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**PACIFIC DIGITAL ECONOMY PROGRAMME**

**MPTF PROGRESS NARRATIVE report**

**REPORTING PERIOD: from January to December 2022**

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| --- | --- | --- | --- | --- |
| Programme Title & Project Number | |  | Country, Locality(s), Priority Area(s) / Strategic Results[[1]](#footnote-1) | |
| * Programme Title: Pacific Digital Economy Programme * MPTF Office Project Reference Number:[[2]](#footnote-2) *0012736* | | 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, Regulators, CROP agencies, MSMEs, Research Institutions, FinTech, MNOs, Financial Institutions | |
| Programme/Project Cost (US$) | |  | Programme Duration | |
| Total approved budget as  per project document: **US$6,475,146**  MPTF /JP Contribution: US$6,039,599  Agency Contribution   * UNCDF: US$ 2,665,716 * UNDP: US$ 1,938,047 * UNCTAD: US$ 1,300,000 |  |  | Overall Duration: 54 Months  Start Date: *8 June 2021* |  |
|  |  |  | Original End Date*[[3]](#footnote-3)* 31 December 2022 |  |
| Government Contribution  Australia: US$ 6,039,599 |  |  | Revised End date[[4]](#footnote-4): 31 December 2025  Have agency(ies) operationally closed the Programme in its(their) system? | Yes No |
| Other Contributions (donors)  *(if applicable)*  TOTAL: US$ 6,039,599 |  |  | Expected Financial Closure date[[5]](#footnote-5): |  |
| TOTAL: |  |  |  |  |
| Programme Assessment/Review/Mid-Term Eval. | |  | Report Submitted By | |
| Evaluation Completed  Yes No Date: 20*.11.2022*  Evaluation Report - Attached  Yes No Date: 20*.12.2022* | | * Name: Galib Azim * Title: Regional Technical Specialist – DFS Policy and Regulation * Participating Organization (Lead): UNCDF * Email address: galib.azim@uncdf.org | |

# ABBREVIATIONS

|  |  |
| --- | --- |
| AHC | Australian High Commission |
| CBS | Central Bank of Samoa |
| CBSI | Central Bank Solomon Islands |
| DFAT | Australia Department of Foreign Affairs and Trade |
| DFI | Digital Frontiers Institute ‎ |
| DSS | Demand Side Survey |
| FDB | Fiji Development Bank |
| HFC | Home Finance Company |
| IDES | Inclusive Digital Economy Scorecard |
| MCA | Ministry of Communication & Aviation |
| MCILI | Ministry of Commerce, Industry, Labour, and Immigration |
| MCTTT | Ministry of Commerce, Trade and Tourism |
| MNO | Mobile Network Operator |
| MOU | Memorandum of Understanding |
| MSME | Micro, Small & Medium Enterprises |
| MTCIC | Ministry of Commerce, Industry and Cooperatives |
| MTO | Money Transfer Operator |
| NBS | National Bank of Samoa |
| NFIT | National Financial Inclusion Taskforce |
| NFIS | National Financial Inclusion Strategy |
| OGCIO | Office of the Government’s Chief Information Officer |
| NRBT | National Reserve Bank of Tonga |
| PBA | Performance Based Agreement |
| PCC | Police Clearance Certificate |
| PCC | Police Certificate Clearance |
| PDEP | Pacific Digital Economy Programme |
| PFIP | Pacific Financial Inclusion Programme |
| PIFS | Pacific Islands Forum Secretariat |
| PICs | Pacific Island Countries |
| PMO | Prime Minister’s Office |
| PoS | Points of Sale |
| RBV | Reserve Bank of Vanuatu |
| RFA | Request for Applications |
| RJS | Reuben James Summerlin |
| RMF | Results Measurement Framework |
| SPC | The Pacific Community |
| SINPF | Solomon Islands National Provident Fund |
| TCSI | Telecommunications Commission Solomon Islands |
| TDB | Tonga Development Bank |
| UNCDF | United Nations Capital Development Fund |
| UNCTAD | United Nations Conference on Trade and Development |

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# EXECUTIVE SUMMARY

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

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

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

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

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

# 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

1. Leverage the roles and behaviors of current players in the marketplace and support them to continue doing what they do better or to change their behavior
2. Strengthen the systems and relationships among various market and sector actors
3. 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.

# Assessment of Programme Results

**REGIONAL UPDATE**

1. **Enabling Policy and Regulation**

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

With the launch of IDES version 2.0, 6 Pacific Island Countries including Samoa, Tonga, Timor Leste, Vanuatu, Solomon Islands and PNG completed data collection and had their results updated onto the IDES website. UNCDF also hosted its first IDES Community of Practice (COP) event in Uganda on the 15-16th November 2022. The event was designed to facilitate learning and sharing exchanges between countries, drafting actions plans for inclusive digital transformation of countries, soliciting inputs for the next version of IDES as well as strengthening the awareness and publicity around the use of IDES. The event was well attended with over 70 participants and government partners from 13 countries of which the Pacific was represented by the delegation from Solomon Islands and Tonga. Programme staff are supporting governments in their efforts to identify the most suitable use case of IDES for these two countries. IDES awareness and sensitization with other PDEP supported PICs is planned for 2023.

**Digital Economy Report: Pacific Edition 2022**

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

**National E-Commerce Strategies**

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

**Capacity Building on the Digital Economy**

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

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

**E-Commerce Legislation Gap Analysis**

A detailed gap analysis of e-commerce legislation in 16 Pacific countries and territories was carried out in 2022. The analysis included a review of legislation related to electronic transactions, electronic signatures, consumer protection, data protection, data privacy, cybercrime and cybersecurity, intellectual property and copyright, online content regulation, domain names, online dispute resolution, digital ID, digital payments, and taxation. The findings will inform the regional training on Legal Aspects of E-commerce, taking place in 2023, and will be published in a regional report on e-commerce legislation following the training. The analysis will also help to target technical assistance to PDEP countries.

1. **Open Digital Payments Ecosystem**

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

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

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

1. **Inclusive Innovation**

**Pacific Islands FinTech Innovation Challenge**

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

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

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

1. Global Psytech Sdn. Nhd from Malaysia

* Problem statement 1 (Implementing partners – TDB in Tonga and NBS in Samoa)

1. IT Galax Solutions Pte Ltd from Fiji

* Problem statement 2 (Implementing partner – FDB in Fiji)

1. YABX from India

* Problem statement 3 (Implementing partner – SINPF in Solomon Islands)

4. MHITS Limited from Australia

* Problem statement 4 (Implementing partner – Vodafone in Fiji)

5. Windcave from Australia

* Problem statement 5 (Implementing partner – HFC in Fiji and NBS in Samoa)

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

The geographical focus of this Challenge was Fiji, Samoa, Tonga, and Solomon Islands. Implementation of solutions is expected to start early 2023.

**Entrepreneurship Mapping and Capacity Building**

In 2021, the programme conducted a Regional Network Analysis and Mapping of Institutions supporting Entrepreneurship. The [report](https://www.uncdf.org/article/7300/entrepreneurship-ecosystem-in-the-pacific) findings assist in identifying priority actions that will strengthen the entrepreneurship and innovation sector in the region. Project documents relating to building capacity of incubators that work with local entrepreneurs were submitted to the Investment Committee for review. This has received approval with conditions and the condition being that additional regional stakeholder engagement will be sought to solicit feedback to strengthen sustainability aspects.

**E-Commerce Week 2022**

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

1. **Empowered Customers**

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

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

Final reports are expected to be published by March 2023 and dissemination workshops at the country and regional level will be organized in the second quarter of 2023. Based on the survey findings and consultations with central banks and other stakeholders, PDEP will design and implement targeted campaigns and financial and digital literacy initiatives for specific segments i.e., farmers, MSMEs, women and youth in 2023-24.

**Capacity Building Support for Pacific Regulators and Stakeholders**

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

In 2022, PDEP extended its relationship to cover a scholarship commitment with Cambridge University for the **Cambridge Fintech and Regulatory Innovation Programme (CFTRI).** The CFTRI programme is designed for financial regulators, supervisors, and policymakers to better utilize, understand, evaluate, and assess innovative mechanics and applications of regulatory initiatives and innovative technologies.

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

UNCDF collaborated with UNDP (United Nations Development Programme) SIDS and ITU to develop an introductory online course: **Inclusive Digital Transformation for the Achievement of the SDGs and the SAMOA Pathway in SIDS**, offered in English, French, Spanish and Portuguese. It is a new self-paced online course that offers an introduction to support civil servants and other stakeholders in the digital ecosystem in shaping an inclusive, whole-of-government approach to digital transformation in SIDS. The course went live in March and was open for further enrollments and completion until 31st December 2022. The Digital Transformation course concluded with 225 SIDS participants enrolled, out of which 50 (22%) were from Pacific Small Islands Developing States.

Course Link: [Inclusive Digital Transformation for the Achievement of the SDGs and the SAMOA Pathway in SIDS | ITU Academy](https://academy.itu.int/training-courses/full-catalogue/inclusive-digital-transformation-achievement-sdgs-and-samoa-pathway-sids)

**COUNTRY UPDATE**

**FIJI**

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

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.

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

* Launch of the NFIS in May 2022 NFIS-2022-2030.pdf (rbf.gov.fj)
* Drafting of the Financial and Digital Literacy Strategy which was circulated for comments and stakeholder consultation.
* Establishment of partnerships with 5 e-commerce aggregators to access grant facilities and support MSMEs trade online using aggregator platforms. RBF signed MOAs with 5 aggregators.
* 11 digital and financial literacy awareness sessions targeting communities, churches, villages, and institutions. 6 awareness sessions were rural based. A total of 1,099 people were reached with literacy activities of which 504 (46%) were women.
* Around 9000 people have been reached with DFL awareness through social and media platforms.

**National E-commerce Strategy**

Initial discussions were held with the Ministry of Commerce, Trade, Tourism and Transport (MCTTT) in the first quarter of 2022, to identify priorities and align efforts to facilitate the development of an inclusive digital economy and e-commerce infrastructure in Fiji. MCTTT offered to be the lead agency responsible for coordinating the development of a national e-commerce strategy, given it also coordinated the Rapid e-Trade Readiness Assessment in 2020. Follow-up meetings were held throughout the year but due to other competing priorities of the Ministry, there has been no further development.

**Inclusive Digital Economy Scorecard (IDES)**

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

**Development of E-Commerce Aggregator Platform**

PDEP commenced two new projects in Fiji in early 2022 which were targeted at supporting local micro and small enterprises transition to aggregator e-commerce platforms. The projects were aimed at Increasing market access, revamping existing e-commerce platforms including digital payment options, strengthening digital economy skills, and generating income opportunities for MSMEs particularly women led MSMEs. Cyber Foods and Solved Fiji were selected, and their projects approved by the Investment Committee. Cyber Foods successfully delivered on its project in Nov 2022 whereas Solved Fiji project did not progress beyond achieving the second milestone due to implementation delays. The Solved Fiji project was discontinued due to inaction by the company to seek an extension prior to the lapse of the project implementation period.

**Cyber@ge Pte Ltd T/A Cyber Food**

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

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

**Solved Fiji Pte Ltd**

This project is aimed at accelerating the adoption of the existing MAKETE e-Commerce platform in Fiji. An agreement was signed with Solved Fiji in 2022. In the first half of the implementation year, project efforts were focused on market research, market strategies as well as enhancement of policies and procedures for the enhanced Makete Platform. Significant delays were experienced in developing and launching the mobile application for the website and Solved Fiji was not able to complete the project as per the agreed project timelines.

**E-Police Clearance Certificate**

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

**Agent Network Expansion Project**

A regional RFA which included Fiji was floated for Ecosystem development using agents, payment use cases and market engagement. The objective is to increase access points via agents and merchants’ distribution channels with the aim of increasing the usage and access to mobile money services amongst segments currently left behind, such as women, youth, and other vulnerable segments in the low-income groups. Digicel Fiji was selected from the RFA process and as next steps, Investment Committee approval will be sought to proceed to implementation in quarter one of 2023.

**Fintech Innovation Challenge**

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

**The three proposed solutions included:**

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

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

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

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

1. **Streamlining foreign exchange for Vodafone**

The Pacific Island countries are small and scarcely populated and the financial markets are fragmented which makes it difficult for FinTechs to create a sustainable business model especially with the lack of a robust foreign exchange market. The solution sought by Vodafone is to develop a secure online platform that enables fast and efficient foreign exchange leveraging relationships with existing MTOs and MNOs initially focusing on low value P2P payments as well as supporting POS transactions.

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

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

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

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

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

**Digital and Financial Literacy Baseline Survey**

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

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

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

**RJS scholarship**

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

**KIRIBATI**

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

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

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

**SAMOA**

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

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

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

**Central Bank Data Diagnosis Assessment**

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

**Digital and Financial Literacy Baseline Survey**

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

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

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

**Scoping for Future Projects**

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

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

**SOLOMON ISLANDS**

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

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

**Central Bank Solomon Islands SIM Registration Database**

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

**Mobile Money via Our Telekom**

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

**E-commerce with Island Tech’s KlikPei Platform**

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

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

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

**TONGA**

**National Financial Inclusion Strategies**

In 2016 the National Reserve Bank of Tonga (NRBT) conducted its first Demand Side Survey (DSS). The Government was dissolved when the draft National Financial Inclusion Strategy was developed and due to this political instability, the NRBT failed to finalize the NFIS draft. Towards the end of 2022, UNCDF received a request from NRBT to develop its NFIS for 2023-2030. This is scheduled to be completed by the end of quarter two, 2023.

**Inclusive Digital Economy Score**

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

**E-commerce with Digicel Ltd Tonga**

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

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

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

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

• Expanding Agent Network

• Expanding Merchant Network

• Efficient Liquidity Management

• Improving agent training (Digital and Financial Literacy)

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

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

The Innovative Credit Scoring project with Global Psytech is on track. The Agreement between UNCDF and the Tonga Development Bank (TDB) was signed in October 2022. In November 2022, Global Psytech conducted virtual meetings with TDB team to familiarize relevant staff with the project and to discuss expectations from TDB to successfully implement the project. Whilst these discussions were underway, translations of the dashboards were also completed. In December, TDB and Global Psytech commenced work on testing the questionnaires on new and existing clients. A few issues encountered were internet connectivity, especially in the outer islands, as well as the diverse sectors of the existing clients. The questionnaire is not applicable for certain loans such as housing and retail, so these were excluded from the exercise. 60 new clients have been onboarded to the platform with more to be added in the next couple of months. The onboarding process is due to be completed in Q2 or early in Q3 2023 if there are any further delays.

**Digital and Financial Literacy Baseline Survey**

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

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

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

**VANUATU**

**National Financial Inclusion Strategies**

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

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

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

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

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

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

**Mobile Money**

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

**Smart Islands**

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

**Data Diagnosis Assessment**

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

**Digital and Financial Literacy Survey**

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

**Scoping for Future Projects**

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

**ii) Indicator Based Performance Assessment:**

Using the **Programme Results Framework from the Project Document** **/ AWPs** - provide details of the achievement of indicators at both the output and outcome level in the table below. Where it has not been possible to collect data on indicators, clear explanation should be given explaining why.

|  | **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: 2** | 4 | **Target Achieved**  Samoa, Solomon Islands, Vanuatu, and Tonga | UNCDF Website  [Dashboard - UN Capital Development Fund (UNCDF).](https://ides.uncdf.org/dashboard) |
| **Indicator 1.2** Number of countries with an established forum for regular public-private dialogue on the Digital Economy  **Baseline:** NIL  **Planned Target: 2** | 1 | **Target Not Achieved**  Establishment of National E-Commerce Strategy (NES) Steering Committee and Technical Working Taskforce in Solomon Islands. PDEP plans to provide support to Fiji and Timor-Leste in 2023 to design and develop national e-commerce strategies. | Steering Committee and Taskforce TOR |
| **Indicator 1.3:** Number of countries with a strategy on the Digital Economy  **Baseline:** NIL  **Planned Target: 2** | 1 | **Target Not Achieved**  The Solomon Islands National E-commerce Steering Committee formally endorsed the country’s five-year (2022-2027) National E-commerce Strategy (NECS) in September 2022. Formal launch date of the strategy is determined by the government. Discussions already started with Fiji and Timor-Leste for the design of their strategy in 2022. | Program Records |
| **Indicator 2:1** Number of eGovernment service piloted and/or scaled (incl G2P/P2G) **Baseline:** NIL  **Planned Target: 1** | 1 | **Target Achieved**  The Vanuatu Electronic Police Clearance Certificate (e-PCC) mobile and web applications were launched in August 2022. However, the mobile and web applications were affected by a cyber-attack and have been unusable since 6th November 2022. The OGCIO is working to restore access to the application. | Program Records |
| **Indicator 2:2** Number of registered users of eGovernment services supported by the Programme.  **Baseline:** NIL  **Planned Target: 50,000** | 0 | **Target Not Achieved**  Refer to comments in indicator 2.1 | Program Records |
| **Indicator 2:3** Number of active users of eGovernment services supported by the Programme.  **Baseline:** NIL  **Planned Target: 15,000** | 0 | **Target Not Achieved**  Refer to comments in indicator 2.1 | Program Records |
| **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: 2** | 6 | **Target Not Achieved**  The number of e-commerce and digital payment solutions piloted / launched in PDEPs inception phase include:  1. Fiji: Cyberfoods App  2. Fiji: Makete Aggregator Platform and Mobile App  3. Solomons: Mobile Money Services via Our Telekom  4. Solomons: E-Commerce Platform with Island Tech  5. Tonga: E-Commerce Platform with Digicel  6. Vanuatu: Maua E-commerce platform | Program Records |
| **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: 40,000** | 2,570 | **Target Not Achieved**  Most of the above projects are newly piloted. 5 out of the 6 projects reported transactions data for the first time in Q4 2022. | Program Records |
| **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: 12,000** | 1,498 | **Target Not Achieved**  Most of the above projects are newly piloted. 5 out of the 6 projects reported transactions data for the first time in Q4 2022. | Program Records |
| **Indicator 2:7** Number of last mile digital micro and/or meso infrastructure services piloted and/or scaled.  **Baseline:** NIL  **Planned Target: 2** | 1 | **Target Not Achieved**  The Solomons mobile money service has been under development with Our Telekom in preparation for the beta launch planned for January 2023. | Program Records |
| **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: 3** | 1 | **Target Not Achieved**  Partnership 1: Agreement with Green House Co-working space.    RFA acting on these recommendations to build capacity of incubators had been launched. Project documents relating to building capacity of incubators that work with local entrepreneurs were submitted to the Investment Committee for review. This has received conditional approval with PDEP required to conduct additional regional stakeholder consultation. | Agreement |
| **Indicator 4:1** Countries where a survey is conducted on digital and financial literacy skills of Pacific Islanders  **Baseline:** NIL  **Planned Target: 0** | 7 | **Target Achieved**  Digital and Financial Literacy Baseline Survey (DFLS) rolled out in 7 Pacific Island Countries: Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, and Timor-Leste. | Program Records |
| **Indicator 4:2** Number of national school curricula with ICT / STEM education and financial literacy skills integrated  **Baseline: 1**  **Planned Target: 0** | Not applicable | Not applicable | Not applicable |
| **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** | Not applicable | Not applicable | Not applicable |
| **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** | Not applicable | Not applicable | Not applicable |

**iii) Evaluation, Best Practices and Lessons Learned**

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

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

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

**Mid Term Review**

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

**Key Learnings**

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| **Enabling Policy and Regulation** |
| * Capacities of different regulators vary as has been observed with initiatives involving multiple regulators for example, the SIM registration database project in Solomon Islands that involves both the Central Bank of Solomon Islands (CBSI) and the Telecommunication Commission of Solomon Islands (TCSI). Providing handholding support for partner regulators takes additional time and effort to achieve early-stage milestones in 2022. UNCDF technical assistance now focuses on addressing capacity gaps between regulators to successfully operationalize the project. The formation of joint working groups with focal points from both agencies has accelerated the process. * Capacity building support offered through various scholarships under PDEP for the Pacific regulators has been well received and appreciated. Participants have provided positive feedback about these opportunities which have introduced them to new ideas and innovation in the emerging digital economies across the globe. These initiatives should be continued in PDEPs expansions phase. * Due to travel restrictions related to Covid-19, consultations for the development of the Solomon Islands National E-commerce Strategy 2022-2027 were primarily carried out remotely via online platforms. Although this was not the envisioned scenario and some rural stakeholders were unable to join the consultations due to poor connectivity, it had the unexpected benefit of sensitizing government officials to the benefits of digital technologies. The successful virtual consultations raised awareness among policymakers of the benefits of leveraging digital technologies in work, education, and commerce. * The design and development of the Solomon Islands National E-commerce Strategy 2022-2027 was aided by the establishment, early in the project, of a National Steering Committee on E-commerce and Technical Working Taskforce on E-commerce. These coordinating bodies played an important role in bringing stakeholders together towards a common vision, as well as in ensuring that the project stayed on track and met the relevant milestones. It is expected that similar coordinating bodies will be established in other countries where UNCTAD and UNCDF support the development of national e-commerce strategies. * To support the implementation of the National E-Commerce Strategies, a clear implementation mechanism, adequately resourced and staffed by the relevant line ministry or coordinating body is key to maintaining momentum towards the implementation phase of the National Strategy. * For research related to the development of the Pacific Digital Economy Report, it has become apparent that specific expertise on e-commerce, digital trade and the digital economy in the Pacific context is extremely limited. Research universities in the region were approached to support research for the Pacific Digital Economy Report, but expertise in this area was found to be relatively limited. This underscores the importance of building regional research capacity in e-commerce and the broader digital economy. * The strong interest in follow-up support from participants in the regional training on the Production of Statistics on the Digital Economy underscored the importance of building the capacity of National Statistics Offices in the region. Currently, there is limited national and regional capacity to collect statistics related to the digital economy, which hinders effective and evidence-based policymaking. * Key learnings from the IDES Community of Practice Event held in Zambia are as follows:  1. **The need to develop strong partnerships across all sectors**: This includes public and private sector partners, academia, CSOs, regulators, FinTech providers, cooperatives, funders/donors etc. IDES is not the sole work of UNCDF. There’s a need to strengthen collaboration and build strong partnerships and get wider buy in to drive IDES in our countries / regions. 2. **The need to look for strategic partnerships / champions:** One of the challenges in the Pacific is the lack of engagement by national stakeholders during the IDES workshop events. One of the key lessons learned from other UNCDF countries / regions is to identity a key champion who Is able to influence other government ministries and stakeholder. UNCDF does not have to do all the influencing but could use their strategic allies to help reel others in. 3. **The need to create an investment friendly environment:** Innovation has been a gap area in IDES for most countries/regions. Some interventions identified from the peer learning sessions to support innovation includes the following:  * Taxation incentives / concessions * Use of regulatory sandboxes * FinTech Challenges * Youth Empowerment Funds (promote innovations amongst youths) * Innovation Grants * Support Innovation Parks / Spaces * Private sector led innovation hubs. Government can provide supporting infrastructure (e.g., equipment and internet pricing) * Support to scale innovation. Partnerships to help reduce technical, legal, administrative, and financial support needed to scale). |
| **Open Digital Payment Ecosystem** |
| * While they are high impact projects, P2G/G2P (Person-2-Government and Government-2-Person) projects have long gestation periods; From conducting feasibility studies, developing solutions design and to implementing, the projects require extensive consultations often with sensitive stakeholders, such as police and passport agencies. There are additional parameters such as security and storage that need to be considered given the sensitive nature of the data in question. * In relation to the above, the programme should be cautious when setting targets relating to client data from digital payments and e-commerce platforms as the implementation of these projects takes time. With PDEPs experience, it took roughly 21 months to start collecting client level data and this was with only one partner reporting data from e-commerce platforms. It took around 24 months to have 4 partners report client level outcomes. The challenge is not just programmatic implementation, but also the significant time taken to do project and stakeholder mapping, projects design, development of project agreements and receiving final approval. Irrespective of grant size, the Project Based agreement often takes on average four months from partner selection to contracting. There is a need for PDEP to look into operational efficiencies to fast track these processes. |
| **Inclusive Innovation** |
| * There is room to strengthen the groundwork relating to Incubation and Innovation projects particularly through the capacity assessment of implementers identified to provide capacity building support to local entrepreneurs. Capacity development and sustainability plans should be in place to ensure the support provided is relevant and tailored to local needs. * There was great appreciation by the participants of the FinTech challenge in being given the opportunity to network and brainstorm on innovative Pacific solutions with other local and global FinTechs and experts and therefore having hematic-based Fin-Tech challenge every two years should be considered for the expansion phase. There have been several ripple effects / impacts of this challenge as a result of the networking that took place and therefore replicating this intervention on a more frequent basis is something that the programme should consider in the expansion phase. Sufficient time should also be allocated to the event to ensure that learning is maximized as some participants flagged that that the programme was slightly rushed. * Scale-up plans need to be in place for current FinTech winners and may also consider revisiting some of the providers that did not win and working with them. |
| **Empowered Customers** |
| * Digital literacy is broad, and therefore PDEP is planning to focus on digital literacy around financial services and digital commerce. Utilizing the findings of the survey, PDEP must undertake advocacy to design and implement targeted initiatives to strengthen digital and financial literacy. There is also a need to build local capacity around research and data analytics and partner with academia and research firms. |
| **Project Management** |
| * The growing scope of the programme including the anticipated expansion into additional countries (12 countries by January 2023) requires a relook at current staffing capacities as well as organizational structures. At current, PDEPs programmes administration, MEAL and communications staff are shared resources between PDEP and its sister programme PICAP. There is a need to examine and reorganize human resources in a way that ensures timely and efficient implementation of PDEPs operational activities. * Based on the MTR findings, PDEP should develop country strategies and have a more sectoral focus per country. This will enable PDEP to draw on elements of the market systems approach by enabling it to identify systematic constraints in real economy sectors that can be addressed via an inclusive digital economy. * PDEP should consider deploying financial instruments beyond grants such as credit and loan guarantees. * PDEP should identify key anchoring partners with academia and the research community. * Investment in local staffing capacities is recommended. Given the experience of covid and the impact of travel for internationally recruited staff to join the local duty station, the impact of this could have been reduced with the presence of more national support. In addition, having local staff can significantly enhance delivery and local buy-in. * Revision of the Results Measurement Framework is needed to ensure targets set are realistic. |

**iv) A Specific Story**

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| **Supporting MSMEs to Take Their Business Online.**  Majid Shahzad is the CEO and founder of Cyber Foods – an online food order and service delivery company that started its operations back in 2018. Cyber Foods offers local restaurants and food service providers the opportunity to sell their goods online and customers the ability to order and receive deliveries from the comfort of their homes.  Majid describes the challenges in pioneering the online food service delivery Fiji and the difficulties in getting the buy in from restaurants as well as getting customers to transact online.  These challenges include the lack of e-knowledge and awareness amongst local users and local vendors, the absence of an internet payment gateway, the requirement for a security bond up to $25,000 which is way too costly for MSMEs as well as high documentation requirements. Majid also highlights that he faced much difficulty in identifying local skills to support the development of a mobile application which forced him to do international outsourcing.  CEO-Founder of Cyber Food, Majid Shahzad.  Trying to get the business to thrive with all these legal and skills requirements was a difficult hurdle to overcome. To exacerbate these challenges, was the lack of e-commerce and digital literacy amongst other MSMEs and the end customers.  ‘*It’s all about awareness. I have been using that every day. Awareness with the consumers, awareness with the vendors, awareness with the private sector”.*  “*They think it is a burden. Rather than thinking about, okay, this is another income source, we're making money and we are earning something…. People (consumers) are also really scared of scams and schemes”.*  In September 2021, Cyber Food managed to secure funding and technical support from the United Nations Capital Development Fund (UNCDF) to help them facilitate online debit and credit payments with the integration to the payment gateway of Wespac Banking Corporation. The support enabled Cyber Food to introduce new features like digital order confirmation and tracking as well as provide capacity building to food vendor onboarding.  “*UNCDF helped me to face and solve my problems. They created a plan in milestone format to approach and initiate local users and vendors awareness program. They helped me communicate with the banks on behalf of cyber food to ensure and decrease the security bond.”*  “*Through financial and technical assistance, we are able to revamp our online ordering platform with wider payment options for users and also launch the mobile application to enable better customer experience. This partnership (with UNCDF) also focuses on capacity building of vendors and awareness building of the public which is a critical factor for greater uptake of e-commerce*.”  At the start of 2021, Cyber Food had around 54 restaurants on the Cyber Food online platform and around 4,900 registered users on the platform. Within the January - December 2022 reporting year, an additional 124 new restaurants were onboarded to the platform, of which 93 (75%) of these were female led MSMEs. In addition, a total of 4,080 users were newly registered of which 2,317 (57%) of these were female.  Majid feels more optimistic about the business growth. *“a lot of eateries and food providers have come onboard. I am thankful that business is finally progressing”.* |

1. Strategic Results, as formulated in the Strategic UN Planning Framework (e.g. UNDAF) or project document; [↑](#footnote-ref-1)
2. The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to as “Project ID” on the project’s factsheet page on the [MPTF Office GATEWAY](http://mdtf.undp.org). [↑](#footnote-ref-2)
3. As per approval of the original project document by the relevant decision-making body/Steering Committee. [↑](#footnote-ref-3)
4. The Steering Committee approved an extension of the programme in November 2022. [↑](#footnote-ref-4)
5. Financial Closure requires the return of unspent balances and submission of the [Certified Final Financial Statement and Report.](http://mdtf.undp.org/document/download/5388) [↑](#footnote-ref-5)