



# PACIFIC DIGITAL ECONOMY PROGRAMME

## Annual Report | 2022

## Table of Contents

Executive Summary .....	5
1. Programme Stakeholders.....	6
2. Regional Updates .....	7
3. Country Updates .....	11
3.1 Fiji .....	11
3.2 Kiribati.....	15
3.3 Samoa .....	16
3.4 Solomon Islands.....	17
3.5 Tonga.....	18
3.6 Vanuatu .....	20
4. Monitoring, Evaluation, Accountability and Learning .....	22
5. Communications .....	23
6. Financial Update.....	28
7. Risk Log.....	29
8. Annexures .....	30
8.1 Results Measurement Framework .....	30
8.2. Update Against Workplan .....	32
8.3. Key Learnings.....	33
8.4. Grants and Technical Assistance Summary Table .....	36
8.5. Impact Stories .....	39

## Abbreviations

AHC	Australian High Commission
BSP	Bank of South Pacific
CBS	Central Bank of Samoa
CBSI	Central Bank Solomon Islands
CUFA	Credit Union Foundation of Australia
DFAT	Australia Department of Foreign Affairs and Trade
DFI	Digital Frontiers Institute
DFS	Digital Financial Services
DSS	Demand Side Survey
eKYC	Electronic Know Your Client
EU	European Union
FDB	Fiji Development Bank
FPF	Fiji Police Force
GGGI	Global Green Growth Institute
HFC	Home Finance Company
IC	Investment Committee
IDES	Inclusive Digital Economy Scorecard
KYC	Know Your Client
MCA	Ministry of Communication & Aviation
MCILI	Ministry of Commerce, Industry, Labour, and Immigration
MCTTT	Ministry of Commerce, Trade and Tourism
MNO	Mobile Network Operator
MOE	Ministry of Economy
MOET	Ministry of Education and Training (
MOU	Memorandum of Understanding
MSME	Micro, Small & Medium Enterprises
MTCIC	Ministry of Commerce, Industry and Cooperatives
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
OGCIO	Office of the Government's Chief Information Officer
NRBT	National Reserve Bank of Tonga
PADS	Project Appraisal Document
PBA	Performance Based Agreement
PCC	Police Clearance Certificate

PCC	Police Certificate Clearance
PDEP	Pacific Digital Economy Programme
PFIP	Pacific Financial Inclusion Programme
PIFS	Pacific Islands Forum Secretariat
PICs	Pacific Island Countries
PMO	Prime Minister's Office
PoS	Points of Sale
RBV	Reserve Bank of Vanuatu
RFA	Request for Applications
RJS	Reuben James Summerlin
RMF	Results Measurement Framework
SPC	The Pacific Community
SICCI	Solomon Islands Chamber of Commerce and Industry
SINPF	Solomon Islands National Provident Fund
TCSI	Telecommunications Commission Solomon Islands
TDB	Tonga Development Bank
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
VQA	Vanuatu Qualifications Authority

## Executive Summary

The two-year inception phase of the Pacific Digital Economy Programme ended in December 2022. The mid-term review was completed by an independent consultant and the final report along with the management responses has been endorsed by the Investment Committee.

Notable achievements for the reporting year include the completion of the Pacific Digital Economy Report in December 2022. The programme also completed its support to the development of the Solomon Islands National E-Commerce Strategy (NECS) and this now awaits cabinet endorsement before operationalizing support to the NECS Implementation Unit. Continued regional and country level capacity building and TA support around e-commerce statistics was provided throughout the year.

The Digital Financial Literacy Survey was also completed in December covering seven Pacific Island Countries including Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, and Timor-Leste. The results will be used to inform literacy interventions for 2023 and beyond. The programme also managed to sign agreements with the winners of the Pacific FinTech Challenge, which includes ITGalax, mHITS and YBAX. This brings the total number of PDEP supported partners to 15 with total project budgets valued at 3,790,625 with partner grant contributions valued at 1,050,913 (28%).

Country Leads continued their TA support to the NFIS work across Fiji, Tonga, and Solomon Islands. New country level staff were deployed in Samoa and Vanuatu during Q3-Q4 of 2022, filling the gap due to departure of previous staff. Ground presence of staff will help to expedite delivery of programme activities in 2023. The 'Diagnostic Assessment of Central Bank's Data Supervisory Architecture' research was also launched in partnership with Reserve Bank of Fiji (RBF), Central Bank of Samoa (CBS) and Reserve Bank of Vanuatu (RBV) and the first assessment commenced in Samoa. Several projects supporting e-commerce and digital payments had also taken flight, reaching over 2000 individuals by year end.

Overall, the programme managed to implement 68% of its yearly planned activities and spent 94% of its annual allocated budget. With the programme inception phase ending, the programme had engaged in several resource mobilization efforts and had managed to secure additional funding from the European Union which will enable geographical expansion of PDEP initiatives into five additional countries including PNG, Timor Leste, Kiribati, Federated States of Micronesia, and the Republic of Marshall Islands. Stakeholder in-country engagement for Kiribati has commenced in quarter four of 2022. Recruitment plans for additional staffing support are underway.

The programme is now well positioned to enter into expansion phase and has already commenced work on revising the programmes theory of change and results measurement framework for the 2023-2025 using the inception phase results as the new baseline. Country strategies will be developed early 2023 to strengthen programming coherence and sustainability. These will be accompanied with detailed country work plans and budgets for the next 3 years. The overall programme strategy remains the same with expected changes mainly at the activity level with greater focus on the inclusion of digital financial services and payment solutions targeting retail merchants, agriculture value chains, remittance earners and e-commerce platforms, as well as the planned establishment of a Pacific ICT Innovation Hub. In alignment with the MTR recommendations, the programme is also planned to expand on its learning and knowledge management strategies.

The programme team places on record its gratitude to the supporting donors and the investment committee members, the technical service providers, all programme partners, the management of UNCDF, UNCTAD and UNDP and all other key partners that have contributed to the programme initiatives in the inception phase.

# 1. Programme Stakeholders

## 1.1 Grant Partners

By December 2022, PDEP had signed agreements with a total of 15 grant and technical partners. 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	Partner Type	Country
1	Pacific Islands Forum	CROP Agency	Multi Country
2	Tebbutt Research	Research Institution	Multi Country
3	Reserve Bank of Fiji	Regulator	Fiji
4	Cyber Foods	MSMEs	Fiji
5	Solved Fiji	MSMEs	Fiji
6	SkyEye	MSMEs	Vanuatu
7	Digicel	MNO	Tonga
8	Tonga Development Bank	Financial Institution	Tonga
9	Island Tech	FinTech	Solomon Islands
10	Our Telekom	Regulator	Solomon Islands
11	Central Bank of Solomon Islands	Regulator	Solomon Islands
12	YABX	FinTech	Solomon Islands
13	IT Galax	FinTech	Fiji
14	Solomon Islands National Provident Fund	Financial Institution	Solomon Islands
15	Office of the Government Chief Information Officer (OGCIO), Ministry of Finance, Vanuatu Police Force (VPF) and the Reserve Bank of Vanuatu (RBV)	Government	Vanuatu

## 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 funding.

Partner Name	Thematic / Work Area
<b>Regional</b>	
Pacific Community (SPC)	E-Commerce
Global Green Growth Institute (GGGI)	Innovation and Incubation
<b>Fiji</b>	
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)	Digitization of police clearance certification process
Fiji Development Bank (FDB)	Pacific Islands FinTech Innovation Challenge: Digitization of customer

Partner Name	Thematic / Work Area
	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
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) Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communications (MEIDECC)	Inclusive Digital Economy Scorecard
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)

With the launch of IDES version 2.0, 6 Pacific Island Countries including Samoa, Tonga, Timor Leste, Vanuatu, Solomon Islands and PNG completed data collection and had their results updated onto the IDES website. UNCDF also hosted its first IDES Community of Practice (COP) event in Uganda on the 15-16<sup>th</sup> November 2022. The event was designed to facilitate learning and sharing exchanges

between countries, drafting actions plans for inclusive digital transformation of countries, soliciting inputs for the next version of IDES as well as strengthening the awareness and publicity around the use of IDES. The event was well attended with over 70 participants and government partners from 13 countries of which the Pacific was represented by the delegation from Solomon Islands and Tonga. Programme staff are supporting governments in their efforts to identify the most suitable use case of IDES for these two countries. IDES awareness and sensitization with other PDEP supported PICs is planned for 2023.

### **Digital Economy Report: Pacific Edition 2022**

The Pacific edition of UNCTAD's flagship Digital Economy Report was completed in December 2022. The report examines the status of the emerging digital economy in the Pacific, focusing on digital infrastructure and connectivity, the use of digital technologies by people and businesses, and opportunities and challenges related to e-commerce development. It highlights that a range of policies and regulations in the Pacific need to be adapted so countries can better benefit from opportunities and address challenges related to the digital economy. In this context, research and data collection efforts should be strengthened so policymakers can make informed decisions. The Digital Economy Report: Pacific Edition 2022 also summarizes progress related to building inclusive digital economies in the region and identifies future priorities and goals. The report is scheduled to be launched at a regional event on 16 February 2023, and will serve as a building block for further research on the digital economy by PDEP and other organizations.

### **National E-Commerce Strategies**

The Solomon Islands National E-commerce Steering Committee formally endorsed the country's five-year National E-commerce Strategy (NECS) in September 2022. The NECS 2022-2027 was designed and developed based on an inclusive process involving more than 150 stakeholders from the government, private sector, civil society, and development community. It provides a roadmap for Solomon Islands to strengthen the enabling policy and regulatory environment for e-commerce to emerge as a driver of economic growth, innovation, inclusive trade, and job-creation. In December 2022, the Solomon Islands Government agreed to establish an E-commerce Implementation Unit (EIU) to coordinate and lead implementation of NECS over the next five years. PDEP plans to provide support to Fiji and Timor-Leste in 2023 to design and develop national e-commerce strategies.

### **Capacity Building on the Digital Economy**

A regional training on the Production of Statistics on the Digital Economy, aimed at building capacity in national statistical offices in the Pacific, was delivered from 20 June to 15 July 2022. The training was organized in collaboration with the Pacific Community (SPC), with 38 people (25 women) from 14 national statistical offices participating in the self-paced online course. The course strengthened the capacity of national statistical offices in the Pacific to produce better, more reliable, and internationally comparable digital economy statistics. Following the training, the national statistical offices of Fiji and Samoa requested support from PDEP to strengthen their capacity to produce e-commerce and digital economy statistics.

Further training courses on Digital ID for Trade and Development, Legal Aspects of E-commerce, and Digital Economy Statistics will be rolled out in 2023 and 2024. These regional trainings will be co-organized under the TrainForTrade Blended Learning Strategy to Boost the Digital Economy in SIDS.

### **E-Commerce Legislation Gap Analysis**

A detailed gap analysis of e-commerce legislation in 16 Pacific countries and territories was carried out in 2022. The analysis included a review of legislation related to electronic transactions, electronic signatures, consumer protection, data protection, data privacy, cybercrime and cybersecurity,

intellectual property and copyright, online content regulation, domain names, online dispute resolution, digital ID, digital payments, and taxation. The findings will inform the regional training on Legal Aspects of E-commerce, taking place in 2023, and will be published in a regional report on e-commerce legislation following the training. The analysis will also help to target technical assistance to PDEP countries.

## 2.2 Open Digital Payment Ecosystem

### Agent Network Expansion, Payment Use Case and Market Engagement.

A regional RFA was floated for ecosystem development using agents, payment use cases and market engagement in October 2021. The aim of the regional RFA was to identify partners that could support the programme in its endeavour to increase access points via agents and merchants' distribution channels, in turn, increasing access and usage of mobile money services amongst segments currently left behind, such as women, youth, and low-income groups.

In 2022, Digicel was selected as the implementing partner to carry out this work across Fiji, Tonga, Samoa, and Vanuatu. There were however delays in the finalization of related project documents and project implementation due to the acquisition of Digicel by Telstra Australia in 2022. Implementation of the project is likely to commence in quarter one of 2023.

## 2.3 Inclusive Innovation

### Pacific Islands FinTech Innovation Challenge

PDEP launched the Pacific FinTech Innovation Challenge in May 2022 in partnership with the Asian Development Bank and the Market Development Facility. The Challenge was aimed at attracting local and global FinTechs with market ready innovative solutions to address challenges faced by Pacific Island Countries in adopting digital payments services.

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 the 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 had been selected to present their innovative solutions at the FinTech Challenge in Singapore in July 2022 of which 5 winners were selected:

1. Global Psytech Sdn. Nhd from Malaysia
  - Problem statement 1 (Implementing partners – TDB in Tonga and NBS in Samoa)
2. IT Galax Solutions Pte Ltd from Fiji
  - Problem statement 2 (Implementing partner – FDB in Fiji)
3. YABX from India
  - Problem statement 3 (Implementing partner – SINPF in Solomon Islands)
4. MHITS Limited from Australia
  - Problem statement 4 (Implementing partner – Vodafone in Fiji)
5. Windcave from Australia
  - Problem statement 5 (Implementing partner – HFC in Fiji and NBS in Samoa)

The winning FinTech's will collaborate with local implementing partners to test and deploy their digital solutions. The process of developing project documents and grant agreements started in quarter four of the year. UNCDF will be providing grants for 3 projects led by ITGalax, YABX and MHITS Limited whilst MDF and ADB will provide grants to 2 projects led by GlobalPsytech and Windcave.

The geographical focus of this Challenge was Fiji, Samoa, Tonga, and Solomon Islands. Implementation of solutions is expected to start early 2023. Progress of each of the UNCDF supported FinTech and implementing partner is detailed in the country narrative updates.

### **Entrepreneurship Mapping and Capacity Building**

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. Project documents relating to building capacity of incubators that work with local entrepreneurs were submitted to the Investment Committee for review. This has received approval with conditions and the condition being that additional regional stakeholder engagement will be sought to solicit feedback to strengthen sustainability aspects.

### **E-Commerce Week 2022**

UNCDF and UNCTAD brought together public and private sector stakeholders to discuss approaches for building inclusive digital economies in the Pacific during the eCommerce Week, held in Geneva and online in April 2022. Three sessions explored opportunities and challenges related to digital development in the Pacific, with the participation of UNCTAD, UNCDF, PIFS, the Australian Governments and other key stakeholders. During UNCTAD's Intergovernmental Group of Experts (IGE) on E-commerce and the Digital Economy, organized alongside the eCommerce Week, UNCDF highlighted the support PDEP provided in enabling digital payment services during the Covid-19 pandemic.

## **2.4 Empowered Customers**

### **Digital and Financial Literacy (DFL) Baseline Survey**

In the second quarter of 2022, PDEP launched the implementation of the **Digital and Financial Literacy Baseline Survey** in 7 Pacific Island Countries: Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, and Timor-Leste partnering with Tebbutt Research Pty. Ltd. Since the launch, there has been extensive review and finalization of the questionnaire and completion of the enumerators training in all participating countries. The survey finally concluded in quarter four of 2022 where a total of 10,376 individuals were interviewed regionally.

Final reports are expected to be published by March 2023 and dissemination workshops at the country and regional level will be organized in the second quarter of 2023. Based on the survey findings and consultations with 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 December 2022, PDEP had 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.

As of quarter four, 2022, PDEP supported 7 participants (2 central bank officials from Timor Leste, 2 from the National Reserve Bank of Tonga, 2 from the Central Bank of Solomon Islands and 1 for the Reserve Bank of Vanuatu), out of which 3 (43%) were women participants.

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 was open for further enrollments and completion until 31<sup>st</sup> December 2022. The Digital Transformation course concluded with 225 SIDS participants enrolled, out of which 50 (22%) were from Pacific Small Islands Developing States.

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

Fiji recorded a strong post COVID recovery in 2022 mainly contributed by stronger than expected rebound in the tourism sector. PDEP continued to roll out several initiatives in 2022, in its inception phase and much of it were facilitated by face-to-face meetings with various stakeholders compared to the previous year. The PDEP in country team was strengthened by two local interns for 6 months and thereafter converting them to UNV positions to assist Fiji portfolio as well as regional initiatives.

### Enabling Policy and Regulation

#### Assistance to Implement National Financial Inclusion Strategy 3.0

UNCDF entered into agreement with the Reserve Bank of Fiji early 2022 to support the implementation of Fiji's National Financial Inclusion Strategy (NFIS) 2022-2030. The key initiatives planned under this grant include:

- Financial education, literacy, and awareness campaigns
- MSME development
- Resilience building measures
- Digital Financial Services (DFS) and innovation

**Key Achievements** under this joint PDEP|PICAP funded project include:

- Launch of the NFIS in May 2022 [NFIS-2022-2030.pdf \(rbf.gov.fj\)](#)
- Drafting of the Financial and Digital Literacy Strategy which was circulated for comments and stakeholder consultation.

- Establishment of partnerships with 5 e-commerce aggregators to access grant facilities and support MSMEs trade online using aggregator platforms. RBF signed MOAs with 5 aggregators.
- 11 digital and financial literacy awareness sessions targeting communities, churches, villages, and institutions. 6 awareness sessions were rural based. A total of 1,099 people were reached with literacy activities of which 504 (46%) were women.
- Around 9000 people have been reached with DFL awareness through social and media platforms.

### **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 year but due to other competing priorities of the Ministry, there has been no further development.

### **Inclusive Digital Economy Scorecard (IDES)**

The IDES methodology was shared with the Reserve Bank of Fiji in quarter three of 2021 and with the Ministry of Commerce, Trade, Tourism and Transport and with Digital Fiji in quarter two of 2022. The IDES data was first populated in 2021 through desk research and a similar exercise was conducted for 2022.

### **Open Digital Payment Ecosystem**

#### **Development of E-Commerce Aggregator Platform**

PDEP commenced two new projects in Fiji in early 2022 which were targeted at supporting local micro and small enterprises transition to aggregator e-commerce platforms. The projects were 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. Cyber Foods successfully delivered on its project in Nov 2022 whereas Solved Fiji project did not progress beyond achieving the second milestone due to implementation delays. The Solved Fiji project was discontinued due to inaction by the company to seek an extension prior to the lapse of the project implementation period.

#### **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.

In quarter four, 59 new MSME restaurants were newly onboarded to the Cyber Food online platform bringing the total number of newly registered restaurants in 2022 to 124. In terms of users, the project managed to register 1,869 new customers in Q4 alone. The total number of newly registered users in 2022 was more than 4000 clients and total active clients by year end was around 1,308.

## **Solved Fiji Pte Ltd**

This project is aimed at 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. Significant delays were experienced in developing and launching the mobile application for the website and Solved Fiji was not able to complete the project as per the agreed project timelines.

## **E-Police Clearance Certificate**

The project aims to support the digitization of the Fiji Police Clearance Certification (PCC) process including the digitization of its payments system. A draft Solutions Design Report with findings and key recommendations has been prepared and circulated to the Fiji Police and Digital Fiji. The report is expected to be finalized by quarter one of 2023. The study was conducted via desk research and face to face meetings with relevant stakeholders including the Ministry of Justice, Ministry of Economy, Fiji Police, Digital Fiji and the Criminal Records Office. The publication of this report will trigger an RFA calling on applications to support the development of a website and mobile 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 aim of increasing the usage and access to 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 in quarter one of 2023.

## **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 which commenced in quarter two of 2022. 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. Digitizing 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 includes the setup of a chatbot to handle simple customer service enquiries as well as connecting the solution into the core-banking system allowing the platform to authenticate users and pull account-level information.

The winner identified at the FinTech Challenge in Singapore in July 2022 was ITGalax, a FinTech based in Suva. The PBA has been signed with project implementation starting 1st January 2023 and ending 30<sup>th</sup> April 2023.

## **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.

MHITS Limited, an Australian based company was selected as the solution provider, and now working with Vodafone to develop the online platform to facilitate direct cross border fund transfer from M-PAiSA in Fiji to M-Vatu in Vanuatu and vice versa. The PBA has been signed with the project completion date being 30<sup>th</sup> April 2023.

## **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 transactions, 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.

Windcave Pty was selected as the solution provider for this problem statement but due to challenges in securing scheme licenses for HFC, this project has not progressed to finalizing the deliverables.

## **Empowered Customers**

### **Digital and Financial Literacy Baseline Survey**

Tebbutt Research completed 1,678 interviews with individuals ages 15-74 years across the island nation of Fiji. The survey was administered via a mixed mode methodology utilizing both telephone and face-to-face interviewing.

In a nutshell, the survey concluded that DFS outcomes to date have been largely positive. Seven in ten (71%) of Fijians who used a mobile or digital financial service report that the use of these services has made it easier to manage their money without help from others. Similar numbers (72%) found it easier to keep track of what they are spending. On the contrary, just 22% of Fijians who have used a mobile or digital financial service (18% of all Fijians) have been locked out of their account because they could not remember access details. Notably, 5% of all Fijians have lost money because of online scams.

The draft report has been circulated in quarter four of 2022 for feedback and the final report is to be made available by quarter one of 2023.

### **RJS scholarship**

2 participants selected from Fiji to attend the DFI course. Both students have progressed with their studies and should complete them in the coming year.

## **3.2 Kiribati**

UNCDF staff successfully completed a mission to Kiribati between the 5<sup>th</sup> - 9<sup>th</sup> December 2022. The mission was the first-ever face to face engagement UNCDF had with government and private sector stakeholders after receiving Government approval to proceed with the expansion programme. The purpose of the mission was to have UNCDF staff meet with key stakeholders and to understand their key priorities to help develop the PDEP workplan for Kiribati. The mission also enabled UNCDF staff to get a better understanding of the digital landscape of Kiribati, familiarize with the institutional set-ups and the mechanisms of the social security payment system.

The programme was welcomed by Government Ministries, including buy-in from key Ministries such as the Ministry of Tourism, Commerce, Industry and Cooperatives (MTCIC), Ministry of Finance, Ministry of Women, Youth and Social Affairs (MWYSA) and Ministry of Information, Communication and Transport to be represented on the National Digital and Financial Inclusion Taskforce (NDFIT). Following discussions with Kiribati Australian High Commission (AHC) on the composition of the Taskforce, the TOR is being reviewed internally before being submitted to AHC and subsequently to Cabinet for approval.

An annual work plan is to be developed by January 2023 and once internally reviewed it will be shared with DFAT Tarawa post for endorsement and thereafter to NDFIT for their information.

## **2023 Outlook**

Some of the key initiatives planned for 2023 are as follows.

### **Enabling Policy and Regulation**

#### **Development of National Financial Inclusion Strategy (NFIS)**

One of the recommendations of the Financial Sector Gap Analysis conducted by UNCDF in June 2018 under the Pacific Financial Inclusion Program is to develop the National Financial Inclusion Strategy for Kiribati. The development of the NFIS is scheduled for quarter two of 2023 once the DSS is completed.

#### **Feasibility Study for Setting up a Credit Union.**

Kiribati AHC is keen for UNCDF to explore the possibility of setting up a Credit Union due to the absence of microfinance in Kiribati and monopoly status of financial institutions. Kiribati Chamber of Commerce and Industry (KCCI) has approached UNCDF with the proposal to fund the implementation of a credit union and several discussions have been held in this regard. KCCI has advised that they have already engaged CUFA, an agency that has experience setting up Credit Unions in the Pacific, to set-up KCCI's Credit Union and undertake a feasibility study and as such UNCDF is likely to conduct an independent review of the feasibility study prior to considering grant funding for setting up of the credit union. This is scheduled for quarter one of 2023.

### **Open Digital Payments Ecosystem**

#### **Digitization of Social Protection Payments**

The discussions with government and private sector stakeholders highlighted the need to find a solution for digitising government payments for social welfare recipients (unemployed, senior citizens and the disabled). In addition, there are copra subsidies paid out to farmers by the

government. In total, \$96million in cash is paid out in social protection annually which poses many administrative challenges for the government. Therefore, UNCDF will be exploring possible implementing partners, who can bring about an effective solution to digitise Government to People (G2P) pay-out of social security payments, through ANZ bank account and Vodafone's e-wallet, M-PAiSA. Before a nation-wide roll-out is carried out, UNCDF will undertake a pilot project with selected implementing partners to digitally roll-out the disbursement of social protection funds which is expected to be carried out in Q3-Q4 of 2023.

## Empowered Customers

### **Demand Side Survey (DSS) Incorporating Digital and Financial Literacy Survey Aspects.**

UNCDF is engaging the services of the Kiribati National Statistics Office (KNSO) to conduct a DSS incorporating Digital and Financial Literacy Survey aspects to ensure programming is evidence based and data driven. The project has been approved by the PDEP Investment Committee and KNSO is in the process of conducting the survey. The report is expected to be ready by the end of quarter one 2023. The survey will be nationally representative, and will include data collection from 7 islands, with a sample size of 1,022 respondents. A Professor of the University of Otago, an e-volunteer recruited under New Zealand's Voluntary Service Abroad is assisting with the development of the DSS questionnaire and sample selection.

### **Strengthening Regulatory Framework**

Without an enabling regulatory framework, the advancement of the financial services sector and implementation of the National Financial Inclusion Strategy would face significant hurdles. A strengthened regulatory framework is imperative and as such, review, and recommendations on the most relevant regulatory framework for Kiribati is planned for quarter two of 2023.

### **PDEP Programming in Kiribati**

The implementation of the PDEP expansion to Kiribati will be supported by on the ground UNCDF team with the recruitment of the Country Coordinator (IPSA) position already commencing. Depending on the recruitment process and relocation required, the Country Coordinator is expected to be in Tarawa as early as quarter two of 2023. In addition to the Country Coordinator, the team will comprise of a Project Analyst which will be a national position and recommendations from Kiribati Australian High Commission is for a secondment of Government staff for this role, which has already been discussed with MTCIC and is dependent on Cabinet approval. Discussions are also underway to engage a Country Manager/Analyst under Volunteer Service Abroad contract modality. MTCIC as the anchor ministry for PDEP expansion in Kiribati has given their consent to provide office space to house the UNCDF staff but is subject to Cabinet approval.

## 3.3 Samoa

With a new in-country PDEP country lead since October 2022, Samoa has progressed with three regional projects in the last quarter of 2022. However, Samoa's programming was quite slow in 2022 due to:

- Outbreak of COVID-19 cases in March 2022 which meant more stringent border closures which reopened in August 2022
- Transition to a new government meant slow implementation and a lot of changes in the ministries.

The reopening of the borders has seen Samoa regional cross-cutting projects progress as follows.

## Enabling Policy and Regulation

### Central Bank Data Diagnosis Assessment

PDEP supported the Central Bank of Samoa (CBS) to carry out a data diagnosis assessment. The assessment reviewed the existing data architecture and examined the capacity of the central bank and the underlying data governance. The diagnosis has informed data automation needs in Samoa and the way CBS will conduct its supervisory mandate.

## Inclusive Innovation

### Innovative credit scoring system for National Bank of Samoa

To enable access to credit to MSMEs, National Bank of Samoa was selected under the UNCDF Pacific Fintech Innovation Challenge 2022 to test alternative credit scoring developed by Global Psytech. This project will contribute to deepening financial inclusion in Samoa. The alternative credit scoring model is complementing loan assessment for the underbanked clients comprising of women, rural producers, migrant workers, and those operating in the informal sector.

## Empowered Customers

### Digital and Financial Literacy Baseline Survey

UNCDF has funded Tebbutt Research to undertake the Digital and Financial Literacy Survey in 7 countries in the Pacific in quarter four of 2022. The Pacific currently has limited data on digital and financial literacy, and this is not collected and reported in most PICs. The results of this survey will help UNCDF to engage with regulators and concerned government agencies to assist them to utilize the data to make informed policy actions and interventions, with the goal to strengthen financial and digital literacy in last mile population segments. Samoa's country survey was finalized in October 2022 with potential stakeholder dissemination workshop in 2023.

### Scoping for Future Projects

The last quarter of 2022 has been an active time for PDEP Samoa as most of the programming and stakeholder engagements resumed. Currently potential new projects are in the pipeline as below.

- i) Digitizing payment and system for land transport authority in Samoa which will help digitize person to government payments.
- ii) Reviewing and launching national financial inclusion 2.0 which will help the Central bank embark on its implementation for the next 4 years.
- iii) Agent network expansion project with Digicel to increase agent and merchant access points and increase adoption and usage of mobile money wallets.
- iv) Digitizing payment for Agri MSMEs in Samoa to create digital financial records and enable access to credit and other climate resilience products

## 3.4 Solomon Islands

PDEP programming in the Solomon Islands in 2022 focused on creating a well-regulated open digital payment ecosystem, while exploring pilots in innovative digital financial services. Project delivery picked up steam in the latter half of 2022 once the civil unrest (2021) and covid-19 impacts had largely subsided.

## Enabling Policy and Regulation

### **National E-Commerce Strategy (NECS)**

The National E-Commerce Strategy was completed in October 2021 after extensive stakeholder engagements. The NECS is currently awaiting formal adoption through the Cabinet. Commitment to the implementation of the NECS was shown by the Ministry of Commerce and Aviation (MCA) and the Ministry of Commerce, Industry, Labour, and Immigration (MCILI) when the latter created four new positions within the ministry for a dedicated Implementation Unit, which will be supported by UNCDF and UNCTAD going forward.

### **Central Bank Solomon Islands SIM Registration Database**

The CBSI and the Telecommunication Commission of Solomon Islands (TCSI) signed an MoU for joint regulation of Digital Financial Services in the country. A mandate by the TCSI for SIM-registration has been finalized and is to be submitted to the AG. An RFP has been finalized to engage a database provider for SIM-registrations in the country and a communications plan is being developed to sensitize the population on this effort.

## **Open Digital Payments Ecosystem and Infrastructure**

### **Mobile Money via Our Telekom**

The mobile money service has been under development with Our Telekom in preparation for the beta launch planned for January 2023. A service provider has been engaged and service delivery and tech integrations are ongoing. A No-Objection Approval was obtained from the Central Bank in December for Our Telekom to offer their mobile money services in the market under the brand name M-Selen. The launch is earmarked for quarter two 2023.

### **E-commerce with Island Tech's KlikPei Platform**

Island Tech Solomon has launched their e-commerce aggregator platform KlikPei with listed vendors from Honiara and Gizo. In Gizo, a dedicated E-commerce Hub has been opened, including an internet café (to assist vendors and buyers) and a parcel pick-up and drop-off point. Orders have been successfully placed and fulfilled. Further vendor training and onboarding is planned for Q1-Q2 2023.

## **Inclusive Innovation**

### **Solomon Islands National Provident Fund (SINPF) Nano-loan**

SINPF is collaborating with YABX (India/Netherlands) to use its YouSave user data to develop a nanoloan product which will encourage more voluntary savings by building an alternative credit score based on contributions. Users with strong savings habits will qualify for a nanoloan which will be offered by SINPF's newly founded financing company, Solomon Finance Limited (SFL). The service has been designed and is expected to be piloted in the first half of 2023.

## **3.5 Tonga**

The Tonga economy slowly recovered towards the end of quarter three of 2022, when the border finally opened. This enables the flow of trade for both domestic and international level. A few by-elections incurred towards the end of the year, which prompts changes in the management levels for Ministry of Finance (MOF) and other relevant institutions such as the National Reserve Bank of Tonga (NRBT).

## **Enabling Policy and Regulation**

### **National Financial Inclusion Strategies**

In 2016 the National Reserve Bank of Tonga (NRBT) conducted its first Demand Side Survey (DSS). The Government then was however dissolved when the draft National Financial Inclusion Strategy was

developed and due to this political instability, the NRBT failed to finalize the NFIS draft. Towards the end of 2022, UNCDF received a request from NRBT to develop its NFIS for 2023-2030. This is scheduled to be completed by the end of quarter two, 2023.

### **Inclusive Digital Economy Score**

In September 2022, the IDES score for Tonga was finalized. This was quite timely, since the latest version was then disseminated to the relevant stakeholders before the IDES community Event in Zambia in November. The Prime Minister's Office (PMO) and the Ministry of Trade and Economic Development (MTED) were the Government Ministries invited to participate in this forum. It was a successful event with participants being exposed to a more global platform of dialogue. The common issues raised was the importance of adopting a top-down approach and where Head of States could act as key champions of a more digital economy. The different roles played by both the private and public sector were advocated to promote a more viable, and innovative ecosystem. For 2023, the National Planning (within PMO) will confirm relevant KPIs of each Government Ministries prior to organizing a workshop event to allow these Ministries to verify and endorse IDES score before Government adoption. This is planned for quarter one of 2023, to be in line with the IDES community workplan.

### **Open Digital Payment Ecosystem and Infrastructure**

#### **E-commerce with Digicel Ltd Tonga**

The e-Commerce platform was launched early November 2022. This was well attended by UNCDF as well as Digicel Tonga Ltd stakeholders. Ideally this platform is targeted towards the informal segments of the community to alleviate the cost associated with setting up a stall. By default, the Tonga Garage Sale Facebook page is the online marketplace whereby people buy and sell goods and services. Digicel Ltd has encountered a lot of resistance in shifting transactions from Facebook to the platform since it's easier and cheaper to operate on social media. In addition, due to cultural values and belief systems, there are significant challenges in trying to change the mentality and behavior of Tongan customers. As a result, Digicel plans to conduct aggressive campaigning to train, educate and onboard customers to use the platform. There is also evidence that the skills set around the digital economy / market is quite depleting and therefore are challenges with recruitment.

#### **Agent network expansion Project – (WIP)**

The Digicel offices in Fiji, Samoa, Vanuatu, and Tonga applied for the funding under the agent network expansion RFA and therefore the UNCDF country leads agreed to develop only one Project Document for this initiative. In quarter four, Digicel Pacific Ltd submitted the first draft of the regional project document.

Leveraging MyCash, the overall objective of the project is to improve the access and usage of financial services. The project will focus on

- Expanding Agent Network
- Expanding Merchant Network
- Efficient Liquidity Management
- Improving agent training (Digital and Financial Literacy)

Implementation of the project will commence towards the end of quarter one 2023.

### **Inclusive Innovation**

#### **Innovative Credit Scoring System for Tonga Development Bank (TDB)**

The Innovative Credit Scoring project with Global Psytech is on track. The Agreement between UNCDF and the Tonga Development Bank (TDB) was signed in October 2022. In November 2022, Global Psytech conducted virtual meetings with TDB team to familiarize relevant staff with the project and to

discuss expectations from TDB to successfully implement the project. Whilst these discussions were underway, translations of the dashboards were also completed. In December, TDB and Global Psytech commenced work on testing the questionnaires on new and existing clients. A few issues encountered were internet connectivity, especially in the outer islands, as well as the diverse sectors of the existing clients. The questionnaire is not applicable for certain loans such as housing and retail, so these were excluded from the exercise. 60 new clients have been onboarded to the platform with more to be added in the next couple of months. The onboarding process is due to be completed in Q2 or early in Q3 2023 if there are any further delays.

## Empowered Customers

### Digital and Financial Literacy Baseline Survey

The Digital and Financial Literacy baseline survey was completed late in 2022 and is due for stakeholder review and dissemination in quarter one of 2023.

### Cambridge Fintech and Regulatory Innovation Programme (CFTRI)

The two National Reserve Bank of Tonga (NRBT) staff successfully completed the CFTRI courses in quarter three of 2022. This program empowered these staff to be more appreciative of the evolving digital economy and to be more vigilant to develop more robust and flexible regulations around Digital Financial Services.

## 3.6 Vanuatu

Q3 and Q4 was a period of change for Vanuatu, which saw the opening of the borders for the first time since the COVID-19 Pandemic, a change in Government, and a cyber-attack that had a significant impact all Government services. PDEP focused on strengthening the digitization of e-Government services, e-commerce capabilities, and supporting the Reserve Bank of Vanuatu to improve financial inclusion policies.

## Enabling Policy and Regulation

### National Financial Inclusion Strategy 2023 – 2030

Vanuatu's first National Financial Inclusion Strategy 2018 – 2023 (NFIS I) was supported by PDEP's predecessor, UNCDF's Pacific Financial Inclusion Programme (PFIP). As the Strategy comes to an end in 2023, the Reserve Bank of Vanuatu requested the support of UNCDF to carry out a review of NFIS I and draft NFIS II. Both the NFIS I review and drafting of NFIS II are scheduled to be completed in 2023.

## Open Digital Payments Ecosystem and Infrastructure

### E-Commerce Application and Online Payment Gateway: Maua

September 2022 saw the launch of the e-commerce platform Maua in Vanuatu. The platform, developed by Pacific-owned company SkyEye, was successfully rolled out with UNCDF support in Samoa in August 2019. The objective of the project in Vanuatu was to expand to another Pacific Island by deploying an already successful solution. Maua is an integrated marketplace and digital payment gateway that will assist MSMEs with easier, low cost, and equitable access to markets. It supports MSMEs in trading online by providing a simple interface available on Smartphones, supported delivery systems and digital payments. As of December, the application had registered over 451 users and with a transaction value of 81,615.00 VUV. The project will be supported by UNCDF to meet uptake and usage targets by Q2 2023.

### **E-Police Clearance Certificate (e-PCC)**

The Electronic Police Clearance Certificate (e-PCC) mobile and web applications were launched in August 2022, with the support of the senior Government officials. The application aims to reduce the cost and time-intensive certification process for applicants requiring police clearance. Previously, applicants in remote islands were forced to travel to Port Vila to apply, at cost of up to 70,000VT. The digital application has reduced the cost to around 2000VT by removing all associated costs with travel to Port Vila.

However, the mobile and web applications were affected by the cyber-attack and were unusable from 6 November. The OGCIO are working to restore the access to the application. A solution design document for Tranche 2 of the project is being developed, with an aim to carry out some feature enhancements and an awareness campaign in 2023.

### **Mobile Money**

UNCDF is awaiting IC approval to fund Digicel, a leading telecommunications provider, in expanding their mobile money operations in 4 Pacific Island nations, including Vanuatu. Digicel's Mobile Money scheme, MyCash, allows for the digitisation of payment transactions without a formalised bank account. It allows for faster and safer financial transactions and is extendable to the entire Digicel customer base (currently, they have a 65% market share). The project will create more access points (agents and vendors) to establish a stronger mobile money ecosystem.

### **Smart Islands**

UNCDF and ITU are collaborating on the ITU Smart Islands initiative. South Malekula has been identified as the location of the initiative, which hopes to build a connected community (currently with no access to electricity or consistent telecommunication coverage) that can pilot digital projects for rural Vanuatu. Implementation is expected in 2023.

### **Data Diagnosis Assessment**

PDEP is supporting the Reserve Bank of Vanuatu (RBV) to carry out a data diagnosis assessment scheduled for quarter one of 2023. The assessment will conduct a review of the existing data architecture, understand the capacity of the Reserve Bank and the underlying data governance. The diagnosis will provide a roadmap to enhance the RBV's current data solutions.

## **Empowered Customers**

### **Digital and Financial Literacy Survey**

UNCDF has funded Tebbutt Research to undertake the Digital and Financial Literacy Survey in 7 countries in the Pacific including Vanuatu. The Pacific currently has limited data available in the Pacific, as digital and financial literacy is not collected or reported on. The results of this survey will help UNCDF to engage with regulators and concerned government agencies to assist them to utilise the data to make informed policy actions and interventions, with the goal to strengthen financial and digital literacy in last mile population segments. As of November 2022, Tebbutt interviewed a total of 1024 participants in Vanuatu.

### **Scoping for Future Projects**

In 2023, PDEP Vanuatu will carry out initial scoping to seek new projects for the Programme. These include a MSME financial tracking tool, and further digitization of e-Government services.

## 4. Monitoring, Evaluation, Accountability and Learning

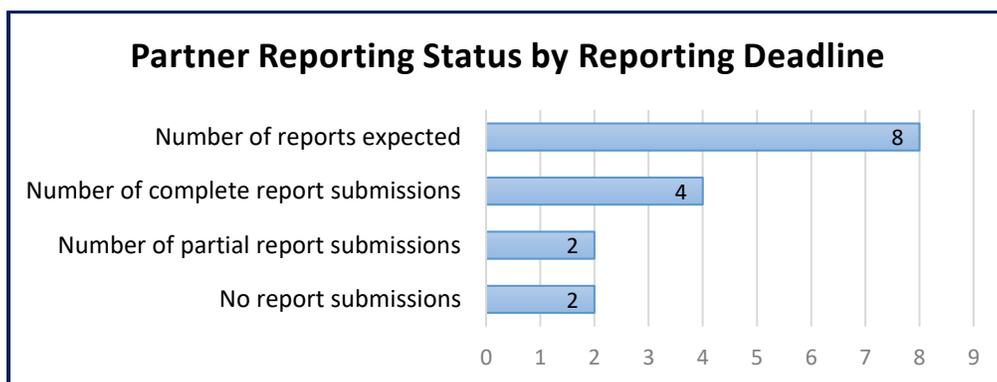
### 4.1 Partner Workbooks, Recording and Reporting

A total of 8 grant project agreements were developed and signed in 2022. The MEAL team provided on-going support to the development of partner project workbooks, developing project level theories of change and results measurement plans whilst ensuring the alignment of project level indicators to the broader PDEP and UNCDF IDE Results Measurement Frameworks.

Recording and reporting orientations were part of the partner onboarding process and by the end of December 2022, a total of 8 implementing partners received R&R 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
8. RBF	Fiji

The project has a total of 15 grant partners by year end. Out of these, 8 grant partners were expected to report by the 30<sup>th</sup> of January 2023 as per project signed agreements. The remaining grantees signed their grant agreements late in the year and are expected to start making report submission in quarter one of 2023. Out of the 8 partner reports expected, 4 partners made complete report submissions, 2 partners submitted partial reports, and 2 partners made no submissions by the reporting deadline.



### 4.2 Data Quality Assurance Mechanisms

Data quality checks through documents review (includes supporting documents) and site visitations are conducted prior to data being reported in PDEPs progress and external reports. Monitoring visits was conducted with Cyber Foods Fiji in 2022 to capture implementation learnings, conduct onsite data validation and clarification of e-commerce transactions. Cyber Foods Fiji was the only implementor with data on digital payments transactions as of Q3 and therefore monitoring visits had been minimal in 2022.

With the anticipated increase in digital payments transactions in 2023 with current projects and with country expansion plans, there's a need to strengthen programme data verification support through staff

recruitment and training initiatives. The aligns with the findings of the recently completed mid-term review which highlighted the need for dedicated MEAL support for PDEP.

#### **4.3 Data Collection Support for IDES**

The MEAL supported the population of IDES for Samoa and Vanuatu in 2022. Results have been uploaded to the UNCDF IDES website; however, country validation workshops are yet to be carried out. With the recruitment of the new country coordinators for Samoa and Vanuatu late 2022, data validation in country is expected to start proper in 2023.

#### **4.4 Gender and Social Inclusion**

In the absence of a Gender Specialist for the programme, the MEAL team had supported the drafting of the programmes gender strategy, and this was shared with UNCDFs Gender Policy and Advocacy Specialist for expert review and comments. The finalization of this document however was yet to be completed in 2022 due to competing priorities of the MEAL team.

#### **4.5 Mid-Term Review**

The mid-term review was commissioned by the programme in quarter three of 2022 with the recruitment of an independent consultant. The review was aimed at promoting organizational learning and accountability and assessing the programmes performance against selected Development Assistance Criteria (DAC). The findings and recommendations have been used to inform the programmes scale up/ expansions plans for 2023 and beyond. A series of consultations were held with a total of 57 stakeholders representing UN staff, public and private sector partners, regulators, donors, and other development partners. The report was finalized on the 20<sup>th</sup> of December.

## **5. Communications**

In 2022, the Pacific Digital Economy Programme (PDEP) published 2 reports, 12 press releases, 14 impact stories and blogs, and the Programme's work was covered by regional and international media over 27 times. Events were a major part of communications activities throughout the year, although the Programme still produced a steady stream of publications and maintained a presence on social media. The easing of COVID-19 restrictions in Pacific countries allowed the Programme to increase visibility and public outreach through major physical events such as the Pacific Islands FinTech Innovation Challenge in Singapore, and the launch of digital innovations in Fiji, Vanuatu, Tonga, and Solomon Islands.

The Fintech Challenge was 2022's highest visibility event, with attendance by senior public and private sector officials, including Pacific Islands Forum Secretary-General, Henry Puna, and Singapore Foreign Affairs Minister, Vivian Balakrishnan. The challenge was featured widely in the national, regional, and international press, on top of sustained coverage on UNCDF/UNDP and partner (Market Development Facility and DFAT) social media channels and websites.

The news media continues to be a key partner for the Programme, communicating key messages to a wide audience in a digestible and relatable manner. The Communications team will continue to engage the news media in 2023.

#### **5.1. Events**

Events have been an effective way to engage with the media and other key stakeholders and are an important part of the Programme's visibility and public outreach strategy. The key learnings from the event are amplified on social media and, where necessary, in news articles for the website and shared with the mainstream media. This serves a dual purpose: Besides raising the visibility of the Programme's work, it also captures important pieces of knowledge generated during these events.

The programme hosted 5 physical events and 2 virtual events in 2022, including:

- 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 virtual 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 (UNCTAD) E-Commerce Week campaign. These panel discussions have helped stimulate regional conversations about e-commerce and the digital economy and reinforce UNCDF's role as a market convener in this growing space.
- In July, the Programme hosted the Fintech Challenge bootcamp in Singapore for shortlisted finalists and announced 11 winning FinTechs. The bootcamp event was attended by guests such as the Australian High Commissioner to Singapore, Will Hodgman, Mr Balakrishnan, Mr Puna, Chief FinTech Officer for the Monetary Authority of Singapore, Sopnendu Mohanty and Executive Secretary of UNCDF, Ms. Preeti Sinha. The 11 winning solutions will be implemented by fintech's in 2023 and the communications team will follow these developments closely. More than 70 people attended the opening ceremony of the event in person, with 30 tuning in virtually.
- In August, PDEP, the Reserve Bank of Vanuatu (RBV), the Vanuatu Police Force (VPF), the Office of the Government Chief Information Officer (OGCIO) and the Department of Finance launched the country's first electronic police clearance certificate platform in Port Vila. The web portal and mobile app was launched by the former Deputy PM and the current PM of Vanuatu, Ismael Kalsakau. This event was covered widely in the national press and amplified on UNCDF social media channels.
- PDEP co-hosted with private sector FinTech partners the launch of the following e-commerce platforms:
  - [Skyeye Pacific's expansion of the Maua e-commerce platform into Vanuatu](#)
  - [Digicel's BeeHive Pacific digital marketplace in Tonga](#); and
  - [Klikpei in Solomon Islands](#)

In addition to hosting events, the Programme staff were invited to speak at various regional and international events. This is a sign that stakeholders are aware of PDEP's and put value in UNCDF's views about relevant topics. Ajay Jagannath, the PDEP's Pacific Regional Technical Specialist, 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 and USAID. On World Consumer Rights Day, Mr Jagannath was invited as a panelist on the Consumer Council of Fiji-hosted discussion on Fair Digital Finance in Fiji and the Pacific alongside senior private and public sector stakeholders in Fiji. 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. UNCDF's Country Coordinator in Samoa, Zeituna Mustafa in November shared some key initiatives of PDEP during a session on FinTechs at Samoa's annual Tech Expo organized by Samoa Information Technology Association (SITA).

In December, UNCDF's incoming regional head, Neha Mehta, spoke about the Programme's work at the UN Department of Economic and Social Affairs' (UNDESA) annual regional symposium on advancing the Sustainable Development Goals in Asia and the Pacific. The following month, Ms Mehta also spoke at the Fiji Attorney-General's Conference on fintech and e-commerce regulation.

## 5.2 Social Media

Social media continues to be a key strategic tool used to reach audiences around the world. UNCDF has an ever-growing global audience, Facebook with (165k followers), Instagram (8.77k followers), LinkedIn (122k followers), Twitter (34.6k followers) and Youtube (4.17k subscribers).

PDEP content on UNCDF channels has increased in engagement, with posts on average reaching 3,342 impressions, 80 reactions and 60 clicks. Such engagement highlights the Programme's use of relevant hashtags and tools such as tagging to reach and be part of global online conversations about the digital economy. PDEP has also established a group of followers which include key partners and stakeholders, academics, journalists, business executive and development practitioners on UNCDF channels that actively engage with PDEP related content. This can be attributed to the inclusion of a PDEP specific boilerplate under each post which includes the tagging of the Programme's PDEP's major donor, the Australian Government, and implementation partners, the UN Development Programme and UN Conference on Trade and Development. The messaging on social media is simple and succinct, with the content being a mix of text, emojis, infographics, photos, and videos.

## 5.3 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'](#)
- [Solomon Islands Country Monitor on Migration & Remittances: July 2022](#)

## 5.4 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](#)
- [Lasaqa: 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
- [Fintech Challenge to assist digital finance services](#) – Published by FBC News
- [Keeping Up With Global Trends](#) - Published by the Fiji Times
- [Local Firm Ready for Global Challenge](#) - Published by the Fiji Times
- [A new role for Bram](#) - Published by the Fiji Times
- [Teaching financial literacy through institutions](#) - Published by the Fiji Times
- [Funds, goals and strategy](#) - Published by the Fiji Times
- [Significant Component](#) - Published by the Fiji Times
- [FinTech Innovation a solution to address financial inclusion challenges](#) - Published by Solomon Business Magazine
- [Firm's credit score system for micro-loans a winning fintech tool bound for the Pacific Islands](#) - Published by Strait times
- [Central bank makes strides to attract fintechs](#) – Published by Fiji Times

- FinTech Innovation Challenge aims to help address the challenge of financial inclusion in Pacific Island Countries  
[Published by Fiji Village](#)  
[Published by FinDev Gateway](#)  
[Published by DragonInkHouse](#)
- [Fiji software firm earns US\\$50k for fintech devt](#) – Published by Island Business
- [Firm’s credit score system for micro-loans a winning fintech tool bound for the Pacific Islands](#) – Published by Pacific Islands News Association
- [Partnership to improve digital payments system](#) – Published by the Fiji Times
- [ITGalax Solutions awarded \\$100,000](#) – Published by FBC News
- [Vanuatu Deputy P.M. launches Maua App](#) - Published by Samoa Observer
- [Maua App by Samoa’s SkyEye launched in Vanuatu](#) - Published by Talane
- [Maua App launched in Vanuatu](#) - Published by Pacific Makete
- [Buy-and-sell app launches in Vanuatu](#) - Published by Radio New Zealand (RNZ)
- [Samoan company launches buy-and-sell app in Vanuatu](#) - Published by Loop Samoa
- [Launch of Maua e-commerce platform lauded](#) - Published by Vanuatu Daily Post
- [Local Talents Exhibition - Beyond the Pandemic](#) -Published by Vanuatu Daily Post
- [Mobile money in the Solomon Islands: Why Our Telekom’s launch can improve financial inclusion](#) – Published by GSMA

### **5.5 Press Releases/News Statements**

- [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](#)
- [11 Teams Confirmed for the Pacific Islands FinTech Innovation Challenge](#)
- [GGGI and UNCDF expand their partnership to support small green businesses in the Pacific](#) - Published by Pacific Green Entrepreneurs
- [Pacific Islands Forum & Singapore Strengthen Bonds](#)– Published by Pacific Islands Forum
- [Transcript of Remarks by Minister for Foreign Affairs Dr Vivian Balakrishnan at the Pacific Islands Fintech Innovation Challenge, 27 July 2022](#) – Published by News Wires
- [The Pacific Islands FinTech Innovation Challenge Winners Announced](#)
- Solomon Islands government discusses national e-commerce strategy  
[Published by Financial News Today](#) [Published by Newswires](#)
- [Electronic Police Clearance Portal launched](#) - Pubished by Daily Post
- [E-Commerce Allows Small and Medium Enterprises to Access New Markets](#) - Published by the Solomon Times

### **5.6. Videos, 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 Ecomy 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](#)
- [Fiji Tv Talk Business Segment on the Pacific Islands FinTech Innovation Challenge](#)
- [3 Things to Know About the Pacific Islands FinTech Innovation Challenge](#)
- [Launch of the Pacific Islands FinTech Innovation Challenge Bootcamp](#)
- [11 companies to present solutions at Pacific Islands Fintech Innovation Challenge](#)
- [Highlights from the 2022 Pacific Islands FinTech Innovation Challenge](#)
- [Launch of Maua e-commerce platform in Vanuatu](#)
- [Locally Owned IT & Internet Service Provider Launches 'E-commerce Platform' – KLIKPEI](#) – Published by Sunday Isles
- [Capital Musings Podcast: Fuelling Women's Economic Empowerment and SME growth in the Pacific through digital – Interview with Neha Mehta](#)

### **5.7. Social Media Highlights**

- [Pacific Islands FinTech Innovation Challenge Kick Off](#)
- [Launch of Vanuatu's Electronic Police Clearance Certificate](#)
- [First Police Clearance Certificate Issued Electronically](#)
- [Launch of Maua e-commerce platform in Vanuatu](#)
- [Enumerator training and update of the digital literacy baseline survey in the Pacific](#)
- [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](#)
- [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 Lasaqa: Mobile Money will Improve Access to Financial Services among the Underserved 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](#)
- Maua's Vanuatu expansion will create new digital trade opportunities for businesses
  - [Published by UNDP Pacific](#)
  - [Published by UNCDF](#)
- [Pacific Islands FinTech Innovation Challenge Wrap Up 2022](#)

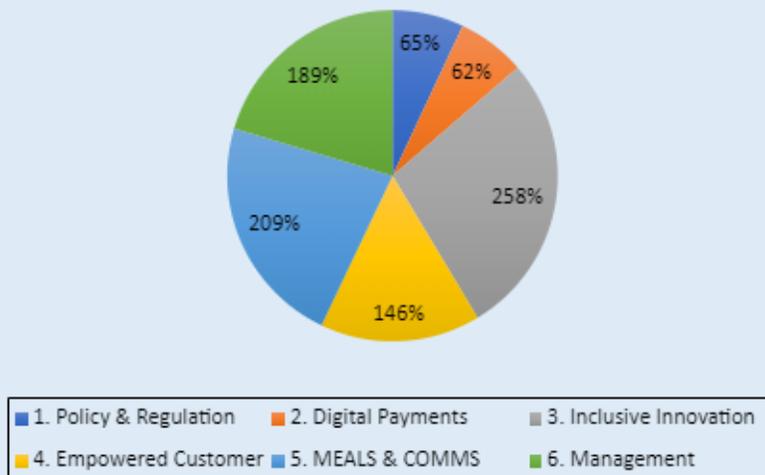
## 6. Financial Update

### Financial Delivery Against Annual Workplan

The total budget for 2022 sat at more than 4.1 million. By December end, the programme had expended more than 3.9 million, achieving a financial delivery average of around 94%. There had been significant overspending under the inclusive innovation workstream resulting from the Singapore FinTech Challenge which also impacted the MEAL/ COMMS budget line. The mid-term review also chewed up a significant portion of the workstream 5 budget. There remain outstanding commitments tallying around 1.2 million which will be reprogrammed into the workplan and budget for 2023.

Workstream	2022 Budget	Commitment	Expenditure	Budget Balance	% Delivery
1. Policy & Regulation	1,481,863.52	529,558.91	960,950.98	520,912.54	65%
2. Digital Payments	1,790,000.00	319,144.00	1,114,339.22	675,660.78	62%
3. Inclusive Innovation	280,000.00	223,750.00	721,081.83	441,081.83	258%
4. Empowered Customer	189,568.23	136,937.79	275,884.82	86,316.59	146%
5. MEALS & COMMS	105,000.00	-	219,892.37	114,892.37	209%
6. Management	328,506.89	-	622,246.69	293,739.80	189%
<b>Total</b>	<b>4,174,938.64</b>	<b>1,209,390.70</b>	<b>3,914,395.91</b>	<b>260,542.73</b>	<b>94%</b>

Percentage Delivery for Each Workstream as of Dec 2022 Delivery



## 7. Risk Log

No.	Risks Identified	Impact	Countermeasures / Management response	Risk Status <sup>1</sup>	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 on-going. Mapping of 'who does what' carried out by UNCTAD in Pacific dialogue. <a href="#">Talanoa, "The role of data in today's digital economy" - Pacific Data Hub and United Nations UNCTAD - YouTube</a>
3.	Pacific governments implementing policy and regulatory changes negatively impacting the development of digital economy	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 the government of potential impact of policy and regulatory changes. Where possible create National Digital Economy Strategies and NDET (similar to NFIS & NFIT), which ensures ongoing public/private dialogue about policy and regulation.	Reducing	COVID has heightened the need for digital solutions globally. The programme is working to support these efforts throughout workstreams 1-4. 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.	Reducing	Frequent communication with primary donor (DFAT) through monthly calls on implementation progress and challenges.  Positions in Vanuatu and Samoa now occupied.  Ongoing staff recruitment throughout 2022 and will continue in 2023 to support programming and expansion to other PICs.

<sup>1</sup> Risk Status Includes: Reducing, Increasing, No Change

## 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	2021-2022 Results	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 <a href="#">Dashboard - UN Capital Development Fund (UNCDF)</a> . Measurement of digital economy is now done on an annual basis through UNCDF. Regional training of National Statistics Offices (NSOs) was held with 38 participants from 14 countries. Samoa and Fiji requested for additional follow up support.
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. PDEP plans to provide support to Fiji and Timor-Leste in 2023 to design and develop national e-commerce strategies.
3	Enabling Policy and Regulation	1.3 Number of countries with a strategy on the Digital Economy	1	The Solomon Islands National E-commerce Steering Committee formally endorsed the country's five-year (2022-2027) National E-commerce Strategy (NECS) in September 2022. Formal launch date of the strategy is determined by the government.
4	Enabling Policy and Regulation	1.4 Number of PICs whose policy makers and regulators received PDEP support (technical and/or financial support) to review, amend and implement policies and regulations affecting the digital economy	2	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.  Support was also provided to Fiji's Central Bank (RBF) for implementation of the NFIS.
5	Open Digital Payments Ecosystem	2.1 Number of eGovernment service piloted and/or scaled (incl G2P/P2G)	1	The Electronic Police Clearance Certificate (e-PCC) mobile and web applications were launched in August 2022. However, the mobile and web applications were affected by a cyber-attack and has been unusable since 6 <sup>th</sup> November 2022. The OGCIO is working to restore access to the application.
6	Open Digital Payments Ecosystem	2.2 Number of registered users of eGovernment services supported by the Programme	0	Refer to comment for indicator #5.

Ind No.	Workstream	Indicator	2021-2022 Results	Comments
7	Open Digital Payments Ecosystem	2.3 Number of active users of eGovernment services supported by the Programme	0	Refer to comment for indicator #5.
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	6	The number of e-commerce and digital payment solutions piloted / launched in PDEPs inception phase include: <ol style="list-style-type: none"> <li>1. Fiji: Cyberfoods App</li> <li>2. Fiji: Makete Aggregator Platform and Mobile App</li> <li>3. Solomons: Mobile Money Services via Our Telekom</li> <li>4. Solomons: E-Commerce Platform with Island Tech</li> <li>5. Tonga: E-Commerce Platform with Digicel</li> <li>6. Vanuatu: Maua E-commerce platform</li> </ol>
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	2,570	<b>Data Contributors:</b> Cyber Foods + Our Telekom MM + Maua App + Tonga Digicel 1,869 + 233 + 451 + 17 = <b>2,553</b> <b>Total Female Users:</b> 1,002 + 77 + 293 + NA = <b>1,372 (54%)</b>
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	1,498	<b>Data Contributors:</b> Cyber Foods + Our Telekom MM + Maua App + Tonga Digicel 1,122 + 233 + 143 + 0 = <b>1,498</b> <b>Total Female Users:</b> 702 + 233 + 93 + 0 = <b>1,028 (69%)</b>
11	Open Digital Payments Ecosystem	2.7 Number of last mile digital micro and/or meso infrastructure services piloted and/or scaled	1	Launch of mobile money services in Solomon in Q4
12	Inclusive Innovation	3.1 Number of partnerships established with co-working spaces, innovation hubs and acceleration programs to develop the digital economy	1	Partnership 1: Agreement with Green House Co-working space.
13	Empowered Customers	4.1 Countries where a survey is conducted on digital and financial literacy skills of Pacific Islanders	7	In the second quarter of 2022, PDEP launched the implementation of the Digital and Financial Literacy Baseline Survey (DFLS) in 7 Pacific Island Countries: Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, and Timor-Leste partnering with Tebbutt Research Pty. The DFLS was concluded in the last quarter of 2022 and a total of 10,376 individuals were interviewed regionally. The final reports will be made available early 2023.

## 8.2. Update Against Workplan

### LEAVING NO ONE BEHIND IN THE DIGITAL ERA - Pacific Digital Economy Programme

68%

Country: Fiji, Solomon Islands, Vanuatu, Tonga and Samoa

## AWP 2022

Country: Fiji, Solomon Islands, Vanuatu, Tonga and Samoa	TA/Grant, loan, guarantee, etc.	Funder	Budget (grant, loan, guarantee)	PLAN	ACTUAL	%	Comments	Date
				DURATION START	DURATION END	% COMPLETE		
<b>1. Enabling Policy &amp; Regulation</b>								
<b>USD</b>								
Assessment and Data Collection for development of Pacific Digital Economy Report	TA/Grant	DFAT	175,000	1 12	1 12	100%		
Support development of National e-Commerce Strategies	TA/Grant	DFAT	175,000	1 12	1 12	75%		
Awareness workshops on Digital Economy and enabling environment	TA/Grant	DFAT	82,500	1 12	1 7	80%		
Support women digital entrepreneurs (eTrade4women)	TA/Grant	DFAT	42,500	1 12	0 0	35%		
Support development of NFIS Tonga and Kiribati	TA/Grant	DFAT	130,000	1 12	1 12	30%		
<b>Workstream Sub-total</b>			16%			605,000		
<b>2. Open Digital Payment Ecosystem</b>								
Pilot and scaling of e-government payments services (P2G and G2P)	TA/Grant	DFAT	220,000	1 12	1 12	75%		
Innovation challenge on digital payments	TA/Grant	DFAT	450,000	1 12	1 12	100%		
Additional support and de-risking for eCommerce payments	TA/Grant	DFAT	200,000	1 12	1 12	55%		
Develop pipeline for de-risking of last-mile digital infrastructure	TA/Grant	DFAT	150,000	1 12	1 12	65%		
<b>Workstream Sub-total</b>			28%			1,020,000		
<b>3. Inclusive Innovation</b>								
Regional capacity building programme for local incubators or incubation provider programmes (IPPs)	TA/Grant	DFAT	250,000	1 12	1 12	10%		
Regional digital innovation summit for entrepreneurs	TA/Grant	DFAT	235,000	1 12	1 12	100%		
<b>Workstream Sub-total</b>			13%			485,000		
<b>4. Empowered customers</b>								
Digital Financial Literacy Baseline Survey	TA/Grant	DFAT	435,000	1 12	2 12	80%		
Support for PhD academic research using survey data	TA/Grant	DFAT	100,000	1 12	0 0	30%		
Support development of dedicated financial services for seasonal workers	TA/Grant	DFAT	100,000	1 12	0 0	40%		
<b>Workstream Sub-total</b>			17%			635,000		
<b>5. Communication and Knowledge Sharing</b>								
Activities to support learnings by partner organizations and regional collaboration amongst public and private stakeholders re digital economy	TA/Grant	DFAT	85,000	1 12	1 6	80%		
Research, conferences and publishing related to Digital Finance and Digital Economy	TA/Grant	DFAT	85,000	1 12	0 0	80%		
All MEAL Activities, including impact assessments, and learnings	TA/Grant	DFAT	160,000	1 12	1 12	90%		
<b>Workstream Sub-total</b>			9%			330,000		
<b>6. Team management</b>								
Program Implementation and Support	TA	DFAT	350,000	1 12	1 12	100%		
<b>Programmable Total</b>						3,425,000		
GMS (7%)						239,750		
Multi Party Trust Fund (MPTF) - Fund Administration Cost (1%)						34,250		
<b>Grand Total</b>						3,699,000		



### 8.3. Key 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 now focuses 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 has been well received and appreciated. Participants have provided positive feedback about these opportunities which have introduced them to new ideas and innovation in the emerging digital economies across the globe. These initiatives should be continued in PDEPs expansions phase.
- 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.
- To support the implementation of the National E-Commerce Strategies, a clear implementation mechanism, adequately resourced and staffed by the relevant line ministry or coordinating body is 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 in 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.
- Key learnings from the IDES Community of Practice Event held in Zambia are as follows:
  1. **The need to develop strong partnerships across all sectors:** This includes public and private sector partners, academia, CSOs, regulators, FinTech providers, cooperatives, funders/donors etc. IDES is not the sole work of UNCDF. There's a need to strengthen collaboration and build strong partnerships and get wider buy in to drive IDES in our countries / regions.
  2. **The need to look for strategic partnerships / champions:** One of the challenges in the Pacific is the lack of engagement by national stakeholders during the IDES workshop events. One of the key lessons learned from

other UNCDF countries / regions is to identify a key champion who is able to influence other government ministries and stakeholder. UNCDF does not have to do all the influencing but could use their strategic allies to help reel others in.

**3. The need to create an investment friendly environment:** Innovation has been a gap area in IDES for most countries/regions. These were some of the interventions identified from the peer learning sessions to support innovation.

- Taxation incentives / concessions
- Use of regulatory sandboxes
- FinTech Challenges
- Youth Empowerment Funds (promote innovations amongst youths)
- Innovation Grants
- Support Innovation Parks / Spaces
- Private sector led innovation hubs. Government can provide supporting infrastructure (e.g., equipment and internet pricing)
- Support to scale innovation. Partnerships to help reduce technical, legal, administrative, and financial support needed to scale).

**4. Reliable Data:** Data is needed for IDES. There's a need to look outside of UNCDF for data. We need to work with partners and across sectors to obtain the most reliable data to inform IDES. We also need to invest in data quality interventions.

## 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 need to be considered given the sensitive nature of the data in question.
- In relation to the above, the programme should be cautious when setting targets relating to client data from digital payments and e-commerce platforms as the implementation of these projects takes time. With PDEPs experience, it took roughly 21 months to start collecting client level data and this was with only one partner reporting data from e-commerce platforms. It took around 24 months to have 4 partners report client level outcomes. The challenge is not just programmatic implementation, but also the significant time taken to do project and stakeholder mapping, projects design, development of project agreements and receiving final approval. Irrespective of grant size, the Project Based agreement often takes on average four months from partner selection to contracting. There is a need for PDEP to look into operational efficiencies to fast track these processes.

## INCLUSIVE INNOVATION

- There is room to strengthen the groundwork relating to Incubation and Innovation projects particularly through the capacity assessment of implementers identified to provide capacity building support to local entrepreneurs. Capacity development and sustainability plans should be in place to ensure the support provided is relevant and tailored to local needs. This also requires a good level of stakeholder consultation.
- There was great appreciation by the participants of the FinTech challenge in being given the opportunity to network and brainstorm on innovative Pacific solutions with other local and global FinTechs and experts and therefore having hematic-based Fin-Tech challenge every two years should be considered for the expansion phase. There have been several ripple effects / impacts of this challenge as a result of the networking that took place and therefore replicating this intervention on a more frequent basis is something that the programme should consider in the expansion phase. Sufficient time should also be allocated to the event to ensure that learning is maximized as some participants flagged that that the programme was slightly rushed.

- Scale up plans needs to also be in place for current FinTech winners and may also consider revisiting some of the providers that did not win and working with them.

## 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 and therefore there is limited to no data. Only recently, public and private sector stakeholders did not strongly prioritize this agenda.
- Digital literacy is broad, and therefore PDEP is planning to focus on digital literacy around financial services and digital commerce. Utilizing the findings of the survey, PDEP must undertake advocacy to design and implement targeted initiatives to strengthen digital and financial literacy. There is also a need to build local capacity around research and data analytics and partner with academia and research firms.

## 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.
- Based on the MTR findings, PDEP should develop country strategies and have a more sectoral focus per country. This will enable PDEP to draw on elements of the market systems approach by enabling it to identify systematic constraints in real economy sectors that can be addressed via an inclusive digital economy.
- PDEP should consider deploying financial instruments beyond grants such as credit and loan guarantees.
- PDEP should identify key anchoring partners with academia and the research community.
- Investment in local staffing capacities is recommended. Given the experience of covid and the impact of travel for internationally recruited staff to join the local duty station, the impact of this could have been reduced with the presence of more national support. In addition, having local staff can significantly enhance delivery and local buy-in.
- A revision of the programme's theory of change and results measurement framework is required, ensuring that targets sets have a balance of being realistic but also slightly ambitious. The RMF should also be aligned to country level TOCs and facilitate the monitoring and collecting of data at country level.

#### 8.4. Grants and Technical Assistance Summary Table

COUNTRY	PARTNER	PROJECT	PROJECT TITLE	PROJECT DESCRIPTION	PROJECT PERIOD	TOTAL PROJECT BUDGET (USD)	TOTAL UNCDF CONTRIBUTION (USD)	TOTAL PARTNER INVESTMENT (USD)
<b>TOTAL</b>	<b>15</b>				<b>TOTAL</b>	<b>3,790,625.00</b>	<b>2,739,712.00</b>	<b>1,050,913.00</b>
FIJI	Cyber Food	PDEP	Online Food order and Delivery Service with Payments Solution	The creation of a Cyber Food mobile app and the revamping of current website to allow ease of access to online food delivery service. Offering ease of digital transacting via internet payment gateways and improve on current fleet of delivery vehicle	01/12/2021-30/11/2022	\$70,000	\$52,500	\$17,500
FIJI	Solved Fiji	PDEP	MAKETE E-Commerce Platform & Ecosystem	Providing a digital platform and training to businesses (vendors), including MSME's as an inexpensive avenue to sell goods and services, both locally and internationally, while increasing the revenue and visibility of vendors. The platform also provides easy access of purchase of local goods.	01/12/2021-31/08/2022	\$102,675	\$59,962	\$42,713
FIJI	Reserve Bank of Fiji	PDEP   PICAP	National Financial Inclusion Strategy (NFIS) 2022-2030	The objective of this project is to support RBF in the implementation of Fiji's National Financial Inclusion Strategy (NFIS) 2022-2030 to accelerate financial inclusion of the last mile population and strengthen economic growth through building an inclusive financial sector.	12/3/2022 - 31/12/2024	\$300,500	\$150,000	\$150,500
FIJI	IT Galax	PDEP	Chatbot-Digitizing Customer Service	The project solution is aimed at digitizing customer service for the Fiji Development Bank. The Chatbot solution is built on the principles of Artificial Intelligence and can be trained to function as level 1 support for FDB customers. The bot will also have in built forms that can assist FDB in lead generation through data capture of interested prospects. The bot can also be integrated with the core banking system at FDB and offer account specific information to authenticated account holders.	24/10/2022 - 20/02/2023	\$82,000	\$50,000	\$32,000
SOLOMON ISLANDS	Our Telekom	PDEP	Mobile Money in the Solomon Islands	Full deployment of Mobile Money services by the national telco to support access to financial services and increase financial inclusion for rural Solomon Islanders	March 2022 - August 2023	\$1,050,000	\$650,000	\$400,000

COUNTRY	PARTNER	PROJECT	PROJECT TITLE	PROJECT DESCRIPTION	PROJECT PERIOD	TOTAL PROJECT BUDGET (USD)	TOTAL UNCDF CONTRIBUTION (USD)	TOTAL PARTNER INVESTMENT (USD)
SOLOMON ISLANDS	Island Tech Solomon	PDEP	E-commerce Aggregation in Solomon Islands	Launching an end-to-end e-commerce aggregation solution in the Solomon Islands to demonstrate the financial feasibility and adoption readiness of online shopping and delivery between the capital city and the Western province.	March 2022 - March 2023	\$88,000	\$60,000	\$28,000
SOLOMON ISLANDS	Solomon Islands National Provident Fund (SINPF)	PDEP	Mobile Money in the Solomon Islands	Full deployment of Mobile Money services by the national telco to support access to financial services and increase financial inclusion for rural Solomon Islanders	Oct 2021 - March 2022	\$15,000	\$15,000	
SOLOMON ISLANDS	Central Bank of Solomon Islands (CBSI)	PDEP	SIM Registration Database	Supporting the Central Bank of the Solomon Islands (in collaboration with the Telecommunications Commission of the Solomon Islands) to implement the SIM Registration Database	Jun - Dec 2022	\$580,000	\$420,000	\$160,000
SOLOMON ISLANDS	YABX	PDEP	Digital Micro/nano Lending product in the Solomon Islands	Deployment of a digital micro/nano loan product that leverages alternative data for credit scoring to support access to credit, improve value proposition for SINPF savers and increase financial inclusion for rural Solomon Islanders especially those under the informal portfolio/voluntary saver segment.	01/11/2022 - 31/05/2023	\$112,700	\$50,000	\$62,700
VANUATU	Office of the Government Chief Information Officer (OGCIO), Ministry of Finance, Vanuatu Police Force (VPF) and the Reserve Bank of Vanuatu (RBV).	PDEP	Development of a dedicated web-based and Android smart phone application for the <b>Electronic Police Certificate</b> for the Vanuatu Police Force - Implemented by Pacific Advisory (Vanuatu)	Development of a dedicated web-based and Android smart phone application for the Electronic Police Certificate for the Vanuatu Police Force - Implemented by Pacific Advisory (Vanuatu)	Feb 2022 - June 2022	\$57,250	\$57,250	
VANUATU	SkyEye	PDEP	Maua Platform – Harnessing the potential of eCommerce to enable MSMEs to trade online	SkyEye, through its Maua platform, aims to create an integrated online marketplace which will help MSMEs (with a strong focus on women led businesses) to overcome the major hurdles to trade their goods and services online by providing multiple modes of digital payments, an online marketplace available on smart phones, a ready delivery network and the potential to reach the diaspora as a market, thereby	03/03/2022 - 30/08/2023	\$87,500	\$60,000	\$27,500

COUNTRY	PARTNER	PROJECT	PROJECT TITLE	PROJECT DESCRIPTION	PROJECT PERIOD	TOTAL PROJECT BUDGET (USD)	TOTAL UNCDF CONTRIBUTION (USD)	TOTAL PARTNER INVESTMENT (USD)
				facilitating the MSME sector to scale and generate more employment.				
TONGA	Digicel	PDEP	Transitioning local micro and small enterprises to an aggregator e-commerce platform in Fiji, Palau, Papua New Guinea Solomon Islands, Tonga, and Vanuatu as a covid-19 economic response strategy	To develop an aggregator e-Commerce platform where Micro Small Medium Enterprises (MSME) will be able to sell their produce to a wider market (domestic market)	15/03/2022 - 31/12/2022	\$69,000	\$60,000	\$9,000
TONGA	Tonga Development Bank	PDEP   PICAP	Tonga Recovery Funds	UNCDF collaborated with UNDP Pacific Office and other agencies to provide needed support as part of a joint crisis action team. To further complement ongoing efforts and realising the need for immediate liquidity post disaster, apart of UNCDF's direct intervention towards the crisis, we propose to partner with the TDB, a well-known and reputed development finance institution in Tonga, to offer: 1) Zero interest rate/Interest fee micro or soft loans to affected individuals and MSMEs through TDB for an extended flexible period.2)Fee free transactions for all international and domestic remittances(6-monthperiodcommencing February 2022).	Apr 2022 - Mar 2023	\$200,000	\$200,000	
MULTI-COUNTRY	Tebbutt	PDEP	Conducting Digital and Financial Literacy survey in 7 Pacific Island Countries	DFL survey across 7 PICs (Fiji, Tonga, Solomon Islands, PNG, Samoa, Vanuatu, Timor Leste)	13/06/2022 - 31/01/2023	\$476,000	\$355,000	\$121,000
MUTLI-COUNTRY	Pacific Islands Forum	PDEP	Implementation of the Pacific Regional E-Commerce Strategy and RoadMap	The project supports the establishment of an implementation framework for the Pacific Regional E-commerce Strategy and Roadmap and the implementation of some of those activities identified in the Strategy that are related to the objectives of the PDEP.	01/01/2022 - 31/12/2023	\$500,000	\$500,000	

## 8.5. Impact Stories

### Supporting MSMEs to Take Their Business Online.



*CEO-Founder of Cyber Food, Majid Shahzad.*

Majid Shahzad is the CEO and founder of Cyber Foods – an online food order and service delivery company that started its operations back in 2018. Cyber Foods offers local restaurants and food service providers the opportunity to sell their goods online and customers the ability to order and receive deliveries from the comfort of their homes.

Majid describes the challenges in pioneering the online food service delivery in Fiji and the difficulties in getting the buy in from restaurants as well as getting customers to transact online.

These challenges include the lack of e-knowledge and awareness amongst local users and local vendors, the absence of an internet payment gateway, the requirement for a security bond up to \$25,000 which is way too costly for MSMEs as well as high documentation requirements. Majid also highlights that he faced much difficulty in identifying local skills to support the

development of a mobile application which forced him to do international outsourcing.

Trying to get the business to thrive with all these legal and skills requirements was a difficult hurdle to overcome. To exacerbate these challenges, was the lack of e-commerce and digital literacy amongst other MSMEs and the end customers.

*"It's all about awareness. I have been using that every day. Awareness with the consumers, awareness with the vendors, awareness with the private sector".*

*" They think it is a burden. Rather than thinking about, okay, this is another income source, we're making money and we are earning something.... People (consumers) are also really scared of scams and schemes".*

In September 2021, Cyber Food managed to secure funding and technical support from the United Nations Capital Development Fund (UNCDF) to help them facilitate online debit and credit payments with the integration to the payment gateway of Wespac Banking Corporation. The support enabled Cyber Food to introduce new features like digital order confirmation and tracking as well as provide capacity building to food vendor onboarding.

*" UNCDF helped me to face and solve my problems. They created a plan in milestone format to approach and initiate local users and vendors awareness program. They helped me communicate with the banks on behalf of cyber food to ensure and decrease the security bond. "*

*" Through financial and technical assistance, we are able to revamp our online ordering platform with wider payment options for users and also launch the mobile application to enable better customer experience. This partnership (with UNCDF) also focuses on capacity building of vendors and awareness building of the public which is a critical factor for greater uptake of e-commerce."*

At the start of 2021, Cyber Food had around 54 restaurants on the Cyber Food online platform and around 4,900 registered users on the platform. Within the January - December 2022 reporting year, an additional 124 new restaurants were onboarded to the platform, of which 93 (75%) of these were female led MSMEs. In addition, a total of 4,080 users were newly registered of which 2,317 (57%) of these were female.

Majid feels more optimistic about the business growth. *"a lot of eateries and food providers have come onboard. I am thankful that business is finally progressing".*



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