



**PACIFIC DIGITAL ECONOMY PROGRAMME**

**MPTF NARRATIVE PROGRESS REPORT**

**REPORTING PERIOD: FROM JANUARY TO DECEMBER 2021**

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| --- | --- | --- |
| **Programme Title & Project Number**  |      | **Country, Locality(s), Priority Area(s) / Strategic** **Results**  |
| * Programme Title: Pacific Digital Economy Programme
* MPTF Office Project Reference Number: 00127376
 | Fiji, Samoa, Solomon Islands, Tonga, Vanuatu  |
| *Priority area/ strategic results* Promoting inclusive digital economies in the Pacific  |
| **Participating Organization(s)**  | **Implementing Partners**  |
| * Organizations that have received direct funding from the MPTF Office under this programme
* UNDP | UNCDF | UNCTAD
 | • Government, Regulatory Authorities, IGOs including UN and CROP agencies, Private Sector and Development Partners, MSMEs, SMEs,  |
| **Programme/Project Cost (US$)**  | **Programme Duration**  |
| Total approved budget as per project document: MPTF /JP Contribution: US$5,610,000US$ Agency Contribution * UNCDF: US$ 1,502,923
* UNDP: US$ 1,001,950
* UNCTAD: US$ 825,000

  | Overall Duration: 21 Months Start Date: 08 June 2021 Original End Date*:* 31 December 2022  |
| Government Contribution Australia: US$ 5,417,073 |   | Actual End date:   Have agency(ies) operationally closed the Yes No Programme in its(their) system?  |
| Other Contributions (donors) *(if applicable)***TOTAL: US$ 3,329,873**   |     | Expected Financial Closure date:   |
| **Programme Assessment/Review/Mid-Term Eval.** Evaluation Completed Yes No Evaluation Report - Attached  Yes No  | **Report Submitted By**  |
| o Name: Bram Peters o Title: Programme Manager o Participating Organization (Lead): UNCDF o Email address: bram.peters@uncdf.org |

# 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  |
| e-PCC  | Electronic Police Clearance Certificate  |
| EU  | European Union  |
| FPF  | Fiji Police Force  |
| IC  | Investment Committee  |
| IDES  | Inclusive Digital Economy Scorecard  |
| KYC  | Know Your Client  |
| MSME  | Micro, Small & Medium Enterprises  |
| NDET  | National Digital Economy Taskforce  |
| NDES  | National Digital Economy Strategy  |
| NES  | National E-Commerce Strategy  |
| NFIT  | National Financial Inclusion Taskforce  |
| NFIS  | National Financial Inclusion Strategy  |
| NRBT  | National Reserve Bank of Tonga  |
| PADS  | Project Appraisal Document  |
| PDEP  | Pacific Digital Economy Programme  |
| PFIP  | Pacific Financial Inclusion Programme  |
| PIFS  | Pacific Islands Forum Secretariat  |
| PICs  | Pacific Island Countries  |
| RFA  | Request for Applications  |
| 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  |

**ANNUAL PROGRESS REPORT**

**EXECUTIVE SUMMARY**

The Pacific Digital Economy Programme, jointly implemented by the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP) and the United Nations Conference on Trade and Development (UNCTAD) which commenced in April 2021 builds on the success and achievements of the erstwhile Pacific Financial Inclusion Programme (PFIP).

Although 2021 had proven to be a challenging year for programme implementation especially due to the impact of the COVID-19 related travel restrictions, it has also laid the foundation for significant work to be undertaken in the coming years. Various studies and assessments have been done which have already informed the design of multiple programming initiatives, such as RFA’s, and from which the first project proposals have already been approved by the investment committee.

# I. Purpose

The Programme aims to achieve the creation of inclusive digital economies by addressing specific market constraints, narrowing the digital divide, and eventually impacting Pacific Islanders’ lives, especially rural communities, women, MSMEs and labour mobility workers. The programme adopts a market development approach and seeks to

* Leverage the roles and behaviours of current players in the marketplace and support them to continue doing what they do better or to change their behaviour
* Strengthen the systems and relationships among various market and sector actors
* Work with current players to de-risk new business models to make digital solutions more inclusive for the focus segments and reduce the digital divide.

The programme is being implemented in a phased manner over a 5-year period with the first two years being dedicated to the inception phase where foundational work of mapping, scoping and the development and refinement of supporting strategies and frameworks, both at regional and country level, would be carried out.

The programme is aligned to overarching UN strategies and frameworks including the United Nations Pacific Strategy (UNPS) Outcome 3: Sustainable and Inclusive Economic Empowerment as well as Outcome 2: Gender Equality and the Sub-Regional Program Document (SRPD) 2018-2022. The programme contributes to SPPD Outcome 3: Sustainable and Inclusive Economic Development.

**II. Assessment of Programme Results**

# REGIONAL UPDATE

# Enabling Policy and Regulation

* The **Inclusive Digital Economy Scorecard (IDES)** is a policy tool developed by UNCDF to support countries in better understanding and monitoring the status of their digital transformation, with a view to making it more inclusive. In 2021, six pacific islands countries including Fiji, Samoa, Tonga, Timor Leste and Vanuatu used the IDES tool to conduct initial assessments of how digitally inclusive their economies were. The results of these assessments were communicated with national stakeholders predominantly stakeholders from the central banks. By the end of 2021, Solomon Islands, adopted IDES as a policy tool and had published their IDES report. The programme will continue to work with the remaining countries from 2022 onwards to utilize the IDES findings to chart interventions that will accelerate digital transformation in key sectors across PDEP-supported PICs.

* In 2021, an outline of **UNCTADs Digital Economy Report for the Pacific** was prepared and initial data collection and assessment activities were carried out. Building on the analysis from UNCTAD’s global Digital Economy Report; the report will take stock of the digital economy in the region and explore the level and depth of e-commerce engagement by consumers and businesses in the Pacific, with a particular focus on the role of digital platforms. The report will incorporate work already carried out in the region, including the IDES tool and the eTrade Readiness Assessments.

* A draft **e-commerce legislation gap analysis for the Pacific** was prepared in 2021. The gap analysis will be followed up by a regional training course on legal aspects of e-commerce in early 2023, after which it will be finalized and published as an official regional report.

* An **online training for the Production of Statistics on the Digital Economy, aimed at building capacity in National Statistical Offices**, was developed in 2021 and will be delivered in the first half of 2022. This training will be delivered in collaboration with the Pacific Community (SPC) and the Pacific Islands Forum Secretariat (PIFS).

* A new project document was drafted for the implementation of the **Pacific Regional E-Commerce Strategy and Roadmap**. This initiative is to be led by the Pacific Islands Forum Secretariat (PIFS) with TA support from UNCTAD. Presentation of project documents to the IC were done in November 2021.

# Open Digital Payment Ecosystems

Publication of [**‘The Opportunity for Digital and E-Commerce Payments in the Pacific Region’**](https://www.uncdf.org/article/7115/the-opportunity-for-digital-and-e-commerce-payments-in-the-pacific-region) paper which explores the challenges and opportunities for digital and e-commerce payments in the Pacific region which will assist the programme with country workplans for 2022 as well as support the development of the Pacific Digital Payments Innovation Challenge in 2022.

* A regional **‘E-Commerce’ Request for Applications (RFA)** was released calling for proposal submissions from Fiji, Solomon Islands, Tonga, and Vanuatu to support the development and/or expansion of digital payment solutions for micro and small enterprises using mobile-based platforms such as smartphones and computer tablets. This is part of the programme's initiatives to develop and expand e-commerce platforms to MSMEs to sell their goods and services online.

* A **regional ‘Ecosystem Development’** RFA was also released calling for the deployment, expansion, and improvement of innovative agent models to expand the use and access to digital financial services in Fiji, Vanuatu, Tonga, and Samoa targeting marginalized segments including rural dwellers, MSMEs, women and youth. The RFA responds to the limited agent networks and merchant acceptance of digital payments in these four countries, particularly in rural and remote areas. This initiative will be co-funded with resources from the EU through UNCDF’s DFS4Resilience programme, which also covers the Pacific.

# Inclusive Innovation

• In 2021, the programme conducted a **Regional Network Analysis and Mapping of Institutions supporting Entrepreneurship**. The report findings assist in identifying priority actions that will strengthen the entrepreneurship and innovation sector in the region. An RFA acting on the recommendation to build capacity of incubators that work with local entrepreneurs was drafted in 2021 and is expected to be launched in Q1 2022.

# Empowered Customers

* In 2021, the programme supported the development of the **digital and financial literacy (DFL) survey questionnaire and study protocol.** It is the first international questionnaire to be developed

to focus on the combination of digital and financial skills. The survey protocol will help to facilitate the collection and measurement of DFL across the population and within specific groups. The protocol will guide the roll out of the actual surveys across 7 PICs earmarked for 2022. Given the limitations in global frameworks used to measure DFL literacy, the instrument was developed to be used in other contexts outside the Pacific as well.

* PDEP has continued supporting the **Reuben James Summerlin (RJS) Award**. It was first launched in September 2015 in memory of the former UNCDF Pacific Financial Inclusion Programme (PFIP) Programme Manager Reuben Summerlin, who passed away the same year in a tragic road accident. The RJS Awards are designed to promote capacity development on digital financial services for staff from private and public sector partners in five countries: Fiji, Samoa, Vanuatu, Solomon Islands, and Tonga. The scholarships are awarded for different courses at the Digital Frontiers Institute (DFI).

# COUNTRY UPDATE

# FIJI

# National Financial Inclusion Strategy (NFIS) 3.0: 2022-2030

The programme drafted a Project Appraisal Document (PAD) for submission to the Investment Committee for approval in 2022. The project is designed to support the RBF in the implementation of the NFIS 3. Key Initiatives under this project include support to raising financial education, literacy, and awareness, MSME development, resilience building activities and supporting digital financial service (DFS) and innovation activities.

# Assessment of the Digital Economy

During the course of the year, and to support the development of new initiatives from PDEP’s peer programme, the DFS4Resilience programme, which is funded by the EU, the programme team supported the development of an assessment report of Fijis Digital Economy. The assessment indicated that Fiji has a relatively sophisticated communications infrastructure with the highest mobile and internet penetration in the Pacific Islands and has made notable progress in the regulatory environment. However, accelerated improvements must be made in implementing the many initiatives towards an inclusive digital economy in the areas of spurring innovation, advancing the digital payment ecosystem, and raising digital literacy across the population to build capacity and ability to navigate in a digital era. The IDES results were shared with the Reserve Bank of Fiji and digitalFIJI in 2021. digitalFIJI is the Fiji Government’s digital transformation programme. PDEP, through UNCTAD will work with the Ministry of Commerce, Trade, Tourism and Transport (MCTTT) in 2022 to develop a National E-commerce Strategy for Fiji.

# Approved Projects under the E-Commerce RFA

Under the PDEP e-Commerce RFA, two of Fijis project applicants were approved by the IC in November 2021, namely Cyber Foods and Solved Fiji.

**Cyber Foods:** Cyber Foods is an online food order and service delivery business and the pioneers of online food delivery in Fiji. Their project involves the revamp of their current website as currently they are not integrated with the restaurants. There has been an increase in demand for such services during COVID and Cyber foods is looking to upgrade its system to manage the increased demand and improve customer experience. The upgrade of their website and app would include integration with an online payment gateway and as well as with Digicel’s MyCash mobile money. Cyber food is looking to increase uptake of its services through capacity building of restaurants and through raising awareness via marketing campaigns.

**Solved Fiji**: The Solved Fiji project is targeted at supporting an existing aggregator platform called MAKETE. The grant funding provided will be used to

* support the enhancement of features on this platform
* increase vendor onboarding through the recruitment of consultants in rural areas
* have marketing campaigns targeted to various segments.

The uniqueness of this project is on targeting the informal sector and having no subscription fee until the vendors reach a level of transaction which is well suited to attract targeted customer segments. Project funding will also support the integration of BSPs payment gateway and Digicel’s MyCash mobile money. This will help Solved Fiji to accelerate the adoption of the platform which would otherwise take more years as the platform development up to now has been entirely self-funded.





CEO-founder of Cyberfood, Majid Shahzad and team. Solved Fiji team.

# E-Police Clearance Certificate

Initial discussions were held with the Ministry of Economy and the Fiji Police Force (FPF) around digitizing the process to obtaining police clearance as well as improving the database for the FPF that will in turn improve efficient retrieval of stored documentation. A TOR to recruit a consultant that will conduct the scoping and feasibility study as well as develop a solutions document was drafted in 2021 and will be finalized and advertised in Q1 2022.

# SAMOA

# National Financial Inclusion Strategy 2: 2021-2025

Through PFIP, UNCDF contributed to the evaluation of the NFIS 1 and to develop the NFIS 2. With the remote support of an independent consultant, one-to-one consultations and stakeholder workshops were conducted. An assessment of the NFIS 1 was shared with the Central Bank as well as a draft of the NFIS 2. The NFIS 2 was further reviewed and amended in 2021 by CBS to include the consumer protection act including data protection and mandating digital literacy for all users of digital financial services and mainstreaming gender. The finalization of the NFIS 2 has taken much longer than anticipated due to changes in the government. PDEP programme staff will continue to follow up on the progress of this and will support the implementation of the strategy.

# Assessment of the Digital Economy

In parallel to similar work for Fiji, the programme team also supported the development of an assessment report of Samoa’s Digital Economy. The assessment indicated that Samoa is firmly at growth stage and that improvement can be made in implementing initiatives towards an inclusive digital economy in the areas of spurring innovation, advancing the digital payments ecosystem, skilling MSMEs to be digitally included and raising digital literacy across the population to build the capacity of its population to navigate the rapidly evolving digital economy. The assessment results have been communicated to the central bank of Samoa’s digital team, financial inclusion team and policy and regulation team. The central bank has requested UNCDF for an IDES report to accompany the assessments to support further planning.

# SOLOMON ISLANDS

# National E-commerce Strategy (NES)

In 2021, the Solomon Islands Government, supported by UNCTAD and UNCDF, established a Steering Committee and Technical Working Taskforce to guide the development of its first national e-commerce strategy (NES). The Strategy (NES) will provide a vision and roadmap for the development of e-commerce in Solomon Islands and will be developed based on consultations with Government, private sector, civil society stakeholders and development partners. Initial consultations for the diagnostics phase of the project commenced in 2021and further consultations and Identification of strategic priorities will continue in Q1 and Q2 of 2022, with a strategy development workshop planned for mid-2022. The NES is expected to support job creation, trade, and economic growth in Solomon Islands.

# Mobile Money via Our Telekom

Building off the foundational work of the Pacific Financial Inclusion Programme, PDEP has continued the engagement with Our Telekom to launch mobile money services in Solomon Islands. In 2021, a new project was designed to support the deployment of mobile money network, including the building of an agent network. The project was approved by the Investment Committee end 2021 and recruitment of consultants for TA is ongoing. Implementation of the project will start in Q1 2022.

# E-commerce with Island Tech Solomon

Island Tech Solomon is initiating an e-commerce initiative with the aim of providing an e-commerce platform for MSMEs to enable trade specifically between the capital city and the Western Province. The platform will offer a digital alternative for rural populations who face the high cost of travel to the capital for essential supplies. Similarly, it provides an easy market access to rural MSMEs to sell their goods to shoppers from Honiara directly. The project was conceptualized in 2021 to support outreach and training activities of the platform, and to bring on board 180 new MSME vendors. The platform will be developed for web, mobile and integrate digital payment options. The project has been approved by the IC in January 2022.

# Solomon Islands National Provident Fund (SINPF) Data Dashboard

PDEP started a project with SINPF which provides capacity building (dashboard development and training) to support data driven decision making by the SINPF. It aims to strengthen the ability of the youSave product team to successfully drive voluntary pension contributions among users. In 2021, the programme presented a data dashboard design to the SINPF team which was well received. SINPF would be providing additional datasets to UNCDF in 2022 to complete the dashboard. The completion of this will be followed by staff training on the usage of the dashboard.

# Central Bank Solomon Islands SIM Registration Database

The CBSI and the Telecommunication Commission of Solomon Islands (TCSI) are partnering to develop a database for SIM registration for mobile phone users in Solomon Islands, which in turn can potentially be used for Customer Due Diligence (CDD) by financial service providers. In 2021, UNCDF received an official request from CBSI to support local preparations for the regional E-KYC facility. This includes supporting the demand-side research and the readiness and feasibility of an E-KYC / digital ID database for Solomon Islands. A concept note to scope this out in more detail has been developed in 2021 and is currently being discussed with CBSI and TCSI.

# b-Mobile Financing of Solar-diesel Hybrid Solutions

A new project has been designed under the programme that focusses on financing low carbon transition of b-mobile’s off grid mobile base station sites. B-mobile is the second largest mobile network operator in Solomon Islands. The project is aimed at improving connectivity in four-grid sites by financing the conversion of obsolete diesel generators to solar-diesel hybrid solutions. Contractual negotiations will be finalized in 2022 as well the release of the first funding tranche. This transaction would be funded through UNCDFs Last-Mile Finance Trust Fund. The cost benefit analysis shows payback within 2.7 years and a considerable reduction of diesel consumption hence a positive impact on reducing carbon emissions.

# TONGA

# Inclusive Digital Economy Assessment

Tonga’s digital economy is still at a nascent stage. However, with the e-Government project underway, it is expected that this will escalate the digital transformation for Tonga. This project is crucial for the success of PDEP initiatives since the e-Government project provides the core foundation for all digital Regulations and Policies. The IDES tool was presented to all relevant stakeholders in 2021. Constructive feedback was received, and areas for improvement identified particularly relating to the binary and index scoring of the tool. Majority of the policies supporting the digital agenda across key government sectors are already drafted, except for the Financial Sector. UNCDF has liaised with the National Reserve Bank of Tonga (NRBT) with regard to finalizing the National Financial Inclusion Strategy (NFIS) which will be instrumental for the digital transformation of the financial sector.

# E-commerce with Digicel

A new project was developed in 2021 proposing the development of an online e-Commerce platform, focusing on SMEs. The platform will act as a multi-vendor marketplace which will be a shared storefront for multiple e-commerce merchants. The targeted segments will include women, agricultural/ handicraft as well as informal sector merchants. Trainings and capacity building workshops will be used to enhance the level of skills for those trading on the platform. The project has been approved by the IC in January 2022.

# VANUATU

# International Payment Gateway and E-Commerce

End 2021 a new project was developed with an already known partner for UNCDF; SkyEye from Samoa. This is a company owned and operated by Pacific Islanders, that aims to localise technology solutions within the region. The objective of the project is to expand and deploy an already successful solution from the Samoan market to Vanuatu. It is an integrated online marketplace which will help MSMEs with easier, low cost and equitable access to markets. The Maua platform will help overcome the major hurdles for MSMEs 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. The project has been approved by the IC in January 2022.

# Regional eKYC Utility

Technical assistance has been committed to Reserve Bank of Vanuatu to undertake the groundwork and scope piloting plan for introducing eKYC, as part of the regional e-KYC facility development project. Vanuatu is one of the three countries in the region planning to pilot eKYC as part of the regional initiative. Technical support will be provided in 2022 during the development and implementation of the pilot.

# E-Police Clearance Certificate (PCC)

Feasibility and solution design document developed and published in July 2021. An RFA to develop a website and Android application to issue an electronic PCC was finalized and the implementing consultancy has signed the contract. The e-PCC platform and app are expected to be ready by third quarter of 2022.

# Smart Islands

UNCDF and ITU are collaborating on the ITU Smart Islands initiative. South Malekula island has been identified in Vanuatu to implement the project. The programme is providing support to expand internet connectivity to south Malekula. Preparatory work and investment due diligence was carried out in 202. Implementation is expected in Q2 of 2022.

# Inclusive Digital Economy Assessment

Vanuatu continues to build the foundational digital rails (policy and regulation, infrastructure, skills) for citizens to access and use basic digital services, mainly in the telecommunications and finance sectors. PDEP team has finalized desk research on Inclusive Digital Economy Scorecards (IDES) for Vanuatu. The IDES results were shared with the Office of the Government’s Chief Information Officer (OGCIO), which is the government agency responsible for the digital transformation in Vanuatu. Further engagement with stakeholders and formal government validation is planned for 2022.

# Financial Literacy

PDEP is also supporting the Reserve Bank of Vanuatu to include financial literacy into national curriculum for primary and secondary schools. RBV received grant funding to accredit the proposed financial literacy courses for Levels I, II & III.

# Qualitative Assessment

Much of 2021 was dedicated towards project scoping and development, mapping, feasibility studies, solutions design activities and the actual set up and onboarding of staff for the regional programme. As a result, most projects are planned to kick start implementation in 2022 and therefore there is minimal to report on at the outcome level during the first year of implementation and consequently a low achievement against the programme performance indicators. There is also recognition that the performance framework targets were ambitious particularly for year 1 of inception phase.

On a more positive note, notable progress was made under the Policy and Regulatory Workstream with the publication of the Inclusive Digital Economy Report for Solomon Islands and the establishment of the National E-Commerce Steering Committee and Technical Working Group (TWG) for Solomons. The committee and TWG is responsible for steering the development of the National E-Commerce Strategy (NES) for Sols. This progress would not have been possible without the joint UN partnership with UNCTAD.

New project partnerships with CROP agencies were also forged in 2021 with the Pacific Islands Forum Secretariat (PIFs) to support the implementation of the Pacific Regional E-Commerce Strategy and

Roadmap as well as with the Pacific Community (SPC) to offer online training to National Statistical Offices to build capacity around the production of statistic on the digital economy. The training will be delivered in the first half of 2022 in collaboration with PIFs and SPC.

**ii) Indicator Based Performance Assessment:**

|   | **Achieved Indicator Targets**  | **Reasons for Variance with Planned Target (if any)**  | **Source of Verification**  |
| --- | --- | --- | --- |
| **Indicator: 1.1** Number of countries that measure the development of their digital economy**Baseline:** NIL**Planned Target: 1**   |   1  |   Target Achieved  | Solomon Islands IDES Published Report  |
| **Indicator 1.2** Number of countries with an established forum for regular public-private dialogue on the Digital Economy**Baseline:** NIL**Planned Target: 1**  |   1  |   Target Achieved  | Solomon Islands TOR for E-Commerce TWG and project Steering Committee |
| **Indicator 1.3:** Number of countries with a strategy on the Digital Economy **Baseline:** NIL**Planned Target: 1**  |   0  | COVID mobility restrictions limited much needed in country consultations and networking amongst key programme staff (UNCTAD & UNDP) and national stakeholders on the NES strategy.  | Not applicable  |
| **Indicator 2:1** Number of eGovernment service piloted and/or scaled (incl G2P/P2G) **Baseline:** NIL**Planned Target: 1**  |  0  | Programme support to PICs hindered by covid travel and mobility restrictions, delays in country lead recruitment and onboarding, and delays in active engagement between programme staff and national stakeholders. Therefore, the programme was only able to engage in feasibility mapping and solutions design in 2021.  | Not applicable  |
| **Indicator 2:2** Number of registered users of eGovernment services supported by the Programme**Baseline:** NIL**Planned Target: 50,000**  |   0  | Linked to indicator 2.1. Results will be reported following the full roll out of the Vanuatu e-PCC project as per indicator 2.1  | Not applicable  |
| **Indicator 2:3** Number of active users of eGovernment services supported by the Programme**Baseline:** NIL**Planned Target: 15,000**  |   0  | Linked to indicator 2.1. Results will be reported following the full roll out of the Vanuatu e-PCC project as per indicator 2.1  | Not applicable  |
| **Indicator 2:4** Number of services piloted and/or scaled that focus on open banking, shared digital payment networks and/or e-commerce platforms**Baseline:** NIL**Planned Target: 1**  |   0  | Programme support to PICs hindered by covid travel and mobility restrictions, delays in country lead recruitment and onboarding and delays in active engagement between programme staff and national stakeholders. [RFA on regional e-commerce](https://apply.uncdf.org/prog/ecosystem_development_using_agents_payment_use_cases_and_market_engagement_in_fiji_samoa_tonga_and_vanuatu/) launched in October 2021. Project proposals submitted to IC for approvals in November 2021. Roll out or pilot of services to commence in 2022.  | Not applicable  |
| **Indicator 2:5** Number of registered users for services supported by the Programme that focus on open banking, shared digital payment networks and/or e-commerce platforms **Baseline:** NIL**Planned Target: 30,000**  |   0  | Linked to indicator 2.4. Results will be reported following the roll out of services highlighted in indicator 2.4.  | Not applicable  |
| **Indicator 2:6** Number of active users for services supported by the Programme that focus on open banking, shared digital payment networks and/or e-commerce platforms**Baseline:** NIL**Planned Target: 9,000**  |   0  | Linked to indicator 2.4. Results will be reported following the roll out of services highlighted in indicator 2.4  | Not applicable  |
| **Indicator 2:7** Number of last mile digital micro and/or meso infrastructure services piloted and/or scaled**Baseline:** NIL**Planned Target: 1**  |   0  | Sols seasonal worker project put on hold and OURTELEKOM project pending approval by IC. These two projects will feed into this indicator.  | Not applicable  |
| **Indicator 3:1** Number of partnerships established with co-working spaces, innovation hubs and acceleration programs to develop the digital economy**Baseline:** NIL**Planned Target: 2**  |   1  | Partnership 1: Agreement with Green House Co-working space.  2021 was dedicated towards carrying out the [Regional Network Analysis and Mapping of Institutions supporting Entrepreneurship](https://www.uncdf.org/article/7300/entrepreneurship-ecosystem-in-the-pacific) in 2021. The findings assist in the identification of priority areas to strengthen the innovation sector in the region. RFA acting on these recommendations to build capacity of incubators has been launched.  | Agreements  |
| **Indicator 4:1** Countries where a survey is conducted on digital and financial literacy skills of Pacific Islanders**Baseline:** NIL**Planned Target: 0**  |   0  |  Target was ambitious. 2021 was dedicated to developing appropriate survey protocols, call for proposal submissions and recruitment of research team. 2022 would is dedicated to actual survey roll out.  | Survey Protocol including survey questionnaire  |
| **Indicator 4:2** Number of national school curricula with ICT / STEM education and financial literacy skills integrated**Baseline: 1** **Planned Target: 0**  |   |   |   |
| **Indicator 4:3** Number of tertiary educational institutions with digital economy and financial literacy related subjects integrated into their curriculum **Baseline: 0** **Planned Target: 0**  |   |   |   |
| **Indicator 4:4** Number of initiatives piloted and/or scaled to support rural communities, women, MSME and seasonal workers acquiring the skills and knowledge to access and use digital and financial services **Baseline: 0** **Planned Target: 0**  |   |   |   |
| **Indicator 4:5** Number of clients that participated in digital and financial literacy trainings**Baseline: 0** **Planned Target: 0**  |   |   |   |

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| **Programme Financial performance per Workstream as of December'21** |
|  |  |  |  |  |  |  |
| **Workstream** | **2021 Budget A** | **CommitmentB** | **Expenditure\*C** | **Total Expenditure D = (B+C)** | **Budget BalanceE = (A-D)** | **% DeliveryF = D/A** |
| 1. Policy & Regulation | 902,673.00  |  293,307.21  |  204,649.57  |  497,956.79  |  404,716.21  | 55% |
| 2. Digital Payments  |  956,780.00  |  251,612.00  |  149,673.05  |  401,285.05  |  555,494.95  | 42% |
| 3. Inclusive Innovation | 209,240.00  |  11,000.00  |  141,011.82  |  152,011.82  |  57,228.18  | 73% |
| 4. Empowered Customer | 449,140.00  |  -  |  23,326.78  |  23,326.78  |  425,813.22  | 5% |
| 5. MEALS & COMMS | 214,800.00  |  -  |  24,994.80  |  24,994.80  |  189,805.20  | 12% |
| 6. Management  |  195,560.00  |  47,155.51  |  128,935.98  |  176,091.49  |  19,468.51  | 90% |
| **Total**  |  2,928,193.00  |  603,074.72  |  672,592.00  |  1,275,666.72  |  1,652,526.28  | 44% |

 \*Expenditure reported by PUNOs locally in 2021

# iii) Evaluation, Best Practices and Lessons

# Learned Digital Financial Literacy Survey

In 2021, the programme supported the development of the digital and financial literacy (DFL) survey questionnaire and study protocol. It is the first international questionnaire to be developed to focus on the combination of digital and financial skills. The survey protocol will help to facilitate the collection and measurement of DFL across the population and within specific groups. The protocol will guide the rollout of the actual surveys across 7 PICs earmarked for 2022. Given the limitations in global frameworks used to measure DFL literacy, the instrument was developed to be used in other contexts outside the Pacific as well.

# Evaluation

An end of inception phase evaluation is earmarked to start towards the end of 2022 and most likely be completed early 2023.

# Programme Risks

The following risks were identified during the start and throughout the programme year and the measures taken to avoid, mitigate and reduce these risks are highlighted below

| **No.** | **Risks Identified** | **Impact**  | **Countermeasures / Management response** | **Risk Status[[1]](#footnote-1)** | **Comments** |
| --- | --- | --- | --- | --- | --- |
| 1. | A global pandemic -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 for FijiNo Change for Other PICs | Vaccination rates are high, mobility and travel restrictions are being lifted and country is slowly returning to normal working conditions. However, this is applicable to Fiji only and not for all other programme supported PICs.  |
| 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 | Ongoing awareness on UNCDFs work with all UN agencies in joint planning forums, with donors, CROP agencies and other development partners.  |
| 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 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. Refer to workstream activity updates for details. |
| 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.  | No Change | Utilization of PFIP funds to kick start implementation. Frequent communication with primary donor (DFAT) through monthly calls on implementation progress and challenges.Delays in activity implementation mainly due to staffing challenges and travel restrictions due to COVID-19. |

# Challenges and Lessons Learned by Workstream

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| **Workstream 1: Policy and Regulation** **IDES Government buy-In:** Difficult to obtain government buy-in for IDES for a variety of reasons including * The need to consult a wide array of government stakeholders and non-traditional government partners for UNCDF.
* Difficult to have everyone in the same room (virtual and non-virtual) due to competing priorities and the reprioritization of PIC governments towards the covid response.
* Difficulties in establishing relationships and networks with PIC stakeholders due to country leads working remotely because of covid travel restrictions.

 **What we have learned** * Virtual consultation and one-on-one consultations are difficult to achieve government buy-in and indepth engagement. There is a need to reprioritize programme efforts to focus on achieving IDES buy-in or adoption as policy tool from PICs that have staff presence. A workshop validation approach for IDES (as was done in Solomon Islands) has proven to be the most effective way to obtaining government buy-in and IDES ownership. Hence the need for “boots on the ground”.

 **NDES vs NES:** Ongoing debate about what is relevant for the Pacific. The establishment of a National Digital Economy Strategy (NDES) or a National E-Commerce Strategy (NES).  **What we have learned** * The agenda of the UN agency will eventually have to align with what PIC governments want. Therefore, the programme needs to be flexible enough to adjust plans to accommodate the needs of PIC governments and other key programme partners.
* UNCDF and UNDP must leverage its strength and not stretch itself thin especially with the staffing challenges it faces. Focus on e-commerce is what is seen to be realistic and within the programmes capacity to deliver on.

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| **Workstream 2: Open Digital Payment Ecosystem** **Digitization of P2G/G2P e-Government payment services** Projects on piloting and scaling of P2G/G2P e-Government services require cooperation between multiple government departments and ministries.  **What we have learned** ❖ Since payments business models are intrinsically volume driven, and governments are potentially one of the bigger payments processing clients, digitization of their payments is key to drive volumes in the region. In many cases this requires substantial discussions with multiple government agencies (e.g., central bank, ministry of finance and line ministries) to align, especially on the scope of initiatives to digitize government payments. The approach to start off with a smaller scope and a very particular use case and thus a limited number of stakeholders yields quicker results. Thereafter other stakeholders can be crowded in for scaling to other payments use cases. Prime examples of this approach are the digitization of payments for police clearance reports in Vanuatu and Fiji.  |
| **Workstream 3: Inclusive Innovation**  **Overall maturity levels of the Innovation Ecosystem in the region:** The outcome of the report on the Network Analysis and Mapping of Institutions supporting Entrepreneurship. **What we have learned:** ❖ The nascent stage of the Entrepreneur and Innovation ecosystem in Tonga, Samoa and Solomon Islands indicates that more resources need to be deployed than previously envisaged to stimulate the ecosystem. These resources need to be invested primarily in capacity building of business incubation hubs, for which an RFA will be launched in Q1 2022. |
| **Workstream 4: Empowered Customers Empowered Customers** **Digital Financial Literacy Survey:** During the initial scoping for the survey the programme team discovered that there were several survey tools developed by global development partners, such as UNESCO, OECD and EU, but there was no global standard, and nor was this covering the scope of both digital as well as financial literacy. **What we have learned** * The programme team has not planned enough time for the preparation of the survey and should have allocated more time for desk-research on already available survey tools.
* The programme realized that the development of this survey will be a first of its kind internationally and for that reason has engaged with Dr Adele Atkinson, Senior Policy and Research Analyst on Financial Education for the OECD to develop the survey protocols and to support the selection of a research firm to implement the survey in the region.
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| **Programme Management** **What we have learned** * Learnings from the programming are not captured enough in a structural and consistent manner. UNCDF colleagues have developed a new approach to capture insights and learnings from implementation of projects and overall programming. The programme management will kick-start this in 2022. Insights and learnings will feed into the development of the next phase of PDEP.
* Better programme planning and forecasting is required. Based on the overall programmatic and financial results of 2021, the programme management team realizes the need to strengthen planning and forecasting of budgets, RM targets, and management of programmatic risks.
* Year 1 targets under workstream 1, indicators 2.1 to 2.7, should ideally be Nil to Minimum given that the first year of the inception phase was to be utilized for foundational activities, such as research and market assessments upon which projects can be designed and implemented.
* High staff turnover on International UNV contracts have proven to be a significant challenge. Exit interviews and other discussions with these staff have proven that the financial remuneration and other benefits are not considered attractive enough, especially for those staff that need to financially support a family and are sole breadwinners.
* Recruitment of a successor for UNCDF’s Regional Lead has proven to be significantly more challenging than anticipated. Primarily due to internal requirements vs the supply of potential candidates. The engagement of an executive search firm to support this recruitment should have been done from the on-set.

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1. Risk Status Includes: Reducing, Increasing, No Change [↑](#footnote-ref-1)