targets set is a result of the IDES exercise that CBSI played a very key role in.¹ There are additional projects in the pipeline that stem from the IDES work which are earmarked to kick start in quarter four of 2022. These relate to work around the National Payment System (NPS) Bill, Digital ID, and expansion of mobile coverage to a minimum of 3G by the Ministry of Communication and Aviation (MCA).

¹ [Third National Financial Inclusion Strategy for Solomon Islands Launched - Central Bank of Solomon Islands \(cbsi.com.sb\)](https://www.cbsi.com.sb)

UNCDF has globally launched IDES version 2.0 and data collection is ongoing in 7 Pacific Island countries (Fiji, Samoa, Tonga, Timor-Leste, Vanuatu, Solomon Islands and PNG). IDES 2022 is expected to be published by quarter four of 2022.

Digital Economy Report for the Pacific

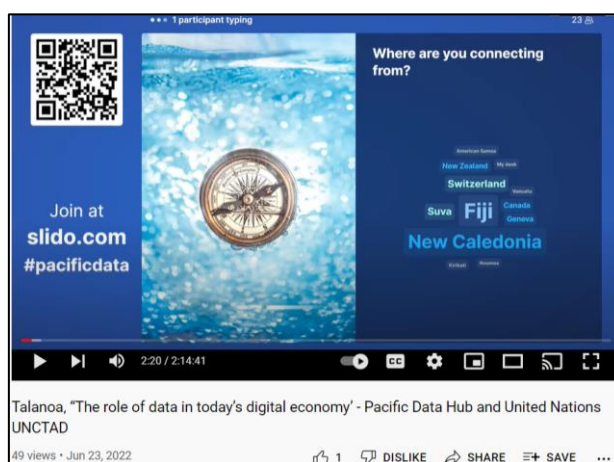
Work on the *Digital Economy Report for the Pacific* is ongoing. The report will consist of three main sections. The first section will take stock of data and trends related to the core component of the digital economy: access to and use of ICT (Internet usage, mobile Internet penetration, speed, and cost). The next section will explore the level and depth of e-commerce engagement by consumers and businesses in the Pacific and in particular focus on the role of digital platforms and their impact on local value creation and capture. The last chapter focuses on the cross-cutting nature of e-commerce and the digital economy, and recommended actions in different policy areas. It will summarize progress to date and goals and priorities for future activities in support of promoting inclusive digital economies in the Pacific. The Report is scheduled to be launched towards the end of 2022.

National E-Commerce Strategies

National e-commerce strategies provide countries with a roadmap for strengthening the enabling business, policy, and regulatory environment for e-commerce to emerge as a driver of economic growth, innovation, inclusive trade, and job-creation. The Solomon Islands Government, supported by UNCTAD and UNCDF, is at the final stages of designing and adopting its National E-commerce Strategy (NECS) 2022–2027 (see also under “Country Updates”). The NECS 2022-2027 was developed based on an inclusive process involving 150 stakeholders from the Government, private sector, civil society, and development partners. Discussions with the Government of Fiji and Timor-Leste regarding PDEP support for the development of national e-commerce strategies are ongoing. Formal actions towards designing the national e-commerce strategy for Fiji is expected to commence in quarter four 2022.

Capacity Building on Digital Economy

A *regional training* on the Production of Statistics on the Digital Economy aimed at building capacity in National Statistical Offices was delivered from 20 June to 20 July 2022. A total of 38 participants from 13 countries, of which two-thirds were women, joined the self-paced online training course. The regional training was organized in collaboration with the Pacific Community (SPC). Participants expressed interest in receiving follow-up support in this area.



Further regional trainings on Digital ID, Legal Aspects of E-commerce (including a regional study on e-commerce legislation) and a Digital Economy Statistics follow-up course, will be co-organized under the Train-For-Trade Blended Learning Strategy to Boost the Digital Economy in SIDS. These regional trainings are expected to be developed and rolled out between the end of 2022 and early 2024.

Pacific Regional E-Commerce Strategy and Roadmap

For the implementation of the Pacific Regional E-Commerce Strategy and Roadmap, the Pacific Islands Forum (PIF) has undertaken staff recruitment. By the end of June, PIF had onboarded a Pacific Ecommerce Monitoring, Evaluation and Communications Officer and recruitment process for the Ecommerce Coordinator position continues. Implementation of the Regional Ecommerce Strategy will be supported by these two key positions along with TA (Technical Assistance) support from UNCTAD.

Additional activities supported by PDEP relating to the implementation of the regional strategy includes:

- **Launch of the Pacific E-Commerce Portal:** This portal will act as an online repository of partners, statistics, and private sector best practices. The website is completed and now awaiting launch which is earmarked for quarter 3.
- **Promotion of National E-Commerce Strategies:** E-commerce strategies have been developed in Tonga, Samoa, and Vanuatu. Work is ongoing in Solomon Islands with the support of UNCTAD, and in Cook Islands. Work in Tuvalu is expected to commence within the year.
- **Regional Trainings on E-commerce:** The Regional Training on E-commerce for Pacific Negotiators, conducted from 28 March to 22 April 2022, supported Measure 4.2.1 of the Pacific Regional E-commerce Strategy and Roadmap aimed at developing FIC trade negotiators' skills on e-commerce laws and regulations. The training included over 90 participants from across the region and is expected to increase the capacity of Pacific governments to negotiate and implement future digital trade agreements and e-commerce provisions in free trade agreements.

2.2 Open Digital Payment Ecosystems

Ecosystem Development using agents, payment use cases and market engagement

A regional RFA was released in 2021 calling for the deployment, expansion, and improvement of innovative agent models to expand the use and access to digital financial services across PDEP supported PICs. Digicel has now been identified as the implementing partner and would be working across all four PICs (Fiji, Tonga, Samoa, and Vanuatu).

The regional support to be provided by Digicel would include

- Digital agents to facilitate distribution in rural areas most especially focusing on recruiting women agents & youth including digital agent management tools.
- Additional use cases for digital money in the ecosystem to reduce the burden on agent cash out and facilitate cheaper ways to getting e-money in the ecosystem through MSME's engagement in digital collection and payments. This is expected to build more data for future innovations. (contactless & Face-to-Face)
- Market engagement & sensitization (digital community entrepreneurs) around the use cases to build adoption especially within the value chains of agriculture & grouped associations

The project document is currently being drafted and would be submitted to the IC for approval in quarter three of 2022.

2.3 Inclusive Innovation

Pacific Islands FinTech Innovation Challenge

Preparatory work towards the FinTech Challenge took place in quarter two of the year. A [Request for Application \(RFA\)](#) was launched in May 2020 to invite applications from local and global FinTechs with market-ready solutions to address at least one of the identified problem statements below which essentially represents key challenges faced by PICs in developing digital payment ecosystems.

1. Improving access to financial products and service
2. Digitizing customer service
3. Increase usage of financial products and services
4. Streamlining of foreign exchange
5. Enabling E-Commerce and in-person POS merchant payment services

11 companies were selected from the list of applications to present their innovative solutions at the Pacific Islands FinTech Innovation Challenge earmarked for July 2022 to be held in Singapore. This forum provides local FinTechs the opportunity to not only present solutions to experts and regulators and receive expert feedback but also an opportunity for South-South exchange in which they learn from more advanced FinTech service providers.

Regional Network Analysis and Mapping of Institutions supporting Entrepreneurship

In 2021, the programme conducted a Regional Network Analysis and Mapping of Institutions supporting Entrepreneurship. The [report](#) findings assist in identifying priority actions that will strengthen the entrepreneurship and innovation sector in the region. Projects relating to building capacity of incubators that work with local entrepreneurs were submitted to the Investment Committee for review and approval.

2.4 Empowered Customers

Digital and Financial Literacy (DFL) Baseline Survey

PDEP has formally launched the implementation of the **Digital and Financial Literacy (DFL) Baseline Survey** in 8 Pacific Island Countries: Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, Kiribati, and Timor-Leste partnering with Tebbutt Research Pty. Ltd. The questionnaire has been finalized after a thorough review process with the relevant central bank partners in the Pacific region and the internal PDEP team. The first training of enumerators was conducted in Fiji from the 12th to 15th of July 2022, with the pilot testing of the questionnaire. Field data collection will be undertaken in 8 target countries during July-September 2022. Final reports are expected to be published by December 2022 and dissemination workshops at the country and regional level will be organized between December 2022-February 2023.

Based on the survey findings and consultations with partner central banks and other stakeholders, PDEP will design and implement targeted campaigns and financial and digital literacy initiatives for specific segments i.e., farmers, MSMEs, women and youth in 2023-24.

Capacity Building Support for Pacific Regulators and Stakeholders

PDEP has continued supporting the **Reuben James Summerlin (RJS) Award**. The Award is designed to promote capacity development on digital financial services for the Pacific regulators and staff from private and public sector partners in five countries: Fiji, Samoa, Vanuatu, Solomon Islands, and Tonga. The scholarships are awarded for attending courses at the Digital Frontiers Institute (DFI) and as of July 2022, PDEP has provided support to 18 participants from relevant partners across the region, out of which 9 (50%) were women participants.

In 2022, PDEP extended its relationship to cover a scholarship commitment with Cambridge University for the **Cambridge Fintech and Regulatory Innovation Programme (CFTRI)**. The CFTRI programme is designed for financial regulators, supervisors, and policymakers to better utilize, understand, evaluate, and assess innovative mechanics and applications of regulatory initiatives and innovative technologies. PDEP is currently supporting the 1st cohort with 4 participants (2 central bank officials from Timor Leste and 2 from the National Reserve Bank of Tonga), out of which 3 (75%) are women participants. The 2nd Cohort will consist of 4 participants with the distribution as: 2 participants from Reserve Bank of Vanuatu, 1 participant from the Central Bank of Samoa and 1 participant from the Reserve Bank of Fiji.

UNCDF collaborated with UNDP (United Nations Development Programme) SIDS and ITU to develop an introductory online course: **Inclusive Digital Transformation for the Achievement of the SDGs and the SAMOA Pathway in SIDS**, offered in English, French, Spanish and Portuguese. It is a new self-paced online course that offers an introduction to support civil servants and other stakeholders in the digital ecosystem in shaping an inclusive, whole-of-government approach to digital transformation in SIDS. The course went live in March and will be open for further enrollments and completion until 31st December

2022. The Digital Transformation course currently has 153 SIDS participants enrolled, out of which 57 (37%) are women.

Course Link: [Inclusive Digital Transformation for the Achievement of the SDGs and the SAMOA Pathway in SIDS | ITU Academy](#)

3. Country Updates

3.1 Fiji

The COVID-19 outbreak in Fiji has emphasized the importance of and the need to fast track the development of Fiji's digital economy. The case in point is the use of mobile money platforms, M-PaiSa and MyCash, to facilitate contactless COVID relief payments during the pandemic. PDEPs contribution to supporting Fiji build its digital economy is achieved through building on the foundational digital rails of i) Strengthening the enabling environment, ii) Improving infrastructure, iii) Fostering innovation, and (iv) Empowering customers. Support has been provided to a range of stakeholders (governments, MSME agencies, financial institutions, MTO and MNO's) in Fiji.

Fiji opened its international borders in Q4 2021 and relaxed COVID related restrictions thus enabling face-to-face meetings with various stakeholders in the first half of 2022. The UNCDF Country team was strengthened with the addition of staffs including hiring of local interns to assist with the initiatives being undertaken in the Fiji portfolio as well as for administrative support. The recruitment process for the additional local resource was initiated in Q2 2022 and is expected to be filled in by Q3 2022, and this position will take over the responsibilities currently being handled by the short-term local consultants which will bring continuity that is lacking in the current support staff arrangements.

Enabling Policy and Regulation

Assistance to Implement National Financial Inclusion Strategy 3.0

The objective of this project is to support Reserve Bank of Fiji in the implementation of Fiji's National Financial Inclusion Strategy (NFIS) 2022-2030 to support financial system development and economic growth. The key initiatives planned under this project are:

- **Financial education, literacy, and awareness campaigns:** Emphasizing the importance of money management and linking to entrepreneurial, digital financial literacy enhancing the financial education Programme
- **MSME development:** Address barriers of MSME development with specific focus on access to finance. As a result, and development issues such as the including lack of credible MSME data and access to finance etc., to realize the full potential of the MSME sector in Fiji and reduce income inequality will also be undertaken.
- **Resilience building measures:** Insurance awareness campaigns and look into the design of other affordable climate-related financial products which will be supported under Pacific Insurance Climate Adaptation Programme.
- **Digital Financial Services (DFS) and innovation:** Adopt a pragmatic approach to keep up with the rise in DFS, including work on e-KYC, cybersecurity, and enhancing interoperability between banks and mobile network operators (MNOs).

The project appraisal document was approved by the Investment Committee in March 22 and the first disbursement was made in May 2022. The NFIS 3 was launched in May 2022. UNCDF is part of the National Financial Inclusion Taskforce and has contributed to the development and endorsement of the NFIS 3.

National E-Commerce Strategy

Initial discussions were held with the Ministry of Commerce, Trade, Tourism and Transport (MCTTT) in the first quarter of 2022, to identify priorities and align efforts to facilitate the development of an inclusive digital economy and e-commerce infrastructure in Fiji. MCTTT offered to be the lead agency responsible for coordinating the development of a national e-commerce strategy, given it also coordinated the Rapid e-Trade Readiness Assessment in 2020. Follow-up meetings were held throughout the second quarter of 2022, including a meeting in July 2022 where MCTTT reiterated its interest in receiving technical assistance from PDEP to develop Fiji's first national e-commerce strategy. Upon approval from MCTTT, UNCDF and UNCTAD are expected to commence its technical assistance with the design and development of the Fiji national e-commerce strategy in the third or fourth quarter of 2022.

Inclusive Digital Economy Scorecard (IDES)

The IDES methodology was shared with the Reserve Bank of Fiji in Q3 2021 and with Ministry of Commerce, Trade, Tourism and Transport and with DigitalFiji in Q2 2022. The IDES data was first populated in 2021 through desk research and a similar exercise was conducted for 2022 data. The results are to be vetted internally and be socialized with the relevant stakeholders in Q3 2022.

Open Digital Payment Ecosystem

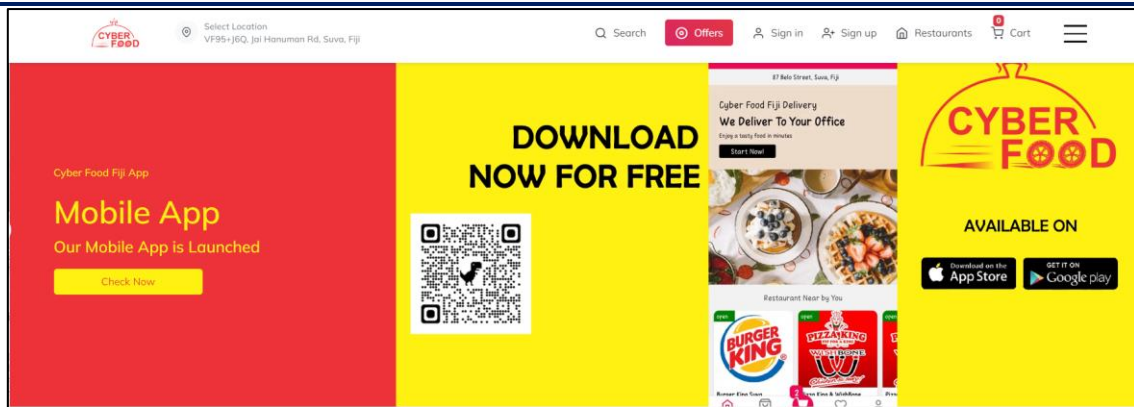
Development of E-Commerce Aggregator Platform

Fiji had started two new projects early 2022 which are targeted at supporting local micro and small enterprises transition to aggregator e-commerce platforms. The projects are aimed at increasing market access, revamping existing e-commerce platforms including digital payment options, strengthening digital economy skills, and generating income opportunities for MSMEs particularly women led MSMEs. Cyber Foods and Solved Fiji were selected, and their projects approved by the Investment Committee. Implementation is currently underway with target completion scheduled for Q4 2022.

Cyber@ge Pte Ltd T/A Cyber Food

Cyber Foods is an online food order and service delivery business and the pioneers of online food delivery in Fiji. In the first half of 2022, the MSME, through the UNCDFs support was able to revamp its existing [website](#), establish its online payment gateway integration to the website as well as develop and launch its cyber food mobile app in May 2022

- **Total number of MSMEs/restaurants on the platform:** Cyber food is now offering digital transacting via internet payment gateways. Since the start of the project, there has been a total of 80 MSMEs/restaurants registered with cyber food of which 15 of these were onboarded since the start of the UNCDF project i.e., onboarded in the Jan-Jun reporting period. Out of these 9 are female led MSMEs. 69 MSMEs/restaurants were seen as active on the platform by the end of June.
- **Total number of users on the platform:** Within the Jan-Jun period, a total of 447 users were registered onto the platform of which 255 of these being listed as active.



Solved Fiji Pte Ltd

This project aims towards accelerating the adoption of the existing MAKETE e-Commerce platform in Fiji. An agreement was signed with Solved Fiji in 2022. In the first half of the implementation year, project efforts were focused on market research, market strategies as well as enhancement of policies and procedures for the enhanced Makete Platform.

E-Police Clearance Certificate

Ongoing work to support the digitization of the Fiji Police Clearance Certification (PCC) processes including the digitization of its payments system continued through the quarter. A consultant has been identified to undertake the feasibility study and develop a solutions design. The publication of this solutions design report will trigger another RFA calling on applications to support the development of a website and Android application to issue an electronic PCC.

Agent network expansion Project

A regional RFA which included Fiji, was floated for Ecosystem development using agents, payment use cases and market engagement. The objective is to increase access points via agents and merchants' distribution channels with the aims of increasing the usage and access of mobile money services amongst segments currently left behind, such as women, youth, and other vulnerable segments in the low-income groups. Digicel Fiji was selected from the RFA process and as next steps, Investment Committee approval will be sought to proceed to implementation.

Inclusive Innovation

Fintech Innovation Challenge

Three implementing partners including Vodafone, Home Finance Company (HFC) and the Fiji Development Bank (FDB) were selected for the Pacific Islands FinTech Innovation Challenge. The selection was based on the alignment of their proposed solution in addressing the identified development problems relating to digital payments / services in Fiji.

The three proposed solutions included:

- 1. Digitising Customer Service for Fiji Development Bank**

More individuals and businesses are being brought into the financial system in the Pacific Islands as the financial industry develops and hence the need to better address the customer service challenge to improve quality of service and reduce operational costs.

The proposed FinTech solution involves the development of a platform to serve as first-level customer support for both retail and business customers. This included set up of a chatbot to handle simple customer service enquires as well as connecting the solution into the core-banking system allowing the platform to authenticate users and pull account-level information.

- 2. Streamlining foreign exchange for Vodafone**

The Pacific Island countries are small and scarcely populated and the financial markets are fragmented which makes it difficult for FinTechs to create a sustainable business model

especially with the lack of a robust foreign exchange market. The solution sought by Vodafone is to develop a secure online platform that enables fast and efficient foreign exchange leveraging relationships with existing MTOs and MNOs initially focusing on low value P2P payments as well as supporting POS transactions.

3. Enabling E-Commerce and in-person POS merchant payment services for HFC Bank

Lack of access to online payment gateways in Pacific Islands restricts the number of businesses that can conduct online sales, reducing the value proposition of credit and debit cards or mobile wallets that can be used for online purchases. Through the FinTech, HFC is seeking to establish the following

- A merchant payments solution that enables online e-commerce payments and in-person POS transaction, settled with local partner banks.
- An internet payment gateway functionality to facilitate international & domestic e-commerce payments.
- A solution to enable POS digital payments through cards and ideally digital wallets.

Empowered Customers

Digital and Financial Literacy Baseline Survey

The Reserve Bank of Fiji has endorsed this project. The first training of enumerators was conducted in Fiji from the 12th to 15th of July 2022, with the pilot testing of the questionnaire. The following is the planned timeline for the remaining activities to be conducted for Fiji

- Jul – Aug: Field work
- Sep: Report drafting
- Oct: Report review and finalisation

RJS scholarship

There were total of 2 participants selected from Fiji to attend the DFI course. Both participants are staff from the Fiji National Provident Fund (FNPF).

3.2 Kiribati

Programming in Kiribati has begun with the recruitment of a New Zealand Voluntary Service Abroad e-volunteer, a professor with the University of Otago, who is conducting a Demand Side Survey (DSS) on financial services in Kiribati. The purpose of the DSS is to understand the financial sector landscape of Kiribati, identify other market interventions/strategies for consideration by UNCDF and identify locations for piloting of ANZ and Vodafone's digital financial services, the roll-out of social security benefits through ANZ bank accounts and M-PAiSA accounts. The first draft of the DSS is expected to be completed by end of October 2022.

Since UNCDF does not have a presence in Kiribati, a consultant has been identified to facilitate programming activities until a full-time UNCDF staff has been identified. The consultant will work closely with the acting country lead and will be based in Kiribati acting as the focal point for UNCDF.

A Terms of Reference (ToR) for the Technical Working Group (TWG) has been developed and shared with the Tarawa post for comments. The key role of the TWG will be to provide strategic guidance and policy advice for programme activities. A one-pager programme summary on PDEP's expansion in Kiribati will be presented at the Kiribati cabinet for information purposes in August 2022.

3.3 Samoa

Recruitment for the Samoa Country Lead position has been completed and the onboarding process is currently underway.

Inclusive Innovation

Fintech Innovation Challenge

Enabling E-Commerce and in-person POS merchant payment services for National Bank of Samoa

Lack of access to online payment gateways in Pacific Islands restricts the number of businesses that can conduct online sales, reducing the value proposition of credit and debit cards or mobile wallets that can be used for online purchases. Through the FinTech, NBS is seeking to establish the following

- A merchant payments solution that enables online e-commerce payments and in-person POS transaction, settled with local partner banks.
- An internet payment gateway functionality to facilitate international & domestic e-commerce payments.
- A solution to enable POS digital payments through cards and ideally digital wallets

3.3 Solomon Islands

PDEP programming in the Solomon Islands focuses on creating enabling policy and regulation for an inclusive digital economy as well as strengthening the open digital payment ecosystem. Supporting projects have also been initiated to foster inclusive innovation and empowered customers.

As Digital Financial Services (DFS) are being introduced in Solomon Islands, it is a priority to make sure that the “digital rails” and supporting infrastructure are well-designed and functional. This is both to facilitate sustainable ecosystem development and growth, as well as to minimize any risks from occurring and tainting consumers’ trust in such services.

Creating a robust foundation for DFS in Solomon Islands remains essential for financial inclusion, e-commerce and unlocking the growth potential of the last mile. The dispersed population and challenging logistics remain binding constraints that prevent commercial financial service providers from offering full services to most of the population. The growing ubiquity of mobile network coverage offers the opportunity to overcome these barriers. Hence, the current project focus and investment is highly relevant.

Solomon Islands has seen a rocky start to 2022 with the civil unrest fresh in people’s memory and the impact still being felt, particularly in the Chinese-owned retail sector. This unrest heightened geopolitical tensions that required attention and management by Solomon Islands’ political leadership. In addition, Solomon Islands saw their first COVID-19 community transmissions in Q1 2022, leading to further restrictions and lockdowns. The abovementioned factors led to changing priorities, and certain routine activities and ongoing projects were delayed as a result, particularly in the public sector.

Most operations started returning to business as usual by Q2 and project implementation in both the public and private sector was initiated or accelerated during this time. Projects are therefore still largely on track for timely completion by the end of 2022 if there are no further disruptions.

Solomon Islands UNCDF Country Team

The UNCDF Technical Specialist (Country Lead) and Country Coordinator both received clearance to enter in March 2022 and have been on-ground since. The team’s strategy was to start by undertaking intensive and extensive relationship-building efforts, through face-to-face meetings with existing key partners (public sector, private sector, and development partners) as well as with potential partners and ecosystem players. This helped to strengthen buy-in for existing projects, create stronger synergies between projects and identify potential opportunities for programming in the latter part of 2022 and 2023.

In addition to building and expanding the network on the ground, the team also recruited further expertise to support the implementation of the existing ambitious projects.

- A digital finance expert with previous experience in the Solomon Islands arrived in June 2022 to support with the CBSI (Central Bank of Solomon Islands) SIM-registration database
- A mobile money industry expert is expected to arrive in July to support Our Telekom with their mobile money service launch for at least one year
- The engagement of an international mobile money expert (with previous experience in the Solomon Islands) by Our Telekom was facilitated by UNCDF
- The country team is also strengthened by a local intern for general project support

Enabling Policy and Regulation

National E-commerce Strategy 2022-2027

A National Steering Committee and Technical Working Taskforce on E-commerce were established to guide the development of the national strategy. These bodies are expected to play a key role in strategy implementation. Countrywide consultations (both virtual and physical) with approximately 150 stakeholders from government, the private sector and civil society have been completed. The first draft of the national strategy has been reviewed internally, with a validation workshop taking place from 16-18 August 2022 in Honiara. The public launch of the National Strategy is tentatively scheduled for either September or October 2022.

SIM-registration and e-KYC

UNCDF facilitated the drafting and signing of an MOU (Memorandum of Understanding) between CBSI and TCSI aimed at joint regulation and licensing of digital financial service providers. A full review of all CBSI's notes and regulations containing consumer protection principles was carried out, and subsequently a draft guideline for "Consumer Protection for Digital Financial Services" is currently under CBSI's internal review before going for international peer review. The Telecommunication Act amendment (making SIM-card registration mandatory) was passed by parliament in 2021 and will be gazetted in August 2022. UNCDF is supporting TCSI in engaging with industry and developing a guidance note for MNOs (Mobile Network Operators) and ISPs (Internet Service Providers) on SIM-registration

Other Developments

Regulation: Drafts of both the E-money regulation and Agent Banking regulation are in the final stages of approval by the Attorney General. These regulations are meant to provide a structured ecosystem for private sector service providers, based on global best practices.

UNCDF's Inclusive Digital Economy Scorecard (IDES): A workshop with all stakeholders was hosted by MCA in June 2022 during which the second scoring of IDES was completed for the Solomon Islands.

National Financial Inclusion Strategy 3: National Stakeholder consultations on the NFIS-3 together with CBSI are ongoing. UNCDF has been given a slot in each session to present the workstreams under PDEP.

Open Digital Payment Ecosystem / Infrastructure

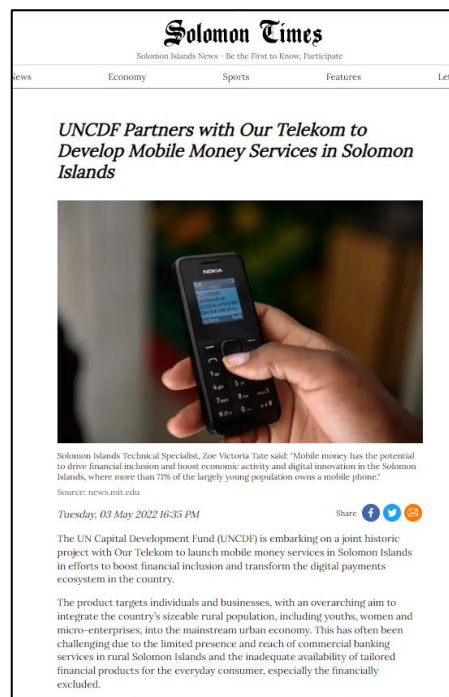
E-commerce Aggregator Platform - Island Tech Solomon

Island Tech Solomon is initiating an e-commerce initiative with the aim of providing an e-commerce platform for MSMEs to enable trade specifically between the capital city and the Western Province. In partnership with Solomon Islands Chamber of Commerce and Industry (SICCI), stakeholder consultations were held in June 2022 with SICCI members in the Western province (Gizo) to understand their business challenges and level of interest and literacy to use an E-commerce

marketplace. The E-commerce aggregator platform provider has been identified and contracted and the platform/software is currently being localized for Q3 market launch. The lease was signed on an e-commerce hub (training, storage, and drop-off/pick-up) in Gizo.

Mobile Money - Our Telekom (STCL)

Financial inclusion in the Solomon Islands is low with only 25.6% of the population having access to formal bank accounts and another 8.2% using other formal financial services such as insurance, superannuation funds, credit unions or microfinance services. There are currently no licensed mobile money (wallet) services operating at significant scale in the country. PDEP is partnering with Our Telekom to launch mobile money services in Solomon Islands to deepen access to financial services via mobile; a channel that is already available to many Solomon Islanders. The first funding tranche has been disbursed to Our Telekom and a RFA published for platform providers. UNCDF hired technical specialist to support Our Telekom with this project and work is currently under way to get this TA support into country by July 2022. Product launch is planned for Q4 2022.



Inclusive Innovation

Fintech Innovation Challenge - SINPF

SINPF had received support from PDEP in 2021 to develop a data analytics dashboard to support data driven decision making. The SINPF team was trained on how to extract, interpret, and use this data for strategic purposes. YouSave is a voluntary saving scheme of SINPF designed specifically for the self-employed. Individuals who do not have a national provident fund (NPF) account or employer NPF contributions can still make deposits through YouSave scheme whenever they want with whatever amount they choose. A workshop was completed with SINPFs YouSave team on customer journey mapping, identifying specific initiatives to increase engagement.

The problem statement identified for Solomon Islands as part of the FinTech Challenge centered around the low usage of the YouSave mobile product (18% active user base). The proposed solution is to develop a nano-loan product where savers' deposit behavior pattern will be used for credit scoring, encouraging informal sector SINPF members to save more frequently.

Empowered Customers

Digital and Financial Literacy Baseline Survey

The Central Bank of the Solomon Islands has endorsed this project and will support on-ground coordination. The following is the planned timelines for survey implementation in Solomon Islands

- Jul: Enumerators Training
- Jul-Aug: Fieldwork
- Oct: Report drafting, review, and finalisation

RJS scholarship

A total of four individuals from the Solomon Islands were identified and awarded the RJS scholarship to do the DFI course.

Digital Marketing Training and Facilities

Engagements with the Young Entrepreneurs Council Solomon Islands (YECSI), SICCI and lumiWaka, have highlighted the need for digital marketing training and facilities. As a result, UNCDF is hosting

one of SICCI's upcoming "Business After 5" sessions on this topic and exploring structured support to aspiring entrepreneurs and SMEs in this area.

3.4 Tonga

The Hunga Tonga Hunga Ha'apai (HTHH) volcanic eruption in January 2022 accompanied by the Covid 19 outbreak has reversed development gains in the Kingdom of Tonga, widening the existing disparities within the vulnerable and underserved segments of societies. This was acutely felt when the undersea fiber optic cables were severely damaged, and all global communications were cut off amidst full lock down mode.

Tonga was unprepared for the impact of the pandemic especially in the payments/settlements of goods and services with long queues at supermarkets propelling the spike in active cases. The timely intervention from PDEP programming on the e-Commerce project with Digicel Tonga Ltd will be instrumental in facilitating contactless payments to enable remote transactions. The Ministry of Trade and Economic Development (MTED) has developed the National Strategy for Tonga, and this e-Commerce platform complements the access to finance component of the strategy quite nicely.

With the post-recovery efforts, there are certain priority areas that the Government focuses on such as health, food, and humanitarian clusters etc. Tonga is now slowly in its re-building phase which requires a lot of planning and coordination between the Government and the Private sectors to maximize the resources and to build a more robust and sustainable digital economy to mitigate the effects of climate change and the pandemic. Such events have further emphasized the need for Tonga to build the digital rails, especially the infrastructures and policies that would act as core foundations for e-school, e-health and even P2B, B2B platforms.

There is also observed political tensions with high turnovers in the management levels for Ministry of Finance (MOF) as well as the National Reserve Bank of Tonga (NRBT). Such tensions could adversely affect progress on commitments such as the e-Government project and the NFIS; critical projects that largely impacts the pace of digital transformation of Tonga's economy.

Enabling Policy and Regulation

National Financial Inclusion Strategies

The NRBT is mandated to promote financial inclusion in Tonga. A key priority for the NRBTs in 2022 includes building a domestic data bureau in support of the regional e-kyc project in their efforts to lower remittances fees in the pacific corridor. This aligns with the National Financial Inclusion Strategy (NFIS) given that financial inclusion data is one of the core objectives of the strategy. UNCDF provides technical advisory support to NRBT on the Regional e-KYC Facility.

Inclusive Digital Economy Scorecard

In 2021, UNCDF populated for the first time the IDES for Tonga. The results were then shared with national stakeholders for consultation and vetting. Stakeholders in the vetting process included representatives from the Prime Minister's Office (PMO), MOF, NRBT, Ministry of Education and Training (MOET), Tonga Ministry of Meteorology (MTED), Energy, Information, Disaster Management, Environment, Climate Change and Communications (MEIDECC) as well donor partners from DFAT, MFAT and EU. The dialogue was rich and engaging and feedback obtained was used to revise and finalise Tonga's IDES ratings which was published on the UNCDF IDES website. Since the occurrence of the HTHH disaster, all stakeholders shifted priorities towards economic recovery. UNCDF has completed the first round of data collection for IDES in July 2022 using the newer version IDES 2.0 and this will be shared with relevant stakeholders in August 2022.

Tonga is yet to identify a mechanism to measure and monitor progress of its digital transformation, and therefore there is opportunity for IDES to become a key tool that Government can use to support planning and target setting across government ministries.

Open Digital Payment Ecosystem / Infrastructure

E-commerce with Digicel Ltd Tonga

The e-commerce landscape in Tonga is still at its nascent stage. This e-Commerce platform by Digicel will enable SMEs and the informal sector to buy and sell goods and produce online. The programme anticipates challenges with the new initiative particularly in trying to obtain the buy in as well as behaviour change of businesses and customers to get them trading on an online platform. To address this, Digicel will be delivering several trainings and awareness workshops for both customers and vendors. The first tranche of funding was disbursed in June and Digicel Tonga is at its final stage of completing the aggregator platform design. The launch is planned for the 1st of September and will earmark the launch of Tonga's first domestic e-Commerce platform.

The specific challenge faced in implementing this project is the lack of technical know-how in the Digicel Regional team, especially in coding and programming and outsourcing these services affect delivery against work plan timelines. Due to Digicel's centralized operations in its Suva office, local Tongan staff are missing out on this opportunity to learn as the project progresses.

Agent network expansion Project – (WIP)

The objective of this regional ecosystem development project is to increase access points via agents and merchants' distribution channels with the aims of increasing the usage and access of mobile money services amongst segments currently left behind, such as women, youth, and other vulnerable segments in the low-income groups. In Tonga, Digicel Tonga Ltd is the only mobile network operator and so a project document for Digicel Tonga is now in development. The project is targeted at increasing usage of mobile money in Tonga.

Inclusive Innovation

Fintech Innovation Challenge - Tonga Development Bank (TDB)

Tongan SMEs struggle to access financing, largely because it is difficult to assess the creditworthiness of SMEs as they often do not have significant assets. Approximately 95% of Tongan SMEs are under-banked (i.e., not able to borrow through traditional financial channels). Access to finance has been identified in [2021 Informal Business Survey](#) by the Ministry of Trade and Economic Development as a key barrier faced by many MSMEs. The report had identified that these informal businesses were not keen on loan schemes and two of the Identified barriers to access relates to the cost as well as the cumbersome process of manually assessing loan applications. The same report recommended the development of friendly financial schemes to strengthen access to finance by small businesses in the informal sector.

Innovative Credit Scoring System for Tonga Development Bank (TDB)

TDB was one of the implementing partners selected to participate in the Pacific Fintech Innovation Challenge. The solution proposed through the Fintech Challenge includes

- **Digital Scorecard:** Development of a platform to assess creditworthiness by collection of various datapoints beyond assets. E.g., timeliness of utility or mobile payments
- **Uncollateralized Loans:** As many Tonga SMEs have few assets, the focus is on solutions that enable uncollateralized loans and provide a platform for SMEs to gradually build their credit history.

The proposed solution will not only serve TDB customers but Tongans in those underserved segments in the agricultural, fisheries and handicrafts sectors. The solution will enable TDB to assess loan applications based on an innovative credit scoring system which will collect data from client's mobile top ups, utility payments and any other data points that's available. Ultimately this

should reduce administrative and operational costs as well as increase MSMEs access to loans from formal financial institutions.

Empowered Customers

Digital and Financial Literacy Baseline Survey

The last financial inclusion data for Tonga was from the 2016 Demand Side Survey (DSS) by NRBT. There is a dearth of baseline research on digital literacy in Tonga and therefore the implementation of the UNCDF supported DFL survey is timely particularly with greater government emphasis towards the promotion of a more digital economy. Strong support has been received from the Tonga Statistics Department as well as the Ministry of Education and Training towards this DFL initiative. The planned implementation timelines for Tonga are as follows:

- Aug: Enumerators Training
- Aug-Sep: Fieldwork
- Oct: Report drafting, review, and finalization

Cambridge Fintech and Regulatory Innovation Programme (CFTRI)

The CFTRI programme is designed for financial regulators, supervisors, and policymakers to better utilize, understand, evaluate, and assess innovative mechanics and applications of regulatory initiatives and innovative technologies. PDEP is currently supporting the 1st cohort with 4 participants of which two are from the National Reserve Bank of Tonga. There is a strong appetite from the Reserve Bank to develop their Digital Financial Services (DFS) framework and this programme will support capacity development in this area.

3.5 Vanuatu

Recruitment for the Vanuatu Country Lead position is ongoing.

Open Digital Payment Ecosystem / Infrastructure

Integrated Online Marketplace – MauA app

SkyEye Vanuatu, is a company owned and operated by Pacific Islanders, with the goal of localizing technology for the region. The company was selected in January 2021 by the IC under UNCDF's RFA: Transitioning local micro and small enterprises to an aggregator e-commerce platform in Vanuatu.

With the objective of expanding and deploying an already successful e-commerce aggregator platform in Samoa to Vanuatu, SkyEye's integrated online marketplace in Vanuatu aims to onboard Vanuatu MSME's to the platform enabling access to an online marketplace. The system prototype: website and mobile application has been developed and under-going testing with the test groups. The testing of relevant system parameters with Vodafone and Digicel has commenced however the Integration of payment options (MyCash and M-Vatu) as well as the addition of the local language option is still pending.

Regarding outreach programmes for vendor onboarding, SkyEye is exploring partnerships with the Government, private sector, and other development agencies. Discussions are underway with the Vanuatu Minister of Tourism, Commerce and Trade to discuss collaboration on Government initiatives supporting e-commerce in Vanuatu. The UNDP Markets for Change programme, a multi-country initiative that aims to ensure marketplaces in rural and urban areas of Fiji in Vanuatu is also exploring partnerships with SkyEye on the introduction of virtual marketplaces for women vendors. Discussions are also underway with DFAT's Vanuatu Skills Partnerships programme to onboard artisans from three outer islands who travel to the main island of Port Villa to sell handicrafts.

The system is expected to go live in August and a formal launch event is scheduled for August 2022.

Electronic Police Clearance Certificate

The e-PCC platform and app prototype is developed and currently undergoing testing by the Vanuatu Police Force. The implementing consultancy firm carried out extensive usability testing in Port Vila with two test groups and successfully integrated feedback into the prototype. Concurrently, system training for the Vanuatu Police Force is being conducted by the implementing consultancy firm. The system, which is available in both the local language Bislama and English is expected to go live in August following a launch event that will be jointly hosted by Reserve Bank of Vanuatu and UNCDF.; The system has an integrated QR code validation over the blockchain for all electronic certificates, a first for the Pacific Island Countries.

4. Monitoring, Evaluation, Accountability and Learning

4.1 Partner Recording and Reporting Orientations

Recording and reporting orientations were part of the partner onboarding process and by the end of June 2022, a total of 7 partners received R&E orientations.

Partner	Country
1. Solved Fiji	Fiji
2. Cyber Foods	Fiji
3. Our Telekom	Solomon Islands
4. Island Tech	Solomon Islands
5. Digicel	Tonga
6. SkyEye	Vanuatu
7. PIFs	Regional

The orientations were focused on the reporting expectations around report timelines, completeness, and reporting accuracy. Much emphasis was placed on the need for partners to produce reliable supporting documents line with the 2019 PFIP Evaluation which was to strengthen data checks to ensure data reliability.

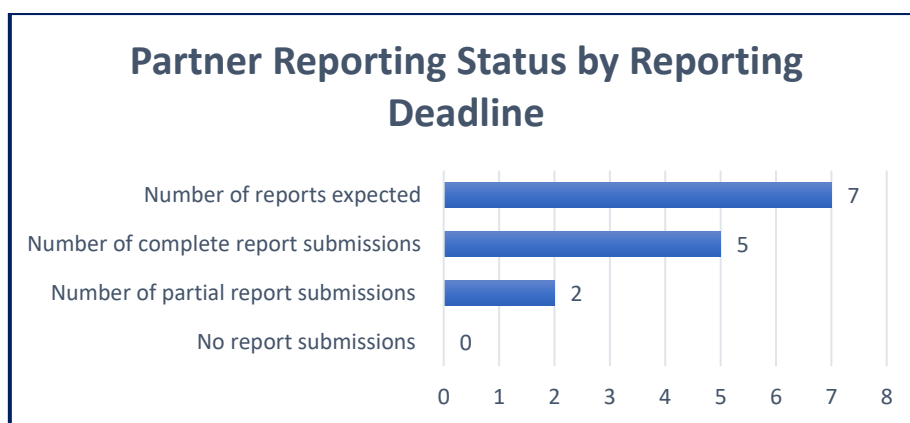
4.2 Data Quality Assurance Mechanisms

Data quality is regarded as a critical criterion in the M&E of programme implementation because of the central role that data plays in performance assessments and evidence-based decision-making processes. Data quality assurance steps includes:

- **Step verification process:** First verification is carried out by MEAL support staff and final verification by the MEAL lead.
- **Making mandatory the request for valid supporting documents:** Partner reporting orientations have emphasized the need for evidence-based reporting and the submission of supporting documents to substantiate all reported results, both qualitative and quantitative.
- **Systematizing partner reporting feedback and KPI Progress:** This is to ensure partners are able to receive feedback on their progress towards their end of project targets but also on the quality and efficiency of reporting and areas of improvement. This system was introduced for UNCDFs sister programme, PICAP, and is now being adopted by PDEP.

4.3 Partner Reporting Status

In quarter two of 2022, a total of 7 grant partners were expected to report by the 30th of July as per project signed agreements. Out of these, 05 partners made complete report submissions.



4.4 Results Measurement Framework

During the development of project documents for country-level grantees, the programme has identified a number of improvements that need to be made to the existing programme RM Framework in preparation for the programming period beyond the inception phase. Overall, the current RMF requires significant revisions in terms of realistic target setting, incorporation of indicators that are aligned with project activities, and refinement of indicators names and data definitions.

An immediate change that the programme is proposing within the inception phase is the introduction of a new indicator under workstream 1 in the RMF to reflect the scope of work that the programme is currently doing in the policy and regulatory space in the region and across countries to promote and support a more digital economy. Given that it often takes years to establish and implement national policies and regulations, there is a need to capture and celebrate key milestones leading up to these end achievements. At current, workstream 1 indicators do not sufficiently reflect these milestones that can be directly contributed to PDEPs work.

Recommended New Indicator

Indicator 1.4 Number of PICs whose policymakers and regulators received UNCDF support technical and/or financial support to review, amend and implement policies and regulations affecting the digital economy

4.5 Data Collection Support for IDES

In the absence of country leads for Samoa and Vanuatu, the MEAL team provided support to the updating of IDES 2.0 for Vanuatu and Samoa. Country validation of initial data collection will be conducted once country positions are occupied.

4.6 Gender and Social Inclusion Strategy Development

The MEAL team led the development of PDEP GESI strategy in quarter 2 in which a first draft was prepared and shared with UNCDFs Gender Policy and Advocacy Specialist for expert review. Feedback has been obtained and changes are yet to be incorporated. A second draft will be circulated for additional review by programme staff prior to finalization in quarter 3.

5. Communications

5.1 Key Communication Updates

The communications team spent the first half of 2022 strengthening the Programme's public profile through coverage of its various initiatives in the Pacific. The key channels used to reach the Programme's target audiences, including donors and partner governments, were the mainstream media, social media, and the UNCDF and UNDP websites. PDEP Regional Technical Specialist, Ajay Jagannath, participated in two detailed television interviews that were shared widely on UNCDF's regional and global channels. Additionally, the comms team published 3 press releases, 6 blogs, 4 impact stories and 2 publications in the first six months of 2022.

5.2 Programme Media Coverage

Events are an effective way to engage with the media and other key stakeholders and are a key part of the Programme's visibility and public outreach strategy. PDEP co-hosted a virtual learning and networking event with the Australia Awards Women's Leadership Initiative (WLI) titled 'Remittances: Maximising the Value of this Vital Source of Income in the Pacific Islands' on 29 March. Moderated by UNCDF's Tonga Country Coordinator Malieta Inoke, the panelists included key stakeholders from the region: Maiava Atalina Emma Ainuu-Enari, the Governor of the Central Bank of Samoa; Leta Kami, the Chief Executive Officer of Tonga Development Bank (TDB); and Sevu Waqa, Pacific Adviser to Cultural Pulse.

In April, PDEP hosted a session on "Fostering e-commerce ecosystem in the Small Island Developing States: Challenges and opportunities" as part of the UN Conference on Trade and Development's E-Commerce Week Campaign. These panel discussions have helped ignite regional conversations about e-commerce and the broader digital economy and reinforce UNCDF's role as a market convener in this growing space.

The Programme team has also participated in several external events. Ajay Jagannath, the Regional Technical Specialist in the Pacific, moderated a panel discussion on enabling cross-border payments for Pacific Island entrepreneurs at the first Pacific Islands Digital Trade Dialogue on 4 March hosted by the Pacific Islands Forum Secretariat and USAID (United States Agency for International Development).

As part of World Consumer Rights Day, Mr. Jagannath was invited as panelist on the Consumer Council of Fiji's expert panel discussing Fair Digital Finance in Fiji and the Pacific. The other panelists included Dr Nur Bano Ali, President of the Fiji Chamber of Commerce; Razim Buksh, Director of Fiji's Financial Intelligence Unit; Shailendra Prasad, Head of Commerce, Corporate Affairs and Digital Financial Services at Vodafone Fiji; and John Qiliho, Digicel Fiji's Mobile Financial Services and Distribution Lead. Mr. Jagannath was also invited to speak at a discussion on funding and digitalisation opportunities for food vendors in Fiji at a 'Foodpreneurs Talanoa' session in Suva on 23 May.

In June, PDEP launched a Request for Applications to global FinTechs for the Pacific Islands FinTech Innovation Challenge. A month-long social media campaign was conducted to reach and attract potential FinTech applicants. Local and regional mainstream media were engaged to raise awareness about the aims and objectives of the Challenge. Four physical and virtual information sessions were held in Fiji, Australia, and Singapore to further reach out to potential applicants. The Challenge will commence in quarter 3 and we expect more visibility in the coming months given the high-level attendance and strong interest in the event.

Social media – LinkedIn, Twitter and Facebook - continues to be instrumental in enhancing the Programme's visibility and knowledge sharing. PDEP continues to strategically leverage UNCDF's prominent global presence on social media to amplify key messages and initiatives. The comms team joined a mission to visit partners, Cyber Food and Solved Fiji, in Fiji's Western Division on 28 March. Four social media stories were developed from the visit, highlighting the benefits of e-commerce platforms to business continuity and sustainability in the post-COVID-19 era. Social media proved to be an effective tool to reach target audiences during the call for applications for the Pacific Islands FinTech Innovation Challenge. Both potential FinTech applicants and other stakeholders actively engaged with the challenge-related content and social media assisted in generating continued hype around the competition.

5.3 Links to key publications, social media coverage, videos, and other materials developed

Publications

- [The Pacific Financial Inclusion Programme Legacies: Delivering financial literacy through educational institutions](#)

- [Summary Paper on Virtual Learning Event 'Remittances: Maximising the Value of This Vital Source of Income in The Pacific Islands'](#)

News Coverage

- UNCDF Partners with Our Telekom to Develop Mobile Money Services in the Solomon Islands
[Published by Solomon Times](#)
[Published by Solomon Star](#)
[Published by Next Billion](#)
- [UNCDF and Our Telekom to launch mobile money service - Published by Island Sun](#)
- [Lasaga: Mobile Money will Improve Access to Financial Services Among the Underserved in Solomon Islands – Published by the Solomon Times](#)
- [Call made for challenge](#) – Published by FBC News
- [Online food delivery service launches app](#) – Published by the Fiji Times
- [Cyber Food launches new mobile app](#) – Published by FBC News
- [Shahzad’s dream eventually provides employment to Fijians](#) – Published by Fiji Village

Blogs

- [Fiji. Digital Payments and Coffee](#)
- [A Glimpse Inside the ‘Human-Brokered’ Digital Markets of Rural Solomon Islands](#)
- [Q&A ‘Overcoming challenging landscapes’: Closing the Digital Divide in Solomon Islands](#)
- [COVID-19 boost to e-commerce sustained into 2021, new UNCTAD figures show](#)
- [Better digital governance needed to balance data opportunities and risks](#)
- [Time for a new digital and data governance path, eCommerce Week highlights](#)
- [“Banks need to make it easier for businesses:” Bhikhabhai’s e-commerce experience highlights opportunities for future growth](#)

Press Releases

- [UNCDF Supports Cyber Food Fiji Expand Digital Payment Options to Boost Growth of E-commerce Website](#)
- [New partnership forged to make the digital economy work for all](#)
- [Pacific Islands Fintech Innovation Challenge Aiming To Boost Financial Inclusion & Digital Payments In The Pacific](#)

Impact Stories

- [Solved Fiji – How an e-commerce platform is enabling greater participation in the digital economy](#)
- [Indiana – How Cyberfood an e-commerce food delivery platform is helping sustain a business through the COVID-19 pandemic](#)
- [Shivas restaurant – How an e-commerce food delivery platform is increasing efficiency for a food chain](#)
- [Mamas Pizza – How an e-commerce food delivery platform is working for one of Fiji’s iconic restaurants](#)
- [Q&A Lasaga: Mobile Money will Improve Access to Financial Services among the Underserved in Solomon Islands](#)

Recordings and Highlights

- [Ajay Jagannath Discusses the Work of The Pacific Digital Economy Programme \(PDEP\) on the Talk Business Show](#)
- [Fiji Tv Segment: UNCDF-Led Pacific Digital Economy Programme \(PDEP\) Announces a New Partnership with Cyberfood Fiji](#)
- UNCTAD e-commerce week sessions:

- [Powering an inclusive digital economy: The critical role of development cooperation](#)
- [Regional Approaches to E-commerce in the Pacific Islands Countries](#)
- [Fostering e-commerce ecosystem in the Small Island Developing States \(SIDS\): Challenges and opportunities](#)
- [VANUATU: Using data to boost digital transformation in developing countries](#)
- [Foodpreneurs Talanoa: recipes for success](#)

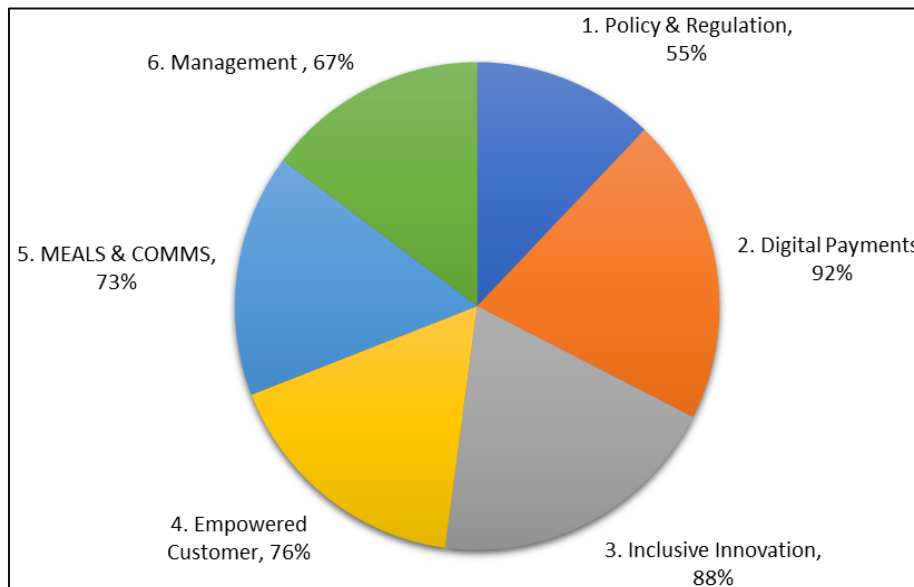
6. Financial Update

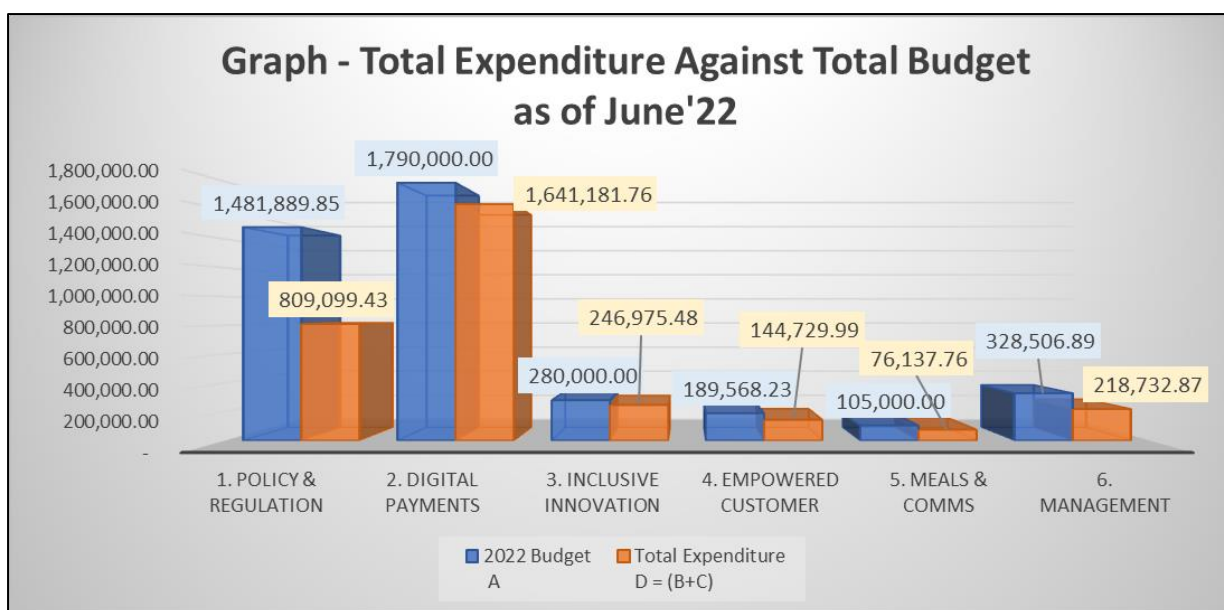
6.1 Financial Delivery

Total financial resources budgeted for 2022 stood at around USD 4.2 million. As of June 22, PDEP managed to utilize around three quarters or 75% of the total allocated budget.

Work stream	2022 Budget	Commitment	Expenditure	Total Expenditure	Budget Balance	% Delivery
Policy & Regulation	1,481,889.85	313,720.95	495,378.48	809,099.43	672,790.42	55%
Digital Payments	1,790,000.00	1,200,637.00	440,544.76	1,641,181.76	148,818.24	92%
Inclusive Innovation	280,000.00	11,000.00	235,975.48	246,975.48	33,024.52	88%
Empowered Customer	189,568.23	79,035.06	65,694.93	144,729.99	44,838.24	76%
MEALS & COMMS	105,000.00	-	76,137.76	76,137.76	28,862.24	73%
Management	328,506.89	-	218,732.87	218,732.87	109,774.02	67%
Total	4,174,964.97	1,604,393.01	1,532,464.28	3,136,857.29	1,038,107.68	75%

Expenditure against the workstreams are progressing as planned. Budget utilization is expected to increase in the coming months with several key events planned – this includes Digital and Finance literacy survey, the FinTech Pacific Singapore Challenge and the roll out of the Mid-Term Review.





6.2 Grant Partner Disbursement Status

Partner disbursements are dependent on the achievement of the conditions as per the signed PBAs (Performance Based Agreement). These conditions relate to the achievement of project milestones, results measurement framework targets, and the submission of evidence confirming activity implementation and results achieved.

Key	
Tranche 3 and/or 4 disbursed	
Tranche 2 disbursed	
Tranche 1 disbursed	
No tranche disbursement	

Partner	Project	Total Budget (USD)	Disbursement Status
1. Cyber Food	Online Food order and delivery service with payments solution	\$52,500	
2. Solved Fiji	Upgrade of online MAKETE to enable buying and selling of goods & services as well as training on the use of the platform	\$59,962	
3. SkyEye Vanuatu	Through its Maua platform the aim is to create an integrated online marketplace which will help MSMEs with easier, low cost and equitable access to markets	\$60,000	
4. Digicel Tonga	Project aims to develop an online e-Commerce platform, focusing on SMEs. It will be a multivendor marketplace which will be a shared storefront for multiple sellers. The targeted segments will include women, agricultural/ handicraft as well as informal sectors. Trainings and workshops will be used to enhance level of skills of those who will be trading on the platform.	\$60,000	
5. Island Tech - Solomon Islands	Project aims to provide an e-commerce platform for (M)SMEs to enable trade specifically between the capital city and the Western Province. The platform will offer a digital alternative for rural populations who face high cost of travel to the capital for essential supplies. Similarly, it provides an easy-to-access channel and market access to rural (M)SMEs	\$60,000	
6. Solomon Telekom	This project will support the full deployment of Mobile Money services in the Solomon Islands, carried out by the leading national mobile network operator. The project aims to support access to mobile financial services and increase	\$650,000	

Partner	Project	Total Budget (USD)	Disbursement Status
	financial inclusion for rural Solomon Islanders particularly, youth and women.		
7. Reserve Bank of Fiji	Activities around <ul style="list-style-type: none"> • Consumer Protection, FinEd and Capability • MSME development • Inclusive Finance & Resilience Building Measures • DFS and Innovation 	\$75,000	
8. Pacific Islands Forum Secretariat	Supports the establishment of an implementation framework for the Pacific Regional E-commerce Strategy and Roadmap and the implementation of key activities identified in the Strategy that are related to the objectives of the PDEP.	\$150,000	
9. Central Bank of Solomon Islands	Supports the strengthening of the SIM registration effort, and to support the development of further initiatives to strengthen e-KYC and digital identity verification more broadly in the country,	\$420,000	

7. Risk Log

No.	Risks Identified	Impact	Countermeasures / Management response	Risk Status ²	Comments
1.	Covid-19	Delays in project implementation due to mobility restrictions, reprioritization of resources by donors, Governments, health and safety of staff, changes in priorities of project partners etc.	Following Governments and UN wide protocols and procedures including business continuity plan, periodic review of workplans, regular staff checking, partner discussions etc.	Reducing	Vaccination may not entirely remove the risk
2.	Market development approach is distorted by other development partners that apply interventions that contradict or disrupt market mechanisms.	Duplication of efforts by multiple stakeholders with similar mandates	The programme will advocate for re-establishment of development partner alignment mechanisms that have stopped functioning (e.g., on private sector development and financial services), and moreover to ensure the effectiveness of these meetings, create a secretariat under the activities for workstream 1.	Reducing	Efforts to avoid duplication are ongoing. Mapping of 'who does what' carried out by UNCTAD in Pacific dialogue. Talanoa, "The role of data in today's digital economy" - Pacific Data Hub and United Nations UNCTAD - YouTube
3.	Pacific governments implementing policy and regulatory changes negatively impacting the	Unlikely because COVID-19 has exasperated transition to digital economy	Under Workstream 1, the programme aims to play a key role in public/private dialogue to properly inform government of potential impact of policy and regulatory changes. Where possible create National Digital Economy	Reducing	COVID has heightened the need for digital solutions globally. The programme is working to support these efforts throughout workstreams 1-4.

² Risk Status Includes: Reducing, Increasing, No Change

No.	Risks Identified	Impact	Countermeasures / Management response	Risk Status ²	Comments
	development of digital economy		Strategies and NDET (similar to NFIS & NFIT), which ensures ongoing public/private dialogue about policy and regulation.		Engagement with government and regulators continues
5.	Delay in programme start up and programme implementation.	Delay programmes start up, delayed activity implementation and possible under achievement of initially established targets for 2021.	Develop plan for acceleration of programme implementation.	No Change	Frequent communication with primary donor (DFAT) through monthly calls on implementation progress and challenges. Positions in Vanuatu and Samoa yet to be occupied delaying country implementation.

8. Annexures

8.1 Results Measurement Framework

Given the need for significant revisions in the RMF targets, the update against the RMF is results based. Data collected from the 2021-2022 inception phase will act as baseline and benchmark for target setting in the 2023-2025 implementation phase.

Ind No.	Workstream	Indicator	Inception Phase (2021-2022) Results Cumulative	Comments
1	Enabling Policy and Regulation	1.1 Number of countries that measure the development of their digital economy	4	Currently 4 PICs are able to measure the development of their digital economy. IDES results are publicly available for Samoa, Solomon Islands, Vanuatu, and Tonga Dashboard - UN Capital Development Fund (UNCDF) . Measurement of digital economy is now done on an annual basis through UNCDF. IDES data currently available is as of 2021. Data collection for 2022 has started.
2	Enabling Policy and Regulation	1.2 Number of countries with an established forum for regular public-private dialogue on the Digital Economy	1	Establishment of National E-Commerce Strategy (NES) Steering Committee and Technical Working Taskforce in Solomon Islands. This will progress with the development of national e-commerce strategies. Formal actions towards designing the strategy for Fiji is expected to commence in quarter four 2022.
3	Enabling Policy and Regulation	1.3 Number of countries with a strategy on the Digital Economy	0	The Solomon Islands Government, supported by UNCTAD and UNCDF, is at the final stages of designing and adopting its National E-commerce Strategy (NECS) 2022–2027
4	Enabling Policy and Regulation	1.4 Number of PICs whose policy makers and regulators received UNCDF support (technical and/or financial support) to review, amend and implement policies and regulations affecting the digital economy	1	Newly Recommended Indicator TA support was provided to Solomon Islands to draft two key policies (i) Consumer protection Policy and the (ii) Data Privacy Policy. These national policies will address fraud and consumer protection requirements which are vital to protecting the financial security of Solomon Islands laying the foundations for a thriving and inclusive digital economy.
5	Open Digital Payments Ecosystem	2.1 Number of eGovernment service piloted and/or scaled (incl G2P/P2G)	0	The Vanuatu E-Police Clearance Certificate (PCC) Project is underway. The e-PCC platform and app prototype is developed and currently undergoing testing by the Vanuatu Police Force. The system is expected to go live in August following a launch event.
6	Open Digital Payments Ecosystem	2.2 Number of registered users of eGovernment services supported by the Programme	0	Linked to indicator 2.1. Results will be reported following the full roll out of the e-PCC project reflected in indicator 2.1
7	Open Digital Payments Ecosystem	2.3 Number of active users of eGovernment services supported by the Programme	0	Linked to indicator 2.1. Results will be reported following the full roll out of the e-PCC project reflected in indicator 2.1

Ind No.	Workstream	Indicator	Inception Phase (2021-2022) Results Cumulative	Comments
8	Open Digital Payments Ecosystem	2.4 Number of services piloted and/or scaled that focus on open banking, shared digital payment networks and/or e-commerce platforms	1	<p>Launch of Fiji's cyber foods mobile app</p> <p>A number of e-commerce and digital payment solutions is expected to be launched in Q3/Q4 of 2022 across the region. This includes</p> <ol style="list-style-type: none"> 1. Fiji: Makete Aggregator Platform and Mobile App 2. Solomons: Mobile Money Services via Our Telekom 3. Solomons: E-Commerce Platform with Island Tech 4. Tonga: E-Commerce Platform with Digicel 5. Vanuatu: MauA E-commerce platform
9	Open Digital Payments Ecosystem	2.5 Number of registered users for services supported by the Programme that focus on open banking, shared digital payment networks and/or e-commerce platforms	447	<p>Total Female Users 263 (59%)</p> <p>Data Source: Fiji Cyber Foods records</p>
10	Open Digital Payments Ecosystem	2.6 Number of active users for services supported by the Programme that focus on open banking, shared digital payment networks and/or e-commerce platforms	225	<p>Total Female Users 158 (62%)</p> <p>Data Source: Fiji Cyber Foods records</p>
11	Open Digital Payments Ecosystem	2.7 Number of last mile digital micro and/or meso infrastructure services piloted and/or scaled	0	<p>The launch of mobile money services in Solomon in Q4 will feed into this indicator.</p>
12	Inclusive Innovation	3.1 Number of partnerships established with co-working spaces, innovation hubs and acceleration programs to develop the digital economy	1	<p>Partnership 1: Agreement with Green House Co-working space.</p> <p>Conducted the Regional Network Analysis and Mapping of Institutions supporting Entrepreneurship in 2021. The findings assist in the identification of priority areas to strengthen the innovation sector in the region. RFA acting on these recommendations to build capacity of incubators has been launched.</p>
13	Empowered Customers	4.1 Countries where a survey is conducted on digital and financial literacy skills of Pacific Islanders	0	<p>DFL survey has started with the groundwork carried in Q2 of 2022. Field implementation, report writing and finalization will be carried out in Q3/Q4 2022. Reports for 8 Pacific Island Countries: Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, Kiribati, and Timor-Leste</p>

Annex 8.3: Programme Learnings



ENABLING POLICY AND REGULATION

- Capacities of different regulators vary as has been observed with initiatives involving multiple regulators for example, the SIM registration database project in Solomon Islands that involves both the Central Bank of Solomon Islands (CBSI) and the Telecommunication Commission of Solomon Islands (TCSI). Providing handholding support for partner regulators takes additional time and effort to achieve early-stage milestones in 2022. UNCDF technical assistance is now focusing on addressing capacity gaps between regulators to successfully operationalize the project. The formation of joint working groups with focal points from both agencies has accelerated the process.
- Capacity building support offered through various scholarships under PDEP for the Pacific regulators have been appreciated by the partner regulators. Participants have provided positive feedback about these opportunities, which introduced them to new ideas and innovation in the emerging digital economies across the globe. These initiatives should be continued and further expanded during the implementation period of PDEP in the next three years.
- Due to travel restrictions related to Covid-19, consultations for the development of the Solomon Islands National E-commerce Strategy 2022-2027 were primarily carried out remotely via online platforms. Although this was not the envisioned scenario and some rural stakeholders were unable to join the consultations due to poor connectivity, it had the unexpected benefit of sensitizing government officials to the benefits of digital technologies. The successful virtual consultations raised awareness among policymakers of the benefits of leveraging digital technologies in work, education, and commerce.
- The design and development of the Solomon Islands National E-commerce Strategy 2022-2027 was aided by the establishment, early in the project, of a National Steering Committee on E-commerce and Technical Working Taskforce on E-commerce. These coordinating bodies played an important role in bringing stakeholders together towards a common vision, as well as in ensuring that the project stayed on track and met the relevant milestones. It is expected that similar coordinating bodies will be established in other countries where UNCTAD and UNCDF support the development of national e-commerce strategies.
- Although institutional support from the relevant ministries supporting the development of the Solomon Islands National E-commerce Strategy 2022-2027 has been relatively strong, the level of institutional capacity to implement the National Strategy is less clear. A clear implementation mechanism, adequately resourced and staffed by the relevant line ministry or coordinating body, will be key to maintaining momentum towards the implementation phase of the National Strategy.
- For research related to the development of the Pacific Digital Economy Report, it has become apparent that specific expertise on e-commerce, digital trade and the digital economy in the Pacific context is extremely limited. Research universities in the region were approached to support research for the Pacific Digital Economy Report, but expertise in this area was found to be relatively limited. This underscores the importance of building regional research capacity in e-commerce and the broader digital economy.
- The strong interest for follow-up support from participants in the regional training on the Production of Statistics on the Digital Economy underscored the importance of building the capacity of National Statistics Offices in the region. Currently, there is limited national and regional capacity to collect statistics related to the digital economy, which hinders effective and evidence-based policymaking
-



OPEN DIGITAL PAYMENT ECOSYSTEM

- While they are high impact projects, P2G/G2P (Person-2-Government and Government-2-Person) projects have long gestation periods; From conducting feasibility studies, developing solutions design and to implementing, the projects require extensive consultations often with sensitive stakeholders, such as police and passport agencies. There are additional parameters such as security and storage that needs to be considered given the sensitive nature of the data in question.



INCLUSIVE INNOVATION

- There is room to strengthen the groundwork relating to Incubation and Innovation projects particularly through the capacity assessment and if required, a capacity development plan, for identified implementors that will be providing support to local entrepreneurs. Project documents under this workstream were submitted to the Investment Committee early 2022 and is yet to be approved. One of the lessons learned from this process is the need to better pen down the considerations and justifications for partner selection.



EMPOWERED CUSTOMERS

- The Digital and Financial Literacy Baseline Survey 2022 has been launched in the region, which will address the existing gap in data and help to develop a standardized tool for tracking progress on digital and financial literacy. Various initiatives to strengthen financial literacy have been implemented in the last decade in the region, but digital literacy is a comparatively new domain where limited evidence is currently available. Until recently, public, and private sector stakeholders did not strongly prioritize this agenda. Another key challenge is digital literacy is a very broad domain, so PDEP is planning to focus on digital literacy around financial services and digital commerce in upcoming years. Utilizing the findings of the survey, PDEP must undertake advocacy to design and implement targeted initiatives to strengthen digital literacy. PDEP will explore potential partnership opportunities in the remaining part of 2022, and design targeted interventions to be implemented during 2023-25 on digital and financial literacy.



PROJECT MANAGEMENT

- The growing scope of the programme including the anticipated expansion into additional countries (12 countries by January 2023) requires a relook at current staffing capacities as well as organizational structures. At current, PDEPs programmes administration, MEAL and communications staff are shared resources between PDEP and its sister programme PICAP. There is a need to examine and reorganize human resources in a way that ensures timely and efficient implementation of PDEPs operational activities.



This programme is supported by:

