

# PACIFIC DIGITAL ECONOMY PROGRAMME

## Semi-Annual Report

| January - June  
2023

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## Abbreviations

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

## Executive Summary

PDEP entered into its expansion phase at the start of 2023 with the revision of its programme document (ProDoc) that was approved by the Investment Committee (IC) on the 28<sup>th</sup> of February 2023. The updated ProDoc includes an updated theory of change as well as the revised results measurement framework in which data from the pilot phase had been used to set the new baselines. Overall, PDEPs strategy remains the same with minor changes made at the activity level and greater emphasis on interventions relating to digital financial services and payment solutions targeting retail merchants, agriculture value chains, remittance earners, e-commerce platforms, as well as the planned establishment of a Pacific ICT Innovation Hub.

In alignment with the 2022 mid-term review recommendations, the programme would be expanding on its learning and knowledge management strategies during scale up. This began with the recruitment of a consultant in quarter two to evaluate PDEPs FinTech innovation and e-commerce projects in which the findings are expected to guide further investments and interventions in this space.

The funding required for the full 5 years of programme implementation stood at USD 24m of which the programme managed to mobilize a total of USD 15.4m (Combined DFAT and EU) and another NZD 6m from MFAT. The programme is expanding its geographical coverage from the 5 inception phase countries (Fiji, Tonga, Samoa, Vanuatu, Solomon Islands) to include an additional 6 countries (Federated States of Micronesia, Kiribati, PNG, Timor Leste, Republic of Marshall Islands, and the Cook Islands).

The programme finalized its country strategies and implementation & budget plans for 2023-2025 in July 2023. Country specific strategies and workplans will enable the programme to take a more coherent market systems development approach with a greater focus on sectoral rather than enterprise support. With the departure of several key programme staff, it is anticipated that the strategies will also enable newly recruited staff to quickly pick pace with planned interventions for the next three years.

A number of key highlights for the first half of the year included the wrap up of the Digital Financial Literacy Survey across 7 Pacific Island Countries (Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, and Timor-Leste) in which Fiji held the first dissemination workshop at the Reserve Bank to launch the report and to share key findings. The programme also launched its Agri-MSME Digital Innovation Challenge RFA in June 2023 in which 13 applicants were shortlisted and are now working on the development of their project documents for submission to the IC for approval. Project based agreements were also signed with YGAP to carry out regional capacity building for local entrepreneurs and incubation programme providers in the Pacific. In addition, the project-based agreement with Digicel for the regional agent network expansion is now in the drafting stage.

At the country level, landmark initiatives such as the launch of the first Solomon Islands mobile money services took place as well as the launch of the country's national e-commerce strategy. Through the programmes support, the Pacific regions first inter-island money cross border remittance and money transfer services was also launched in May, a product of the PDEP supported FinTech Innovation Challenge held in 2022. Technical assistance has been provided to a number of policies, strategy development and regulatory initiatives including the review of Samoa's NFIS 2.0; initial engagement with Fiji and Timor Leste on the plans to establish an e-commerce forum; support to the development of Kiribati NFIS and the enactment of the Digital Government Bill 2023; and TA advice and support to the development of a policy paper supporting digital financial inclusion in Vanuatu. In addition to this, data diagnostic assessments of the central banks supervisory architecture were completed in Fiji and Samoa and currently underway in Vanuatu.

The programme has a total of 14 grant partners currently active with total project budgets valued at USD 4,201,212 leveraging partner grant investments of around USD 1,326,700 (46%). By the end of June 2023, PDEP supported the enrollment of over 7,400 onto digital financial services of which over 4,000 of these are actively transacting on these DFS platforms. The financial delivery of the programme stands at 43% and the average KPI achievement rate at 32%. Recruitment plans for additional staffing support are underway.

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 and scale up phase.

# 1. Programme Stakeholders

## 1.1 Grant Partners

By June 2023, PDEP had a total of 14 active grant projects. Refer to annex 8.2 for project details. All project level activities contribute to one more of the following PDEP workstream.

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

No.	Partner Name	Organization Type	Region   Country of Implementation
1	Pacific Islands Forum	Intergovernmental Organization	Regional
2	Kiribati National Statistics Office	Government	Kiribati
3	SkyEye	MSME	Vanuatu
4	Digicel	Mobile Network Operator	Fiji   Samoa   Tonga   Vanuatu
5	Our Telekom	Mobile Network Operator	Solomon Islands
6	Tonga Development Bank	Financial Service Provider	Tonga
7	Central Bank of Solomon Islands	Regulator	Solomon Islands
8	Reserve Bank of Fiji	Regulator	Fiji
9	IT GALAX	Tech Provider	Fiji
10	MHITS	Tech Provider	Fiji
11	YABX	Tech Provider	Solomon Islands
12	Island Tech	Tech Provider	Solomon Islands
13	YGAP	International Organization	Samoa   Solomon Islands   Tonga
14	Tebbutt	Research Institution	Fiji   Samoa   Tonga   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 and TA funding.

Partner Name	Thematic / Work Area
<b>Regional</b>	
Pacific Community (SPC)	E-Commerce Statistics
<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)	Digitisation of Police Clearance Certification Process
Fiji Development Bank (FDB)	Pacific Islands FinTech Innovation Challenge – Digitisation of Customer Service
Vodafone Fiji	Pacific Islands FinTech Innovation Challenge – Streamlining Foreign Exchange
HFC Bank (HFC)	Pacific Islands FinTech Innovation Challenge - E-Commerce and POS Merchant Payment Services
<b>Samoa</b>	
National Bank of Samoa (NBS)	Pacific Islands FinTech Innovation Challenge - E-Commerce and POS Merchant Payment Services

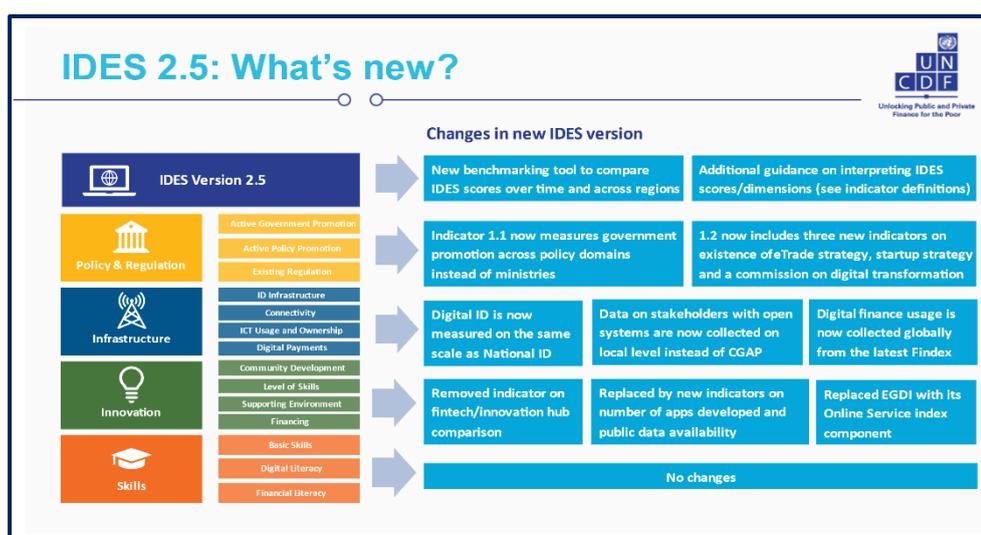
Partner Name	Thematic / Work Area
	Improving Access to Financial Products and Services
<b>Solomon Islands</b>	
Ministry of Communication and Aviation (MCA) Ministry of Commerce, Industry, Labour, and Immigration (MCILI)	National E-Commerce Strategy
Telecommunications Commission of Solomon Islands (TCSI)	SIM-registration and e-KYC
Solomon Islands National Provident Fund (SINPF)	Pacific Islands FinTech Innovation Challenge – Increasing Usage of Financial Products and Services
<b>Tonga</b>	
National Reserve Bank of Tonga (NRBT) Prime Minister's Office (PMO) Ministry of Finance (MOF) Ministry of Education and Training (MOET) Tonga Ministry of Meteorology (MTED) Energy, Information, Disaster Management, Environment, Climate Change and Communications (MEIDECC)	IDES
<b>Vanuatu</b>	
Vanuatu Qualifications Authority (VQA)	Steering Committee Financial Literacy

## 2. Regional Updates

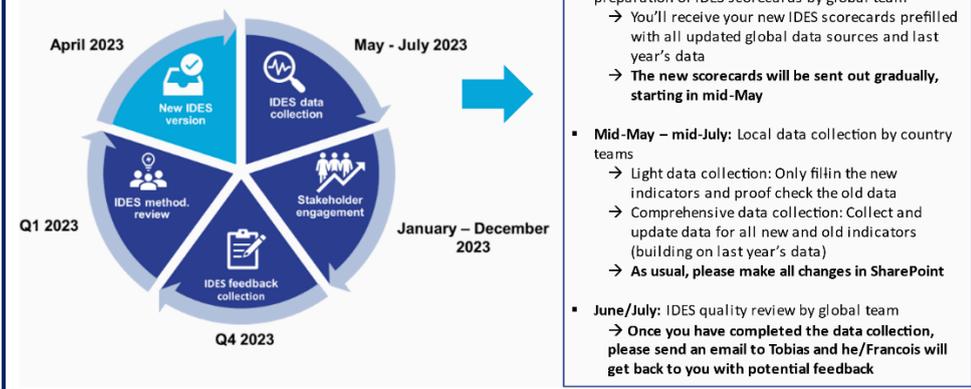
### 2.1 Enabling Policy and Regulation

#### Inclusive Digital Economy Scorecard (IDES) 2022

IDES version 2.5 was launched in May 2023. The tool was updated based on the feedback received at the IDES Community of Practice in Zambia and in UNCDFs bilateral meetings with their country officers, government partners and IDES users. The data collection process for IDES ran from May-July 2023 with PDEP supported PICs participating in the updating of their 2022 scorecards. Quality reviews will be conducted in July 2023 by UNCDFs global teams prior to any country data being published externally.



## Yearly IDES cycle



In March 2023, UNCDF provided information refresher sessions with the Ministry of Commerce in Solomon Islands. In June, the Tonga IDES stakeholder validation workshop was held with key public and private sector stakeholders and an IDES report is now being drafted by UNCDF's Country Lead.

### National E-Commerce Strategies

The five-year Solomon Islands [National E-commerce Strategy \(NECS\) 2022-2027](#) was approved by Cabinet ministers on 23 March and was formally launched on 28 April 2023 by the Minister of Commerce, Industry, Labour and Immigration and the Minister of Communication and Aviation. The Solomon Islands Government is in the process of establishing an NECS Implementation Unit and PDEP continues to provide technical assistance to the Government.

**Link:** [Government Launches First-Ever National E-Commerce Strategy 2022-2027](#)

In Fiji, PDEP concluded initial technical consultations with the Ministry of Trade, Co-operatives and SMEs and has developed a roadmap with the Ministry to design a National E-commerce Strategy. Broad multi-stakeholder consultations will take place in September/October 2023 with a draft national strategy anticipated by early 2024. In Timor-Leste, a scoping mission was conducted in May to meet key stakeholders and to identify a national focal point. Although national elections and the formation of a new government in July has delayed progress, the first round of multi-stakeholder consultations is tentatively planned for September/October 2023.

### Capacity Building on the Digital Economy

A training course on Digital Identity for Trade and Development, aimed at building the capacity of government officials to implement policies related to data protection and digital identity, was delivered from 13 February to 31 March 2023. Over 160 participants (92 women) from 13 Pacific countries completed the course. An eTrade for Women Masterclass for South-East Asia and the Pacific was held in Kuala Lumpur, Malaysia from 24-27 July 2023, with the participation of five women digital entrepreneurs from the Fiji, Samoa, Solomon Islands and Vanuatu.

A training course on Legal Aspects of E-commerce will be rolled out in September/October 2023 and will take stock of legislation in 16 Pacific countries 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.

A regional workshop on Effective Legal Frameworks for Building the Digital Economy, co-organized with the Commonwealth Secretariat and ADB, will be held in Suva from 18-20 October 2023. The course will invite 50 policymakers from across the Pacific and is aimed at building the capacity of governments to implement legal reforms that would strengthen the enabling environment for the digital economy.

## **E-Commerce Week**

To ensure visibility of PDEP work on the global stage, a high-level panel on Regional Approaches to E-commerce and Digital Trade is being organized at eCommerce Week 2023, taking place in Geneva in December 2023. It is anticipated that senior officials from UNCTAD, UNCDF, the PIF and national governments will participate in the panel discussion.

## **Project Scoping**

- ❖ Discussions are ongoing with the Fiji and Samoa National Statistical Offices to provide PDEP support to improve their readiness to produce e-commerce and digital economy statistics.
- ❖ PDEP also continues discussions with the PIF to identify concrete opportunities to improve the measurement and collection of e-commerce statistics at the regional level.
- ❖ PDEP held an internal brainstorming session on consumer protection approaches in financial services and e-commerce, with a view towards developing capacity building initiatives in the Pacific. Further discussions will be organized to develop concrete project proposal(s).
- ❖ Given the high number of applicants received from the Pacific region for the eTrade for Women Masterclass for South-East Asia and the Pacific, further capacity building activities aimed at women digital entrepreneurs will be explored for implementation in late 2023 and into 2024.

## **2.2 Open Digital Financial 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. The project document (PD) has now been approved with project-based agreements (PBAs) now drafted and circulated to Digicel for approval and sign off. The project will cover Fiji, Vanuatu, Tonga, and Samoa.

### **Agri-MSME Digital Innovation Challenge 2023**

PDEP is hosting an Agri-MSME digital innovation challenge that focuses on the development and expansion of digital agriculture value chain business models and solutions to alleviate financial and other constraints for agribusinesses and smallholder farmers in 10 Pacific Island Countries (including FSM).

The focus areas of interventions under the challenge are:

- Access to finance
- Digitization solutions for agricultural value chains
- Market linkages
- And innovative digital technology solutions and products with a clear focus on women and youth

The related RFA went live on the 12<sup>th</sup> of June in which 34 applications were received from 7 countries. After evaluation, a total of 13 applicants were shortlisted. A virtual bootcamp session was held on the 1<sup>st</sup> of August in which these applicants presented their proposed solutions to an internal evaluation panel and of which 7 applicants were selected to develop and co-create projects for IC endorsement and approval.

## **2.3 Inclusive Innovation**

### **Regional Capacity-Building Programme for Incubation Programme Providers**

This regional programme has launched its first phase with an online and self-paced learning module for existing and aspiring incubators. The capacity building programme consists of 10 learning modules for incubators to strengthen their business models and programme delivery around digital economy, granting to startups, impact measurement and ecosystem strengthening.

40 applications were received from interested organizations and individuals, and 19 were admitted to the programme. The training was complemented by weekly online masterclasses to discuss the material and exchange knowledge and experiences.

The second phase of the programme will see the selection of three incubators (from separate countries) for personalized mentoring and coaching to work on their organization's capacity development. This will also be supported by a small grant based on a plan that is reviewed and agreed on. Proposals have been received and are currently being evaluated based on their strength as well as the level of participation and engagement of the organization during the first phase of the programme. The implementing partner for this programme is YGAP.

## 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. The survey concluded in quarter four of 2022 of which 10,376 individuals were interviewed regionally.

Respective country reports are expected to be published in quarter 3 2023, Based on the survey findings and consultations with the central banks and other relevant stakeholders, PDEP will design and implement targeted campaigns and financial and digital literacy initiatives for specific segments i.e., farmer, MSMEs, Women, youth rural habitants and migrant workers in 2023 – 2024.

## 3. Country Updates

### 3.1 Fiji

#### 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

The implementation of the strategy commenced post launch of the NFIS in May 2022. This project was approved by IC in 2022 and is co-funded by PDEP and PICAP. UNCDF is part of the National Financial Inclusion Taskforce and chairs two working groups.

**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 had been circulated for comments and national stakeholder consultation. All feedback has now been incorporated and a draft strategy is available for internal approval and finalization by 31st July 2023. The Strategy will be presented to the National Financial Inclusion Taskforce in November 2023.
- Establishment of partnerships with 6 e-commerce aggregators to access grant facilities and support MSMEs trade online using aggregator platforms.
- Support to the business accelerator program:
  - ✓ Development of RBF Guideline on MSME Subsidy for Business Accelerator Programme
  - ✓ Subsidizing registration fees for a total of 15 MSMEs. On the 16<sup>th</sup> of June, a total of FJD 15,000 was disbursed to all 15 MSMEs (FJD 1000 per MSME) for the Suva cohort. Upon finalization of the Western cohort, another FJD15,000 will be disbursed.

- 20 digital and financial literacy awareness sessions targeting communities, churches, villages, and institutions. A total of 1,732 people were reached with literacy activities of which 570 (38%) were women.
- Around 441,303 people have been reached with DFL awareness through social and media platforms.

### **National E-Commerce Strategy**

A formal engagement letter from The Minister for Trade, Co-operative, and SMEs (MTCS) was received in March 2023 requesting UNCTAD and UNCDF to support the development of a national e-commerce strategy for Fiji. A draft Cabinet Paper to set up the National E-commerce Steering Committee is scheduled for submission in July. The focal point in the Ministry of Trade, Co-operatives, and SMEs (MTCS) has begun mapping relevant stakeholders for the project. The first round of multi-stakeholder consultations is tentatively scheduled for 25 September to 6 October 2023.

### **Data Diagnosis Assessment**

The programme supported the Reserve Bank of Fiji's data diagnostic assessment which was conducted by a specialist agency Talanta 10. The assessment reviewed RBFs data architecture, capacity, and governance mechanisms were examined. The field work was concluded in February 2023 and the report is expected to be issued in Q3 2023.

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

The IDES data gathering for 2022 commenced in Q2 2023 and internal UNCDF verification has been completed. Fiji's IDES scores are scheduled to be shared with relevant stakeholders in Q3 2023 for external vetting and feedback.

## **Open Digital Finance and Inclusive Innovation**

### **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 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.

By March 2023, the total number of MSME (restaurants) onboarded to the Cyber Food online platform was 124 with 83 of these being women led businesses. The total number of MSMEs actively<sup>1</sup> using the platform was 114. By Q1 2023, the project managed to register 4,583 new customers of which 2,750 were active users. By March 2023, total sales generated from the online platform had been valued at FJD 164,829.91.

### **E-Police Clearance Certificate**

PDEP engaged a consultant to conduct a feasibility study for the digitization of the Fiji Police Clearance Certification (PCC) processes including the digitization of its payments system. The report was handed over to the Acting Police Commissioner in April 2023. Discussions are underway with Fiji Police Force for a formal engagement letter to be issued for the development of a website and mobile application to digitize the application and payment process.

### **Digitizing Fiji Teacher Registration Process**

Discussion commenced in May 2023 with Fiji Teacher Registration Authority (FTRA) on assistance that can be provided by UNCDF digitizing the teacher licensing process including payment of license fee. The board of FTRA in July 2023 gave the approval for UNCDF to engage a consultant to undertake a scoping and feasibility study of digitizing the teacher registration process which will be fully funded by UNCDF. The terms of reference (TOR) to proceed with the procurement of a consultant is being finalized. Once the review is completed, UNCDF will engage a software development company through a Request for Application (RFA) process to implement the recommendations in line with the scoping

<sup>1</sup> Active MSMEs: Refers to MSMEs that have conducted at least one transaction in the last 90 days.

and feasibility study.

### **Agent network expansion Project**

In partnership with Digicel Fiji, Samoa, Tonga, and Vanuatu, UNCDF is implementing a project with the focus on expanding access points for mobile money agents and merchants.

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)

The project is expected to commence in August 2023 upon signing of the Performance Based Agreements.

### **Fintech Innovation Challenge**

Three implementing partners including Vodafone, Home Finance Company (HFC) and the Fiji Development Bank (FDB) were selected for the 2022 Pacific Islands FinTech Innovation Challenge. The selection was based on the alignment of their proposed solution in addressing the identified development problems relating to digital payments / services in Fiji.

The three proposed solutions included:

#### **1. Digitizing Customer Service for Fiji Development Bank**

The proposed FinTech solution involves the development of a platform to serve as first-level customer support for both retail and business customers with the objective of addressing customer services challenges to improve service quality and reduce operational costs. 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 development has been completed by IT Galax who was awarded the grant and is now awaiting senior management approval to go live, which is scheduled for Q3 2023.

#### **2. Streamlining foreign exchange for Vodafone**

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 awarded the grant funding for this solution and has developed the capability to transfer directly from MPaisa (Fiji) to MVatu (Vanuatu) and it was launched in May 2023 and the reverse leg has been scheduled for end Aug 2023.

## Users can now send and receive funds with users of M-Vatu

AISHA AZEEMAH | 11 May, 2023, 8:06 pm



Deputy Governor of the Reserve Bank of Fiji Mr Esala Masitabua, Head of Vodafone Fiji eCommerce and Digital Financial Services Shailendra Prasad, Pacific Regional Lead at the UNCDF Neha Mehta and mHITS founder and CEO Harold Dimpel at the launch in Suva. Picture: SUPPLIED

In a first for the Pacific region, users of Vodafone's M-PAiSA platform can now send and receive funds instantly with users of its Vanuatu-based sister service M-Vatu.

Vodafone Fiji, in partnership with mHITS Ltd and the UN Capital Development Fund (UNCDF) launched the new feature this week thanks to the Pacific Islands Fintech Innovation Challenge hosted by UNCDF in Singapore last year.

mHITS, a multi-award winning Australian fintech, won a \$US50,000 (\$F110,500) grant at the challenge to develop the region's first cross-border payments solution with Vodafone.

The company will manage the foreign currency conversion part of the money transfer process, while Vodafone will operate the software at the sender and receiver's end.

In time, it is expected that M-Vatu users will be able to send money to Fiji.

M-PAiSA currently brings into Fiji around \$35 million in personal remittances every month from abroad, according to Head of Vodafone Fiji eCommerce and Digital Financial Services Shailendra Prasad.

However, M-PAiSA users in Fiji until now were not able to send money outside Fiji.

"Vodafone Fiji is pleased to add international money transfer out of Fiji to the growing suite of services available under its M-PAiSA digital wallet," he said.

### 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.

The solution provided by Windcave had a pre-requisite for Master and Visa licensing and with HFC having no licensing in place, implementation progress. HFC has been working with Master to obtain the licensing by Q3 2023.

### **Pacific Agri MSME Innovation Challenge**

Fiji had five applications which made it to the short listing and of which two were selected to proceed to IC submission.

### **Empowered Customers**

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

The Digital and Financial Literacy Baseline Survey was concluded for Fiji and a dissemination workshop was held at RBF to publish the report and share the findings in July 2023. A Request for Applications (RFA) specifically focused on Digital and Financial Literacy and MSME Capacity Building Initiatives will be published by UNCDF in August 2023 for 11 Pacific Countries including Fiji and the findings of the report will help prioritize areas of intervention.

**Report Link:** [Assessing Digital and Financial Literacy in Fiji: A Survey on Knowledge, Skills and Access - UN Capital Development Fund \(UNCDF\)](#)

## **3.2 Kiribati**

In the first half of the year 2023 and through collaborative engagement with key program stakeholders, an annual workplan was developed, refined, submitted, and endorsed by DFAT Tarawa and MFAT. The approved workplan was subsequently shared with relevant government agencies for endorsement. In implementing the planned activities, the in-country PDEP program focused its approach on creating a firm foundation to catalyze and accelerate interventions that aimed to (i) Collect demand-side data and evidence to inform and develop the first Kiribati National Financial Inclusion Strategy (ii) Partner and collaborate target line ministries to strengthen regulatory frameworks through legislative action and relevant policy development (iii) Support the piloting, roll out and scale up of Pilot mobile money and digital payments - G2P & P2P payments using Mobile Wallets in partnership with ANZ bank and the private sector through championing KCCI's bank genie e-payment solution (iv) Strengthen the capacity and capabilities of partner implementing agencies and ministries. (v) Expand adult and financial literacy in the country.

To operationalize the in-country program office, the UNCDF Country Coordinator was successfully recruited and reported to the Tarawa duty station on 24<sup>th</sup> July 2022. Resourcing the UNCDF in-country mission is currently in progress with additional recruitment of a national program analyst role in the advanced final stages. A seconded staff, from a partner ministry is expected to join the team in quarter 3 to complete the program team recruitment.

The Country Coordinator has held several face-to-face engagements with key government and public stakeholders partnering and collaborating with the PDEP program in Kiribati. Key meetings included a progress meeting with the Australian High Commission and the New Zealand High Commission. The meeting reported the progress of activities and firmed up next step actions to enhance further stakeholder support and visibility of program impact and activities. Stakeholders engaged include the Kiribati Chamber of Commerce and Industry (KCCI), The Kiribati National Statistics Office (KNSO) of the Ministry of Finance (MoF), The Ministry of Information, and Communication Technology (MICT), and the Ministry of Women, Youth and Social Affairs (MWYSA). Private sector engagements with Vodafone and ANZ Bank among others have also been conducted to progress the PDEP workplan. Over the first half of the year 2023, various monthly, weekly, and quarterly progress check-in meetings were conducted with the key stakeholders remotely with the regional PDEP team support.

The in-country team is expected to accelerate the implementation of delayed components of the workplan in the second half of the year leveraging the progress of foundational and preliminary work laid down in the first half.

## Enabling Policy and Regulation

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

The program has completed the development of a TOR for the engagement of a consultant to provide technical guidance and support for the development of a comprehensive NFIS. The development of the NFIS is now scheduled to commence in quarter four of 2023 once the DSS is completed.

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

UNCDF has held discussions with the Kiribati Chamber of Commerce and Industry (KCCI) and firmed up a plan of action. A TOR for the engagement of a consultant to conduct a feasibility study for setting up a credit union has been completed. KCCI has identified CUFA, an agency that has experience setting up Credit Unions in the Pacific, to set up KCCI's Credit Union and undertake the feasibility study. The credit union is expected to expand the diversity and reach of financial services. UNCDF will conduct an independent review of the feasibility study report before considering grant funding for setting up the credit union. The implementation is currently scheduled for quarter four of 2023.

## Open Digital Financial Ecosystem

### Digitization of Social Protection Payments

A pilot project planned for Q3 and Q4 exploring mechanisms and pathways for effectively digitizing Government to People (G2P) pay-out of social security payments with selected beneficiaries is currently ongoing in two Islands implementing a test-ready MPAiSA e-wallet product. The participating implementing partners include Vodafone, ANZ Bank, and MYWSA supported by AHC. The pilot project report, expected in Q4 will provide feedback to enable refining and iterating the in-pilot MPAiSA e-wallet product for national rollout to digitize the \$96million in cash is paid out in social protection annually which poses many administrative challenges for the government. A cabinet paper is currently under review to authorize expansion at the end of the pilot phase.

## Empowered Customers

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

UNCDF is supporting the Kiribati National Statistics Office (KNSO) to conduct a Demand Side Survey (DSS) in the second half of the year. The results of the DSS will provide a baseline for the development of the Kiribati NFIS. Components to gather baseline data on adult financial and digital literacy status in the country have been incorporated into the survey design. A launch event attended by Government representatives, MFAT, DFAT, and other stakeholders is expected in September to flag off the survey. The development of a TOR for the engagement of a consultant to provide technical guidance and support for the development of a comprehensive NFIS is also complete.

### Strengthening Regulatory Framework

UNCDF is supporting the Ministry of Information and Communication Technology (MICT) to process the enactment of the **Digital Government Bill 2023** through the Kiribati National Parliament. The bill, upon enactment, will provide the legal anchor for policy, laws, and regulations that govern the use of technology in public service delivery. The draft framework, currently due for its 2nd reading in parliament and outlines the roles and responsibilities of different government agencies and departments in providing digital services to the public. The development and implementation of the bill is undertaken and coordinated by the DTO. UNCDF's PDEP support will enable the completion of national face-to-face consultations to include public views in the Bill development.

UNCDF is also supporting the development of the **NFIS** upon the completion of the DSS. The DSS is designed to be nationally representative. The data collection coverage has been expanded from 7 to 9 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 continues to provide technical support with the development of the DSS questionnaire and sample selection and has made significant technical contributions to its progress.

### 3.3 Samoa

Samoa has been transitioning quickly into its programming with a view to expand the projects from last quarter of 2022. During first half of 2023, Samoa has progressed and completed 2 of the regional projects and now expanding to new projects for the next half of the year. The outlook seems promising with a new country strategy that will be implemented during the expansion phase of PDEP.

#### 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 aim was to assess the data value chain across the bank's operations, with a special focus on digital financial services, to keep up pace with the technological advancements happening in the financial services industry and enhance CBS's efficiency through innovative use of data in performing supervisory and regulatory functions. Consultations were held with a wide range of financial stakeholders including:

- 6 CBS Departments
- Commercial Banks
- Insurance Companies
- Mobile money operators
- Mobile transfer operators

The result of the assessment was concluded with two key solutions proposed.

- i. **Systems and Infrastructure:** Strengthening of the Information System through automation of data collection, management, and analytics, as well as upgrading ICT infrastructure and addressing security risks.
- ii. **Human Resources:** Upscaling of data skills of CBS staff for advanced analytics and data use.

The next phase of the project is to design and implement a Suptech solution for CBS to conduct its supervisory mandate.

#### Open Digital Finance and Inclusive Innovation

##### Agent network expansion Project

In partnership with Digicel Samoa, UNCDF is implementing a project with the focus on expanding access points for mobile money agents and merchants. 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)

This project is at the inception stage.

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

To enable access to credit to MSMEs, the National Bank of Samoa was selected under the UNCDF Pacific Fintech Innovation Challenge 2022 to test alternative credit scoring solutions developed by Global Psytech. The project was later funded by the Asian Development Bank and aims to improve access to finance in Samoa by applying Psychometric tests for customer assessments during loan application. 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

Tebbutt Research a partner of UNCDF completed a survey of 1,216 Samoans aged 15 to 74 years. The survey was administered via a mixed mode methodology utilizing both telephone and face-to-face interviewing. The survey has been concluded and the following are some of the high-level results:

- Samoans have acquired moderate levels of digital and financial literacy to date, achieving a mean of 22.27 points out of a possible 52 points on a DFL.
- Access to digital devices (smartphones) and Internet is high in Samoa but cost, availability,

- and quality of data services still acts as a barrier to accessing the internet.
- There is limited experience with DFS with only 36% of Samoans having completed a financial transaction via a mobile phone or through online means.

The full report will be launched in July 2023.

### 3.4 Solomon Islands

#### Enabling Policy and Regulation

##### National E-Commerce Strategy

Key Partners: Ministry of Communication and Aviation (MCA) and Ministry of Commerce, Industry, Labor, and Immigration (MCILI)

- The country's first "National E-commerce Strategy 2022-2027" was launched on 28 April 2023, where an MOU was signed by the two ministers from MCA & MCILI towards the joint implementation of this strategy.
- The two ministries agreed under this MOU to set up an implementation unit at MCILI. The ministry of public service has provisioned four positions for this unit. The director's position has been advertised and the ministry is set to conduct interviews in July 2023.
- PDEP will provide technical assistance to the NECS Implementation Unit and will also seek to support targeted activities in the NECS, in line with PDEP strategic priorities. An online NECS Implementation Tracker is also being developed as part of the PDEP support to the Solomon Islands Government.



Sitting L-R; Australian High Commissioner to SI, Dr. Rod Hilton, MCILI Minister Kologeto, MCA Minister Agovaka, UNCDF, Pacific Region Lead Ms. Neha Mehta. Standing; MCILI and MCA Permanent Secretaries (Centre) with Staff from MCA, MCILI, UNCDF and UNCTAD.

##### Sim-Registration and e-KYC

UNCDF provided key technical assistance to the Central Bank of Solomon Islands as well as the Telecommunications Commission Solomon Islands with the following support.

- UNCDF in partnership with its policy accelerator team facilitated the drafting of the "**Financial Consumer Protection Guidelines**" which were approved by the CBSI board and became effective 1 January 2023 in the form of [PG21](#).
- UNCDF facilitated the drafting of CBSI's and TCSI's respective "**Data Protection & Privacy Policies**".

- A draft of the **data housing and management framework** MOU is done and pending signature by the two regulators. UNCDF facilitated the drafting of the sim card registration directives, which are currently pending the AGs approval.
- An RFA was published by CBSI, where 3 applicants showed interest in providing **data housing & management platforms/software**. The assessment has been finalized and potentially Paymedia will be awarded the contract.

### Other Developments

- **Regulation:** Drafts of both the E-money regulation and Agent Banking regulation are in the final stages of approval by the Attorney General. These regulations are meant to provide a structured ecosystem for private sector service providers, based on global best practices.
- **UNCDF's Inclusive Digital Economy Scorecard (IDES):** Data collection for IDES 2022 has been finalized. Preparations are underway for a stakeholder workshop to discuss scores and consequently derive actionable initiatives.
- **National Financial Inclusion Strategy 3:** National Stakeholder consultations on the NFIS-3 together with CBSI are ongoing. UNCDF has been given a slot in each of the five sessions to present ongoing workstreams under PDEP i.e. Four focus working groups which report to the National Financial Inclusion Task force.

## Open Digital Finance and Inclusive Innovation

### Mobile Money via Our Telekom

After 2 months of Beta launch (limited to Telekom staff), Mobile Money (branded "M-Selen") was [commercially launched on the 12th of June 2023](#). M-Selen was launched with basic core services of cash in, cash out, P2P, Airtime top up. A product evolution is however in place to launch other Value Add Services like payments, remittance etc. Service was launched with 21 agents and 4 Telekom outlets. Plans are underway to ensure more access points are created i.e., a total of 250 agent list has been submitted for approval to CBSI. A pipeline of 1000 potential agents have been earmarked from the existing airtime top up active agent list.

*"We believe that mobile money can play a critical role in expanding financial inclusion and empowering individuals and businesses across the country."* Christina Lasaga, Our Telekom's first female CEO.

*"Our decision to launch a mobile money service is driven by our commitment to financial inclusion, bridging the gap and providing accessible financial services to all Solomon Islanders, regardless of their location or socio-economic status."* Baoro Laxton Koraua, The Board Chairman of Our Telekom.

*"M-SELEN is an exciting service that will have a far-reaching impact on the lives of Solomon Islanders. At UNCDF, we are proud to have contributed our technical expertise in Digital Financial Services to help Solomon Islanders build an inclusive digital economy, and we look forward to supporting the service scale up to reach its full potential."* UNCDF Country Lead, Zoe Victoria Tate

### E-commerce Aggregator Platform with Island Tech

The E-Commerce Aggregator platform dubbed "KlikPei" was launched in November 2022. To date a total of 62 vendors/merchants have signed onto the platform plus 149 customers have registered/downloaded the KlikPei App from Android/IOS. 29 orders have been made on the platform. There is need to create more awareness/visibility of this platform through both Above the Line Marketing (ATL) and Below the Line Marketing (BTL) initiatives.

### Retail Payments Ecosystem Assessment with CBSI

CBSI published an RFA towards this initiative of which 3 applicants expressed interest and only 2 qualified & thus vetted. The contract was awarded to "Kapronasia", a Singapore-based firm. The consultants have completed both secondary desk research as well as face-to-face interviews with the scheduling support of CBSI. The final report is expected to be released in Q3 2023.

### Nano-loan with Solomon Islands Provident Fund

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).

Kick off meetings were held with all relevant project stakeholders including YABX, SINPF, SFL, OUR TELEKOM & consequently Non-Disclosure Agreements (NDAs) were signed by all parties. A paper/business was presented to SINPF New project Committee, Investment committee & finally their Board. Approval was secured at all three levels and a budget for loan disbursement was approved. Discussions on system integrations i.e., for USSD, SMS gateway & M-Selen, are ongoing and documentation/specs have been shared with YABX (the implementing partner). Go live is scheduled for Q3 2023.

### **Pacific Agri MSME Innovation Challenge**

Solomon Islands had a total of four potential applicants for this RFA but only two had all selection criteria documentation requirements and managed to submit their application before the deadline. The selection process is ongoing and will be finalised in Q3.

### **Empowered Customers**

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

Data collection for UNCDF's digital and financial literacy survey was finalized with the draft report developed and shared for comments. The report is expected to be finalised in Q3 2023.

## **3.5 Tonga**

### **Enabling Policy and Regulation**

#### **Inclusive Digital Economy Scorecard (IDES) 2022**

The Inclusive Digital Economy Scorecard (IDES) is a policy tool to help governments set the priorities for their country's digital transformation. In Tonga, a round of consultations commenced in 2021 till the last quarter of 2022. The recommendations from these consultations complemented some of the discussions from the Community of Practice Forum conducted in Zambia 2022. The Prime Minister's Office (PMO) and UNCDF later co-hosted a validation IDES workshop in June 2023 to finalize the scores. The workshop was attended by government ministries, financial institutions, and private sectors.



IDES workshop with key stakeholders in Tonga

Initially the overall digital economy score for Tonga sat at 49%, however after the 2-day workshop, the score was revised to 55%. This was mainly driven by two workstreams (Policy & Regulation and Skills) due to the recent cabinet approval of related policies for the e-government project. The infrastructure score remains unchanged, whilst there is a slight reduction of 4% in the Innovation score. An IDES report will be developed using the scorecard and key priorities to support national digital transformation efforts flagged.

### **Other Developments**

- **Tax Incentive:** A request was received from the Ministry of Trade and Economic Development (MTED) for a consultant to draft a tax incentive paper for cabinet approval to subsidize import fees/costs of ICT related goods and services for Tonga. It's an initiative from the Ministry to support e-commerce related activities in Tonga. UNCDF and UNCTAD is working collaboratively to identify a suitable consultant that can carry out this piece of research. The main challenge however is that this type of research has not been done in the Pacific before and identifying a potential consultant has proven more difficult than anticipated.
- **National Financial Inclusion Strategy:** With the support of the Ministry of Finance, the National Reserve Bank of Tonga (NRBT) have now requested support from UNCDF to develop/finalize the draft NFIS 1 for Tonga. UNCDF's country coordinator is working to have this completed by Q3 2023 with launch and publication planned for Q4.

## **Open Digital Finance and Inclusive Innovation**

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

Following the e-Commerce Aggregator platform "Beehive" launch in November 2022, Digicel has now onboarded 140% vendors. However, only 37% of the total buyers have been onboard and 70% training completion. Since it's the first local e-commerce platform, it's quite a struggle to change perceptions as well as consumer attitudes towards e-transactions. Therefore, this project is extended once again till September 2023 to drive the volume and number of transactions. The level of Digicel CEO and staff turnover has also impacted on project deliverables. In hindsight, this project should have been planned for 2 years, at least for new markets such as Tonga to provide ample time for customer adoption and to build trusts amongst both buyers and sellers.

### **Agent Network Expansion with Digicel Ltd Tonga**

The regional project document for the agent network expansion project has now been approved by the Investment Committee. The overall objective of the project is to improve access and usage of financial services with focus on:

- Expanding Agent Network
- Expanding Merchant Network
- Efficient Liquidity Management
- Improving agent training (digital and financial literacy)

UNCDF and Digicel are now in the process of finalizing the performance-based agreement (PBA) so that the first disbursement could be processed in August 2023. This is a 2-year project, which is planned to be completed in 2025.

### **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 December 2022, 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.

The data collections have been tedious experience, both in collecting data on existing and new TDB clients. This is mainly due to internet connectivity, especially in the outer islands, as well as staff

constraints. This phase was initially set to be completed in April but was extended till June 2023. The analysis is planned to be completed in July and Global Psytech will present the Proof-of-Concept results to TDB in August 2023, whereby licensing agreement will also be discussed for Board approval.

Future Outlook: to subsidize a portion of the licensing fee for TDB for the first 6 months, till the Bank is confident with the Credit Scoring Tool

## **Empowered Customers**

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

The survey has been completed with the finalization and publication of the report planned for Q3 2023. Plans are currently underway to develop a National Financial Literacy Campaign based on the findings from the DFL survey, IDES workshop recommendations and in alignment with the National E-Commerce Strategy.

## **3.6 Vanuatu**

Two devastating tropical cyclones Judy and Kevin hit Vanuatu in early March of 2023, causing widespread damage to Port Vila and southern islands. More than 50% of the population was directly affected and a state of emergency was declared for a prolonged period for rescue operations. Power, transport, and telecommunications connectivity were severely affected. In some areas of Port Vila, it was a month before power connectivity was restored. The state of emergency lasted for 2 months.

The Government of Vanuatu shifted its focus to disaster response and recovery. As a result, some of PDEP's programming was affected – namely the Data Diagnostic Assessment (originally planned for March), and the Maua E-Commerce platform.

The country also could not fully recover from the cyber-attack that took place in October 2022 till May 2023. Several government digital systems were affected up till May 2023. The e-Police Clearance Certificate (e-PCC) was one of the PDEP supported services that is still facing challenges as an aftermath of the attack.

There were two major events relevant for PDEP took place in Vanuatu, organized by key stakeholders. This included the National Financial Inclusion Exposition 2023 that took place on the 11<sup>th</sup> - 12<sup>th</sup> of May in Santo as well as the National ICT Day observed on the 17<sup>th</sup> of May in Port Vila. UNCDF team actively participated in the events through panel discussion, panel moderation, judging the competitions and actively engaging the key development stakeholders. Both the events were attended by the Prime Minister and several other Ministers who endorsed UNCDF's work in Vanuatu.

The Data Diagnostic Assessment field work took place from the June 20<sup>th</sup> to June 23<sup>rd</sup> in the Reserve Bank. The fieldwork was supervised by the Regional Technical Specialist Galib Azim. PDEP Regional Lead Neha Mehta visited Vanuatu during the Data Diagnostic Assessment and met key stakeholders.

## **Enabling Policy and Regulation**

This is of the core work area in Vanuatu as there are multiple challenges with the policy considering Digital Financial Services (DFS)/Mobile Financial Services (MFS). Several policy interventions will be required to engage the stakeholder to create a conducive environment for DFS/MFS to create a positive impact on the unbanked population through financial inclusion.

### **National Financial Inclusion Strategy**

PDEP's predecessor, the Pacific Financial Inclusion Programme (PFIP) supported the Reserve Bank of Vanuatu to develop the country's first National Financial Inclusion Strategy, 2018 – 2023 (NFIS I). As this strategy comes to an end, PDEP and Pacific Insurance and Climate Adaption Project (PICAP) are supporting the Reserve Bank to conduct a review into NFIS I, and develop the National Financial Inclusion Strategy II, 2024 – 2030.

### **Data Diagnosis Assessment**

PDEP, with the support of a specialist agency Talanta 10, is carrying out a data diagnostic assessment at the Reserve Bank of Vanuatu (RBV). This assessment was planned for March but was delayed due

to the cyclones and was instead carried out in June 2023. The assessment undertook the review of the existing data architecture, data governance capacities and the difficulties for stakeholders in submitting data to the RBV. The diagnosis will provide a roadmap to enhance the RBV's current data architecture and highlight the potential areas for improvement. The field work has been completed and a report is expected in August.

### **Policies for Digital Financial Inclusion**

The mobile financial services (MFS) sector in Vanuatu is currently in its early stages, facing several systemic and fundamental challenges that need to be addressed for the successful implementation of MFS or DFS solutions for digital financial inclusion. A key barrier to progress is the lack of policy framework. The Reserve Bank of Vanuatu (RBV) serves as the regulator for DFS, while the Telecommunications Radiocommunications and Broadcasting Regulator (TRBR) oversees telecom regulations. Despite the introduction of mobile money services 12 years ago, there remains the need for full regulatory ownership to formulate regulations and enforce policies that supports MFS and DFS in Vanuatu. There has been a policy vacuum over the past 12 years, with no guidelines, licenses, or regulatory framework to regulate MFS. Consequently, services have been developed independently without integration with banks, lacking interoperability, relying on manual mobile payment systems, and incurring high costs. To address these challenges, the country team is actively collaborating with RBV, TRBR, and MFS operators to assist RBV in finalizing a policy and supporting stakeholders in designing an interconnected payment system. Multiple engagements have taken place with RBV to provide policy recommendations, and a policy paper has been shared while a work plan is being developed to facilitate the enactment of necessary policies.

### **Open Digital Finance and Inclusive Innovation**

As the DFS/MFS solutions are still in an infant stage this workstreams heavily relies on completing the policy and regulatory reforms.

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

The e-Police Clearance Certificate is a government digitisation project completed in partnership with the Vanuatu Police Force and the Office of the Government's Chief Information Officer (OGCIO). The application digitised the application process for police clearance certificate, something that is requested by up 20,000 people per year. Previously, applicants would be required to travel to Vila to submit their application, at a cost of up to 70,000VT (USD\$800). The ability to apply online has reduced application costs down to the cost of the application itself – 2000VT.

The application was affected by the Government cyber-attack in November 2022 and was only successfully restored late April 2023. Given the length of time the application was down, PDEP will focus on raising awareness on the application, training Police officers and area administrators, before integrating new features like mobile payment or backend automation into the application.

### **Digicel Agent Network Expansion Project**

A regional project is being developed with Digicel to support the growth of their agent network. Vanuatu is one the participating countries and with this project it is expected that the adoption of MFS will increase, and the MNO will create a sustainable business model by engaging agents in the remote islands to deliver much needed financial services.

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

Maua was launched in Vanuatu in September 2022. Maua is an integrated marketplace and digital payment gateway that assists MSMEs to access new markets at a low cost. It allows MSMEs to advertise and trade online, from a Smartphone. Maua's delivery system ensures that MSMEs without delivery capability can still trade online. Due to socio-cultural aspects and lack of an open payment ecosystem the uptake is slow. Since the start of the project, a total of 180 vendors have been registered onto the platform, however only 27 of these have been active. 21 drivers have been registered onto the Maua platform. 139 transactions worth 202,069.22 VUV have been conducted since the start of the project.

UNCDF PDEP will support Maua to reach more MSMEs and consumers through technical advice, promotional events, and partnerships with stakeholders to promote and establish Maua as a reliable and valuable service. The project will be supported by UNCDF until the end of Q4 2023.

### **Pacific Agri-MSME Innovation Challenge**

PDEP launched the Pacific Agri-MSME Digital Innovation Challenge in April 2023 and the last date for application submission was June. The country team has engaged multiple entities to assess the potential and from Vanuatu 5 applications were submitted. The country team are actively working with Vanuatu Primary Producers Authority (VPPA) who were selected to develop a solution that can create a positive impact in the sector.

### **Empowered Customers**

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

The first draft of the Vanuatu DFL baseline survey report was circulated in May 2023. It is undergoing internal review as well as review by the Reserve Bank of Vanuatu. The report will be finalized once stakeholder feedback is obtained, and the necessary adjustments made. The expected release of the final report is Q3 2023.

### **Other Pipeline Initiatives**

The PDEP country team continues to engage stakeholders to identify opportunities to leverage on current and ongoing development work in Vanuatu as well as scope for new projects.

#### **Smart Islands**

ITU, ADB and an UN Consortium have collaborated on ITU's Smart Islands Initiative. The initiative aims to build a connective community in South Malekula to support services such as telehealth, digital finance, and online education. The Government of Vanuatu is contributing a telecommunications tower to South Malekula to enable access to these services. UNCDF is looking to support the implementation of the tower by funding the solar-diesel hybrid power solution to power the telecommunications tower. Implementation is expected in late 2023.

#### **Scoping for Future Projects**

Vanuatu is slowly moving towards digitization and there are interests among different government agencies to digitize. The following are areas being explored by PDEP for intervention to advance the mandate of UNCDF.

- Support in innovation for mobile payment for the private sector and removing policy barriers.
- Digitization of public services.
- Mobile payment integration for different public services.
- Support stakeholders in developing innovative use cases for mobile payments and run pilot.
- Encourage policy revisions for increased use of mobile money for government payments.
- Support in developing a connected ecosystem for mobile money that serves the unbanked and vulnerable population.

### **3.7 Federated States of Micronesia, PNG, Timor Leste, Republic of Marshall Islands, Cook Islands**

PDEP project scoping has been carried out in PNG and Timor Leste in the first half of the year and tentative workplans have already been included in the PDEP country strategies and workplans. PDEPs work in Cook Islands is currently being led by the Samoa Country Coordinator and stakeholder engagement has commenced. Programming in the North Pacific is also planned for the second half of 2023 upon the finalization of staff recruitment.

## 4. Monitoring, Evaluation, Accountability and Learning

### 4.1 Support to the revision of the revised Project Document (ProDoc)

Adjustments were made to PDEPs original ProDoc in Q1 2023 to align with the scale up of the programme. The MEAL team under the guidance of the regional technical specialist took lead on these revisions and presented these updates to the investment committee in February 2023 of which the revised ProDoc is now fully approved and signed by all relevant implementing agencies. Key changes to the ProDoc includes:

- Geographical expansion in country programming to include PNG, Timor Leste, Federated States of Micronesia, and Marshall Islands.
- Alignment to new UN Pacific Strategy: UNSDCF 2023-2027
- Revision of PDEPs Theory of Change (TOC)
- Revision of PDEPs Results Measurement Framework (RMF)
- Expansion of the learning and knowledge sharing strategy
- Inclusion of revised organogram
- Updating of risks logs

With the recent approval of MFAT funding, Cook Islands is now also a country PDEP will be expanded programming to.

### 4.2 PDEP County Strategies and Workplans

In response to PDEPs mid-term review recommendations, the programme developed country specific strategies across its four workstreams in alignment with PDEPs TOC. The country strategies and workplans were developed to improve coherence in PDEPs regional programming efforts as well as to guide implementation for the next 3 years. Developing country specific strategies also reduces the challenges that come with staff turnover in that it helps newly recruited staff to quickly 'pick and run' with the interventions already happening or being scoped out on the ground (in-country).

The MEAL team supported the coordination, consolidation, and review efforts of the development of these strategies and workplans in consultation with the regional technical specialist. Country teams led on the development of their country strategy and workplans, identifying key sectoral constraints, challenges, and areas of opportunity for PDEP to support to create more inclusive digital economies (IDE). The idea here was to also target more market-level IDE rather than enterprise level. The strategies and workplans will be updated on an annual basis based.

### 4.3 Support to Samoa NFIS 2.0

MEAL feedback was provided to Samoa through the Samoa Country Lead on the NFIS 2.0 Indicators Framework. It was noted that UNCDFs (PDEP and PICAP) work around climate and disaster risk insurance as well as supporting the digital economy were covered under Pillars 1-5. Upon doing a quick mapping of the national indicators against the UNSDCF 2023-2027 and the UNDP MCPD 2022-2028, feedback was provided to Samoa to strengthen alignment of the national framework to the UN strategy to support Samoa in collecting data that will enable proper reporting to the UNCDF and the UNDP MCPD.

### 4.4 Improving PDEP Activity Tracking and Evaluation

In response to the MTR recommendations, the MEAL rolled out two new internal templates in which the objectives of these templates were to:

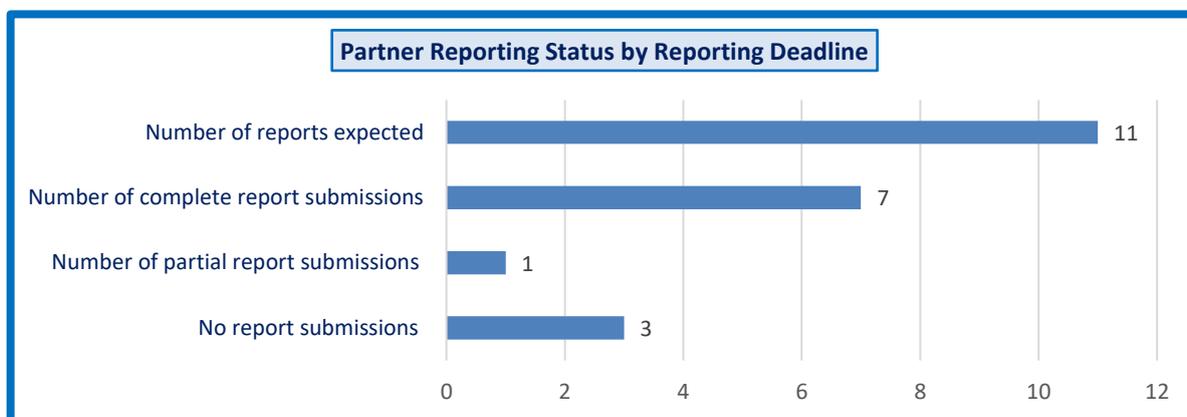
- i. Systematically track all PDEP supported interventions (training, awareness, workshops, consultations, round-table discussions etc.)
- ii. Evaluate PDEP supported interventions mainly training activities.

The intention is to improve activity tracking which would enable the programme to also track the number of people reached through PDEPs capacity building initiatives and to assess participants feedback on PDEP led training. The populated activity tracker for the first 6 months is attached as

annex 8.3.

#### 4.5 Partner Reporting Status

In quarter two of 2023, a total of 11 grant partners were expected to report by the 30<sup>th</sup> of July as per project signed agreements. Out of these, 7 partners made complete report submissions, 1 partner made partial report submission, and 3 partners did not submit any report at all by the 30<sup>th</sup>.



#### 4.6 Results Measurement Framework and Theory of Change

The RMF was revised in 2023 using the inception phase data (2021/2022) as the new baseline and projecting 2023-2025 targets based on the following:

- i. Alignment to planned country level interventions for 2023-2025. Consultative approach between country leads, regional technical leads and UNCTAD to mapping out these interventions.
- ii. Targets at country level was picked from already signed PBAs which already had target projections for 2023 and in some cases, targets beyond 2023.
- iii. Targets were also set based on PDEPs commitment to the EU.
- iv. Based on expert advice from MTR consultant as well as PDEPs regional technical lead.

Revisions were also made to the TOC based on the pipeline of planned interventions for the next three years.

#### 4.7 Knowledge and Information Products: FinTech and E-Commerce

PDEP recruited a consultant to conduct independent assessments on its FinTech and E-Commerce projects. The intention is to identify what worked, what didn't, what are the challenges at the enterprise level, the macro-economic level as well as at the regional level and what can be done to improve sustainability. PDEP has a number of innovation challenges and e-commerce projects in the 2023-2025 activity pipeline. Further investments in this space need to be guided by the reflections and lessons learned that will be identified from this independent assessment. The plan is to have both knowledge and information products finalized before the end of 2023. To date, the consultant has completed interviews with PDEP staff and commenced but yet to complete interviews with project partners.

#### 4.8 MEAL Mission in Tonga and Vanuatu

A MEAL mission was undertaken in Tonga and Vanuatu piggybacking on a PICAP related mission. Support was provided to two PDEP grantees including SkyEye in Vanuatu and Digicel in Tonga. The following interventions were conducted with both grantees:

- Support the completion of Q2 progress reports.
- Verification of data reported in the progress reports.
- Refresher on grantee reporting requirements and expectations.

## 5. Communications

### 5.1 Key Communication Updates

There were several notable events in the first half of 2023 that boosted the programme's visibility, facilitated engagement with regional media and other public and private stakeholders, such as the Pacific Islands Forum. The communications team supported five major events around the region in Q1 and Q2:

1. Announcement of EU support to PDEP
2. Launch of UNCTAD's Pacific Digital Economy Report
3. Launch of Vodafone's cross-border remittances platform between Fiji and Vanuatu
4. Launch of M-Selen mobile money service in Solomon Islands by Our Telekom
5. Launch of the revamped Cyberfood delivery app

Events are a key part of the Programme's visibility and public outreach strategy. Each of these five events was accompanied by regional media coverage of the Programme's work, as well as targeted social media promotion. While the events were invitation-based, the communications team produced a range of promotional and knowledge material to promote the developments to a wider audience. The content included press releases shared with the media and the UNCDF website, 'explainers', blogs and photos and videos for social media (see full list below). Besides promoting PDEP's work, the content produced in-house is also used as reference by the media and other stakeholders. The content's reach was further bolstered as much of it was re-shared on platforms run by UNCDF partners, such as UNCTAD, PIF and Vodafone.

Social media – LinkedIn, Twitter, Facebook and Youtube- continues to be an important tool for enhancing the Programme's visibility and for sharing knowledge generated from its work. A consistent presence was maintained on UNCDF's social media platforms with regular updates from PDEP's work from around the region. This included human interest stories, staff participation in international events, meetings with prominent stakeholders and more. Social media was also strategically used to reach targeted audiences to garner applications for the upcoming Agri-SME Fintech Challenge and it will remain a key platform once the applicants are confirmed and the build-up to the bootcamp begins. It has also been used to promote engagement with key stakeholders, such as donors and government partners, with the aim of solidifying partnerships and publishing regular content.

All in all, Q1 and Q2 was a productive period for the communications team as the Programme's major projects mature and start to be rolled out. The major events scheduled for the second half of the year will require significant communications support and this will be provided with the aim of positioning PDEP and UNCDF as a leading actor in the region's digital economy space, as well as promoting donor commitments to development in the Pacific.

### PDEP Media Links:

#### News Coverage

- [Our Telekom set to transform the digital economy in Solomon Islands with revolutionary mobile money services](#) - Published by Island Sun
- [Digital economies – EU pledges more than \\$18m to support growth - published by the Fiji Times](#)
- [\\$18 million funding to develop regional digital economies - published by FBC News](#)
- [EXPLAINER: A fact-based approach to growing digital economies in the Pacific](#)
- [REMARKS: Dr](#)
- [KEYNOTE ADDRESS by the Permanent Secretary for Trade, Co-operatives, SMEs, and Communications](#)
- [REPORT: Digital Economy Report Pacific Edition 2022](#)
- [National E-commerce strategy 2022-2027 officially launched](#) - Published by Solomon Business Magazine
- [GOVERNMENT LAUNCHES FIRST-EVER NATIONAL E-COMMERCE STRATEGY 2022-2027](#)
- [Highest remittance in a month totaling \\$38 million recorded through M-PaiSA in Dec – Prasad](#)
- [Fijians can now send money across to Vanuatu via M-PaiSA to M-VATU](#) - Published by Fiji Village
- [Fiji records \\$1 billion in inward remittances](#) - Published by FBC News

- [SINPF revolutionizes access to credit with digital 'nano loan'](#) – Published by Solomon Business
- [Our Telekom Powers Up M-Selen](#) – Published by Solomon Times
- [M-Selen fits in well with NFIS3](#) – Published by Solomon Star
- [ACTING PM COMMENDS OUR TELEKOM'S M-SELEN DURING LAUNCH](#) - Published by Solomon Islands Broadcasting Corporation
- [Our Telekom ventures into financial service](#) – Published by Solomon Star
- [Solomon Islands operator launches mobile money service](#) – Published by Developing Telecoms
- [Maelanga Commends Our Telekom on Historic Launch](#) – Published by Solomon Times
- [E-Commerce allows Small and Medium Enterprises to Access New Markets](#) – Published by Solomon Islands Broadcasting Corporation

### Stories/Blogs

- [Fiji progresses in digital economy platform](#) - Published by Xinhua
- [Statement by Rebeca Grynspan, Secretary-General UNCTAD](#)
- [Regional launch of the Digital Economy Report: Pacific Edition 2022](#)
- ['I'm a big fan': M-PAiSA Hailed as Important Development Tool](#)
- [Cómo la economía digital puede mejorar los medios de vida en el Pacífico](#)
- [Report provides valuable data on digital trade](#) - Published by Fiji Times
- [A step forward: Pacific Digital Economy Report](#) - Published by Fiji Times
- [How digital economy can improve livelihoods in the Pacific](#) - Published by PINA

### Press Release

- [SINPF delivers new nano credit facility under Solomon Islands-Australia Partnership](#)
- [EU, UNCDF Cement Partnership to Build Inclusive Digital Economies in the Pacific](#)

### Social Media Highlights

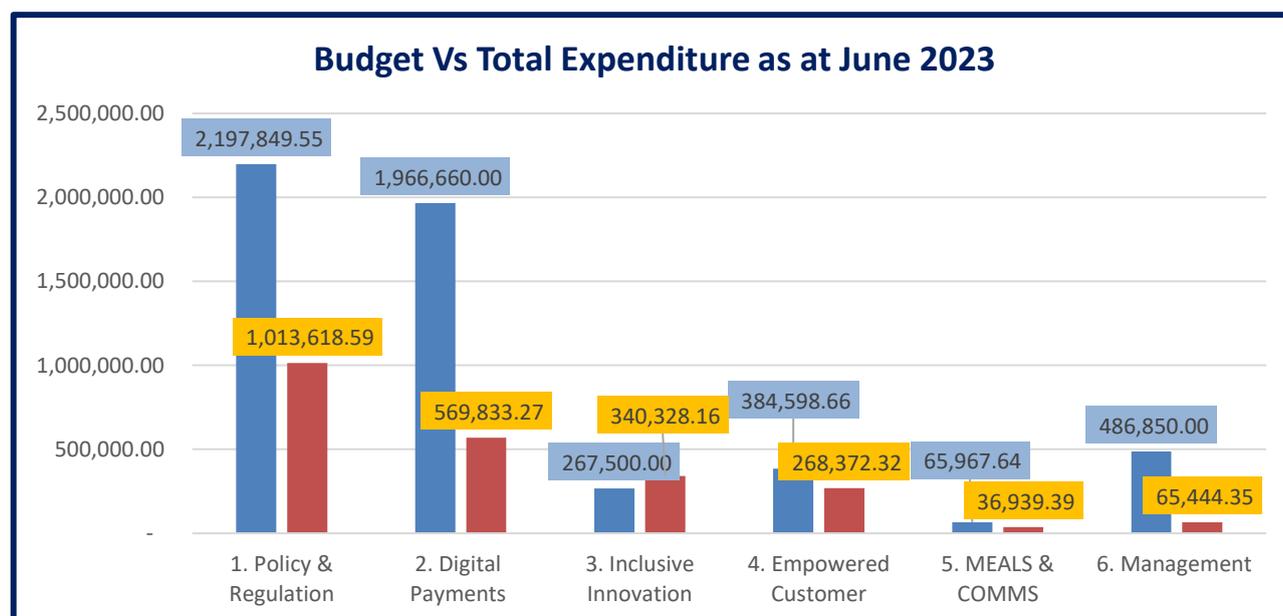
- [Launch of the Digital Economy Report: Pacific Edition 2022](#)
- [Evidence-based policymaking is key to building a digital economy](#)
- [Launch of the Digital Economy Report: Pacific Edition 2022](#)
- [Launch of the first Digital Economy Report: Pacific Edition 2022](#) - Published by Australia in Fiji
- [Launch of the Digital Economy Report for the Pacific](#) - Published by MCTTT Fiji
- [Tuvalu Department of Trade attends regional launch](#) - Published by Tuvalu Trade
- [The #Digital Economy Report: Pacific Edition 2022](#) - Published by Tuvalu Trade
- [Policies and regulations in the Pacific will need to adapted to the digital age](#) - Published by Fiji One News
- [Policy making is key to building a digital economy](#) - Published by Pacific Islands Forum
- [Pacific Digital Economy Report launch in Geneva](#) - Published by Pacific Islands Forum
- [Australian businesses are tapping into the Fijian digitalisation market](#)
- [Digital transformation in the region](#)
- [Pacific Islands Forum Update](#)
- [Launch of the Digital Economy Report Pacific Edition 2022.](#)
- [Want to know what the emerging digital economy is in the Pacific and why it's important?](#)

## 6. Financial Update

### Financial Delivery Against Workplan

The total budget for 2023 sat at more than 5.3 million. By June end, the programme had expended more than 2.2 million, achieving a financial delivery rate of around 43%. Significant delivery was observed under the Inclusive Innovation Workstream which was largely attributed to the commitments made to YGAP to support the regional incubator capacity building initiatives. There was significant underspending observed in the Management workstream due to a number of positions being made vacant in the first half of the year as well as delays in staff recruitment.

	2023 Budget	Disbursements	Commitments	Total Expenditure	Delivery
<b>1. Policy &amp; Regulation</b>	2,197,849.55	593,142.59	420,476.00	1,013,618.59	46.12%
<b>2. Digital Payments</b>	1,966,660.00	131,833.27	438,000.00	569,833.27	28.97%
<b>3. Inclusive Innovation</b>	267,500.00	220,328.16	120,000.00	340,328.16	127.23%
<b>4. Empowered Customer</b>	384,598.66	27,860.32	240,512.00	268,372.32	69.78%
<b>5. MEALS &amp; COMMS</b>	65,967.64	36,939.39		36,939.39	56.00%
<b>6. Management</b>	486,850.00	65,444.35		65,444.35	13.44%
<b>Total</b>	<b>5,369,425.85</b>	<b>1,075,548.08</b>	<b>1,218,988.00</b>	<b>2,294,536.08</b>	<b>42.73%</b>



## 7. Risk Log

No.	Risks Identified	Impact	Countermeasures / Management response	Risk Status <sup>2</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	No longer a key risk. Probability and impact on project outcomes are low.
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
4.	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	Inception phase projects have now taken off and the programme has now moved into expansion phase.

<sup>2</sup> Risk Status Includes: Reducing, Increasing, No Change

No.	Risks Identified	Impact	Counter measures / Management response	Risk Status	Comments
5.	Programme interventions are not sustainable after the programme	PDEP supported interventions do not continue post donor funding cessation.	The recently developed country strategies support a more market systems development approach with more focus on sectoral rather than enterprise support. PDEP is also evaluating its FinTech & E-Commerce projects and the lessons learned will be used to steward design of interventions in a more sustainable way.	No Change	The country strategy has only recently been developed and the thematic evaluation started in Q2. The consistent implementation of the strategy and the release of the thematic evaluation and responses to the outcomes will ensure the reduction of this risk.
6.	Staff Turn Over	Affects timely project implementation	The development of the country strategies and detailed workplans and budgets for the 2023-2025 period will help newly onboarded staff to quick 'pick pace' with country context and planned interventions.	No Change	The introduction of the strategies is a risk mitigation measure; however, the quick recruitment of staff is also needed to complement these risk mitigation efforts.
7.	Limited programme bandwidth and unforeseen delays to carry out all planned innovation challenges within planned timeframes	If innovation challenges are not carried out on time, scale will not occur within the project implementation period (2023-2025) and results required for PDEP will not be captured within the implementation timeframe as well.	The introduction of the country strategies will help guide programme implementation and focus on planned deliverables for each year.  The programme also revised its organogram based on experiences from the pilot phase and introduced a number of new positions to ensure planned activity delivery.	No Change	The introduction of the strategies is a risk mitigation measure; however, the quick recruitment of staff is also needed to complement these risk mitigation efforts.

## 8. Annexures

### 8.1 Results Measurement Framework

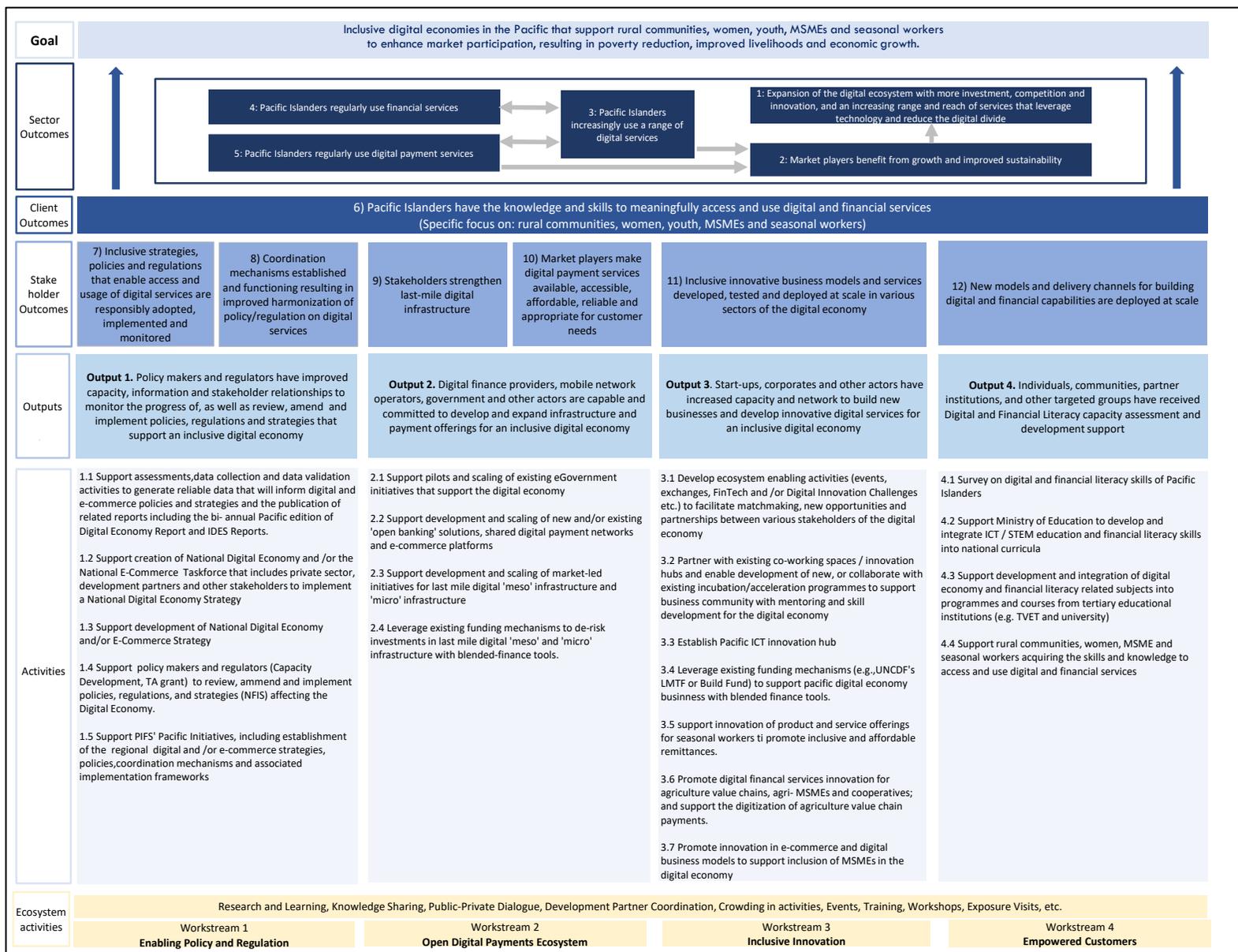
Achievement Rate
100% and over
Between 75% and 99%
Between 50% and 74%
Less than 50%

Ind No.	TOC Level	Indicator	Target 2023	Results 2023	Achievement Rate (%) <sup>11</sup>	Comments
1	Output	1.1 Number of countries that measure the development of their digital economy (GEN2)	5	0	0%	<b>Data collection</b> for IDES 2022 is from May – July 2023. <b>IDES Quality Review</b> in July by UNCDF Global Teams <b>Updated scorecards</b> will be available Q3 2023.
2	Stakeholder Outcome	1.2 Number of national and regional forums established for regular dialogue on E-Commerce or the Digital Economy	2	0	0%	Pipeline plans to establish e-commerce forums in <b>Fiji and Timor Leste</b> in Q3-Q4 2023. Initial discussions are already underway in the two countries.
3	Stakeholder Outcome	1.3 Number of countries that endorse and / or launch their Digital and/ or E-Commerce Strategy	1	1	100%	<b>Solomon Islands</b> launched their National E-Commerce Strategy 2022-2027 in April.
4	Output	1.4 Number of PICs whose policy makers and regulators received support to review, amend and implement policies, regulations and strategies affecting the digital economy	2	1	50%	<b>Samoa and Tonga</b> contributing to targets. TA support provided to Samoa to review the NFIS 2.0. Official launch planned for Q3 2023. TA support to finalize the Tonga NFIS earmarked for Q3-Q4 2023.
5	Stakeholder Outcome	2.1 Number of eGovernment service piloted and/or scaled (incl G2P/P2G)	1	0	0%	Digitization of Police Clearance Certificate for <b>Fiji</b> Police Force: Collaboration with the Ministry of Economy. Feasibility Study Report was handed over to the Fiji Police Commissioner in April 2023. Digitization project launch expected to take place in the second half of 2023.
6	Stakeholder Outcome	2.2 Number of services piloted and/or scaled that focus on open banking, digital financial services, and payment networks and/or e-commerce platforms	4	1	25%	<ol style="list-style-type: none"> <li>Commercial launch of mobile money in <b>Solomon Islands</b></li> <li>PD for agent network enhancement submitted for IC approval. Project covers 4 countries including <b>Fiji, Vanuatu, Tonga, and Samoa</b></li> <li><b>Solomon Islands</b> YABX nanoloan product planned pilot Q3 2023.</li> </ol>
7	Sector Outcome	2.3 Number of registered users for services supported by the Programme that focus on open banking, digital financial services, payment networks and/or e-commerce platforms (GEN3)	40,000	7,400	19%	Cyberfood + Digicel + Our Telekom + SkyEye + Island Tech 4,583 + 222 + 1,049 + 1,416 + (109+21)
8	Sector Outcome	2.4 Number of active users for services supported by the Programme that focus on open banking, shared digital payment networks and/or e-commerce platforms	12,000	4,135	35%	Cyberfood + Digicel + Our Telekom + SkyEye + Island Tech 2,750 + 50 + 1,049 + 264 + (16 +6)
9	Stakeholder Outcome	2.5 Number of last mile digital micro and/or meso infrastructure services piloted and/or scaled	2	0	0%	Psychometric creditworthiness tools in <b>Samoa and Tonga</b> .
10	Output	2.6 Number of partnerships established with Digital finance providers, mobile network operators, government, and other actors to develop an inclusive	18	14	78%	Refer to section 1.1 grant partner listing.

Ind No.	TOC Level	Indicator	Target 2023	Results 2023	Achievement Rate (%) <sup>11</sup>	Comments
		digital economy				
11	Output	3.1 Number of partnerships established with co-working spaces, innovation hubs and acceleration programs to develop the digital economy	1	1	100%	Innovation and Acceleration regional project in partnership with YGAP established.
12	Stakeholder Outcome	3.2 Number of new and improved innovative products and services piloted disaggregated by digital and non- digital and project focus	9	2	22%	<p><b>Solutions Piloted</b></p> <ol style="list-style-type: none"> <li><b>Fiji:</b> MHITS with MPaisa inter-island money transfer project piloted May 2023</li> <li><b>Solomon Islands:</b> Launch of Mobile Money Project</li> </ol> <p><b>Solutions yet to be piloted but currently in implementation with pilot scheduled for Q3-Q4 2023</b></p> <ol style="list-style-type: none"> <li><b>Fiji:</b> IT Galax and FDB Chatbox Project</li> <li><b>Fiji:</b> Electronic police clearance project with MOE</li> <li><b>Samoa and Tonga:</b> Global Psytech psychometric creditworthiness assessment solutions</li> <li><b>Regional:</b> Digicel mobile money agent network</li> </ol>
13	Output	4.1 Countries where a survey is conducted on digital and financial literacy skills of Pacific Islanders	7	0	0%	Reports release and dissemination workshops for all 7 PICs planned for the Q3 2023.
14	Output	4.2 Number of targeted financial and digital literacy campaigns/initiatives for rural communities, women, MSMEs and seasonal workers	2	0	0%	Targeted literacy workshops to take place post DFL reports dissemination event
15	Stakeholder Outcome	4.3 Number of educational institutions supported to design/integrate with digital economy and financial literacy related subjects' courses and training programs into their integrated into their curriculum	0	0		No target for 2023.
16	Client Outcome	4.4 Number of people who have received capacity development support to improve their DFL knowledge and skills	5,000	2,319	46%	UNCDF Facilitated Events: 217 UNCDF Partner Supported Events: 2,102 (RBF + SkyeEye + Digicel + Island Tech + Cyberfood) (1,734 + 110 + 134 + 10 + 114)
<b>AVERAGE INDICATORS ACHIVEMENT RATE</b>					<b>32%</b>	

\*Achievement rate: Capped at 120%

## 8.2 Revised Theory of Change



### 8.3 Grants Summary Table

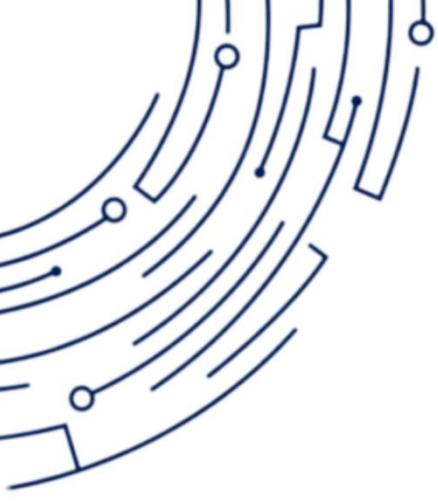
COUNTRY	PARTNER	PROJECT	PROJECT TITLE	PROJECT DESCRIPTION	PROJECT PERIOD	PROJECT PERIOD	PROJECT STATUS	TOTAL PROJECT BUDGET (USD)	TOTAL UNCDF CONTRIBUTION	TOTAL PARTNER INVESTMENT
<b>TOTAL</b>							<b>14</b>	<b>\$4,201,212</b>	<b>\$2,874,512</b>	<b>\$1,326,700</b>
FIJI	Reserve Bank of Fiji	PDEP   PICAP	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.	12/03/2022	31/12/2024	ACTIVE	\$300,500	\$150,000	\$150,500
FIJI	MHITS (Fintech)	PDEP	Pacific Inter-Island Cross-Border Remittance	Implement person-to-person inter-island cross-border remittance. Multi-phase implementation with first phase proof of concept between Fiji and Vanuatu. Service will allow individuals to transfer funds from M-PAISA mobile money wallet in Fiji to recipients in Vanuatu holding an M-Vatu mobile money account and vice versa. Service will be real-time, 100% digital and should reduce the cost of sending funds by half compared with existing methods.	01/01/2023	4/30/2023	ACTIVE	\$365,000	\$50,000	\$315,000
FIJI	IT Galax	PDEP	Chatbox-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	ACTIVE	\$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	Mar-22	Aug-23	ACTIVE	\$1,050,000	\$650,000	\$400,000
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.	Mar-22	Mar-23	ACTIVE	\$88,000	\$60,000	\$28,000
SOLOMON ISLANDS	Central Bank of Solomon Islands (CBSI)	PDEP	Retail Payments - Ecosystem Assessment	The objective of the study is to provide a comprehensive understanding of Solomon Islands' retail payments ecosystem, its market size, customer preferences, and merchant motivations.	03/01/2023	03/01/2023	ACTIVE	\$80,000	\$60,000	\$20,000
SOLOMON ISLANDS	YABX (Fintech)	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	ACTIVE	\$112,700	\$50,000	\$62,700

COUNTRY	PARTNER	PROJECT	PROJECT TITLE	PROJECT DESCRIPTION	PROJECT PERIOD	PROJECT PERIOD	PROJECT STATUS	TOTAL PROJECT BUDGET (USD)	TOTAL UNCDF CONTRIBUTION	TOTAL PARTNER INVESTMENT
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 facilitating the MSME sector to scale and generate more employment.	03/03/2022	30/08/2023	ACTIVE	\$87,500	\$60,000	\$27,500
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 realizing the need for immediate liquidity post disaster, as part 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 free 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-22	Mar-23	ACTIVE	\$200,000	\$200,000	
KIRIBATI	Kiribati National Statistics Office (KNSO)	PDEP	Demand Side and Digital Financial Literacy for Kiribati	The objective of this project is to take support of the KNSO in conducting the Demand Side and Digital and Financial Literacy survey in Kiribati. The KNSO will undertake the survey, conduct data analysis, and develop the report.	Jan-23	Jun-23	ACTIVE	\$169,512	\$169,512	
MULTI-COUNTRY	YGAP (Samoa, Solomon Islands, Tonga)	PDEP	Incubator Capacity-Building in the Pacific	Aimed at supporting the growth of entrepreneurs in the selected countries, this regional capacity-building and training programme focuses on local incubation programme providers (IPPs) in the Pacific, which will in turn support MSMEs in the Pacific in developing business models to help create and grow young businesses through technical and financial services.	23/01/23	Jan-24	ACTIVE	\$170,000	\$120,000	\$50,000
MULTI-COUNTRY	Tebbutt	PDEP	Conducting Digital and Financial Literacy survey in 7 Pacific Island Countries	To conduct a digital and financial literacy baseline survey in 7 Pacific Island Countries (PIC). The data and insights from the survey will help to undertake informed policy measures and design targeted interventions to promote and improve digital and financial literacy for different population segments across the Pacific Island countries.	13/06/2022	31/01/2023	ACTIVE	\$476,000	\$355,000	\$121,000
MULTI-COUNTRY	Pacific Islands Forum	PDEP	Implementation of the Pacific Regional E-Commerce Strategy and RoadMap	The project will support 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 PDEP	01/01/2022	31/12/2023	ACTIVE	\$500,000	\$500,000	

COUNTRY	PARTNER	PROJECT	PROJECT TITLE	PROJECT DESCRIPTION	PROJECT PERIOD	PROJECT PERIOD	PROJECT STATUS	TOTAL PROJECT BUDGET (USD)	TOTAL UNCDF CONTRIBUTION	TOTAL PARTNER INVESTMENT
MUTLI-COUNTRY	Digicel (Fiji, Tonga, Samoa, Vanuatu)	PDEP	Ecosystem Development	To increase access points via agents and merchants' distribution channels with the aims of developing use cases, increasing the usage and access of mobile money services amongst segments currently left behind, such as women, youth, and other vulnerable segments in the low-income groups.	01/02/2023	31/12/2024	ACTIVE	\$520,000	\$400,000	\$120,000

## 8.4 PDEP Activity Tracker

Activity Name	UNCDF Activity Type	Activity Timeframe (dd/mm/yy)	Activity Objective	Targeted Audience	Country Participation	Number of People Reached
Digital Technologies to Empower Women (IWD)	Advocacy and Knowledge Sharing	March 2023	Panel Discussion on Digital Technologies economically empowering women	Women MSME's	Fiji	9
EPCC Feasibility and Solution Report Handover	Technical Assistance	30/3/2023	Official handover of feasibility study of digitalising the police clearance application and issuance process that was conducted by PDEP to the Fiji Police Force	Key relevant stakeholders	Fiji	
National E-commerce Strategy Launch	Technical Assistance	28/04/2023	Official launch of the Solomon Islands National E-commerce Strategy which was developed with the support from PDEP.		Solomon Islands	71
Launch of cross border remittance via Mpaia	Technical Assistance	May 2023	Launch of online platform to facilitate direct cross border fund transfer from M-PAISA in Fiji to M-Vatu in Vanuatu Launch event to be coordinated with Vodafone. Solution identified at the Pacific Islands FinTech Innovation Challenge 2022.		Fiji, Vanuatu	
Mobile Money Commercial Launch	Technical Assistance	June 2023	Launch of Solomon Islands Our Telekom mobile mobile service		Solomon Islands	
National ICT Day	Technical Assistance	May 2023	UNCDF sponsorship and participation in the events as panelist and judge.	MNOs, Govt. Departments, Ministry of Finance, DFAT and other relevant stakeholders	Vanuatu	
Financial Inclusion Exposition 2023	Technical Assistance	11-12 May 2023	UNCDF sponsorship and participation in the event as panel discussion moderator.	RBV, Banks, FI's, MNO, NBV, VNPf and other stakeholders	Vanuatu	
Cyberfood Revamped Platform - Relaunch	Technical Assistance	11th May 2023	Relaunch of the cyberfood new App and website. The previous platform had noted glitches.		Fiji	
Digital Financial Literacy Survey Launch	Technical Assistance	31st May or 1st June	Official launch of the DFLS Fiji Report	RBF, FSPs, MNOs and other relevant stakeholders	Fiji	
Pacific Agri-MSME Digital Innovation Challenge (bootcamp)	Technical Assistance	Last week of June	Identify partners for implementation	FinTech, AgriTech, financial/technology solution providers	Regional	
1st Information Session for the Pacific Agri MSME Innovation Challenge	Technical Assistance	10th May 2023	Identify partners for implementation and give advise to those who wish to apply.	FinTech, AgriTech, financial/technology solution providers	Regional	22
2nd Information Session for the Pacific Agri MSME Innovation Challenge	Technical Assistance	24th May 2023	Identify partners for implementation and give advise to those who wish to apply.	FinTech, AgriTech, financial/technology solution providers	Regional	16
Launching of DFL report	Technical Assistance	August 2023	Dissemination of the report and engage the stakeholders for improving Digital Financial Literacy	RBV, Banks, Telco, Ministry of Education, USP, NUV, OGCIO	Vanuatu	
Launching of Digital Agent Network Expansion Project	Technical Assistance	September 2023	To create awareness and engage stakeholders	RBV, Banks, OGCIO, Govt agencies	Vanuatu	
Launching of Smart Island Project	Technical Assistance	July 2023	To create awareness and engage stakeholders	OGCIO, ITU, Govt. Agencies	Vanuatu	
e-PCC training and awareness	Advocacy and Knowledge Sharing	September 2023	To create awareness	VPF, OGCIO,	Vanuatu	
eTrade for Women Masterclass	Capacity Development	July 2023	Develop the skills and capacity of women digital entrepreneurs.	Women digital entrepreneurs in the Pacific region.	Regional	
Workshop on Legal Frameworks for Building the Digital Economy	Capacity Development	October 2023	Develop the capacity of policymakers to implement policies and regulations related to the digital economy.	Policymakers from across the Pacific region.	Regional	
Regional training on Legal Aspects of E-commerce	Capacity Development	September 2023	Develop the skills and capacity of policymakers to develop and implement e-commerce policies.	Policymakers from various ministries across all Pacific countries.	Regional	
Timor-Leste eTrade Readiness Assessment consultations	Technical Assistance	September 2023	Multi-stakeholder consultations to identify the opportunities and challenges of e-commerce in Timor-Leste.	Government, private sector and civil society.	Timor-Leste	
eWeek 2023	Capacity Development	December 2023	Promote e-commerce and the digital economy and its potential for development gains in the Pacific.	Government, private sector and civil society.	Regional	
Dissemination Workshop on 'Assessing Digital and Financial Literacy in Fiji: A Survey on Knowledge, Skills and Access'	Technical Assistance	July 2023	To present the key findings of the survey, and collaboratively explore ways to use the results of the survey to enable informed policy actions and interventions with the goal to strengthen financial and digital literacy in Fiji.	MNOs, Govt. Departments, Ministry of Finance, DFAT and other relevant stakeholders	Fiji	48
IDES 2022	Capacity Development	15th August 2023	Deliberate on Digital economy & IDES scores and set key priorities to improve the building blocks for the Digital Economy	Senior officials in public sector, CEOs private sector & Academia	Solomon Islands	51
Fiji National E-commerce Strategy consultations	Technical Assistance	October 2023	Multi-stakeholder consultations to identify the opportunities and challenges of e-commerce in Fiji.	Government, private sector and civil society.	Fiji	
					<b>Total</b>	<b>217</b>



With support from:

