

REVISED STANDARD JOINT PROGRAMME DOCUMENT

Cover Page

Country: Fiji MCO

Programme Title: Leaving no one behind in the digital era - Pacific Digital Economy Programme (inception phase)

Joint Programme Outcome(s): Outcome 3: Sustainable and Inclusive Economic Empowerment (UN Pacific Strategy)

<p>Programme Duration: <u>2 years (inception phase)</u> Anticipated start/end dates: <u>1/3/2021 – 31/12/2022</u> Fund Management Option(s): <u>Pass-through</u> Managing or Administrative Agent: <u>UNDP (MPTF)</u></p>	<p>Total estimated budget*: USD 6,475,146</p> <p>Out of which:</p> <p>1. Funded Budget: USD 5,610,000</p> <p>2. Unfunded budget: USD 866,146</p> <p><small>* Total estimated budget includes both programme costs and indirect support costs</small></p> <hr/> <p>Sources of funded budget:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">DFAT*</td> <td style="text-align: right;">USD 5,460,000</td> </tr> <tr> <td>UNCDF</td> <td style="text-align: right;">USD 100,000</td> </tr> <tr> <td>UNDP</td> <td style="text-align: right;">USD 50,000</td> </tr> </table> <p><small>*Funding of AUD 5,000,000 @ FX rate of .78</small></p>	DFAT*	USD 5,460,000	UNCDF	USD 100,000	UNDP	USD 50,000
DFAT*	USD 5,460,000						
UNCDF	USD 100,000						
UNDP	USD 50,000						

Names and signatures of participating UN organizations

UN organizations	
Name of Representative Signature	Levan Bouadze, Resident Representative
Name of Organization Date & Seal	UNDP, Fiji MCO
Name of Representative Signature	Xavier Michon, Deputy Executive Secretary
Name of Organization Date & Seal	UNCDF 22-Feb-2021
Name of Representative Signature	Adnan T. Issa, Chief of Resources Management
Name of Organization Date & Seal	UNCTAD

TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	3
2	SITUATION ANALYSIS	3
3	STRATEGIES	7
4	RESULTS FRAMEWORK	23
5	MANAGEMENT AND COORDINATION ARRANGEMENTS	27
6	FUND MANAGEMENT ARRANGEMENTS	31
7	MONITORING, EVALUATION AND REPORTING	35
8	LEGAL CONTEXT	37
9	WORK PLAN AND BUDGET	38
10	ANNEXES	40
10.1	PROJECT QUALITY ASSURANCE REPORT	40
10.2	SOCIAL AND ENVIRONMENTAL SCREENING	45
10.3	PROGRAMME RISK MANAGEMENT FRAMEWORK	52
10.4	RECOMMENDATIONS FROM PFIP END OF PROGRAMME EVALUATION	55
10.5	BACKGROUND INFORMATION ON FOCUS SEGMENTS	55
10.6	BACKGROUND INFORMATION ON UNCDF'S BLENDED FINANCE TOOLS	59
10.7	UNCDF'S INCLUSIVE DIGITAL ECONOMY SCORECARD	62
10.8	ALIGNMENT WITH UNITED NATIONS PACIFIC STRATEGY AND NATIONAL DEVELOPMENT PRIORITIES	63
10.9	TERMS OF REFERENCE FOR INVESTMENT COMMITTEE	66
10.10	TOR'S FOR KEY MANAGEMENT POSITIONS	69
10.11	PORTFOLIO MANAGEMENT APPROACH FOR PACIFIC PROGRAMMES	82

1 EXECUTIVE SUMMARY

In recent years across the Pacific significant investments have been made in core digital infrastructure, such as the various under-sea fibre optic cables, and national governments are prioritizing to increase the digital connectivity in the region. Whilst there is big potential for a rapidly developing digital economy to positively impact many lives in the Pacific, and though the COVID-19 pandemic has proven to be a catalyst for digitization, the other side of the same coin is an increased risk of leaving behind the most vulnerable of Pacific societies.

It is against this background that the UN system, through a joint programme between UNCDF, UNDP and UNCTAD, and in close collaboration with key stakeholders from public and private sector aim to support the development of inclusive digital economies in the Pacific, more specifically in Fiji, Tonga, Samoa, Vanuatu and Solomon Islands. Inclusive digital economies that allow rural communities, women and MSMEs, as well as labour mobility workers to enhance market participation, resulting in poverty reduction, improved livelihoods and economic growth.

This programme document outlines these ambitions in enhancing people's access to basic services through digital devices and channels with a view to contributing to the achievement of the Sustainable Development Goals (SDGs).

2 SITUATION ANALYSIS

From Financial Inclusion to Inclusive Digital Economies in the Pacific

Over the last decade, across the world, over 1.2 billion adults have gained access to a financial institution or mobile money account; half a billion of these adults have been provided financial services in the past five years¹. Research has established that access and usage of inclusive financial services allow people to better manage irregular resources, smooth income flows, build assets, overcome shocks, protect against risk and access social benefits. And the impact of COVID-19 has shown that many of these benefits are more important than ever before. In the Pacific this has been confirmed by the Impact Pathways research conducted by the Pacific Financial Inclusion Programme (PFIP)². While 69%³ of the global population are now enjoying these benefits, this figure masks the low penetration in some economies. Pacific Island Countries (PICs) have, in some cases, experienced respectable growth in accounts, but, with a known range of 20% to 60% of coverage⁴, there is still no optimal presence of financial services and the countries are still considered one of the least financially included regions of the world, on par with Sub-Saharan Africa.⁵

In 2008, financial inclusion was virtually an unknown concept amongst Pacific institutions. The PFIP played a leading role in bringing about profound changes, which took place over the past decade in the sector, from the development of policies, right down to customer level engagement through financial service providers. At the high-level, the Programme constructed and refined the mechanisms necessary to establish an enabling regulatory environment that not only shapes financial inclusion, but responds to it as well. At the provider-level, the Programme supported the development and widespread introduction of new products and services through technology-linked delivery mechanisms; ultimately enrolling over two million people in financial services, often for the first time. PFIP also introduced and scaled up the region's first national level financial education initiative in Fiji. Curricula that are now expanded to vocational schools in other countries in the region. The Programme has produced numerous influential studies, which have affected policy and driven the regional and country level conversation for inclusive growth.

In its first phase, PFIP enabled formal access to appropriate and affordable financial services to approximately 600,000 people in six countries. In 2014, a second phase was launched with US\$ 33.8 million in funding, allowing the programme to reach over two million Pacific Islanders by 2019. The Programme achieved this objective by

¹ Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Overview booklet. Washington, DC: World Bank

² Collins, Daryl, Liz Larson and Abby Butkus, Pathways to a Better Life, The intricate role of digital finance in reaching the SDGs. Focus Note, UNCDF, New York, <https://impactpathways.azurewebsites.net/pfip-focus-note-1.pdf>

³ World Bank (2017). Global Findex Database, <https://globalfindex.worldbank.org/>

⁴ Pacific Financial Inclusion Programme. "National Demand-Side Surveys", <http://www.pfip.org/our-work/work-streams/market-information/national-demand-side-surveys/>

⁵ Larson, Liz (PFIP) "Financial Inclusion in Paradise: How does the Pacific stack up against the global Findex?", FinDev Gateway, <https://www.findevgateway.org/blog/2018/nov/financial-inclusion-paradise>

supporting financial service providers (FSPs) to innovate with products and services for mass market customers, supporting governments to create an enabling policy environment for financial innovation, and empowering consumers. By 2019, the primary countries of focus of Pacific Financial Inclusion Programme were Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands (SOI), Tonga and Vanuatu, with new projects in developing in Timor-Leste and Kiribati.

While results from both phases have been significant, underutilization and lack of last-mile coverage remain critical barriers to the realization of the full potential of financial inclusion. Furthermore, there is still headway to be made in proving the business case of products developed for low-income segments. National Financial Inclusion Taskforces and Central Banks need support as they grapple with a rapidly changing environment, propelled by the revolution in data and digital technology, in many different ways amplified by the COVID-19 pandemic and look to the global community for guidance. Whereas considerable progress in financial inclusion has occurred, vast swaths of the Pacific remain unbanked and are at risk of being excluded from the rapidly developing digital economy and the opportunities this brings when linked to the 'real' economy.

Digital finance has expanded both the variety and depth of services available to the end consumer. In a recent publication, GSMA estimated that there were 276 mobile money services in over 90 countries of which 20% included insurance services, savings and pension accounts⁶.

Mobile money worldwide has increased 25% in 2017 from 2016 with product offering broadened to digital savings account, digital loans, insurance, bill payments, merchant payments and digital pension services. The wave of growth has been riding on increased smartphone and data penetration across countries, fuelled by the introduction of 3G and 4G at cheaper prices.

In the Pacific mobile penetration is around 38%⁷ and is seeing modest growth in mobile subscriber base. Among the least developed countries this average is 44%, while Pacific Island countries are trailing with variations ranging from 84% (larger island nations such as Fiji) to 11% (smaller islands such as Marshall Islands) (see Table 1 below). However, the same is poised to dramatically change to 60% mobile subscription owing to the fall in smartphone prices and emergence of new vendors.

Table 1: Subscriber numbers and penetration in the Pacific Islands

2018	Population (000)	Unique subscribers (000)	Connections (000)	Subscriber penetration
American Samoa*	56	30	40	55%
Cocos (Keeling) Islands	0.6	0.2	0.3	38%
Cook Islands	17	5.6	6	32%
Fiji	915	770	1,192	84%
French Polynesia*	287	163	294	56%
Guam*	166	109	179	65%
Kiribati	119	22	56	19%
Marshall Islands	53	6	6	11%
Micronesia (Federated States)	107	18	24	17%
Nauru	11	7	11	61%
New Caledonia*	282	186	276	66%
Niue	1.6	1	1.5	58%
Norfolk Island*	2	1	1.6	47%
Northern Mariana Islands*	55	23	35	41%
Palau	22	15	26	67%
Papua New Guinea	8,502	2,525	2,734	30%
Samoa	198	93	142	47%
Solomon Islands	629	310	459	49%
Tokelau*	1.3	1	1	52%
Tonga	109	68	110	62%
Tuvalu	11	3	4	24%
Vanuatu	285	163	330	57%
Wallis And Futuna Islands*	11	6	8	50%

Source: GSMA (2019), *The Mobile Economy - Pacific Islands*

⁶ GSMA (2017), *State of the Industry Report on Mobile Money*, https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2018/05/GSMA_2017_State_of_the_Industry_Report_on_Mobile_Money_Full_Report.pdf

⁷ GSMA (2019), *The Mobile Economy - Pacific Islands*, <https://www.gsma.com/r/mobileeconomy/pacific-islands/>

The World Bank's 2017 Global Findex data clearly show that "Recent progress has been driven by digital payments, government policies, and a new generation of financial services accessed through mobile phones and the internet."⁸ The projected growth in mobile phone ownership and usage paired with the relative low cost of developing applications are likely to raise the profile of digital technologies as tools for addressing the challenges of agricultural productivity, employment and inclusive growth. According to a recent report by the McKinsey Global Institute, digital finance alone could benefit billions of people by spurring inclusive growth that adds US\$3.7 trillion to the GDP of emerging economies within a decade.⁹

The promise of digital technologies goes beyond payments and encompasses all manner of digitally-fueled financial services, often categorized as Fintech in the current literature. Innovative technologies are already challenging expensive, agent-led remittance business models that are cash-intensive and incur high operational and compliance costs. Mobile phone technologies including mobile money, digital currencies, blockchain and distributed ledgers, digital identification, and cloud platforms have the capacity to significantly reduce the cost of financial services, such as international remittances and ensure more transparency.

During the COVID-19 pandemic crisis, technology has created new opportunities for digital financial services to accelerate and enhance financial inclusion, amid social distancing and containment measures. Digital financial services can and are enabling contactless and cashless transactions, such as the QR merchant payments as well as tap-and-pay solutions used in Fiji's public transport system. Where digital financial inclusion has advanced and access to government electronic systems that are well integrated with digital financial services platforms such as fintech firms, mobile money companies, and digital banking are proving to be critical. The digitization of social welfare payments in Fiji almost 10 years ago with support from PFIP, is a showcase in the Pacific that populations are benefiting from more efficient and quick deployment of government support measures, especially to those people affected most by the pandemic.¹⁰ If they are not easily accessible or not well integrated, fiscal support announcements—no matter how large—will fail to reach those most vulnerable and needy. Thus, these fiscal responses should go hand-in-hand with investment in digital infrastructure, and importantly promoting digital and financial literacy to ensure greater digital inclusion.

As per a global study conducted by GSMA, the cost of sending international remittances with mobile money is, on average, more than 50% less expensive than using global money transfer operators (MTOs). Additionally, where people are able to send remittances from a mobile money account, the average cost of sending US\$200 is 2.7%, compared to six per cent when using global MTOs¹¹. Ensuring the reduction in transaction costs of international remittances from 9% to 3% to Pacific corridors will lead to additional savings of over US\$15 million for end users. This is one of the reasons PFIP supports the Vodafone Innovation Lab to develop an International Money Transfer (IMT) Hub to leverage its M-PAiSA platform in Fiji to connect digital MTOs with mobile money wallets in other Pacific countries, such as in Vanuatu, Samoa and Cook Islands. And as a COVID-19 response PFIP and Vodafone agreed to repurpose a portion of the budget for the IMT Hub to promote a two-month fee free period on all incoming remittances on their M-PAiSA platform. As a result, transactions per month rose from 6,500, with a cumulative value of US\$ 900,000 in March, to 25,000 in June with a cumulative value of around USD 3.2 million. Governor Ariff Ali of the Reserve Bank of Fiji applauded this initiative: "For Fiji, these kinds of initiatives will really help in much needed foreign currency during this difficult economic period to sustain our balance of payments and foreign reserves." This shows that these developments can help accelerate the shift toward digital financial services from traditional cash-based financial services just as the severe acute respiratory syndrome (SARS) epidemic in 2003 accelerated China's launching of digital payments and e-commerce.¹²

Similar examples of innovations in payments digitization in the Pacific region have already demonstrated that digital solutions are already showing transformative impact in the Pacific financial sector even before the impact of COVID-19, thereby enabling parents in Solomon Islands to pay for their children's school fees through their ANZ

⁸ Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Overview booklet. Washington, DC: World Bank

⁹ McKinsey Global Institute (September 2016), "Digital Finance for All: Powering Inclusive Growth in Emerging Economies", <https://www.mckinsey.com/featured-insights/employment-and-growth/how-digital-finance-could-boost-growth-in-emerging-economies>

¹⁰ Luis Sanchez Torrente and Abigail Chang (April 2020), "Fiji's Electronic Welfare System – A Beneficiary Impact Review Eight Years Post Implementation", <http://www.pfip.org/our-work/topic-areas/g2pp2g/fijis-electronic-welfare-transfer-system/>

¹¹ GSMA (November 2016), "GSMA Research Shows Mobile Money is Significantly Reducing the Cost of Sending International Remittances", <https://www.gsma.com/newsroom/press-release/gsma-research-shows-mobile-money-significantly-reducing-cost-sending-international-remittances/>

¹² World Economic Forum (May 2020), "How digital payments can help countries cope with COVID-19, other pandemics: Lessons from China", <https://www.weforum.org/agenda/2020/05/digital-payments-cash-and-covid-19-pandemics/>

GoMoney, transforming payments in public transport in Fiji using the latest contactless payments technologies and converting paper-based savings accounts to digital accounts in Vanuatu.

Beyond the impact of the COVID-19 new technology innovations can play a pivotal role in the digital transformation of the Pacific Islands, enabling access to life-enhancing services in areas such as health and education, while proving a catalyst for innovation and economic growth, with the promise of new jobs and increased tax revenues.

The potential for digital to impact many more lives in the Pacific is high, also considering the significant investments that have recently been made in core digital infrastructure, such as the various under-sea fibre optic cables and priorities national governments are giving to establish and increase the digital connectivity in the region. This can impact Pacific Islanders in the following manners:

1. Digital as an accelerator and enabler of access to (and delivery of) basic services for excluded / vulnerable segments.
2. Digitization is one of the key solutions to overcome the lack of infrastructure, cover the vast distances in the region and access isolated areas.
3. Digital is critical to cutting the costs of uncertainty, asymmetries of information, and securitization of information on transactions amongst large numbers of small, widely dispersed players.
4. Digital breaks the barriers of access to information and communication: market information, learning about opportunities and exchange of knowledge.
5. Digital innovation as a source of new solutions and business models that improve livelihoods.
6. Digital trails improve transparency and therefore accountability in management and governance.

The progress made under PFIP regarding digital financial inclusion is directly contributing to the emergence of digital economies, and vice versa. A prime example of this is the development of a National Digital Economy Strategy in Solomon Islands alongside a new National Financial Inclusion Strategy, which has been spearheaded by the Central Bank in conjunction with the Ministry of Communication and Aviation. Digital technologies are connecting financial services to 'real-economy' related services and solutions that can transform the lives of Pacific Islanders. The wider application of digital solutions to solve daily constraints and needs of vulnerable islanders (such as around agriculture, education, energy and entrepreneurship), strengthens use cases for the adoption and usage of digital financial services.

Today, digital financial services and the ubiquitous use of mobile phones have opened up a range of solutions to low income households ranging from energy access to education, healthcare and agricultural services. Improved internet connections and the rapid uptake of smartphones in the region will allow this successor programme for PFIP to leverage the opportunities that these new technologies and digital platforms present for low-income consumers, whilst building on a decade of in-depth experience working with key stakeholders within the Pacific financial inclusion and digital ecosystem. As result, the scope of one of PFIP's successor programmes will be broader with a focus on "Leaving No One Behind in the Digital Era". And with the impact of the COVID-19 pandemic still reeling throughout the region, the current need for a programme focussing on building inclusive digital economies in the Pacific could not be more critical, even as the starting point is now vastly different than in 2008, when the first phase of PFIP started.

The Pacific Digital Economy Programme recognizes that digital technology will be at the forefront of development efforts to address the impact of the COVID-19, especially in the Pacific region where the challenges of remoteness and territorial dispersion call for innovative digital solutions. Our efforts on financial inclusion itself could be at risk as digital services accelerate in the post-COVID era, driven by unequal access to digital infrastructure and potential biases amplified by new data sources and data analytics. Lack of access to mobile phones, computers, or the internet could leave us with new forms of exclusion, which could be exacerbated if the shift toward digital services accelerates during and post COVID-19.

Research demonstrates that through the adoption of digital services by individuals, businesses, and governments the digital economy has emerged in recent years as a key economic driver globally.¹³ The Digital Pacific Conference

¹³ *Digitization for Economic Growth and Job creation: Regional and industry Perspectives. Booz & Company.*

in Samoa in June 2018 highlighted the importance of advancing the use of digital technologies in the Pacific. It noted the critical role of governments in creating a conducive regulatory environment for digital innovations and promoting digital technology in the public sector as a steppingstone to spur the creation of a more inclusive digital economy. For instance, through the introduction of digital identification, which is key for improving people's access to a range of public services (education, social protection, tax payments, voting, etc.). Beyond its application in government, it was also recognized that investments in upgrading education and worker's skills will be crucial if the potential benefits of digital technology are to be reaped for sustainable development. This will require a commitment to support ICT training and STEM education, fostering stronger partnerships between the public and private sector and regional leadership on policy initiatives that promote mutual learning, knowledge and data exchange.¹⁴ More details on the context can be found in [Annex 10.5](#) to this document.

It is against this background that the UN system, through a joint programme between UNCDF, UNDP and UNCTAD, and in close collaboration with key stakeholders from public and private sector aim to support the development of inclusive digital economies in the Pacific addressing the impact of COVID-19 and at the same time leveraging its catalytic capacity. Inclusive digital economies that allow rural communities, women and MSMEs, as well as labour mobility workers to enhance market participation, resulting in poverty reduction, improved livelihoods and economic growth. This programme document outlines our ambitions in enhancing people's access to basic services through digital devices and channels with a view to contributing to the achievement of the Sustainable Development Goals (SDGs).

3 STRATEGIES

In preparation for this programme, during the months of September and October in 2019 various stakeholder consultations and workshops were held across the region (Fiji, PNG, SOI, Vanuatu, Samoa and Tonga) with representatives from government, the private sector, financial service providers, mobile network operators, donors as well as other development partners to assess which activities would result in the desired outcomes, across the region. These consultations consisted of a half day workshop, followed by one on one meetings over the course of two days with key stakeholders, such as the governor of the central bank, ministry of ICT (or equivalent), representatives from the Australian and New Zealand High Commissions as well as the EU delegations.

The proposed Theory of Change is further backed by research conducted by the Pacific Financial Inclusion Programme on the impact of access to (digital) financial services and how to best increase access and usage of financial products by women (PoWER studies) as well as the PFIP end of programme evaluation.

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, MSME's and labour mobility workers. As such it will apply a market development approach through which it will continuously seek to understand and intervene in select market systems to address underlying market dysfunctions that lead to improved efficiencies, effectiveness and sustainability. The approach will seek to:

- Leverage the roles and behaviours of current players in the marketplace, support them to continue doing what they do better or to change their behaviour,
- Strengthen the systems and relationships among the various market and sector actors, and
- 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.

For this approach we draw on the lessons learned from other UNCDF programmes that achieve change through applying some form of a market development approach, as well as the knowledge gained by implementing over a decade of activities in the Pacific through PFIP. Furthermore, it borrows from CGAP's handbook on measuring market development initiatives, for which in turn CGAP has consulted extensively with UNCDF for feedback during the development of the handbook.¹⁵

To measure the impact of specific programme interventions and use these lessons to inform design of future interventions and course corrections of existing interventions, the Programme intends to do a continuous impact

¹⁴ UNDP (2018), *Digital Pacific Conference Report*, p.7-9.

¹⁵ Spaven, Patrick and Karina Broens Nielsen (2017), *Measuring Market Development, A Handbook for Funders and Implementers of Financial Inclusion Programs*, Washington, DC: CGAP.

assessment to measure and track the level of inclusiveness of digital economies at country level through the use of UNCDF's Inclusive Digital Economy Scorecard (IDES), which will create the necessary indicators for inclusiveness to be embedded into the National Digital Economy Strategies.

The IDES is a central tool taken from the UNCDF strategy 'Leaving no One behind in the Digital Era.' The scorecard is built to support stakeholders to identify and address the key priorities for the further development of their country's digital economy. Updated on a yearly basis, the scorecard is a strategic tool for UNCDF to measure development of the market and to set priorities based on the dynamic context of market development in a digital era.

In anticipation of the start of the programme, the Government of Solomon Islands has already committed itself to be part of a group of four pilot countries together with Uganda, Burkina Faso and Nepal to use the IDES as a tool to measure the development of an inclusive digital economy. To that extent multiple technical workshops have been held with various government departments during the months of June, July and August 2020 to ensure the correct statistical data is being used for the IDES in order for it to be used as a policy instrument to support the government in their digital transformation. More information on UNCDF's IDES can be found in [Annex 10.7](#).

By working with private sector partners and de-risking their investments to venture into new markets and new customer segments, the programme aims to influence the market to develop towards a more inclusive one. In the application of such a market development approach the Programme will benefit from the collaboration with UNCTAD as one of the implementing agencies as it has extensive experience through its E-Commerce and Digital Economy (ECDE) Programme. UNCTAD's ECDE Programme covers several research and technical assistance activities relevant to the Pacific Digital Economy Programme, including the global Digital Economy Report, technical cooperation on measuring of the digital economy (including the use of IDES), national e-commerce strategies, the eTrade for Women initiative and last, but not least the eTrade Readiness Assessments. Especially the latter have been an important source of information for the design of this programme as quite a number of Pacific countries have already done these assessments, such as Samoa, Solomon Islands and Vanuatu. UNCTAD's experience will be particularly relevant for the activities under Workstream 1 "Enabling Policy and Regulation" (More details on the following pages).

Theory of Change

The Programme's Theory of Change (see Figure 1 below) follows a set of activities that are grouped into four separate workstreams, which each will result in outputs and outcomes at different levels of the market, impacting and influencing stakeholders and ultimately leading to the programme goal; Inclusive digital economies in the Pacific.

The programme approach seeks to leverage the roles and behaviours of current players in the market, many of which PFIP already has a strong relationship with, such as mobile network operators, University of South Pacific, APTC, banks, insurance providers, provident funds and various FinTech firms, and will support them to continue doing what they do well, or if needed, to change their approach and strengthen the systems and relationships among the various market and sector actors. Moreover, it will seek to ensure that policies and regulatory frameworks are in place to allow for these market developments and guarantee that customers have the know-how and confidence to use these new digital products and services.

Phased approach

Although the activities in the Theory of Change cover a timeline of five years, the Programme will be implemented in a phased manner, which takes into account the early stage of market development of a digital economy in the Pacific. The first two years are the inception phase, which will allow the Programme to ensure that a solid foundation is laid for more complex programming activities that requires that all relevant public and private sector stakeholders as well as various development partners are sufficiently familiarized with new concepts, and are aligned on the strategies as well as that proper governance frameworks to implement these are in place.

Furthermore, during the inception phase the Results Measurement Framework will be reviewed and updated using new data sources that will be derived from activities 1.1 and 4.1 allowing for proper baselining for impact measurement. The update of the RM Framework will be included into the scope of the evaluation of the initiation phase as well as further potential amendments to the design of the program.

This approach is also reflected in the distribution of the programme budget across the four outputs during the five-year timeline, whereby during the inception phase significant investments will be made in workstream 1 and 2 to ensure this solid foundation is laid.

Goal	Inclusive digital economies in the Pacific that support rural communities, women, MSMEs and seasonal workers to enhance market participation, resulting in poverty reduction, improved livelihoods and economic growth.					
Sector Outcomes	1) Expansion of the digital ecosystem with more investment, competition and innovation, and an increasing range and reach of services that leverage technology					
	2) Market players benefit from growth and improved sustainability					
	3) Pacific Islanders increasingly use a range of digital services					
	4) Pacific Islanders regularly use financial services					
	5) Pacific Islanders regularly use digital payment services					
Client Outcomes	6) Pacific Islanders have access and meaningfully use digital services through improved ability, knowledge, skills and behaviors (Specific focus on: rural communities, women, MSMEs and seasonal workers)					
Stakeholder Outcomes	7) Inclusive policies and regulations enabling access and usage of digital services are responsibly adopted and implemented	8) Coordination mechanisms lead to harmonized policy/regulation on digital services	9) Stakeholders strengthen last-mile digital infrastructure	10) Market players make digital payment services available, accessible, affordable, reliable and appropriate for customer needs	11) Inclusive innovative business models and services are tested and deployed at scale in various sectors of the digital economy	12) New models and delivery channels for building digital and financial capabilities are deployed at scale
Outputs	1. Policy makers and regulators have improved capacity and stakeholder relationships to develop, monitor and regulate services for an inclusive digital economy		2. Digital finance providers, mobile network operators, government and other actors are capable and committed to develop and expand infrastructure and payment offerings for an inclusive digital economy		3. Start-ups, corporates and other actors have increased capacity and network to build new businesses and develop innovative digital services for an inclusive digital economy	
Activities	1.1 Support assessment and data collection to inform the National Digital Economy Strategy and publish bi-annual Pacific edition of Digital Economy Report		2.1 Support pilots and scaling of existing eGovernment initiatives that support the digital economy		3.1 Develop ecosystem enabling activities (events, exchanges etc.) to facilitate matchmaking, new opportunities and partnerships between various stakeholders of the digital economy	
	1.2 Support creation of National Digital Economy Taskforce that includes private sector, development partners and other stakeholders to implement a National Digital Economy Strategy		2.2 Support development and scaling of new and/or existing 'open banking' solutions, shared digital payment networks and e-commerce platforms		3.2 Partner with existing co-working spaces / innovation hubs and enable development of new, or collaborate with existing incubation/acceleration programmes to support business community with mentoring and skill development for the digital economy	
	1.3 Support development of National Digital Economy Strategy		2.3 Support development and scaling of market-led initiatives for last mile digital 'meso' infrastructure and 'micro' infrastructure		3.3 Leverage existing funding mechanisms (e.g. UNCDF's LMTF or BUILD Fund) to support Pacific digital economy businesses with blended-finance tools.	
	1.4 Support capacity building of policy makers and regulators and assist in review, amendments and implementation of policies and regulations affecting the Digital Economy		2.4 Leverage existing funding mechanisms to de-risk investments in last mile digital 'meso' and 'micro' infrastructure with blended-finance tools.		4.1 Survey on digital and financial literacy skills of Pacific Islanders	
	1.5 Support PIFS' Pacific E-commerce Initiative, including establishment a regional e-commerce strategy and associated implementation framework				4.2 Support Ministry of Education to develop and integrate ICT / STEM education and financial literacy skills into national curricula	
Ecosystem activities	Research and Learning, Knowledge Sharing, Public-Private Dialogue, Development Partner Coordination, Crowding in activities, Events, Training, Workshops, Exposure Visits, etc.					
	Workstream 1 Enabling Policy and Regulation		Workstream 2 Open Digital Payments Ecosystem		Workstream 3 Inclusive Innovation	
					Workstream 4 Empowered Customers	

Figure 1: Theory of Change for the Pacific Digital Economy Programme

Workstreams

In order to best support the market and steer towards inclusive changes, the programme's activities are categorized into four workstreams as described below. Please note that the activities that will receive specific attention and funding during the inception phase are described in **bold**.

Workstream 1: Enabling Policy and Regulatory Environment

This workstream aims to address regulatory and policy gaps by applying local presence, convening power, technical expertise and building partnerships with local and global partners to drive policy and regulatory change.

PFIP has for the last five years provided reports for the annual regional Pacific Islands Forum Economics Ministers Meeting (FEMM) assessing the current status of various countries' National Financial Inclusion Strategy implementation. As such, it is seen as a key stakeholder in advancing and implementing these strategies. Under this workstream the Programme will continue to apply the approach, for which PFIP has been recognized as very successful by the recent end of programme evaluation and which has been adopted by other UNCDF programmes in Asia and Africa, such as the Mobile Money for the Poor programme.

The Programme envisions to further harness these relationships and extend these to other relevant government stakeholders and continue to build capacity and provide technical assistance to create the basis for informed policy making, backed legal certainty and incentives for innovations that help advance the digital economy and positively address the impact of COVID-19 and contribute to the SDGs in the Pacific.

Specifically, the programme will seek to help Pacific government entities achieve the following:

- An increased government commitment to digital solutions as an economic development enabler
- The establishment of regional and national coordination mechanisms that lead the design of harmonized policy and regulation on digital financial services and other digital services
- The development of inclusive regional and national policies and regulations enabling access and usage of digital financial services are responsibly adopted and implemented.

This workstream will be jointly implemented with UNCTAD and the PIFS, which will contribute to the objectives with its extensive experience in the area of research of the digital economy, technical assistance on measuring e-commerce and the digital economy and work on national assessments and strategies in this area, including in the Pacific region, such as through the eTrade Readiness Assessments.

The activities planned under this workstream are:

1.1 Support assessment and data collection to inform the National Digital Economy Strategy and publish bi-annual Pacific edition of Digital Economy Report

UNCTAD will support the Pacific countries in scope of this Programme with technical assistance to strengthen the capacity of their national statistical systems to produce better, more reliable and internationally comparable statistics on ICT use by enterprises, the ICT sector, e-commerce and international trade in ICT goods and services, and ICT-enabled services. This will include data for UNCDF's Inclusive Digital Economy Scorecard. The lack of such data currently constitutes a significant gap in the tool-kit policy makers need to design and implement ICT policies for development, including with reference to policy areas such as international trade, export promotion, foreign investment promotion and others.

UNCTAD, with support from UNCDF and UNDP will provide regional trainings on measuring e-commerce and ICT use by enterprises, and on measuring international trade in ICT-enabled services. To support the countries with the implementation of the learnings from the trainings, follow-up advisory services will be provided.

UNCTAD's Digital Economy Report (DER) is published every two years. It analyses current trends and major international policy issues regarding ICT, e-commerce and the digital economy, and their

implications for trade and development. The report reflects the increasing pervasiveness of the digital economy, and its key role in trade and development.

With the support of the UNCDF and building on its expertise with the DER, UNCTAD will publish two Pacific editions of the DER. The reports will be linked to the theme of the Global DER, but rather focusing the data and analysis on the Pacific region.

1.2 Support creation of National Digital Economy Taskforce that includes private sector, development partners and other stakeholders to implement a National Digital Economy Strategy

Constructive stakeholder dialogue is enabled by regular engagement of public and private stakeholders to discuss specific market constraints and public policy objectives. This activity is key to the acceleration of policy and regulatory change. It relies heavily on consulting with local stakeholders and clearly defining the market barriers that legal and policy reforms can address. Engagement with the private sector is a central component of this approach.

Equivalent to the National Financial Inclusion Taskforces as developed under the PFIP, the Programme will support the Pacific governments to create National Digital Economy Taskforces responsible for the implementation of the strategies developed under action 1.3. Due to the analogy with the NFIS and NFITs, a policy framework similar to the model from AFI¹⁶ will be developed specifically for this purpose.

1.3 Support development of National Digital Economy Strategy

UNCTAD, with the support of UNCDF, will support the development of national digital economy strategies for three countries that have finalized, or are in the process of finalizing an UNCTAD eTrade Readiness Assessment and do an eTrade Readiness Assessment for one additional country. The development of this strategy will follow after the creation of a National Digital Economy Taskforce to ensure that stakeholders are adequately consulted, and a proper governance and implementation framework is in place.

In the trade area, the national digital economy strategies will benefit from and complement the Pacific Regional E-commerce Strategy and Roadmap which is being developed by the PIFS, in cooperation with UNCTAD, UNCDF and other partners, in the context of the Pacific E-commerce Initiative (see section 1.5)

1.4 Support capacity building of policy makers and regulators and assist in review, amendments and implementation of policies and regulations affecting the Digital Economy

Expert guided policy development requires careful consideration of policy options, their potential market impact and their alignment with industry incentives, and this is especially important now that markets have been disrupted significantly due to the impact of the COVID-19 pandemic.

Expert advice is a necessary requirement, although insufficient by itself, to accelerate policy reforms. Providing timely expertise can unlock reforms more quickly when using a structured approach to policy and regulatory design. The acceleration is most effective when narrowly focused on specific market barriers that prevent large-scale use of digital services for development. Examples include lowering requirements for account opening, improving data protection to increase trust in digital services, installing new licensing regimes for innovative service providers and promoting service interoperability. Additionally, the Programme will also look at leveraging recent regulatory initiatives, such as the regional sandbox, developed with support from AFI, to increase the actual usage by FinTechs, which currently is rather low.

Support for to build capacity of policy makers and regulators is also required at regional level. In the trade area, provision of assistance will be important to develop regional (binding or non-binding) agreements, guidelines, and coordination mechanisms which can promote digital trade between Pacific countries and between the Pacific region and other regions. Examples include adoption of a regional frameworks to facilitate affordable intra-regional data services, development of Pacific guidelines on accountability and responsibility of online service providers, development and promotion of model legislation on aspects of

¹⁶ <https://www.afi-global.org/sites/default/files/inline-files/002%20-%20AFI%20Policy%20Model%20-%20National%20Financial%20Inclusion%20Strategy.pdf>

e-commerce, development of regional agreements on e-commerce (or of e-commerce protocols to existing agreements), establishment coordination mechanisms to improve logistics services in support for e-commerce and reduce its costs.

Based on the national digital economy strategies developed under action 1.2, UNCTAD, in partnership with UNCDF will provide technical assistance to policy makers and regulators of Pacific governments for the review, development and/or amendments of policies and regulations affecting the Digital Economy and taking into account the implications of the COVID-19 pandemic for the development of the market.

Based on the regional E-commerce Strategy and Roadmap which is being developed in the context of the Pacific E-commerce Initiative (see section 1.5), PIFS, in partnership with UNCDF, UNCTAD, and other stakeholders, will provide technical assistance to policy makers and regulators on policy and regulatory aspects of E-commerce which require regional actions.

1.5 Support PIFS' Pacific E-commerce Initiative, including establishment a regional e-commerce strategy and associated implementation framework

In 2018 Forum Trade Officials endorsed the Pacific E-commerce Initiative. The initiative promotes regional cooperation to enhance digital trade readiness in the region, noting the potential for regional approaches to achieve selected priorities in more cost-effective ways, as well as to deliver priorities which are outside the reach of single companies or Members. Over the past few years, the PIFS has developed five national E-commerce Assessment using the UNCTAD's E-Trade Readiness Assessment methodology, as well as one Regional E-commerce Assessment informed by the ten national reports developed in the region - five by PIFS¹⁷ and five by UNCTAD.¹⁸ The work conducted so far will inform the development of a Regional E-commerce Strategy and Roadmap, which will outline the Pacific consensus on priority regional actions. Work on the Regional E-commerce Strategy and Roadmap is ongoing and will be finalized in September 2021, with ministerial endorsement to be sought thereafter.

UNCDF will support PIFS in their efforts to develop and implement a Regional E-Commerce Strategy. The Programme will actively collaborate and contribute to enable cooperation and alignment among the Pacific governments pertaining regional topics on the digital economy and also to support more effective ways of innovating and scaling up multi-country initiatives, especially where it relates to Digital Financial Services. Support to the Regional E-commerce Strategy will also be provided by UNCTAD as well as other agencies play a role in the digital trade space. Noting that e-commerce is a regional Aid for Trade priority and that PIFS are to drive the regional agenda on this particular topic, it is envisioned that the governance mechanism to coordinate implementation of the Regional E-commerce Strategy will be housed at PIFS, to ensure a strong alignment with the existing work already happening on this front. This governance mechanism will complement the work that the National Digital Economy Taskforces will undertake at country-level.

Workstream 2: Open Digital Payments Ecosystem

Inclusive innovation can be accelerated and will deliver the right services to impact the Pacific economies and the lives of Pacific Islanders if an open digital payments ecosystem is in place.

The objective of this workstream is to build an optimal ecosystem that enables digital financial services to reach the 'last mile' and deliver valuable and relevant services. And this is even more important as we have seen during the COVID-19 pandemic whereby deployment of fiscal and other financial policy stimulus have very often been hampered by slow and inefficient systems and procedures.¹⁹ The Programme will seek to help government entities, private sector and other stakeholders to:

- Strengthen the last-mile digital infrastructure
- Make digital payment services available, accessible, affordable, reliable and appropriate for customer needs.

¹⁷ Fiji, Federated States of Micronesia, Niue, PNG, and Tonga

¹⁸ Kiribati, Samoa, Solomon Islands, Tuvalu, and Vanuatu

¹⁹ https://dailypost.vu/news/chief-says-vnfp-applications-too-slow/article_1795eb52-752c-11ea-9bdc-47c33330e3d2.html

The programme will invest in financial and technical support to drive equal access to the digital and financial infrastructure and deploy innovative blended finance instruments, to develop inclusive digital economies in the Pacific.

The activities planned under this workstream are:

2.1 Support pilots and scaling of existing eGovernment initiatives that support the digital economy

UNCDF will support Pacific governments to innovate with new eGovernment initiatives as well as support them with scaling of existing eGovernment initiatives to ensure inclusiveness of these services, with a focus on the key segments of the Programme; rural communities, women, MSME's and labour mobility workers. It is emphasized that during the inception phase the Programme will work on the continuation of initiatives that were already started under PFIP, such as digitization of collection payments with the Vanuatu police, but also other G2P payments for which COVID-19 has shown that they are important more than ever before to provide the necessary financial stimulus, as well as the more recently started diagnostics and scoping on the use of eKYC in Fiji, Vanuatu and Solomon Islands.

As this is typically an intervention type where various other development partners are also active, most notably the World Bank Group and ADB, the Programme will proactively look for opportunities to collaborate and complement other initiatives from these development partners through the use regional governance mechanism described under action 1.5.

2.2 Support development and scaling of new and/or existing 'open banking' solutions, shared digital payment networks and e-commerce platforms

In the context of the digital finance ecosystem in the Pacific, up until now, there have been very few avenues open to developers, FinTech start-ups and e-commerce players to leverage existing banking, payments or Mobile Money platforms. This has resulted in the availability of only relatively basic products, stop-gap solutions and clunky user interfaces, resulting in less than optimal user experience and low customer uptake of digital banking solutions.

With the emergence and the growing importance of platform-based business models for financial services and e-commerce, Pacific banks are trying to evolve, but many of them are weighed down by legacy IT systems and as such cannot meet the demand and expectations from the market. During the workshop consultations for this programme it was observed by a wide variety of stakeholders that this specifically applies to e-commerce related payments in the Pacific.

Therefore, UNCDF will support the development and scaling of new solutions and associated business models for the provision of digital financial services. These can be shared or public/private infrastructures, such as shared agency banking models or payment switches, but also mechanisms that leverage 'open' solutions. For example, a digital payments aggregator could open its APIs to enable Fintechs and e-commerce start-up companies to plug seamlessly into its payments system. To that extent a market assessment to scope for a potential pooling of the demand for e-commerce related payments across multiple Pacific countries has started in August 2020. If done right, open APIs generate revenue for the provider and accelerate innovation in the marketplace that benefits low-income customers.²⁰ Subsidizing the cost borne by innovative MSMEs to access payment gateways, notably the required guarantee/bond, could also be explored. In the area of payment solutions, UNCDF will cooperate with the PIFS' PTI network, noting that the network is also active in seeking innovative options to support Pacific exporters.

2.3 Support development and scaling of market-led initiatives for last mile digital 'meso' infrastructure and 'micro' infrastructure

UNCDF will support innovation with market-led initiatives for expansion and improvement of last-mile digital infrastructure. Since much of the investments in the digital infrastructure in the Pacific are made in big projects, such as the fiber-optic cables, it requires additional initiatives and investments (see action

²⁰ <https://www.cgap.org/topics/collections/open-apis>

3.4) to go beyond the major cities and reach those parts of the Pacific that are typically excluded. This may range from initiatives to spur the development of the 'meso' infrastructure, such as through sharing of MNO infrastructure²¹, to advancing the uptake of the 'micro' infrastructure, such as through upscaling of PayGo asset finance solutions to enable deeper penetration for off-grid solar energy solutions for households, as well as to boost the smartphone ownership.²² Both of which are critical for last-mile delivery of digital services.

2.4 Leverage existing funding mechanisms to de-risk investments in last mile digital 'meso' and 'micro' infrastructure with blended-finance tools.

To support the activities under 2.3 UNCDF will leverage existing funding mechanisms to de-risk associated investments with blended-finance tools from both UNCDF and other investors. During the inception phase the Programme will develop in-house capacity expertise to build pipeline and expertise to structure these blended finance transactions. It is envisioned that this will be scaled after the inception phase. Examples of UNCDF's existing funds and blended finance tools can be found in [Annex 10.6](#).

For the purpose of this activity UNCDF will proactively seek to source additional funding for these instruments from domestic and/or regional partners, such as provident funds as well as other development partners, e.g. ADB, EIB and others.

Workstream 3: Inclusive Innovation

Inclusive innovation is a key driver of the Programme's theory of change. While access to financial services in the Pacific has grown significantly during the last ten years, usage remains low. A key lesson learned from PFIP's work in the Pacific and UNCDF's other work in regions, such as East-Africa and Asia has been that the lack of relevant 'use cases' can cripple adoption and usage of digital financial services, especially among customer segments that rely on last-mile delivery. Moreover, as was also emphasized in the recommendations of PFIP's end of programme evaluation, many accounts remain dormant, and most transactions are limited to basic person-to-person transfers or cash-outs. It is therefore key to design and pilot products and services for people who already see the added value of digital services and digital financial services. Usage by people who value these use cases, will spur adoption and usage by others.

Also, core to UNCDF's approach, is the recognition that on the digital transformation journey, the technical solution is not the challenge, but rather the change management required to integrate digital innovation into the operating and business models of the target institutions or customers' segments. This recognition explains our interventions with partners on their digitization journey and with the customers on literacy and skills. The latter is outlined in workstream 4.

The objective of this workstream is to accelerate innovation in digital financial services with new or improved solutions that have a clear impact on the daily lives of low and moderate-income people in the Pacific and especially those impacted the most by the COVID-19 pandemic. Therefore, the Programme will focus on digital financial solutions that impact rural communities, women, MSMEs and labour mobility workers.

The aim is to bring together various elements and stakeholders needed to develop and or refine solutions geared towards achieving that inclusive innovative business models and services are tested and deployed at scaled in various sectors of the digital economy.

The activities planned under this workstream are:

3.1 Develop ecosystem enabling activities (events, exchanges etc.) to facilitate matchmaking, new opportunities and partnerships between various stakeholders of the digital economy

UNCDF will develop various activities such as knowledge sharing through exposure visits, webinars, networking events, Zoom workshops, bootcamps, hackathons and other types of exchanges to bring together the various stakeholders in the Digital Economy, but moreover facilitate and broker partnerships and play a role of matchmaker. Examples are UNCTAD's eTrade for Women and the eCommerce Week,

²¹ <https://www.gsma.com/futurenetworks/wiki/infrastructure-sharing-an-overview/>

²² <https://www.cgap.org/blog/smart-phones-smart-partners-linking-asset-finance-and-microfinance>

as well as from PFIP's recent past when it collaborated with GSMA, USP to support the Seedstars bootcamp in Suva Fiji, or in early 2019 when it organized the Pacific - ASEAN Financial Innovation Challenge, matching established financial service providers from the Pacific with FinTechs from the ASEAN region and Australia and New Zealand. Due to the travel restrictions imposed as a result of COVID-19 we foresee that many, if not most of these activities will be organized through online events, at least during the inception phase of the Programme.

3.2 Partner with existing co-working spaces / innovation hubs and enable development of new, or collaborate with existing incubation/acceleration programmes to support business community with mentoring and skill development for the digital economy

In line with the activities under 3.1 UNCDF will proactively seek collaboration with existing co-working spaces and innovation hubs across the Pacific to develop incubation and/or acceleration programmes for Pacific MSME's (both established and start-up) to acquire the right skills for e-commerce, digital marketing etc.

Examples of these existing co-working spaces and/or innovation hubs are UNDP's ongoing work on innovation and entrepreneurship such as through their innovation hubs and co-working spaces that have been established in Fiji, Vanuatu, Solomon Islands and Samoa. Additionally, it will look for opportunities to collaborate and leverage existing initiatives from other development agencies, such as the Fiji's Enterprise Engine, which was launched end of 2019 by the Market Development Facility (MDF) together with the Fiji Commerce and Employers Federation (FCEF), or the recently revamped Samoa Business Hub, formerly known as Small Business Enterprise Center (SBEC).

3.3 Leverage existing funding mechanisms to support Pacific digital economy businesses with blended-finance tools.

To support the activities under 3.2 UNCDF will leverage existing funding mechanisms to de-risk associated investments with blended-finance tools from both UNCDF and other investors. Important to mention for this specific activity is that UNCDF will follow two main investment pathways:

1. The Incubation pathway requires a longer gestation period (1-1.5 years) for business model validation and preparation, with a considerable element of hands-on involvement from the programme needed from the start, and with extensive screening of candidates and technical assistance support.
2. The Impact investment pathway is when initial validation of the business model is clear already and provides a compelling case for partners, including investors, to mobilise around the idea with some initial risk sharing support from UNCDF.

Examples of UNCDF's existing funds and blended finance tools as well as more additional information about the investment pathways can be found in [Annex 10.6](#).

Workstream 4: Empowered Customers

The digital economy requires a digitally enabled workforce and digitally literate end users. Digital skills underpin nearly every aspect of work and life. New technologies continue to emerge therefore continuous learning will be a necessity. Countries that implement strategies for comprehensive digital skills development can help ensure their populations have the skills needed to be more employable, productive, creative, and successful, while ensuring they remain safe online. Digital skills are one of the core foundations of the digital economy.

Many people in the Pacific however face difficulties in accessing and using digital innovations ensuing from their lack of familiarity with these new tools and their low digital literacy. And though COVID-19 has accelerated the uptake of digital solutions, at the same time anecdotal evidence shows that it has also exacerbated the digital divide in the Pacific region. Limited digital capability can result in a range of negative outcomes including, but not limited to a lack of trust in digital innovations, increased self-exclusion of certain groups, and increased vulnerability to fraud, personal-data misuse, digital profiling, phishing schemes, etc.

Therefore, addressing digital literacy as a means to improve well-being is critical in the Pacific region. Improved digital capability is thus a prerequisite to fully integrate women, youth, MSME's and others who are usually left

behind in a rapidly evolving digital and knowledge-based economy so that they can be fully empowered and truly improve their well-being.

Rural communities, women, MSMEs and labour mobility workers are already disproportionately represented amongst the most excluded from the formal economy for various reasons. In a fast-moving digital economy, they are the ones most at risk to be left behind.

The expected outcome of this workstream is therefore to:

- Understand the current levels of capacity in financial literacy, digital financial services and digital economy.
- New models and delivery channels for building digital and financial capabilities are deployed at scale

The target segments (rural communities, women, MSMEs and labour mobility workers) will need more tailored information, advice and knowledge to help them navigate digital financial products and services. Customer pain points will be identified, key messages for financial education and training will be created, the right digital channels for conveying these messages will be identified and business models for delivery of skills training via digital tools will be developed and scaled-up.

[Annex 10.5](#) provides more background information on women, MSMEs and labour mobility workers.

The activities planned under this workstream are:

4.1 Survey on digital and financial management skills of Pacific Islanders

In order to be able to track the impact of the various activities under this workstream, the Programme will design and implement a survey on digital and financial management skills in its five focus countries. This survey will be implemented during the first year of the inception phase as well as during the last year of the Programme.

Similar to project-based impact assessments the Programme has allocated dedicated resources and it will seek a partnership with one or more universities from the Pacific, Australia or New Zealand to ensure academic rigour during the design, implementation, analysis and reporting of the results.

4.2 Support Ministry of Education to develop and integrate ICT / STEM education and financial literacy skills into national curricula

During the Digital Pacific Conference in Samoa in June 2018 it was emphasized by the Pacific leaders that investments in upgrading education and worker's skills will be crucial if the potential benefits of digital technology are to be reaped for sustainable development in the Pacific. This will require a commitment to support ICT training and STEM education that can cater for the shift in labour market demand and the implications on skills development, training and education initiatives. Additionally, Pacific governments and other development partners, such as ADB continue to request PFIP for support to include financial literacy / financial education into national curricula.

Therefore, UNCDF will support the Ministries of Education from Pacific governments to develop and implement gender sensitive ICT and STEM education, as well as continue its support on the same for financial education into the national curricula.

4.3 Support development and integration of digital economy and financial literacy related subjects into programmes and courses from tertiary educational institutions (e.g. TVET and university)

In addition to the ICT training and STEM education that needs to cater for the long-term implications for the shift in labour market demand for worker's skills required in the digital economy in the Pacific, there is also a need for interventions with impact on a shorter timeframe. For this reason, PFIP has extended its work on Financial Education to TVET institutions in recent years to ensure that people that are about to enter the job market are equipped with financial literacy skills once they receive their first salaries. Equally this is required for skills to participate in a digital economy, but more importantly to leverage the opportunities arising from the latest trends in the digital economy.

With this in mind, UNCDF will support the development and integration of digital economy and financial literacy related subjects into specific courses at universities, TVET institutions as well as with other organizations that support the Programme's focus segments, such as incubation/acceleration programmes.

Examples of such activities are TVET certificate courses on IT Project Management, digital media design or software development and programming. These can be combined with apprenticeships and traineeships with private sector, such as Vodafone, Digicel, Bank South Pacific or one of the few tech start-ups in the Pacific region, such as Maua in Samoa. Another example, though less formalized are digital marketing bootcamps for start-up entrepreneurs through partnerships with the business hubs, such as Samoa Business Hub, or through the recently launched Fiji's Enterprise Engine.

The recent partnership of UNDP and UNCDF with APTC to digitize the offering of various micro-credential courses for COVID-19 impacted hotel and tourism workers across the Pacific region has already proven to be a very good experience.²³

4.4 Support rural communities, women, MSME and labour mobility workers acquiring the skills and knowledge to access and use digital and financial services

Research has consistently shown that low levels of basic digital and financial literacy are one of the main barriers to adoption of digital and financial services. To address this UNCDF will support the key focus segments to obtain those skills and knowledge to participate in the digital economy.

An example of such an activity is from PFIP's portfolio of work, where in 2015 it collaborated with GSMA's Connected Women initiative to develop the Mobile Skills Toolkit for Women in Papua New Guinea²⁴ and also the activities to upskill financial literacy of labour mobility workers through PFIP's recently established partnership with APTC. Moreover, the Programme will seek to learn and leverage the experiences from other UNCDF initiatives such as the Digital Community Entrepreneurs in Uganda²⁵.

Building on lessons learned

The outcomes, and consequently also the activities planned under the Pacific Digital Economy Programme are built on lessons learned from the Pacific Financial Inclusion Programme. The end of programme evaluation of PFIP II highlights the relevance of the programme activities and a next adjusted phase:

“Given the PIC financial inclusion landscape, the workstreams and interventions funded under PFIP-II are noted as being highly relevant, particularly given the emphasis on digital finance and agent banking to help overcome the geographic and gendered-barriers to accessing and using financial services.”

The end programme evaluation proposed recommendations that have been used to inform activities under the new programme. More details on these specific recommendations can be found on the UNDP Evaluation Resource Centre²⁶, which contains the complete report, the management response and the details of the associated actions.

From the on-set the Programme will design a data collection tool that is focused on outcome and impact measurement of programme activities. Where possible, the programme will conduct impact assessments and showcase accomplishments and lessons learned to ensure knowledge transfer among implementers, donors, across projects phases, and between individual projects. Particularly for the impact assessments it has allocated dedicated resources and it will seek a partnership with one or more universities from the Pacific, Australia or New Zealand to ensure academic rigour during the design and implementation thereof.

Sustainability and Scaling Up

²³ <https://www.pacific.undp.org/content/pacific/en/home/presscenter/pressreleases/2020/partnership-to-assist-tourism-employees-impacted-by-covid-19.html>

²⁴ https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/03/GSMA_mWomen_MobileSkillsToolkit1.pdf

²⁵ <https://www.uncdf.org/article/6446/digital-community-entrepreneurs---going-the-extra-mile-to-close-the-digital-gap-in-rural-uganda>

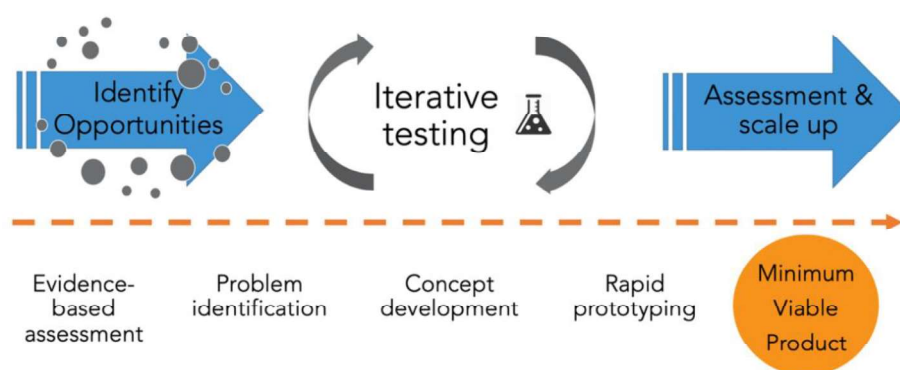
²⁶ <https://erc.undp.org/evaluation/evaluations/detail/9950>

Through the activities under workstream 1, the Programme aims to emulate the successful approach from PFIP through the development of national strategies and implementation through national taskforces, similar to the various National Financial Inclusion Strategies (NFIS) and Taskforces (NFIT) that have been implemented throughout the Pacific. The Inclusion of a regional dimension under workstream 1 is expected to further improve the Program's effectiveness by widening the spectrum of policy options for digital development, aligning the Program with the regional architecture, and thus improving sustainability and facilitating scalability.

Many countries in the Pacific region have just established or are in the process of establishing teams, departments or taskforces within the government to develop and implement national digitization plans. Some focused on eGovernment initiatives, but others have a wider scope and mandate that seek to spur the development of a digital economy. The Programme aims to collaborate with these government entities to support with data collection to inform the development of National Digital Economy Strategies as well as to support them with the creation of National Digital Economy Taskforces or leverage existing mechanisms in place for public private collaboration to implement a National Digital Economy Strategies.

Through collaboration with these government entities, the programme will enhance local capacity and ensure the sustainability of impact with the various project partners.

In collaboration with government and private sector stakeholders the programme designs activities in such a way that successful pilots are scaled. Using the experience of PFIP, each of the programme work streams will be implemented through specific activities with the clear intention to scale uptake and usage of relevant digital innovations to bring about the intended outcome.



For each of the projects, the Programme will follow a standard, but flexible implementation approach from ideation to scaling as depicted above. A pilot means the test of products and services within certain conditions (geography, and market segment) on a smaller scale to determine the success factors for a larger scale roll-out. Once pilot milestones are met, scaling follows.

Reference is made to the specific observations and recommendations from the PFIP end of programme evaluation regarding the lack of initiatives and projects that have seen subsequent scaling after a pilot. Though the Programme will continue its flexibility with regards to its approach to innovation by applying the above describe method with incumbent partners, such as has been done successfully with Vodafone, SINPF and FijiCare. However, to be more effective, it will recruit an Ecosystem and Incubation Specialist with international experience to guide and monitor the implementation of the approach more closely and provide more hands-on support where required.

Additionally, the Programme will develop a dedicated challenge fund to support digital economy entrepreneurs from the Pacific, as well as entrepreneurs from other countries looking to enter the Pacific markets. The Programme will leverage the experience from PFIP's Pacific-ASEAN Financial Innovation Challenge as well as the wide experience from UNCDF and UNDP in this regard. This line of work will also be managed by the Ecosystem and Incubation Specialist.

Expected Results

Interventions under this programme will be structured as activities under the workstreams described in the section above. Activities designed under each workstream are integrated in the Theory of Change, ensuring that these interventions will lead to intended outputs and outcomes.

Linked to the programme activities are key performance indicators that will be tracked throughout the programme. More detailed information can be found in the [section on Monitoring and Evaluation](#).

Outcomes of the programme correlate to indicators in the United Nations Pacific Strategy and as such are aligned with the various national development plans in the region. More on how activities compliment UNPS outcomes can be found in [Annex 10.8](#).

Resources Required to Achieve the Expected Results

This programme will achieve the expected results through the usage of a unique mix of instruments:

Customer Centric Approach

Customer centric design and innovation is a key instrument for ensuring that the Programme's projects create value for each segment of the targeted population (small holder farmers, women, MSMEs). It enables a better understanding of the specific needs of various customer segments at various stages in their life cycle and serves as a basis for developing tailored solutions for the target audience, considering their preferences in terms of products/ services, user interfaces and pricing. To do this, the Programme will recruit a dedicated Ecosystem and Incubation Specialist who will be deployed at the various stages in projects pertaining to development of products and services (prototyping, testing and scale-up).

Data and Research

Data analytics and research support will be provided to policy makers and regulatory bodies in the region. The objective of this technical assistance is to strengthen the capacity of national statistical systems to produce better, more reliable and internationally comparable data on the digital economy, such as ICT use by enterprises, the ICT sector, e-commerce and international trade in ICT goods and services, and ICT-enabled services.

Additionally, building on UNCTAD's expertise the Programme will publish reports on the digital economy and development in the Pacific. The report would be linked to the theme of UNCTAD's global Digital Economy Report, but focusing the data and analysis on the Pacific region and making use of the eTrade readiness assessments already conducted in the region.

In our efforts to measure the progress on the development of the digital economy in the Pacific and linked to the market development approach of the Programme, it will be using the Inclusive Digital Economy Scorecard (IDES). This is a strategic performance tool developed by the UNCDF with the objective of easily measuring and tracking the level of development of an inclusive digital economy. It identifies the key market constraints hindering the development of an inclusive digital economy and helps set the right priorities with public and private stakeholders in each country to foster a digital economy that leaves no one behind. See [Annex 10.7](#) for more detailed information about the IDES tool.

Stakeholder Engagement

The Programme will work with public and private sector stakeholders to encourage and support digital activities across the four workstreams. A strong country presence is crucial to provide the kind of continued support needed to build trust and create sustainable programme outcomes.

Stakeholder engagement is conducted through three main stages:

- Buy-in, i.e. engaging stakeholders through market research, workshops, face-to-face and online meetings to build strong relationships within the sector
- Improve, i.e. working with service providers to expand and improve their current business and built credibility; and
- Innovate, i.e. by working with service providers to develop and launch innovative digital products and services, and build partnership models to better reach rural areas and vulnerable segments.

Specifically under Workstream 1 and Workstream 3 the Programme has foreseen various activities that enable stakeholder engagement at various levels and with different types of stakeholders, both from private as well as public sector, and at both national and regional level. Examples are the creation of the National Digital Economy

Taskforces, the governance mechanism to coordinate implementation of the Regional E-commerce Strategy, as well as various ecosystem enabling activities (events, exchanges etc.) to facilitate matchmaking, new opportunities and partnerships between various stakeholders of the digital economy. Due to the impact of the travel restrictions as a result of the COVID-19 pandemic the Programme foresees that many of the activities associated with this will be organized online.

Expert Technical Assistance

The programme will provide specialized technical advice or mobilize specialized expertise to address specific programme objectives by relying on a pool of in-house and external expertise, including sectoral experts (agriculture, energy, finance, etc.), customer segment experts (women, labour mobility workers, MSMEs, etc.), technical experts (policy, human-centred design, data analytics, etc.) and operational experts (evaluation, programme management, operations, etc.).

In addition to technical advice, the Programme can also rely on a pool of training experts to provide capacity building and skills development support in a wide range of areas including Human Centred Design, financial and digital literacy, data analytics, information management, customer protection, etc.). Mentorship, coaching and peer-to-peer learning are other means of capacity development that are part of the wider technical assistance toolkit.

A special note should be made on the Programme's commitment to promote inclusion and economic empowerment of women. Learning from PFIP's past experiences as highlighted in its end of programme evaluation, where gender is mentioned as an area of concern, the Programme will ensure this through the use of UNCDF's global Gender specialist during the inception phase and the onboarding of a full-time Gender and Social Inclusion Specialist in the subsequent phase. This will ensure that the impact of women is consistently considered at the design phase for each activity, initiative and/or project and throughout the implementation cycle.

De-Risking Financial Instruments

UNCDF's core financial instruments available to the Programme include grants, loans, guarantees and more increasingly blended finance instruments that use public and philanthropic funds to catalyze private and commercial investments.

Grants are used as seed capital to support partners, entrepreneurs, innovators and other service providers in developing and testing new digital solutions. They provide the necessary financial incentive for service providers to experiment and iterate new solutions.

To promote investment in digital technologies and speed up the rollout of digital services, the Programme will examine opportunities and promote the deployment of blended finance instruments to lower the up-front capital costs and/or reduce the investment risk for the private sector. The PFIP has already started experimenting with these types of instruments in 2019 when it stacked a concessional loan facility on top of a performance-based grant and TA, which was provided to Women's MicroBank Ltd in Papua New Guinea.

Policies and investments, such as Public Private Partnerships (PPPs) and infrastructure sharing, that help reduce wholesale costs and facilitate investment, particularly in last-mile underserved areas, will be critical to driving the next wave of development and digital transformation for Pacific countries. Careful attention is needed to ensure that these investments are structured to maintain competitive neutrality and to minimize risks of distorting investment incentives for the private sector.

Funding for loans and guarantees can be provided by UNCDF's available funds such as the BUILD fund and the Last Mile Finance Trust Fund (LMF-TF), and as such are not part of the programme budget. More detailed information on these instruments can be found in [Annex 10.6](#).

To manage this growing portfolio the Programme will recruit an MSME and Blended Finance Specialist.

Partnerships

Collaboration with national governments, such as relevant ministries and the private sector is at the core of the four workstreams mapped in the programme's Theory of Change. Only through these partnerships can market constraints be addressed in a sustainable matter.

Thanks to the establishment of a regional governance mechanism for the implementation of the Pacific E-commerce Strategy, structured collaboration will be expanded at regional level, to not only cover relevant ministries but also the other key stakeholders of the digital architecture, including donor partners, regional and international technical agencies, and non-state-actors.

donor coordination group for Pacific private sector development and financial inclusion previously convened six-monthly to jointly discuss market development issues and align on interventions at various levels, ranging from regulation, policy, market to product and customer level. This group consisted of DFAT, MFAT, EU, ADB, World Bank, IFC, European Investment Bank and PFIP. Although it was widely seen as an effective coordination mechanism the group has basically been inactive since 2017 due to staff turnover at the various development partners as well as a lack of secretariat support. This Programme will revive and structure regional coordination through the proposed regional governance mechanism, which will be facilitated by DFAT secretariat support.

This programme also acknowledges that it will play a complimentary role in the development of an inclusive digital economy. Other agencies, such as the Asian Development Bank (ADB), the International Monetary Fund (IMF), World Bank and International Finance Corporation (IFC) typically work on larger, more infrastructural related projects. The Programme will proactively engage with these development partners to unlock funds to de-risk investments in last mile digital meso infrastructure (e.g. Telco BTS) as well as to support Pacific digital economy related businesses with blended-finance tools. This taps into one of the strengths of PFIP; its expert knowledge and capacity on the ground have been identified as a true value addition, resulting in impactful projects, for which it was accredited in its end of programme evaluation.

To compliment this expertise in the financial and digital inclusion space, collaboration will also be sought with other UN agencies and development partners, the private sector and government counterparts. For financial and administrative management, the programme will, as it has done under PFIP, collaborate with the UNDP Pacific Office in Fiji. Moreover, the Programme will proactively seek to leverage UNDP's ongoing work on innovation and entrepreneurship such as through their innovation hubs and co-working spaces that have been established in Fiji, Vanuatu, Solomon Islands and Samoa. Additionally, it will look for opportunities to collaborate and leverage existing initiatives from other development agencies, such as the Fiji's Enterprise Engine, which was launched end of 2019 by the Market Development Facility (MDF) together with the Fiji Commerce and Employers Federation (FCEF), in a similar way as PFIP has done with more recent examples of collaboration, such as with:

- IFC, to support Tonga Development Bank to develop and improve the marketing of their Ave Pa'anga Pau remittances product,
- Catalpa, to convert PFIP's financial education curriculum for TVETs in Solomon Islands into a digital application and scale to other TVETs,
- APTC, to develop a financial literacy curriculum for Australia's Labour Mobility Scheme workers,
- ADB, to develop a financial education curriculum for Nauru,
- GSMA, to organize a Seedstars bootcamp event for start-up entrepreneurs in Suva, Fiji.

In collaboration with UNCTAD the programme will provide technical assistance to strengthen the capacity of national statistical systems to produce better, more reliable and internationally comparable data on the digital economy. Furthermore, it will publish a report on the digital economy and development in the Pacific. The report will be linked to the theme of UNCTAD's global Digital Economy Report, but focusing the data and analysis on the Pacific region and making use of the eTrade Readiness Assessments already conducted in the region (Kiribati, Samoa, Solomon Islands, Tuvalu and Vanuatu) and the E-commerce Assessments conducted by the PIFS for Fiji, Federated States of Micronesia, Niue, Papua New Guinea, and Tonga. The collaboration will also benefit from the tools and network provided through the eTrade for all initiative.

The PIFS will be the main regional partner organization of the Program, which will leverage the expertise, network, and convening power of the Pacific E-commerce Initiative, and be conducted under its 'umbrella'.

Risks and Assumptions

See [Annex 10.3](#) for a detailed Risk Framework.

Learning and Knowledge Sharing

Across all workstreams the programme will create and share knowledge so that stakeholders from the private sector, government counterparts as well as development institutions have access to local market intelligence and insights from projects, as well as information on global best practices.

Lessons learned in this programme will be documented in line with a separately developed knowledge management strategy as part of the programme and shared externally according to a communications strategy, both of which will be developed in parallel in the first year of the programme. That way, insights collected on the ground and through the results measurement framework, will be shared with relevant internal and external audiences.

Experiences and lessons learned through the Programme will also be shared in global and regional events and expert meetings, such as UNCTAD's eCommerce Weeks, regional eTrade for Women Masterclasses, Intergovernmental Expert Group (IGE) on E-commerce and the Digital Economy as well as the Working Group on Measuring E-commerce and the Digital Economy.

4 RESULTS FRAMEWORK²⁷

Intended Outcome as stated in the United Nations Pacific Strategy: Outcome 3: Sustainable and Inclusive Economic Empowerment By 2022, people in the Pacific, in particular youth, women, and vulnerable groups, benefit from inclusive and sustainable economic development that creates decent jobs, reduces multi-dimensional poverty and inequalities, and promotes economic empowerment.											
Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets: Indicator 3.6: Number of countries in which the percentage of the population with access to formal financial services has increased based on the latest available data. Baseline: 0, Target: 5											
Project title and Atlas Project Number: Leaving no one behind in the digital era - Pacific Digital Economy Programme											
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Final	
Output 1: Policy makers and regulators have improved capacity and stakeholder relationships to develop, monitor and regulate services for an inclusive digital economy <i>GEN3: Gender equality as a significant objective</i>	1.1 Number of countries that measure the development of their digital economy <i>GEN2: With gender disaggregated data</i>	Bur of Stats, Min. of Fin. / Comm & Trade	0	2020	1	2	2	0	0	5	Countries included in UNCDF's IDES. Risk: buy in to use IDES metrics for measurement
	1.2 Number of countries with an established forum for regular public-private dialogue on the Digital Economy	Pacific gov'ts	0	2020	1	2	2	0	0	5	Announcement of establishments/launch, ToR's and meeting minutes of forums (e.g. taskforce, working groups etc).

²⁷ During the inception phase the Results Measurement Framework will be reviewed and updated using new data sources that will be derived from activities 1.1 and 4.1, which will allow for baselining for improved impact measurement. The update of the RM Framework will be included into the scope of the evaluation of the initiation phase.

	1.3 Number of countries with a strategy on the Digital Economy <i>GEN2: With gender inclusive objectives</i>	Pacific gov'ts	0	2020	1	2	2	0	0	5	Publication of national strategies on Digital Economies by governments. Risk: Obtaining necessary buy in for a NDES.
Output 2: Digital finance providers, mobile network operators, government and other actors are capable and committed to develop and expand infrastructure and payment offerings for an inclusive digital economy	2.1 Number of eGovernment service piloted and/or scaled (incl G2P/P2G)	Programme	0	2020	1	1	2	2	1	7	IC approved projects
	2.2 Number of registered users of eGovernment services supported by the Programme <i>GEN3: With gender inclusive objectives</i>	Partner reporting	0	2020	50k	50k	100k	150k	150k	500k	Data collection through quarterly project reports from programme partners
	2.3 Number of active users of eGovernment services supported by the Programme <i>GEN3: With gender inclusive objectives</i>	Partner reporting	0	2020	15k	15k	30k	45k	45k	150k	Data collection through quarterly project reports from programme partners
	2.4 Number of services piloted and/or scaled that focus on open banking, shared digital payment networks and/or e-commerce platforms	Programme	0	2020	1	2	3	5	5	16	IC approved projects

	<p>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</p> <p>GEN3: With gender inclusive objectives</p>	Partner reporting	0	2020	30k	40k	80k	150k	200k	500k	Data collection through quarterly project reports from programme partners
	<p>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</p> <p>GEN3: With gender inclusive objectives</p>	Partner reporting	0	2020	9k	12k	24k	45k	60k	150k	Data collection through quarterly project reports from programme partners
	<p>2.7 Number of last mile digital micro and/or meso infrastructure services piloted and/or scaled</p>	Programme	0	2020	1	2	3	3	3	12	IC approved projects
<p>Output 3: Start-ups, corporates and other actors have increased capacity and network to build new businesses and develop innovative digital services for an inclusive digital economy</p>	<p>3.1 Number of partnerships established with co-working spaces, innovation hubs and acceleration programs to develop the digital economy</p>	Programme	0	2020	2	3	4	4	5	18	LoE, MoU and other types of agreements signed

Output 4: Partners have the capacity, tools, and delivery channels to efficiently build digital and financial skills and capabilities <i>GEN2 (Gender equality as a significant objective)</i>	4.1 Number of national school curricula with ICT / STEM education and financial literacy skills integrated	Min. of Ed and Programme	1 (SOI)	2020	0	0	0	1	2	3	IC approved projects with Min of Ed.
	4.2 Number of tertiary educational institutions with digital economy and financial literacy related subjects integrated into their curriculum	Programme	0	2020	0	0	1	2	2	5	IC approved projects
	4.3 Number of initiatives piloted and/or scaled to support rural communities, women, MSME and labour mobility workers acquiring the skills and knowledge to access and use digital and financial services	Programme	0	2020	0	0	1	2	2	5	IC approved projects

5 MANAGEMENT AND COORDINATION ARRANGEMENTS

Programme Management

The geographical scope of PFIP was mainly characterised by a critical government anchor partner for financial inclusion; the presence of a national bank in-country. Since the Programme considers the work from PFIP on financial inclusion as a springboard to expand the scope, the geographical coverage can in principle be broadened to include more countries than were previously covered under PFIP. However, at the start it will establish country presence in five countries where PFIP already has projects and partnerships with public and private sector; Fiji, Samoa, Vanuatu, Solomon Islands and Tonga. Based on the experience under PFIP, Papua New Guinea and Timor-Leste will continue to operate under the same management of the regional programme as a portfolio project under this programme. A separate project document will be designed for both PNG and Timor-Leste given their unique position in the Pacific context due to the size of its population and specific geography related challenges as compared to the other countries.

More information on arrangements for shared operations and management support with other programmes is detailed in [Annex 10.11 on Portfolio Management Approach for Pacific Programmes](#).

Cost Efficiency and Effectiveness

The Theory of Change aims at addressing market constraints by targeting various stakeholders within the ecosystem at the same time. By stacking interventions that are interlinked, the Programme expects to deliver the maximum results with the available resources. This approach builds on lessons learned from the Pacific Financial Inclusion Programme.

Furthermore, in order to ensure cost efficiency, pilot projects are always set up with a cost sharing modality with the implementing partner, typically at 50/50 cost sharing arrangement. This also increases the ownership of the project, which is crucial for the success of the pilot and further safeguards the efficient and effective roll-out of projects. The establishment of a project steering committee allows all partners to continuously monitor the project performance, guaranteeing that the project stays on course.

The Programme will also aim to deploy new blended finance instruments as a way to de-risk opportunities to enable the market to develop towards a more inclusive one. While UNCDF will only take on risks that commercial or development financial institutions are not willing to absorb, these instruments will allow for leveraging additional resources, such as UNCDF's BUILD Fund and the Last Mile Finance Trust Fund that are not part of the budget of this Programme. These resources also allow for more efficiency as they can be reinvested in other projects once repaid, ensuring maximum results with the available resources.

Governance

The programme will be a joint programme, designed around the guidelines provided in the UN guidance note on joint programmes²⁸. In accordance to these guidelines, UNCDF will be the convening agency, responsible for the coordination of the implementation of the programme, UNDP the administrative agency and UNCTAD will operate as a participating UN organisation (PUNO) for the implementation. Funds will be managed by a combination of pass-through and parallel modalities, similar to the way the PFIP programme has been operating. Given that two parallel UNCDF programmes have been developed for the Pacific (Pacific Digital Economy Programme and Pacific Insurance and Climate Adaptation Programme) and several other initiatives are planned, it is proposed to have one over-arching Pacific IC. However, for final decision making on all proposals, investment decisions, workplans, etc. the Programme will have a dedicated sub-IC (henceforth referred to as IC).

Therefore, the programme will be governed by an Investment Committee (IC), comprised of representatives of donor partners, UNCDF, UNDP and UNCTAD, as well as a representative of the Pacific Island Forum Secretariat (PIFS) and potentially other stakeholders.



This IC shall act as the Management/Programme Board. The three primary roles of the IC members are reflected below:

- UNCDF, UNDP and UNCTAD: to take on an executive role to ensure implementation and accountability for the project, with UNCDF to fulfil the chair position during the inception phase;
- Pacific Island Forum Secretariat (PIFS): to take on the senior user role to ensure that the outputs produced meet the needs of the end-user, in this case the Pacific Island Countries (PICs). The PIFS will also take on an executive role for selected regional activities under the project.
- Donor partners: to commit resources to ensure that the outputs produced will achieve the intended objectives within design, cost and time parameters.

The IC is responsible to provide guidance and strategic direction to the Programme, and for approving the annual work plan (including budgets), as well as recommending for approval to the UNCDF Executive Secretary all projects and investments, such as grants, loans and guarantees, as well as and ensuring efficient use of resources.

In terms of approval process, all initiatives and investments are generated at regional or country level. Projects and other proposals are reviewed by the regional team in Suva, Fiji, which then shares these for approval to the IC. The IC shall meet no less than twice per calendar year and shall meet more frequently if necessary. Once approved, the associated agreements with the partners are signed by UNCDF's Executive Secretary and the partner. The latter may also include the procurement of expertise (e.g. consultants) for the implementation of projects and other initiatives. More detailed information on the Investment Committee's Terms of Reference can be found in [Annex 10.9](#).

²⁸ <https://undg.org/document/guidance-note-on-joint-programmes/>

At the level of project activities, there will be a project management team that is responsible for the day-to-day management of the project implementation and to drive the overall performance of the project. This is typically made up of a team of resources from all project implementing partners. The project team reports to the project steering committee, which governs/oversees project in terms of scope, budget and timelines. In most cases the project steering committee is composed of senior leadership from all project implementing organisations and the UNCDF country lead.

Management arrangements

The programme will be implemented by a team of experts from UNCDF, UNCTAD managed by UNCDF from the regional UN Multi-Country Office in Suva, Fiji with financial and administrative management support from UNDP. This approach signifies a continuation from past experience under UNCDF-UNDP's jointly administered PFIP programme, with the exception that certain programme activities under workstream 1 will be implemented by UNCTAD.

The Programme will share most of its staff resources with its 'sister' programme; the Pacific Insurance and Climate Adaptation Programme, aiming to equip governments and communities with tailored disaster risk financing strategies and solutions that will address the growing impacts of climate change and increase their resilience. This programme will also be implemented in collaboration with UNDP Pacific Office in Fiji.

The below organizational chart consists of in-country based staff with programme implementation expertise, combined with a management support team and various specialists based in the regional office in Suva. These will bring a mix of specific expertise and experience derived from the public as well as the private sector.

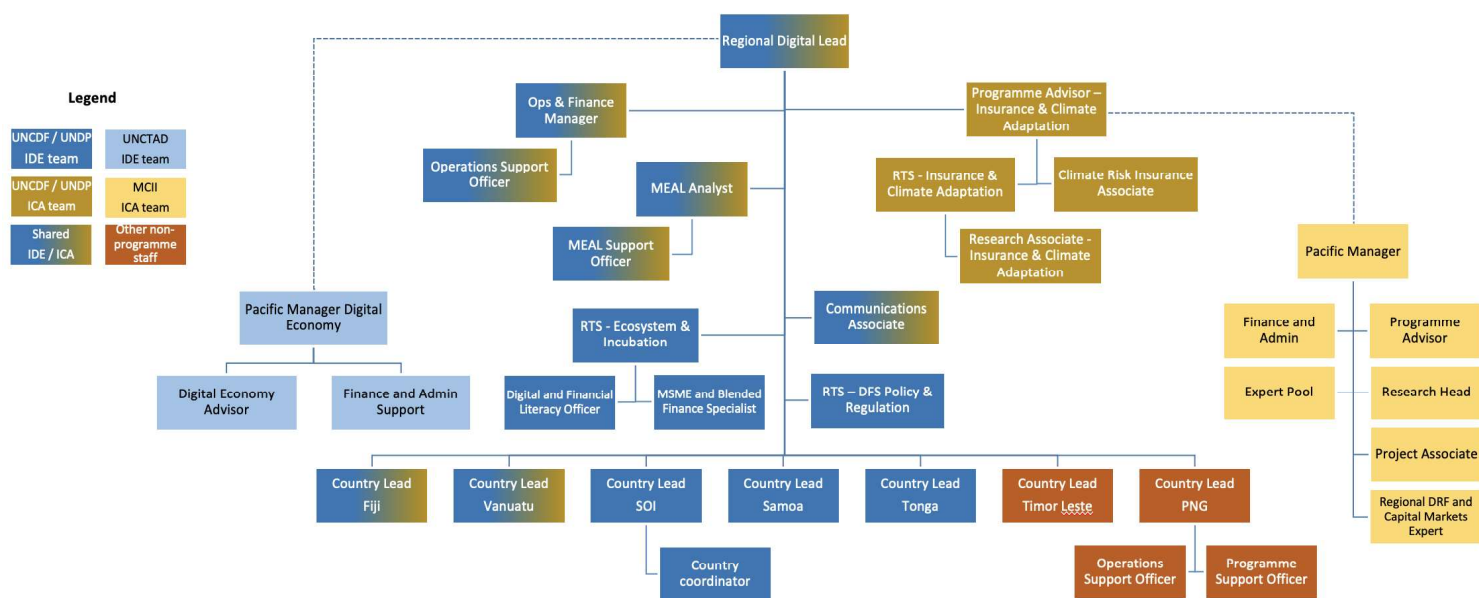


Figure 2: Organizational chart – inception phase (2021 – 2022)

To ensure strong alignment, both programmes will receive management oversight by UNCDF's Regional Digital Lead for the Pacific. He/She will be supported by shared resources for Operations and Finance as well as for Monitoring, Evaluations & Learning (MEAL) as well as Communications. Other projects that will be managed within the portfolio of associated projects include UNCDF programmes in Papua New Guinea and Timor-Leste and also have management oversight from the Regional Head based in Suva, Fiji.

To ensure relationships with key stakeholders in each of the Pacific markets in scope of the programme are maintained and where needed, are (re)developed, the recruitment process will prioritise filling field-based positions.

This programme is implemented as an integral part of UNCDF's broader strategy, "Leaving No One Behind in the Digital Era" and will leverage UNCDF's global resources (Gender, KM, M&E frameworks, technical expertise and learning). The programme will be supported by and collaborate with the UNCDF experts from other regions (e.g. Africa and Asia) on key topics such as policy, digital innovation and development finance. The programme will be implemented as a project within the portfolio of projects under the broader strategy.

Overall management of the inception phase of the Programme resides with the Regional Digital Lead, based in Suva, Fiji. He/She will manage the overall implementation of the programme across the various Pacific countries. The scope of the role includes, but is not limited to:

- Overall programme management
- Programme strategy and governance
- Stakeholder management, e.g. government, private sector, development agencies and donors
- Programme planning, budgeting, reporting
- Knowledge, learning and communications
- Results measurement and monitoring & evaluation
- Administration and operations.

For the in-country implementations the Programme Manager is supported by the various country leads and their role is primarily to oversee and support the programme implementation in the various countries and where needed deploy additional technical expertise from the regional team.

At country level, the programme will recruit a number of expert level resources²⁹, capable of providing the required guidance and technical assistance to implementing partners in terms of project design and implementation. These country leads work closely with the project partners and their designated project manager / team to ensure business alignment and project performance. In cases where the project partner does not have a dedicated staff for the project, UNCDF may require the partner to dedicate some of the project funding to recruit such a resource.

Experience from a similar staffing arrangement under PFIP has shown this to be very effective in ensuring the right level and mix of on-ground local presence, combined with technical, functional and administrative support from the regional office.

6 FUND MANAGEMENT ARRANGEMENTS

The programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channelled for the programme through the AA. Each participating UN organization receiving funds through the pass-through would have to sign a standardized Memorandum of Understanding with the AA.

The Administrative Agent will:

- Establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from the donor(s) pursuant to the Administrative Arrangement. This Joint Programme

²⁹ Depending on the size and complexity of the country portfolio and the availability of expertise in the country, these resources may be international staff, local staff or international UNVs.

Account will be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest;

- Make disbursements to Participating UN Organizations from the Joint Programme Account based on instructions from the Steering Committee, in line with the budget set forth in the Joint Programme Document.

The Participating UN Organizations will:

- Assume full programmatic and financial responsibility and accountability for the funds disbursed by the AA.
- Establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.
- Each UN organization is entitled to deduct their indirect costs on contributions received according to their own regulation and rules, taking into account the size and complexity of the programme. Each UN organization will deduct 7% as overhead costs of the total allocation received for the agency.

The MPTF Office will charge administrative agent fee of one per cent (1%) of the total contributions made to the Joint Programme.

The Convening Agency will consolidate narrative reports provided by the Participating United Nations Organizations. As per the MoU:

- Annual narrative progress report and the final narrative report, to be provided no later than three months (31 March) after the end of the calendar year.

The MPTF Office will:

- Prepare consolidated narrative and financial progress reports, based on the narrative consolidated report prepared by the Convening Agency and the financial statements/ reports submitted by each of the Participating UN Organizations in accordance with the timetable established in the MoU;
- Provide those consolidated reports to each donor that has contributed to the Joint Programme Account, as well as the Steering Committee, in accordance with the timetable established in the Administrative Arrangement.
- Provide the donors, Steering Committee and Participating Organizations with:
 - Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year;
 - Certified final financial statement ("Source and Use of Funds") to be provided no later than seven months (31 July) of the year following the financial closing of the Joint Programme.

Budget Preparation - The Convening Agency will prepare an aggregated/consolidated budget, showing the budget components of each participating UN organization.

Accounting - Each UN organization will account for the income received to fund its programme components in accordance with its financial regulations and rules.

Admin Fees and Indirect Costs

- **Administrative Agent:** The AA (UNDP) shall be entitled to allocate one percent (1%) of the amount contributed by the donor, for its costs of performing the AA's functions.
- **Participating UN Organizations:** Each UN organization participating in the joint programme will recover indirect costs in accordance with its financial regulations and rules and as documented in the Memorandum of Understanding signed with the AA.

Interest on funds - Interest will be administered in accordance with the financial regulations and rules of each UN organization as documented in the Standard Administrative Arrangement signed with donors.

Risk Management: UN Agency other than UNDP, and IGO with signed SBEEA with UNDP

1. UNCDF as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. In the implementation of the activities under this Project Document, UNCDF, as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures. Notwithstanding the foregoing, the UNCDF, as the

Implementing Partner, will notify UNDP of any such allegations and investigations it may conduct further to such allegations.

3. UNCDF as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient that is not a UN entity:
 - a. Consistent with the Article III of the SBAA [or the Supplemental Provisions to the Project Document], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNCDF's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
 - b. UNCDF reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
 - c. In the performance of the activities under this Project, UNCDF as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or handle SEA and SH.
4. UNCDF agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/ag_sanctions_list.shtml.
5. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
6. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
7. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
8. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
9. The Implementing Partner and UNDP will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

10. The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

11. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
12. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
13. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management Standard Clauses" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management" are included, mutatis mutandis, in all sub-contracts or sub-agreements entered into further to this Project Document.

7 MONITORING, EVALUATION AND REPORTING

As indicated in the UN guidance note on joint programmes (pass through modality), UNCDF, as the convening agency will be responsible for monitoring and consolidating narrative reports on the programme's progress. Monitoring will be ensured through a combination of UNCDF's, UNDP's and UNCTAD's programming policies and procedures.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Responsible parties	Cost (if any)
Track Results Progress	Progress data against the results indicators in the RRF will be collected and analyzed to assess the progress of the project in achieving the agreed outputs.	Quarterly, from data collected by implementing partners.	Slower than expected progress will be addressed by the project steering committee and the project management.	Implementing partners and UNCDF	Refer Section 9: Multi-Year Workplan: Progr mgt and staff cost
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	The programme management, with support from UNCDF's Strategic Support Unit will upskill the team of country technical specialists regarding project management skills, following Prince 2 methodology. Associated tools will be used to monitor and manage risks. The risk log will be actively maintained to keep track of identified risks and actions taken.	Implementing partners and UNCDF	Refer Section 9: Multi-Year Workplan: Progr mgt and staff cost
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the programme.	Continuously	Relevant lessons, including from project failures, are captured by the programme team and used to inform management decisions.	UNCDF	Refer Section 9: Multi-Year Workplan
Impact Assessment	Identify to what extent the programme has changed the lives of the intended beneficiaries	Continuously	Measuring the impact of specific programme interventions and use the lessons to inform design of future interventions.	UNCDF	Refer Section 9: Multi-Year Workplan: Impact Assessment
Annual Project Quality Assurance	The quality of the programme will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve programme performance.	UNCDF	Refer Section 9: Multi-Year Workplan: Progr mgt and staff cost

Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly, led by Investment Committee meetings	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	UNCDF	Refer Section 8: Multi-Year Workplan: Progr mgt and staff cost
Progress Report	A progress report will be presented to the Investment Committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined programme targets at the output level, the annual programme quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Semi-annual, and at the end of the programme (final report)		UNCDF	Refer Section 9: Multi-Year Workplan: Progr mgt and staff cost
Programme Review	The programme's governance mechanism (i.e., Steering Committee) will hold regular project reviews to assess the performance of the programme and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the programme's final year, the Programme Management shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annual	Any quality concerns or slower than expected progress should be discussed by the Investment Committee and management actions agreed to address the issues identified.	UNCDF	Refer Section 9: Multi-Year Workplan: Progr mgt and staff cost

Evaluation Plan

Joint evaluation frameworks will be developed to suit the needs of all the programme donors. The programme will have an evaluation of the inception phase of the programme (target date Q4, 2022), as well as a final evaluation (target date Q4, 2024). The evaluation will be forward looking, offering lessons learned and recommendations to improve future programme performance.

The evaluations of the programme will be conducted in accordance with UNCDF's Evaluation Plan, and in line with UNDP's Evaluation Policy (to which UNCDF is party), which sets out a number of guiding principles and key norms for evaluation in the organization following the standards of the United Nations Evaluation Group.³⁰

Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise be independent, and that it provide technically and methodologically credible findings that are useful and relevant to support evidence-based programme management and broader strategic decision making.

The evaluations will be transparent, inclusive, participatory and utilization focused. The overall methodology to be followed will be organized following a theory-based approach, framed by the UN/OECD DAC evaluation criteria, and drawing upon the most appropriate evaluative methods (quantitative and qualitative) to capture evidence of direct and indirect programme results, as well as broader contributions to market development and policy and institutional change to date in the various countries in which it will intervene.

8 LEGAL CONTEXT

This regional project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this project to the associated country level activities, this document shall be the "Project Document" instrument referred to in: (i) the respective signed SBAs for the specific countries; or (ii) in the [Supplemental Provisions to the Project Document](#) attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNCDF ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of UNCDF does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

³⁰ For more information, please see: <http://web.undp.org/evaluation/policy.shtml>

9 WORK PLAN AND BUDGET

Multi-year Workplan

Expected Outputs	Planned Activities	2021	2022	2023	2024	2025	Responsible party	Budget description	Total budget
1. Policy makers and regulators have improved capacity and stakeholder relationships to develop, monitor and regulate services for an inclusive digital economy	1.1 Support assessment and data collection to inform the National Digital Economy Strategy and publish bi-annual Pacific edition of Digital Economy Report	\$ 560,625	\$ 571,518	\$ 481,341	\$ 117,598	\$ 116,072	UNCDF and UNCTAD	Staff salaries, consultants, workshops/events and travel	\$ 1,847,153
	1.2 Support creation of National Digital Economy Taskforce that includes private sector, development partners and other stakeholders to implement a National Digital Economy Strategy	\$ 137,446	\$ 140,116	\$ 59,004	\$ 58,799	\$ 58,036	UNCDF	Staff salaries, consultants, workshops/events and travel	\$ 453,401
	1.3 Support development of National Digital Economy Strategy	\$ 485,045	\$ 494,469	\$ 416,449	\$ -	\$ -	UNCDF and UNCTAD	Staff salaries, consultants, workshops/events and travel	\$ 1,395,963
	1.4 Support capacity building of policy makers and regulators and assist in review and amendments of policies and regulations affecting the Digital Economy	\$ 137,446	\$ 140,116	\$ 118,008	\$ 117,598	\$ 116,072	UNCDF	Staff salaries, consultants, workshops/events and travel	\$ 629,241
	1.5 Support PIFS with the establishment a regional e-commerce strategy and align with the associated implementation framework	\$ 68,723	\$ 70,058	\$ 59,004	\$ 58,799	\$ 58,036	UNCDF	Staff salaries, consultants, workshops and travel	\$ 314,620
	Sub-total		\$ 1,389,284	\$ 1,416,278	\$ 1,133,807	\$ 352,794	\$ 348,215		
2. Digital finance providers, mobile network operators, government and other actors are capable and committed to develop and expand infrastructure and payment offerings for an inclusive digital economy	2.1 Support pilots and scaling of existing eGovernment initiatives that support the digital economy	\$ 151,191	\$ 161,134	\$ 472,033	\$ 470,392	\$ 348,215	UNCDF	Grants, staff salaries, consultants and travel	\$ 1,602,965
	2.2 Support development and scaling of new and/or existing 'open banking' solutions, shared digital payment networks and e-commerce platforms	\$ 137,446	\$ 154,128	\$ 708,050	\$ 823,187	\$ 812,502	UNCDF	Grants, staff salaries, consultants and travel	\$ 2,635,313
	2.3 Support development and scaling of market-led initiatives for last mile digital 'meso' infrastructure and 'micro' infrastructure (e.g. smartphone ownership and off-grid power solutions for households)	\$ 123,701	\$ 161,134	\$ 472,033	\$ 705,589	\$ 696,430	UNCDF	Grants, staff salaries, consultants and travel	\$ 2,158,887
	2.4 Leverage existing funding mechanisms to de-risk investments in last mile digital 'meso' and 'micro' infrastructure with blended-finance tools.	\$ 109,957	\$ 140,116	\$ 531,037	\$ 470,392	\$ 464,287	UNCDF	Grants, staff salaries, consultants and travel	\$ 1,715,790
	Sub-total		\$ 522,295	\$ 616,512	\$ 2,183,153	\$ 2,469,560	\$ 2,321,435		
3. Start-ups, corporates and other actors have increased capacity and resources to build new businesses and develop innovative digital services for an inclusive digital economy	3.1 Develop ecosystem enabling activities (events, exchanges etc.) to facilitate matchmaking, new opportunities and partnerships between various stakeholders of the digital economy	\$ 216,185	\$ 220,385	\$ 221,014	\$ 440,993	\$ 377,233	UNCDF and UNCTAD	Grants, staff salaries, consultants, workshops/events and travel	\$ 1,475,810
	3.2 Partner with existing co-working spaces / innovation hubs and enable development of new, or collaborate with existing incubation/acceleration programmes to support business community with mentoring and skill development for the digital economy	\$ 178,680	\$ 182,151	\$ 354,025	\$ 499,792	\$ 493,305	UNCDF	Grants, staff salaries, consultants and travel	\$ 1,707,953
	3.3 Leverage existing funding mechanisms to support Pacific digital economy businesses with blended-finance tools.	\$ -	\$ -	\$ 236,017	\$ 352,794	\$ 348,215	UNCDF	Grants, staff salaries, consultants and travel	\$ 937,026
	Sub-total		\$ 394,864	\$ 402,536	\$ 811,056	\$ 1,293,579	\$ 1,218,753		
4. Pacific Islanders have the capacity to participate in the Digital Economy	4.1 Survey on digital and financial management skills of Pacific Islanders	\$ 481,061	\$ -	\$ -	\$ -	\$ 319,197	UNCDF	Staff salaries, consultants and travel	\$ 800,258
	4.2 Support Ministry of Education to develop and integrate ICT / STEM education and financial literacy skills into national curricula	\$ -	\$ -	\$ 413,029	\$ 470,392	\$ 464,287	UNCDF	Grants, staff salaries, consultants, workshops/events and travel	\$ 1,347,708
	4.3 Support development and integration of digital economy and financial literacy related subjects into programmes and courses from tertiary educational institutions (e.g. TVET and university)	\$ -	\$ -	\$ 236,017	\$ 235,196	\$ 232,143	UNCDF	Grants, staff salaries, consultants, workshops/events and travel	\$ 703,356
	4.4 Support rural communities, women, MSME and seasonal workers acquiring the skills and knowledge to access and use digital and financial services	\$ -	\$ -	\$ 295,021	\$ 352,794	\$ 348,215	UNCDF	Grants, staff salaries, consultants, workshops/events and travel	\$ 996,030
	Sub-total		\$ 481,061	\$ -	\$ 944,066	\$ 1,058,383	\$ 1,363,843		
Evaluation	Evaluation of initiation phase	\$ -	\$ 210,175	\$ -	\$ -	\$ -	UNCDF	Consultants and travel	\$ 210,175
	End evaluation	\$ -	\$ -	\$ -	\$ -	\$ 348,215	UNCDF	Consultants and travel	\$ 348,215
	Impact assessment	\$ 103,084	\$ 105,067	\$ 88,506	\$ 88,199	\$ 87,054	UNCDF	Grants	\$ 471,930
Progr Mgt and Support									
GMS and fund mgt									
	Programme implementation management and support	\$ 177,627	\$ 177,627	\$ 177,627	\$ 177,627	\$ 177,627	UNCDF	Staff salaries	\$ 888,136
	GMS @ 7% MPTF @ 1%	\$ 245,457	\$ 234,257	\$ 427,057	\$ 435,211	\$ 469,211	UNCDF	General Mgt Support and Fund Mgt	\$ 1,811,195
	Total	\$ 3,313,673	\$ 3,162,473	\$ 5,765,273	\$ 5,875,354	\$ 6,434,354			\$ 24,451,126

Note: The activities for the inception phase are highlighted in yellow/gold.

Budget per UNDG Categories

UNDG BUDGET CATEGORIES	2021	2022	2023	2024	2025	Total
1. Staff and other personnel	\$ 736,372	\$ 737,910	\$ 960,879	\$ 979,226	\$ 1,055,726	\$ 4,470,113
2. Supplies, Commodities, Materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$ 61,364	\$ 58,564	\$ 106,764	\$ 108,803	\$ 117,303	\$ 452,799
4. Contractual services	\$ 1,012,511	\$ 819,900	\$ 854,114	\$ 870,423	\$ 938,423	\$ 4,495,372
5. Travel	\$ 92,046	\$ 175,693	\$ 213,529	\$ 217,606	\$ 234,606	\$ 933,480
6. Transfers and Grants to Counterparts	\$ 981,829	\$ 960,455	\$ 2,989,401	\$ 3,046,480	\$ 3,284,480	\$ 11,262,646
7. General Operating and other Direct Costs	\$ 184,093	\$ 175,693	\$ 213,529	\$ 217,606	\$ 234,606	\$ 1,025,526
Total Direct Costs	\$ 3,068,216	\$ 2,928,216	\$ 5,338,216	\$ 5,440,143	\$ 5,865,143	\$ 22,639,932
8. Indirect Support Costs	\$ 245,457	\$ 234,257	\$ 427,057	\$ 435,211	\$ 469,211	\$ 1,811,195
TOTAL Budget	\$ 3,313,673	\$ 3,162,473	\$ 5,765,273	\$ 5,875,354	\$ 6,334,354	\$ 24,451,126

10 ANNEXES

10.1 PROJECT QUALITY ASSURANCE REPORT

PROJECT QA ASSESSMENT: DESIGN AND APPRAISAL

OVERALL PROJECT

EXEMPLARY (5) ●●●●●	HIGHLY SATISFACTORY (4) ●●●●○	SATISFACTORY (3) ●●●○○	NEEDS IMPROVEMENT (2) ●●○○○	INADEQUATE (1) ●○○○○
At least four criteria are rated Exemplary, and all criteria are rated High or Exemplary.	All criteria are rated Satisfactory or higher, and at least four criteria are rated High or Exemplary.	At least six criteria are rated Satisfactory or higher, and only one may be rated Needs Improvement. The Principled criterion must be rated Satisfactory or above.	At least three criteria are rated Satisfactory or higher, and only four criteria may be rated Needs Improvement.	One or more criteria are rated Inadequate, or five or more criteria are rated Needs Improvement.

DECISION

- **APPROVE** – the project is of sufficient quality to be approved in its current form. Any management actions must be addressed in a timely manner.
- **APPROVE WITH QUALIFICATIONS** – the project has issues that must be addressed before the project document can be approved. Any management actions must be addressed in a timely manner.
- **DISAPPROVE** – the project has significant issues that should prevent the project from being approved as drafted.

RATING CRITERIA

For all questions, select the option that best reflects the project

STRATEGIC

<p>1. Does the project specify how it will contribute to higher level change through linkage to the programme's Theory of Change?</p> <ul style="list-style-type: none"> • 3: The project is clearly linked to the programme's theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project's strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks. • 2: The project is clearly linked to the programme's theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change. • 1: The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme's theory of change. <p><i>*Note: Projects not contributing to a programme must have a project-specific Theory of Change. See alternative question under the lightbulb for these cases.</i></p>	3	2
	1	
	<p>Evidence See Chapter 4 on Strategies</p>	
<p>2. Is the project aligned with the UNDP Strategic Plan?</p> <ul style="list-style-type: none"> • 3: The project responds to at least one of the development settings as specified in the Strategic Plan³¹ and adapts at least one Signature Solution³². The project's RRF includes all the relevant SP output indicators. <i>(all must be true)</i> • 2: The project responds to at least one of the development settings as specified in the Strategic Plan⁴. The project's RRF includes at least one SP output indicator, if relevant. <i>(both must be true)</i> • 1: The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF. 	3	2
	1	
	<p>Evidence Project is aligned with UNDP's SP dev settings, but does not have specific indicators in the RMF</p>	

³¹ The three development settings in UNDP's 2018-2021 Strategic Plan are: a) Eradicate poverty in all its forms and dimensions; b) Accelerate structural transformations for sustainable development; and c) Build resilience to shocks and crises

³² The six Signature Solutions of UNDP's 2018-2021 Strategic Plan are: a) Keeping people out of poverty; b) Strengthen effective, inclusive and accountable governance; c) Enhance national prevention and recovery capacities for resilient societies; d) Promote nature based solutions for a sustainable planet; e) Close the energy gap; and f) Strengthen gender equality and the empowerment of women and girls.

3. Is the project linked to the programme outputs? (i.e., UNDAF Results Group Workplan/CPD, RPD or Strategic Plan IRRF for global projects/strategic interventions not part of a programme)	Y	N
RELEVANT		
<p>4. Does the project target groups left furthest behind?</p> <ul style="list-style-type: none"> 3: The target groups are clearly specified, prioritising discriminated and marginalized groups left furthest behind, identified through a rigorous process based on evidence. 2: The target groups are clearly specified, prioritizing groups left furthest behind. 1: The target groups are not clearly specified. <p><i>*Note: Management Action must be taken for a score of 1. Projects that build institutional capacity should still identify targeted groups to justify support</i></p>	3	2
1		
<p>Evidence See annex on focus segments</p>		
<p>5. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design?</p> <ul style="list-style-type: none"> 3: Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project. 2: The project design mentions knowledge and lessons learned backed by evidence/sources, but have not been used to justify the approach selected. 1: There is little or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence. <p><i>*Note: Management Action or strong management justification must be given for a score of 1</i></p>	3	2
1		
<p>Evidence See paragraph "Building on lessons learned" in Chapter 3</p>		
<p>6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national/regional/global partners and other actors?</p> <ul style="list-style-type: none"> 3: An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. <i>(all must be true)</i> 2: Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans. 1: No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance. <p><i>*Note: Management Action or strong management justification must be given for a score of 1</i></p>	3	2
1		
<p>Evidence See paragraph "Partnership" in Chapter 3</p>		
PRINCIPLED		
<p>7. Does the project apply a human rights-based approach?</p> <ul style="list-style-type: none"> 3: The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project's strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. <i>(all must be true)</i> 2: The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. <i>(both must be true)</i> 1: No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered. <p><i>*Note: Management action or strong management justification must be given for a score of 1</i></p>	3	2
1		
<p>8. Does the project use gender analysis in the project design?</p>	3	2
1		

<ul style="list-style-type: none"> • 3: A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. (<i>all must be true</i>) • 2: A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently integrated across each output. (<i>all must be true</i>) • 1: The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document. <p>*Note: Management Action or strong management justification must be given for a score of 1</p>	<p>Evidence The programme specifically focuses on women as a segment. See Chapter 5 (RMF) and Annex</p>						
<p>9. Did the project support the resilience and sustainability of societies and/or ecosystems?</p> <ul style="list-style-type: none"> • 3: Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. (<i>all must be true</i>). • 2: The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. (<i>both must be true</i>) • 1: Sustainability and resilience dimensions and impacts were not adequately considered. <p>*Note: Management action or strong management justification must be given for a score of 1</p>	<table border="1"> <tr> <td>3</td> <td>2</td> </tr> <tr> <td colspan="2">1</td> </tr> <tr> <td colspan="2">Evidence See Chapter on Situation Analysis and in the Annex 10.2 on Social and Environmental Screening</td> </tr> </table>	3	2	1		Evidence See Chapter on Situation Analysis and in the Annex 10.2 on Social and Environmental Screening	
3	2						
1							
Evidence See Chapter on Situation Analysis and in the Annex 10.2 on Social and Environmental Screening							
<p>10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.]</p>	<table border="1"> <tr> <td>Y</td> <td>N</td> </tr> <tr> <td colspan="2">SESP Not Required</td> </tr> </table>	Y	N	SESP Not Required			
Y	N						
SESP Not Required							
MANAGEMENT & MONITORING							
<p>11. Does the project have a strong results framework?</p> <ul style="list-style-type: none"> • 3: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. (<i>all must be true</i>) • 2: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. (<i>all must be true</i>) • 1: The project's selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. (<i>if any is true</i>) <p>*Note: Management Action or strong management justification must be given for a score of 1</p>	<table border="1"> <tr> <td>3</td> <td>2</td> </tr> <tr> <td colspan="2">1</td> </tr> <tr> <td colspan="2">Evidence See Chapter on Results Framework</td> </tr> </table>	3	2	1		Evidence See Chapter on Results Framework	
3	2						
1							
Evidence See Chapter on Results Framework							
<p>12. Is the project's governance mechanism clearly defined in the project document, including composition of the project board?</p> <ul style="list-style-type: none"> • 3: The project's governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. (<i>all must be true</i>). • 2: The project's governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the project board, project director/manager and quality assurance roles. (<i>all must be true</i>) • 1: The project's governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided. <p>*Note: Management Action or strong management justification must be given for a score of 1</p>	<table border="1"> <tr> <td>3</td> <td>2</td> </tr> <tr> <td colspan="2">1</td> </tr> <tr> <td colspan="2">Evidence See Chapter on Mgt and Coordination Arrangements</td> </tr> </table>	3	2	1		Evidence See Chapter on Mgt and Coordination Arrangements	
3	2						
1							
Evidence See Chapter on Mgt and Coordination Arrangements							
	<table border="1"> <tr> <td>3</td> <td>2</td> </tr> </table>	3	2				
3	2						

<p>13. Have the project risks been identified with clear plans stated to manage and mitigate each risk?</p> <ul style="list-style-type: none"> • 3: Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme's theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders. Clear and complete plan in place to manage and mitigate each risk, reflected in project budgeting and monitoring plans. (<i>both must be true</i>) • 2: Project risks related to the achievement of results are identified in the initial project risk log based on a minimum level of analysis and consultation, with mitigation measures identified for each risk. • 1: Some risks may be identified in the initial project risk log, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified and/or no initial risk log is included with the project document. <p><i>*Note: Management Action must be taken for a score of 1</i></p>	<p style="text-align: center;">1</p> <p>Evidence See Annex 10.3 with the Risk Mgt Framework</p>	
EFFICIENT		
<p>14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include, for example: i) using the theory of change analysis to explore different options of achieving the maximum results with the resources available; ii) using a portfolio management approach to improve cost effectiveness through synergies with other interventions; iii) through joint operations (e.g., monitoring or procurement) with other partners; iv) sharing resources or coordinating delivery with other projects, v) using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions.</p> <p><i>(Note: Evidence of at least one measure must be provided to answer yes for this question)</i></p>	<p style="text-align: center;">Y (3) See here in Ann ex</p>	<p style="text-align: center;">N (1)</p>
<p>15. Is the budget justified and supported with valid estimates?</p> <ul style="list-style-type: none"> • 3: The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated. • 2: The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates. • 1: The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget. 	<p style="text-align: center;">3 2</p> <p style="text-align: center;">1</p> <p>Evidence See the multi-yr workplan and budget</p>	
<p>16. Is the Country Office/Regional Hub/Global Project fully recovering the costs involved with project implementation?</p> <ul style="list-style-type: none"> • 3: The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.) • 2: The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant. • 1: The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project. <p><i>*Note: Management Action must be given for a score of 1. The budget must be revised to fully reflect the costs of implementation before the project commences.</i></p>	<p style="text-align: center;">3</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">1</p> <p>Evidence See the multi-yr workplan and budget</p>
EFFECTIVE		
<p>17. Have targeted groups been engaged in the design of the project?</p> <ul style="list-style-type: none"> • 3: Credible evidence that all targeted groups, prioritising discriminated and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the project board, inclusion in samples for evaluations, etc.) • 2: Some evidence that key targeted groups have been consulted in the design of the project. • 1: No evidence of engagement with targeted groups during project design. 	<p style="text-align: center;">3</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">1</p> <p>Evidence During the design phase stakeholder consultations were held in each of the countries</p>

18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?	Y (3)	N (1)
19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum.	Y (3)	N (1)
*Note: Management Action or strong management justification must be given for a score of "no"		
Evidence		
SUSTAINABILITY & NATIONAL OWNERSHIP		
20. Have national/regional/global partners led, or proactively engaged in, the design of the project? <ul style="list-style-type: none"> • 3: National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP. • 2: The project has been developed by UNDP in close consultation with national/regional/global partners. • 1: The project has been developed by UNDP with limited or no engagement with national partners. 	3	2
1		
Evidence During the design phase stakeholder consultations were held in each of the countries		
21. Are key institutions and systems identified, and is there a strategy for strengthening specific/ comprehensive capacities based on capacity assessments conducted? <ul style="list-style-type: none"> • 3: The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly. • 2: A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment. • 1: Capacity assessments have not been carried out. 	3	2
1		
Evidence See activities and outputs under workstream 1 in Chapter 3		
22. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?	Y (3)	N (1)
23. Is there a clear transition arrangement/ phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?	Y (3)	N (1)

10.2 SOCIAL AND ENVIRONMENTAL SCREENING

Project Information	
1. Project Title	Leaving no one behind in the digital era - Pacific Digital Economy Programme
2. Project Number	
3. Location	Pacific region, with a focus on the following countries: Fiji, Samoa, Tonga, Vanuatu and Solomon Islands

10.2.1 PART A. INTEGRATING OVERARCHING PRINCIPLES TO STRENGTHEN SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the Project mainstreams the human-rights based approach
The project enhances the availability, accessibility and quality of digital and financial services for potentially marginalized individuals and groups, thereby contributing to their inclusion in the development of a digital economy. It specifically aligns with the UNCDF global strategy "Leaving No One Behind in the Digital Era" and as such has strong linkages to the SDGs.
Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment
The project has a specific focus on women as a target segment and has both tracking indicators and targets to increase participation of women in the digital economy. The project design incorporates sex-disaggregated data and gender statistics and the results framework includes special measures/outputs and indicators to address gender inequality issues (Score 2 as per the ATLAS Gender Marker) Furthermore, the project will be supported by UNCDF's global gender specialist during the inception phase and a full-time Gender and Social Inclusion Specialist on the team during the subsequent phase of implementation.
Briefly describe in the space below how the Project mainstreams environmental sustainability
This project will be implemented in conjunction with its "sister" programme Pacific Insurance and Climate Adaptation under a portfolio approach. This programme has a strong focus on climate adaption by developing and deploying market based CDRF instruments. There are no elements envisaged under the project that adversely affect environment sustainability.

10.2.2 PART B. IDENTIFYING AND MANAGING SOCIAL AND ENVIRONMENTAL RISKS

QUESTION 2: What are the Potential Social and Environmental Risks? Note: Describe briefly potential social and environmental risks identified in the Risk Screening Checklist below (based on any "Yes" responses). If no risks have been identified in the checklist then note "No Risks Identified" and skip to Question 4 and Select "Low Risk". Questions 5 and 6 not required for Low Risk Projects.	QUESTION 3: What is the level of significance of the potential social and environmental risks? Note: Respond to Questions 4 and 5 below before proceeding to Question 6		QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?
Risk Description	Impact and Probability: From 1 to 5	Significance: Low, Moderate, High	Comments
No risk identified	I = P =		
QUESTION 4: What is the overall Project risk categorization?			
Select one (see SESP for guidance)			Comments
Low Risk			<input checked="" type="checkbox"/>
Moderate Risk			<input type="checkbox"/>
High Risk			<input type="checkbox"/>
QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?			
Check all that apply			Comments
Principle 1: Human Rights			<input type="checkbox"/>
Principle 2: Gender Equality and Women's Empowerment			<input type="checkbox"/>
1. Biodiversity Conservation and Natural Resource Management			<input type="checkbox"/>
2. Climate Change Mitigation and Adaptation			<input type="checkbox"/>
3. Community Health, Safety and Working Conditions			<input type="checkbox"/>
4. Cultural Heritage			<input type="checkbox"/>
5. Displacement and Resettlement			<input type="checkbox"/>
6. Indigenous Peoples			<input type="checkbox"/>
7. Pollution Prevention and Resource Efficiency			<input type="checkbox"/>

Final Sign Off

Signature	Date	Description
QA Assessor		UNDP staff member responsible for the Project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

10.2.3 SOCIAL AND ENVIRONMENTAL RISK SCREENING CHECKLIST

Checklist Potential Social and Environmental <u>Risks</u>		
Principles 1: Human Rights		Answer (Yes/No)
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ³³	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Principle 2: Gender Equality and Women's Empowerment		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable <u>Natural</u> Resource Management		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes	No
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No

³³ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? For example, construction of dams, reservoirs, river basin developments, groundwater extraction	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.	No
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant ³⁴ greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		

³⁴ In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? ³⁵	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.	No
6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts ?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs?	No

³⁵ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.

For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol	
7.4 Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5 Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

10.3 PROGRAMME RISK MANAGEMENT FRAMEWORK

#	Description	Date Identified	Type	Impact & Probability	Mgt response	Owner	Updated by	Last Update	Status
	<i>Brief description of the risk</i>	<i>When was the risk first identified?</i>	<i>Environmental Financial Operational Organizational Political Regulatory Strategic Other</i>	<i>Enter probability and impact on a scale from 1 (low) to 5 (high) The "I x P" scores help to prioritize the risks</i>	<i>What actions have been taken/will be taken to manage this risk?</i>	<i>Who has been appointed to keep an eye on this risk?</i>	<i>Who submitted the risk?</i>	<i>When was the status of the risk last checked?</i>	<i>e.g. dead, reducing, increasing, no change, other</i>
1	Limited interest and/or buy-in from potential partners, most notably private sector.	Dec 2019	Environmental	Impact = 4 Prob. = 2 Score = 8	Prior to the start of the programme, stakeholder consultation workshops were held in six countries. Additionally, consultations with PFIP's existing and potential new partners were held to assess and (re)confirm their interest.	Progr Mgt	UNCDF	Aug 2020	No change
2	Market development approach is distorted by other development partners that apply interventions that contradict or disrupt market mechanisms.	Dec 2019	Strategic	Impact = 3 Prob. = 3 Score = 9	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.	Progr Mgt	UNCDF	Aug 2020	No change
3	Programme interventions are not sustainable after the programme.	Dec 2019	Strategic	Impact = 4 Prob. = 3 Score = 12	Under PFIP, UNCDF and UNDP together have built a strong track record in working with private sector partners and ensuring they are part of a viable market interventions. Business cases should be part of all projects and activities, most notably when working with private sector partners.	Progr Mgt	UNCDF	Aug 2020	No change

4	Pacific governments implementing policy and regulatory changes negatively impacting the development of digital economy	Dec 2019	Regulatory	Impact = 4 Prob. = 2 Score = 8	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. Use these platforms for advocacy on positive enabling policy and regulation initiatives, e.g. tax incentives and regulatory sandboxes.	Progr Mgt	UNCDF	Aug 2020	No change
5	Implementation period might be ambitious given the time it can take to generate a solid project pipeline and kick-off projects, especially for projects relevant for the digital eco-system.	Dec 2019	Strategic	Impact = 4 Prob. = 3 Score = 12	The programme will leverage existing key partnerships with private and public sector, such as Mobile Network Operators and Central Banks. At the same time, it has already started under PFIP to develop new ones with relevant potential partners, such as UNESCAP, Land Transport Authorities, Police Force etc. and also laying the groundwork for important key eco-system initiatives relevant for the digital economy, e.g. eKYC and eCommerce Payments.	Progr Mgt	UNCDF	Aug 2020	No change
6	Limited capacities in terms of knowledge and skills within government institutions	Dec 2019	Strategic	Impact = 4 Prob. = 3 Score = 12	Certain Pacific countries have already started building capacity (e.g. DigitalFiji). Under Workstream 1 the programme aims to complement and leverage those initiatives where possible (such as the ESCAP's APCICT) and at the same time facilitate exposure for policy makers and regulators to global practices and success stories (workshops / South-South exchange)	Progr Mgt	UNCDF	Aug 2020	No change
7	Impact of COVID-19	March 2020	Operational	Impact = 5 Prob. = 5 Score = 25	A global pandemic resulting in lockdown, economic downturn, work disruptions, travel restrictions etc. A pandemic is an uncommon event, however COVID-19 already has a devastating impact	Progr Mgt	UNCDF	Aug 2020	increasing

					on lives, livelihoods as well as socio-economic implications that are far-reaching. The COVID-19 situation also leads to changes in donor priorities that can severely impact project implementation.				
8	Slow implementation due to prolonged planning and ToC may be out of date due to changes in innovation and/or political environment	Aug 2020	Operational	Impact = 3 Prob. = 3 Score = 9	<p>Planning of the programme may be prolonged (e.g. due to COVID-19) negatively impacting the overall implementation of the programme.</p> <p>The first two years are the inception phase, which will allow the Programme to ensure that a solid foundation is laid for more complex programming activities and the programme will have an evaluation of the inception phase of the programme (target date Q4, 2022). This evaluation will be forward looking, offering lessons learned and recommendations to improve future programme performance.</p> <p>Furthermore, and following the Tor of the Investment Committee, the IC is responsible to provide guidance and approved the strategy of the Programme. With PIFS being a driving force in the region re eCommerce and the digital agenda, whilst having the sr user role in the IC it ensures alignment with potential changes in political environment.</p>	Progr Mgt	UNCDF	Aug 2020	No Change

10.4 RECOMMENDATIONS FROM PFIP END OF PROGRAMME EVALUATION

Recommendations from the end of programme evaluation report for PFIP-II have provided critical input for the design of this Programme. The evaluation report, a detailed management response and an overview of the associated actions can be found on the website of the UNDP Evaluation Resource Center:

<https://erc.undp.org/evaluation/evaluations/detail/9950>

10.5 BACKGROUND INFORMATION ON FOCUS SEGMENTS

This annex highlights customer segments that the programme aims to reach; population groups that are at risk of being left behind, selected to the Pacific.

WOMEN

In the Pacific, recent research shows women are still lagging behind men in terms of being excluded from the formal financial system. Financial competency studies in the region identify that women have lower awareness, information and access to financial tools and products than men, despite being more competent in household financial management.

Women benefit disproportionately from greater access to digital technologies as they are more likely than men to be excluded from participating in economic activities. A report prepared for the G20 Global Partnership for Financial Inclusion in 2015 found that digitization of financial services holds various advantages for women that help them increase their participation in the formal economy. Digital financial services help bridge the gender gap in account ownership and savings, provide a digital footprint that enables assessment of creditworthiness and by extension access to credit, reduce the need for women to travel with cash and enable remote working³⁶.

In the Pacific, recent research by PFIP shows women are still lagging behind men in terms of being excluded from the formal financial system. Financial competency studies in the region identify that women have lower awareness, information and access to financial tools and products than men, despite being more competent in household financial management.

The Programme, based on lessons learned on how to increase uptake and usage by women of financial and digital services (by PFIP in the region and others across the world), will design projects ensuring exactly this. Each project will map the specific needs of female customers and address how to best incorporate these in product or service to guarantee optimal usage.

Activities under the above defined workstreams also integrate with the United Nations Pacific Strategy (UNPS), under outcome 3: Sustainable and Inclusive Economic Empowerment as well as outcome 2: Gender Equality³⁷. As the strengthening of an inclusive digital economy will also impact the strengthening of micro, small and medium entrepreneurs, increase access and opportunities for entrepreneurship, including access to finance services, training opportunities and information and market policies that incentivize start-ups and expansions. And the focus on the inclusion of women, especially on the enhancement women's economic empowerment as at the centre of activities proposed in this programme. Activities that will lead to improving opportunities for employment, opportunities for women in business and the promotion of sustainable livelihoods for women. The Pacific Strategy is developed incorporation national priorities, therefore alignment with the UNPS, ensures alignment with country development plans.

LABOUR MOBILITY WORKERS

Migration has long been a key feature of the Pacific identity, characterized by movements between the thousands of islands in the region. More recently, the migration dynamics have been dominated by the movement of Pacific

³⁶ G20 Global Partnership for Financial Inclusion, Digital Financial Solutions to Advance Women's Economic Participation, 2015

³⁷ https://www.unicef.org/about/execboard/files/Final_UNPS_2018-2022_Pacific.pdf, page 17

Islanders to more developed economies, concentrated on Australia and New Zealand, as well as the threat of mass displacement and forced migration resulting from climate change.

While recognizing that there are different migration dynamics within the subregions of the Pacific (Melanesia, Micronesia and Polynesia), in general, when people choose to migrate, it is in search of economic opportunities, usually with the aim of returning home in the future. Currently large shares of Pacific Islands' populations reside overseas. Many small island countries in the Pacific region, such as Tonga and Samoa, have gained from the outflow of human capital resources through the generation of foreign exchange from remittances sent through seasonal worker programmes.

The positive impact of remittances not only leads to increased household income, but also increased expenditure on health, education and housing (Goebel 2013) and thus decreased poverty levels (Brown and Jimenez 2008). This positive effect is often stronger for households receiving international remittances relative to those receiving domestic remittances (Adams, Cuecuecha, and Page 2008)³⁸. Remittances also help low income households recover from financial shocks from weather events (Yang and Choi 2005)³⁹, which is a real risk for many households in the Pacific.

However, with this outflow of people, many Pacific island economies are now disproportionately dependent on remittances. For example, remittances account for 27% and 21% of GDP for Tonga and Samoa, respectively. At the same time, the cost of sending money abroad has only slightly reduced over the past few years despite the growth in the volume of transactions (Table 1 & Figure 2).

Table 2: Evolution of average cost of remittances sent from Australia/ New Zealand, 2011 and 2019

Average Total Cost % for sending A\$200			Q1-11 avg total cost %	Q1-19 avg total cost %	change in avg total cost
Australia/NZ	Fiji	MTO Average	11.24%	7.31%	-3.94%
Australia/NZ	Fiji	Bank Average	14.52%	9.92%	-4.60%
Australia/NZ	Fiji	Overall Average	13.62%	8.49%	-5.13%
Australia/NZ	Samoa	MTO Average	9.07%	7.91%	-1.16%
Australia/NZ	Samoa	Bank Average	19.94%	13.85%	-6.09%
Australia/NZ	Samoa	Overall Average	14.77%	9.60%	-5.17%
Australia/NZ	Tonga	MTO Average	10.87%	7.03%	-3.84%
Australia/NZ	Tonga	Bank Average	18.70%	11.57%	-7.13%
Australia/NZ	Tonga	Overall Average	14.77%	8.44%	-6.33%
Australia/NZ	Vanuatu	MTO Average	14.43%	7.14%	-7.29%
Australia/NZ	Vanuatu	Bank Average	14.80%	11.83%	-2.97%
Australia/NZ	Vanuatu	Overall Average	14.54%	9.87%	-4.67%
Australia/NZ	Pacific	MTO Average	11.40%	7.35%	-4.06%
		Bank Average	16.99%	11.79%	-5.20%
		Overall Average	14.42%	9.10%	-5.33%

Source: Worldbank Remittance Prices Worldwide Q1 2019

The Pacific remittance market with high remittance dependence, continuous flow of seasonal and economic migrants, and current advancements and adoption in financial technology (FinTech) is ripe for innovative remittance and financial products linked to remittances that will:

1. reduce the remittance transaction costs for key remittance corridors such as Australia, New Zealand, United States, EU and from intra-PICs corridors, increasing disposable income for both consumption and investment in livelihood opportunities
2. provide risk-coverage and savings to labour mobility workers and their families in order to ensure their welfare and household financial stability.

MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES)

Among Pacific Island nations Micro, Small and Medium sized Enterprises (MSME) are a significant contributor to the GDP and more importantly they are a significant driver of the labour market. In Fiji alone the MSME segment contributes 18% to GDP⁴⁰ and roughly 60% to labour market⁴¹. In most Pacific countries subsistence occupations constitute the largest share of MSMEs. The same is evident in the economic indicators and balance of trade data

³⁸ KNOMAD Working Paper 12, Remittances sent to and from refugees and Internally Displaced Persons, Carlos Vargas-Silva, March 2016

³⁹ Yang and Choi. "Are Remittances Insurance? Evidence from Rainfall Shocks in the Philippines", The World Bank Economic Review, February 2005

⁴⁰ MicroSave (July 2018), In-depth Assessment of MSME Landscape in Fiji

⁴¹ NCSMED: MSME Sector Accounts for 60 percent Employment

for Pacific region. While the data exhibits that imports are significantly higher than exports, the constituents of exports are small scale produce such as copra, sugar, kava, coconut, coconut oil etc, as well as a significant share of the Pacific tourism industry is run by MSMEs.

For this reason, the development of a healthy MSME segment has been a priority of many Pacific economies, which has resulted in a number of interventions and policy initiatives in the region in an effort to stimulate the development and growth of this segment⁴².

Despite these efforts, and recognizing the uniqueness of the situation in each Pacific country, nonetheless some general observations regarding challenges for the development of the MSME segment in the Pacific region can be made, amongst others:

- Difficulty of setting up a business, at high cost and time consuming.
- Limited awareness of government policies and support.
- Access to finance.
- Opportunities to improve market linkages.
- Skill sets: Business management, financial literacy, digital literacy.

For these reasons the segment remains underdeveloped in many Pacific countries and requires greater support, even more so now that many Pacific countries benefit from new fibre optic cables, that provide increased internet connectivity, access and speed, new opportunities arise in a rapidly evolving digital economy. Digital commerce, or e-commerce as it is still more commonly known, has become a powerful force driving economic change around the world. Digital commerce deploys new technologies in ways that have effects on the physical economy of goods and services as well as on employment. However, supporting MSMEs and e-commerce entrepreneurs in the Pacific should not be treated as a goal in itself, but as a way to develop a more inclusive digital economy.

Most governments in the Pacific have already shown a strong interest in adopting policies and regulation that can facilitate the development of a digital economy, of which e-commerce is only one part. Unlocking its potential will also reduce distance to markets and enable Pacific economies to leapfrog certain barriers associated with the challenges as described above. For this to happen, coordination of efforts between public and private sector is paramount.

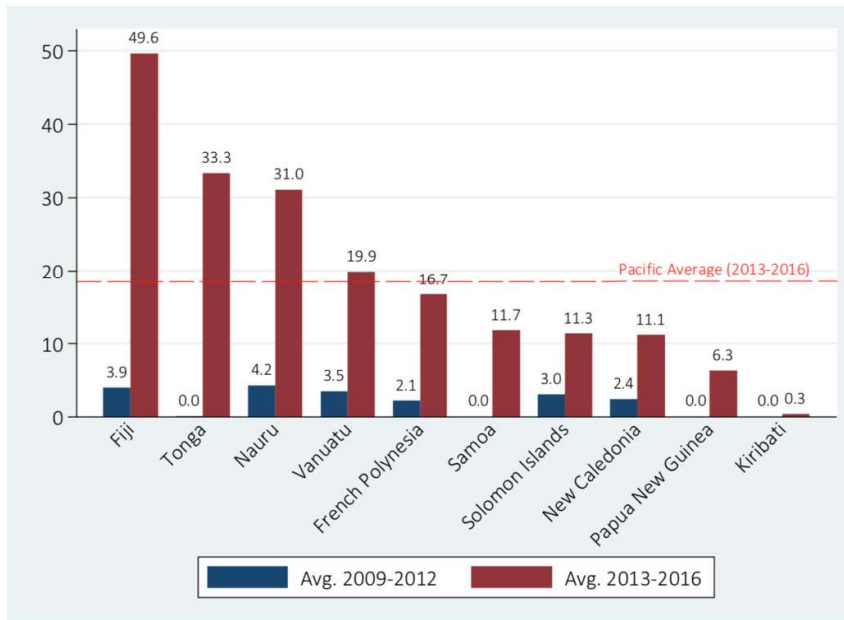
Digital innovations for MSMEs

Innovation plays critical role in enhancing the competitiveness of MSMEs by allowing them to quickly respond to a changing business landscape and innovate themselves. However, in Pacific economies, where the use of the internet for e-commerce and information sharing is limited compared to other more developed economies, MSMEs fail to capitalize on the Digital Economy. The lack of connectivity and access to broadband Internet has been one of the reasons that impede Pacific based MSMEs integration into global value chains. This limits their capacity to innovate, which in turn affects their competitiveness.

Despite significant constraints faced by MSMEs in the Pacific, they have the potential to seize the new opportunities created by the growth in smartphone penetration and increased access to broadband internet to integrate into the digital economy.

Figure 3: Mobile-broadband subscriptions, averages over two periods: 2009-2012 and 2013-2016

⁴² E.g. Government of Samoa has established an ICT steering committee to develop and manage ICT-focused policies and strategies.



Source: Produced by UNESCAP, based on data from ITU's World Telecommunication/ICT Indicators Database (21th Edition, June 2017)

Engaging in e-commerce and the digital economy at large, generates a number of benefits for MSMEs. E-commerce encourages entrepreneurship, business exports, as well as export diversification. Studies show that firms engaged in e-commerce are more likely to export. Surveying more than 3,000 MSMEs in 11 countries, Boston Consulting Group finds that those MSMEs that are heavy web users have a vaster market and that they are almost 50% likelier to sell products and services outside of their immediate region. They are also 63% likelier to source products and services from farther afield.⁴³

Besides e-commerce, the digital 'platformization' of markets is one of the upcoming defining forces of change for MSMEs in their shift to adapt to the new realities of the digital economy.⁴⁴ With businesses becoming increasingly digital, especially micro-entrepreneurs need platforms that work for them, include them and empower them, instead of exploiting them. In their recent research in Africa on "Micro-entrepreneurs in the Platform Era"⁴⁵ Caribou Digital have found that:

- Micro-entrepreneurs use a variety of online channels, including Facebook and WhatsApp, to connect and coordinate with customers.
- E-commerce platforms are leveraged by more digital savvy micro-entrepreneurs.
- Digital 'trade unions' are emerging over WhatsApp.
- Micro-entrepreneurs promote their skills across online work platforms.

Though these are findings from research on African micro-entrepreneurs, anecdotal evidence confirms that although in a more nascent stage, similar trends are emerging in the Pacific. The below selected key take-ways from their research highlights areas where the right support could help micro-entrepreneurs thrive across platforms in the Pacific:

- Support micro-entrepreneurs offline to help ease digital transitions, e.g. support for improving digital literacy and access to off-line support.
- Encourage platforms to be drivers of transformational upskilling, e.g. platforms to facilitate learning in win-win-win relationships with participants and labour markets. Platforms win by accelerating sales and increasing the quality of goods and services on offer. Producers win by learning new skills and improving their craft. Pacific countries win by increasing the human capital of their workforce and inclusive development of the local economy.

⁴³ Boston Consulting Group (20 January 2014), Greasing the Wheels of the Internet Economy, <https://www.bcg.com/en-pt/publications/2014/technology-industries-public-sector-greasing-wheels-internet-economy.aspx>

⁴⁴ Caribou Digital (2018), How to study MSMEs in the digital era

⁴⁵ Caribou Digital (2019), Micro-entrepreneurs in the Platform Era

These takeaways can help to unlock a much bigger opportunity and highlight levers of action, that can set the stage for promoting platformization, digital commerce and employment across the Pacific.

10.6 BACKGROUND INFORMATION ON UNCDF'S BLENDED FINANCE TOOLS

10.6.1 UNCDF HAS THE CAPITAL MANDATE

Founded and established by the United Nations (UN) General Assembly in 1966, the United Nations Capital Development Fund (UNCDF) is the UN's development finance arm.

UN Resolution 2186 (XXI) from 1966:

"The Capital Fund shall extend both grants and loans." and "Loans extended by the Capital Development Fund shall have long periods of amortization, low rates of interest, or be free of interest and generally be extended on terms comparing favourably with those of loans extended by other international lending institutions."

10.6.2 UNCDF IS EQUIPPED TO MANAGE ITS INVESTMENT OPERATIONS

- A team of investment professionals, based in UNCDF's headquarter, with transactional expertise in LDCs and SMEs matured in private impact investing funds.
- Dual Day-to-Day Role:
 - i. An Advisory Function to support UNCDF's country teams in the structuring, the due diligence and the monitoring of the transactions.
 - ii. A risk control function through an independent evaluation and risk appraisal for each transaction.
- Broader Strategic Role:
 - i. Strengthening the organization's ability to originate transactions and manage a toolbox of catalytic credit and guarantee instruments at scale.
 - ii. Building blended structured finance solutions that can attract additional funding sources to drive the organization's continued execution of its development mission

10.6.3 UNCDF'S APPROACH AND AVAILABLE TOOLS

Investment Pathways for entrepreneurs

Investment opportunities will be supported through two main pathways:

- The **Incubation pathway** requires a longer gestation period (1-1.5 years) for business model validation and preparation, with a considerable element of hands-on involvement from the programme needed from the start, and with extensive screening of candidates and technical assistance support. UNCDF provides risk-capital grants and technical assistance for the development and roll-out, typically over a two to three-year period. Incubation activities includes:
 - Screening and growing ideas locally and internationally
 - Testing concept in the field in real business conditions
 - Iterative prototyping in the field to come with minimum viable product
 - Providing specific support in the form of technical assistance (mentor, digital expert, etc.)
 - Providing/facilitating risk-sharing instruments thru the whole journey
 - Support start-up/ entrepreneur to develop partnership with key players on the market to grow business
 - Providing investment-readiness assistance.
- The **Impact investment pathway** is when initial validation of the business model is clear already and provides a compelling case for partners, including investors, to mobilise around the idea with some initial risk sharing support from UNCDF. Essentially, the business model has undergone first testing with encouraging results, but still lacks the credibility for private investors to provide debt financing in terms of lack of outreach or

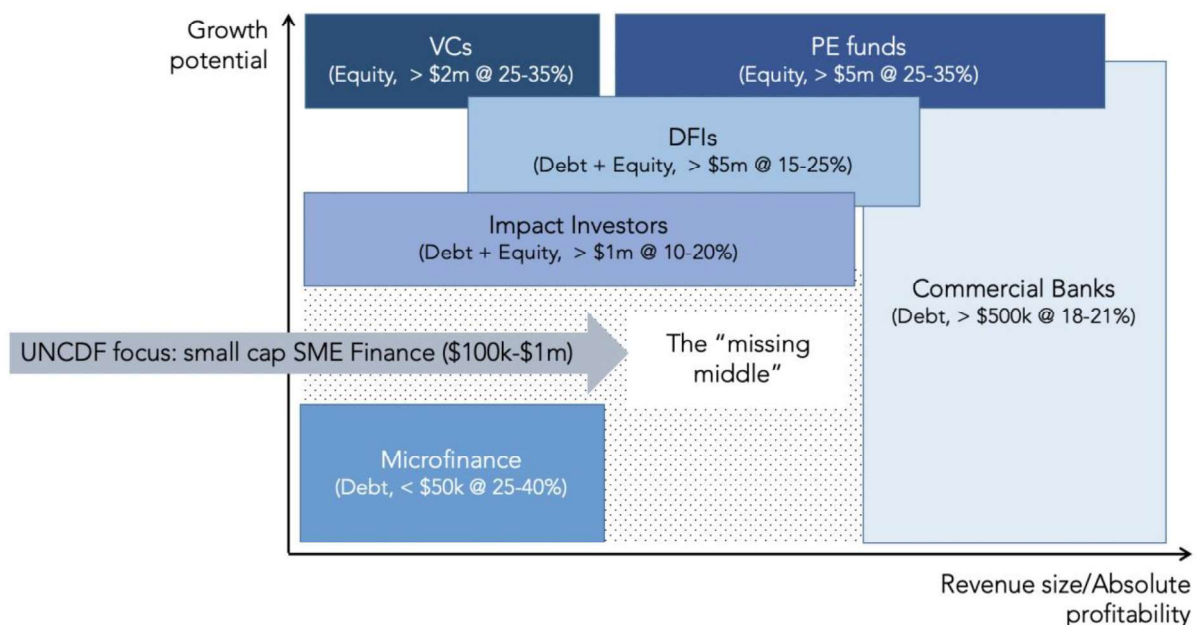
track-record. Impact investment activities includes:

- Facilitating syndicated approaches to a promising market opportunity (where a number of interested parties band together for a win-win). This is done thru our market development approach and dedicate expert team on the ground;
- Support products and services refinement and business model update to focus on vulnerable segments
- Providing/facilitating risk-sharing instruments such as grants and guarantee;
- Providing technical assistance to improve business management (which will ultimately enhance loan repayment capability).

UNCDF two-pronged approach: On balance sheet vs. Off balance sheet

- On Balance sheet investments to create demonstration effects for “investability”
 - Stand-alone investments with the intent to sequentially unlock follow-on private finance
 - Blended transactions to reduce the risks for the private financiers at transactional level
 - The toolbox of financial instruments that can be deployed by UNCDF using its own balance sheet includes:
 - Pari Passu loans and/or guarantees
 - Subordinated loans and/or guarantees
 - Mezzanine debt (performance based loans, royalty loans, convertible loans)
 - Portfolio loan guarantees
 - Portable guarantees
 - Volume guarantees (advanced market guarantees)
 - Equity capital guarantees
- Off Balance sheet solutions to scale up what works
 - Blended finance vehicles partnering with external private fund managers (e.g. Build Fund)
 - Leverage preparation work already done with prior TA and On B/S investments
 - Provide an “investment continuum” for partners who need larger ticket sizes and can offer higher risk-adjusted returns

Capital tools aiming to serve the “missing middle”



Primary considerations for on balance-sheet investments:

- It supports the implementation of the objectives set out by the SDGs.

- There is no significant risk of market distortion by UNCDF intervention, i.e. adheres to the principle of “minimum concessionality”.
- UNCDF intervention contributes positively to the development of market.
- UNCDF intervention is additional, i.e. financing through existing commercial lenders is not available for the recipient at reasonable cost without UNCDF assistance.
- The recipient is credit worthy, i.e. the borrower shows it can pay back the loan from UNCDF.

10.6.4 UNCDF’S LAST MILE FINANCE TRUST FUND

UNCDF’s Last Mile Finance Trust Fund (LMF-TF) is a multinational trust fund that pools investments to support the achievement of the Sustainable Development Goals in the world’s least developed countries (LDCs).

Launched in 2016 by UNCDF and the Government of Sweden, the Last Mile Finance Trust Fund is a flexible-funding vehicle that enables contributors to pool resources in order to channel them towards shared strategic priorities impacting LDCs in the “last mile.” Mid last year Switzerland became the fourth contributor to the LMF-TF, joining the Governments of Sweden, Norway and Andorra.

The fund was conceived as a vehicle specifically for development funding that is lightly earmarked, or tied to thematic priorities. Contributing partners to the fund can choose to invest among six thematic windows:

- Green Economy,
- Food Security,
- Economic Empowerment of Women and Youth,
- Infrastructure and Services,
- Financial Inclusion and Innovation, and
- Country Expansion.

Besides supporting projects to advance the SDGs, LMF-TF funding also creates and tests innovative financing models that can be scaled up for transformative impact, providing real value for governments and populations in LDCs.

Additional information on the LMF-TF can be found here: <https://www.uncdf.org/lmftf/home>

10.6.5 UNCDF’S BUILD FUND

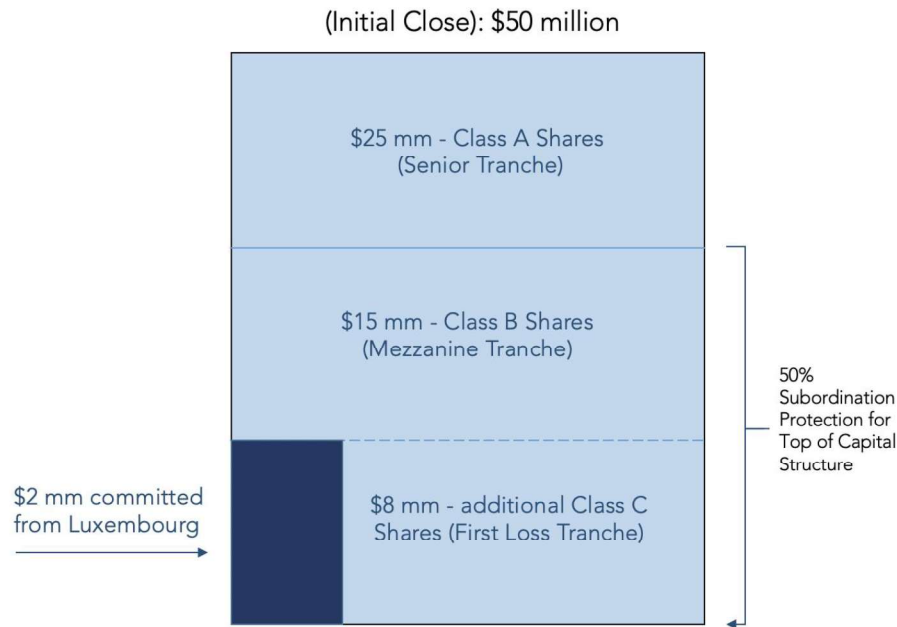
In December 2018, UNCDF partnered with Luxembourg based impact investing fund manager Bamboo Capital Partners to launch a permanent blended finance vehicle, called the “BUILD Fund”. The Fund financially supports SDG-positive opportunities, operating primarily in some of most excluded and marginalized communities in the world (including Least Developed Countries (“LDCs”).

In preparation for the launch of this new fund, UNCDF has screened over 200 companies and built a pipeline of 42 interesting SMEs operating in the LDCs and with a strong development impact as well as financial return potential. UNCDF made progress in raising donor awareness of the blended finance mechanism, which needs a substantial first loss tranche to attract commercial investors. UNCDF is also launching a business advisory facility to provide pre- and post-investment support to the pipeline of investable enterprises and BUILD investees. The government of Luxembourg was the first to support this innovative finance vehicle with USD 2m of concessional capital.

Focus Sector and Geography:

- Green Economy, Food Security & Nutrition, Financial Inclusion & Innovation, and Local Infrastructure
- Gender-positive and Youth-positive overlay
- Country choice based on UNCDF office proximity and pipeline quality

Structuring:



The BUILD Fund is structured as a multi-tranche and multi-compartment blended finance vehicle and offers the possibility to have earmarked “compartments” for specific investors’ objectives:

- Debt, Quasi-Debt, Equity Instruments
- Ticket sizes between \$250k and \$2.5m (target average of \$500k)
- Diversification approach based on maturity - 50% < 3 years, 35% up to 5 years, 15% up to 10 years life
- Both Hard and Local currency
- Secured and unsecured (in exceptions)
- Use of funds – more heavily weighted towards working capital and capex.

10.7 UNCDF’S INCLUSIVE DIGITAL ECONOMY SCORECARD

The inclusive digital economy scorecard (IDES) is a strategic performance tool developed by the UN Capital Development Fund (UNCDF) with the objective of easily measuring and tracking the level of development of an inclusive digital economy at the country level. It identifies the key market constraints hindering the development of an inclusive digital economy and helps set the right priorities with public and private stakeholders in each country to foster a digital economy that leaves no one behind.



The inclusiveness of the digital economy is measured through a qualitative assessment of the efforts made by the public and private sectors to include specific population segments in the expansion of the digital economy. These segments include women, youth, refugees, migrants, micro-, small- and medium-sized enterprises, and rural inhabitants.

The IDES has three main components:

1. The **Digital Economy Score** shows the status of the overall digital economy and its components (enabling policy environment, mobile infrastructure and digital payments, innovation ecosystem and customers skills).
2. The **Digital Inclusiveness Score** measures the level of inclusion in the digital economy for key customer segments, such as women, youth, refugees, migrants, micro-, small- and medium-sized enterprises, and rural inhabitants.
3. The **Digital Divide Score** is the difference between the Digital Economy Score and the Digital Inclusiveness Score. It shows the extent the digital economy is exclusive of key customer segments.

The IDES considers the following building blocks as relevant to the development of a digital economy, which are aligned with the Programme's four workstreams:

1. In the **Enabling Policy and Regulation** block, the scorecard captures the extent to which the government actively promotes the development of an inclusive digital economy and the policies and regulations in place that support digital finance and the digital economy
2. In the **Open Digital Payment Ecosystem** block, the scorecard quantifies the level of development of mobile infrastructure (e.g., phone ownership and network coverage) and the status of the digital payment ecosystem, including the level of interoperability and the openness of the digital infrastructure for third-party players.

Enabling Policy and Regulation as well as an Open Digital Payment Ecosystem are the foundation of an inclusive digital economy. At UNCDF, this foundation is referred to as the 'digital rails.' If the digital rails are properly developed, they open avenues for innovation by third-party players and for the use of technology for people's skill development:

3. In the **Inclusive Innovation** block, the scorecard measures the state of a country's innovation ecosystem. Key elements are the following: the level of development and the synergies within the innovation community; the level of skills held by entrepreneurs in the ecosystem; the presence of a supporting infrastructure, such as national and international experts to support entrepreneurs; and, the availability of financing.
4. In the **Empowered Customers** block, the scorecard tracks the active participation of the public and private sectors on digital and financial skills development, and the usage of digital channels for relevant skills development.

The pilot version of the IDES is currently used in eight countries (West Africa: Benin and Senegal, Eastern and Southern Africa: Uganda and Zambia, Asia: Myanmar and Nepal, Pacific: Fiji and Papua New Guinea). In each of these eight countries, UNCDF has a team with extensive digital expertise. The teams work closely with the government, the private sector and other stakeholders to drive the development of the digital economy. The wealth of market knowledge and relationships at the national level allows UNCDF to collect the right information from the market, identify key market constraints and develop a roadmap to drive the development of an inclusive digital economy.

10.8 ALIGNMENT WITH UNITED NATIONS PACIFIC STRATEGY AND NATIONAL DEVELOPMENT PRIORITIES

10.8.1 UN PACIFIC STRATEGY

The United National Pacific Strategy 2018-2022⁴⁶ is aligned with localized and integrated development agendas led by national governments and supported by regional organizations. As a result, the UN Pacific Strategy sets out to support the achievement of national priorities and the Sustainable Development Goals through a strategic framework of six priority outcomes and this Programme will specifically contribute to Outcome 2 and Outcome 3.

These outcomes are:

1. Climate Change, Disaster Resilience and Environmental Protection
2. **Gender Equality**
By 2022, gender equality is advanced in the Pacific, where more women and girls are empowered and enjoy equal opportunities and rights in social, economic, and political spheres, contribute to and benefit from national development, and live a life free from violence and discrimination.
3. **Sustainable and Inclusive Economic Empowerment**
By 2022, people in the Pacific, in particular youth, women, and vulnerable groups, benefit from inclusive and sustainable economic development that creates decent jobs, reduces multi-dimensional poverty and inequalities, and promotes economic empowerment.
4. Equitable Basic Services
5. Governance and Community Engagement
6. Human Rights

⁴⁶United Nations Pacific Strategy 2018-2022, <https://www.ws.undp.org/content/samoa/en/home/library/un-system/united-nations-pacific-strategy-2018-2022.html>

10.8.2 NATIONAL DEVELOPMENT PRIORITIES

The country contexts of the bigger Pacific countries in scope of this programme are primarily set by the national development plans and strategies that lay out the governments' priorities for the years ahead. In most countries, ICT and digital infrastructure are recognized as key enablers for inclusion and broader access to basic services as they address some of the key challenges faced by the Pacific Islands such as geographic dispersion and remoteness.

Fiji

"Transforming Fiji" is the title of the Republic of Fiji's 5-year and 20-year development plan which recognizes digital connectivity as a key input for supporting human capital development and driving economic growth through commerce and trade. It envisions a substantial development of the country's digital infrastructure, especially the expansion of fibre optic cables to boost internet connectivity and speed. In addition to digital infrastructure, the government also plans to make digital literacy and training a key component of its intervention, focusing in particular on building the population's digital skills to boost business and attract investment into the country⁴⁷.

The digital component of the National Development Plan is already being executed through DigitalFiji, the Digital Government Transformation (DGT) Programme, a 4-year programme to enhance the overall ICT infrastructure and develop capacities in digital transformation within the government. The aim is to make government services available online and through mobile applications, thereby enhancing the efficiency and speed of service delivery, improving public trust and confidence in government and catalysing Fiji's digital economy⁴⁸.

Fiji has already started implementing initiatives to digitize services within the country, for instance through its collaboration with Vodafone to provide e-transport cards for Fijians that use the public transportation system - an initiative supported by PFIP. Since October 2017, the country's public transportation system has gone entirely cash-free. The new system has improved the ability of government and bus operators to collect fees, increased transparency and transaction speeds, improved the volume and quality of data that the government can use to ameliorate services and revenue management, and created an important source of lessons learned for future government digitization projects⁴⁹.

Solomon Islands

The ICT infrastructure of Solomon Islands is amongst the weakest in the region. Under the country's National Development Strategy (2016 - 2035), the government plans to expand ICT infrastructure and enhance the regulatory environment with a view to increase competition and diversify the service offering.

Under its National Financial Inclusion Strategy 2016-2020, the country has committed to digitizing 80% of all government payments (G2P and P2G) with a view to increase government efficiency, reach and provision of basic services as well as enhancing the customer experience by making payments to and from individuals and companies more efficient, transparent and safe⁵⁰. Through PFIP, the Solomon Island government has already embarked on a project to modernize the government revenue management system, allowing 123,800 waged employees, more than 200 corporate taxpayers and 3,684 small businesses to undertake tax-related transactions in a more efficient and timely manner⁵¹.

⁴⁷ Government of Fiji (November 2017). *5-Year and 20-Year National Development Plan – Transforming Fiji*, <https://www.fiji.gov.fj/getattachment/15b0ba03-825e-47f7-bf69-094ad33004dd/5-Year---20-Year-NATIONAL-DEVELOPMENT-PLAN.aspx>

⁴⁸ Government of Fiji, *Digital Government Transformation*, <https://www.fiji.gov.fj/digitalFiji>

⁴⁹ PFIP (2 October 2017). "Smart Electronic Ticketing for Public Transport in Fiji", <http://www.pfip.org/newsroom/blog/smart-electronic-ticketing-public-transport/>

⁵⁰ UNDP (2 May 2017), "Solomon Islands Government Commits to Digitization of 80% of Payments by 2020", <http://www.pacific.undp.org/content/pacific/en/home/presscenter/pressreleases/2017/05/02/solomon-islands-government-commits-to-digitization-of-80-of-payments-by-2020.html>

⁵¹ <http://www.pfip.org/our-work/performance-dashboard/countries/solomon-islands/>

With several e-government initiatives either under way or in progress, Solomon Islands is well placed to join the digital revolution. Indeed, progress in financial inclusion and the digitization of G2P transactions are seen as a key driver of economic growth in the country.

Samoa

Samoa counts 93,000 unique mobile subscribers, translating into a penetration rate of 47% (compared to a regional average of 38%). The use of mobile financial services is slowly picking up with providers such as Digicel now providing mobile money solutions in partnership with the National Bank of Samoa (NBS)⁵².

The potential for digital technologies to boost development is also recognized in the country's Strategy for the Development of Samoa 2016/17 - 2019/20 (SDS). The SDS has dedicated a key outcome to the promotion of ICT, specifically the development of reliable, innovative and affordable ICT services for improved communication, data management and supporting all sectors of the economy. The key objectives are to improve international connectivity building on private-public partnerships and the Tui Samoa Cable, enhance internet connectivity and speed and the sustainable application of ICT, including its integration for better climate and disaster risk management⁵³. In addition to SDS, there are sectoral plans such as the Digital Transformation Plan, launched in 2017 by the Ministry of Communications and Information Technology (MCIT) which puts the digitization of government services and the creation of a national ID at its heart⁵⁴.

The Digital Pacific Conference that Samoa hosted in June 2018 further underscored the country's commitment to boosting digital technology. The conference served the purpose of defining the outlines of a National Digital Strategy with a view to formulate a public value proposition for digital, starting with the digitization of government processes and boosting ICT funding to make government data and projects more open and transparent⁵⁵.

Vanuatu

Vanuatu has a population of less than 300,000 people and well over 50% of its mobile connections still access 2G services. In addition, it is one of the most vulnerable places on earth in terms of natural disasters and a substantial number of its population do not have access to electricity.⁵⁶ Despite this, telecoms services have progressed significantly in recent years with a liberalised market. The existence of two prominent mobile operators Amalgamated Telecom Holdings (operating as TVL) and Digicel Vanuatu has introduced the launch of LTE services and introduction of a rural satellite broadband service by Kacific.⁵⁷

Vanuatu's ICT sector has witnessed a major transformation in recent years. Market liberalization has expanded the availability of ICTs, especially mobile communications, to virtually everyone in Vanuatu.⁵⁸ This goes in line with Vanuatu's National Financial Inclusion strategic goal to "Promote and foster inclusive products, services and channels" as the country plans to implement interoperability of electronic payment platforms between formal financial service providers such as banks and further between financial service providers and mobile network operators. To add on, the Government of Vanuatu plans to promote electronic payment channels in Government transactions, including state-owned enterprises and also encourage digital payment channels among medium to large private sector employers and associations for business-to-business transactions in the coming years.⁵⁹

Vanuatu has new ways of thinking about, and implementing, development strategies. In the country's National Sustainable Development Plan, one of the goals under the economy pillar is to "Increase use of and access to information and communications technologies, including on-line government services."⁶⁰ This indicates that Vanuatu is progressing towards a digital society and in line with the national vision for a stable, sustainable, and prosperous Vanuatu by 2030

⁵² Max Cuvellier (20 May 2019), "A Bird's Eye View of the Samoan Digital Ecosystem", <https://www.gsma.com/mobilefordevelopment/blog/a-birds-eye-view-of-the-samoan-digital-ecosystem/>

⁵³ Government of Samoa (2016). Strategy for the Development of Samoa 2016/17 – 2019/20, https://www.mof.gov.ws/Portals/195/EPPD/SDS%201617-1920_Eng.pdf

⁵⁴ Max Cuvellier (20 May 2019), "A Bird's Eye View of the Samoan Digital Ecosystem", <https://www.gsma.com/mobilefordevelopment/blog/a-birds-eye-view-of-the-samoan-digital-ecosystem/>

⁵⁵ UNDP (2018). Digital Pacific Conference Report, p.16

⁵⁶ <https://www.budde.com.au/Research/Vanuatu-Telecoms-Mobile-and-Broadband-Statistics-and-Analyses?r=51>

⁵⁷ <https://kacific.com/>

⁵⁸ https://unctad.org/en/PublicationsLibrary/dtlstict2018d5_en.pdf

⁵⁹ <http://www.pfip.org/wp-content/uploads/2018/04/Vanuatu-National-Financial-Inclusion-Strategy-Rreport-2018-2023.pdf>

⁶⁰ <https://www.greengrowthknowledge.org/sites/default/files/downloads/policy-database/Vanuatu%202030%20The%20People%27s%20Plan%20-%20National%20Sustainable%20Development%20Plan%202016-2030.PDF>

Tonga

Tonga is a small Pacific island nation of approximately 108,000 people⁶¹. Its economy is based largely on external aid and remittances and modest contributions from tourism, agriculture and fisheries.

As part of the Tonga Strategic Development Framework (2015-2025), one of the key address is on ICT, whereby the nation intends to have a more reliable, safe and affordable ICT used in more innovative and inclusive ways, linking people across the Kingdom and with the rest of the world, delivering key services by government and business and drawing communities more closely together.⁶² Since then there has been numerous development by the government in the digital space.

In 2017, the Tongan Government took some steps to develop a digital government. A Cabinet sub-committee on E-Government was established. This sub-committee set up an E-Government unit and invested in a containerised data centre and government network infrastructure through a five-year contract with Tonga Communications Corporation. During early 2019, the rural areas of Tonga benefitted from a 15-year agreement between Kacific Broadband Satellite and the Tongan government which will see additional bandwidth made available for around 89 remote communities and offer speeds similar to the large towns of Tonga.⁶³

The Kingdom of Tonga is also working with the World Bank on the Tonga Digital Government Support Project. This project intends to strengthen digital access, efficiency and security in Tonga's public service, by supporting a number of whole-of-government digital initiatives, including a new National Government Portal that will improve Tongans' access to services and information across all Government ministries and agencies, as well as improvements to Tonga's regulations for digital economy and digital government, data protection and privacy, and cyber security.⁶⁴

10.9 TERMS OF REFERENCE FOR INVESTMENT COMMITTEE

Investment Committee Policy

The purpose of the Investment Committee (IC) Policy is to define the composition, authority, role, and responsibilities of the IC in order to guide IC members. This policy is grounded in the Project Document to be considered for approval by the proposed IC: This Policy document may be amended from time to time by decision of the IC and signed by the IC Chairperson.

1. Role of Investment Committee

1.1. The IC shall oversee the implementation of the programme and to approve financial support under the Programme Support Facility, a funding allocation under the Programme, in accordance with the Project Document.

1.1.1. The IC shall act as the Management Board in accordance with "PRINCE 2" (Project in Controlled Environments), the project management and accountability methodology, which has been adopted corporately by UNDP globally. The three primary management roles are:

- the executive role to ultimately ensure accountability for the project;
- the senior user role is to ensure that the outputs produced meet the needs of the end-user, in this case the Pacific Small Island Developing States (PSIDS); and
- the senior supplier role is to commit resources to ensure that the outputs produced will achieve the intended objectives within design, cost and time parameters.

1.1.2. The IC shall also be the decision-making body over the Programme's Support Facility including:

- Appraisal of proposals for financial and technical support;
- approval of financial support; and
- ensuring the Programme Management Team is appropriately monitoring funded partners.

1.2. The IC shall collectively discharge the responsibilities of each of the roles and shall determine the best

⁶¹ <http://documents.worldbank.org/curated/en/473751557713173311/pdf/Tonga-Digital-Government-Support-Project.pdf>

⁶² <http://extwprlegs1.fao.org/docs/pdf/ton168846.pdf>

⁶³ <https://www.budde.com.au/Research/Tonga-Telecoms-Mobile-and-Broadband-Statistics-and-Analyses>

⁶⁴ <https://www.worldbank.org/en/news/press-release/2019/05/10/tongan-public-services-set-for-digital-upgrade>

means to do so.

- 1.3. The IC mechanism is in line with the Paris Declaration on Aid Effectiveness calling for donors' actions to be more harmonized transparent and collectively effective.
2. Composition of Investment Committee
 - 2.1. The IC shall be composed of the programme's main cost-sharing and policy advocacy partners.
 - 2.2. The IC shall consist of one member from the following organizations:
 - Founding Partners:
 - UNCDF;
 - UNDP Pacific Office;
 - UNCTAD;
 - Pacific Islands Forum Secretariat.
 - Current Donor Partners
 - One member each from donor partners providing financial support to the Programme.
 - 2.3. Designated members may appoint an alternate from their organization to participate in the members' absence. Both members and alternates may participate in regular IC meetings.
 - 2.4. New organizations may be added to the IC according to the following guidelines.
 - 2.4.1. Organizations providing more than \$250,000 per annum in financial support to the Programme shall be entitled a seat on the IC.
 - 2.4.2. Other organizations with relevant policy advocacy or programme activities that reinforce the Programme's strategic objectives may be invited with the unanimous approval of the IC.
3. Decision-making
 - 3.1. IC decisions should be made by unanimous consent.
 - 3.2. If an IC member and his/her alternate are unable to attend meetings, may provide their input in advance to the IC Secretary or may delegate authority to another IC member.
 - 3.3. If consensus cannot be reached, the IC may opt for a majority vote at the discretion of the Chairperson.
 - 3.4. All organizations have a single vote, regardless of the number of members and alternates present at the IC meeting.
4. Term of Service and Meetings
 - 4.1. The participating organizations of the IC shall appoint a member at their discretion to the IC for a term of no less than 18 months.
 - 4.2. The IC shall meet no less than twice per calendar year and shall meet more frequently if necessary.
 - 4.3. The IC may hold meetings either virtually with members providing comments via email, videoconference, teleconference, in person or, when necessary, a combination of each.
 - 4.4. The IC may also agree, by special arrangement (e mail, telephone calls), when timely decisions are required.
5. Appointment, Role and Responsibilities of Chairperson
 - 5.1. The IC shall unanimously appoint a Chairperson for an 18-month term, which is renewable.
 - 5.2. The Chairperson is responsible for:
 - 5.2.1. conducting all IC meetings;
 - 5.2.2. managing voting, when necessary;
 - 5.2.3. requesting the UNDP and/or UNCDF to sign Support Agreements (grants, loans, or contracts);
 - 5.2.4. representing the IC; and
 - 5.2.5. monitoring the Programme's compliance with IC decisions and recommendations.
6. Appointment, Role and Responsibilities of the Secretary
 - 6.1. The Programme Manager shall act as Secretary to the IC.
 - 6.1.1. The Secretary shall be assisted by other members of the Programme team forming the Secretariat.
 - 6.1.2. With the approval of the Chairperson, the Secretary may designate another Programme staff member to act as the Secretary from time to time.
 - 6.2. The Secretary does not have a vote in the IC.
 - 6.3. The role of the Secretary is to ensure the smooth functioning of the IC, manage all preparation for IC meetings, document IC decisions, and respond to IC requests.

- 6.4. The Secretary is responsible for:
 - 6.4.1. scheduling and organizing all IC meetings;
 - 6.4.2. ensuring that all required documentation is available to facilitate decision- making;
 - 6.4.3. taking and disseminating minute of IC meetings;
 - 6.4.4. providing documents to the Chairperson for signature;
 - 6.4.5. responding to IC requests for information.
7. Roles and Responsibilities of the IC
 - 7.1. Provide guidance and strategic direction to the Programme
 - 7.1.1. Advise on and approving the strategy of the Programme;
 - 7.1.2. Approve the Programme's strategic and programmatic policies, including the Programme Support Facility policy, particularly eligibility and selection criteria.
 - 7.2. Approve annual work plan and budget
 - 7.2.1. The Programme Manager shall present a draft annual work plan to the IC in no less than four weeks prior to the end of the fiscal year.
 - 7.2.2. The IC shall meet prior to the end of each fiscal year to review and comment on the annual work plan.
 - 7.2.3. The Programme Management Team shall make changes to the plan as necessary, and the IC shall approve the final plan in writing by signature of its Chairperson no later than four weeks after the start of the fiscal year.
 - 7.2.4. The Programme management Team must present budgets for approval to the IC prior the completion of the respective UNDP Country office plans. The ICs endorsement of the budget shall be included in the UNDP Country Offices request for approval by the UNDP Regional Bureau for Asia and Pacific (RBAP) during the fourth quarter of the calendar year.
 - 7.2.5. However, budget modifications can be made during the fiscal year to accommodate recommendations and requests by the IC in accordance with UNDP Country office policies
 - 7.3. Contribute to the performance appraisal of the Programme Team.
 - 7.3.1. The UNCDF member of the IC has primary responsibility for the annual performance evaluation of the Programme Manager in accordance with UNCDF personnel guidelines.
 - 7.3.2. The Programme Manager has primary responsibility for the appraisal of the Programme Team.
 - 7.3.3. The UNCDF member, though shall solicit contributions from the other IC members as to their opinion of the performance of the Programme Management Team. He / She will incorporate these contributions into the appraisals of the Programme Manager and the Programme Manager will incorporate them into the appraisal of the Programme Team.
 - 7.4. Appraise and approve financial support to partners from the Programme Support Facility.
 - 7.4.1. The IC in its entirety may oversee the Programme Support Facility or it may appoint a subcommittee consisting of IC members to appraise and approve partners' applications.
 - 7.4.2. The IC may establish approval authorities and delegate approvals less than a certain amount to the Programme Manager, the Chairman of the IC, or some combination of the two. These authorities will be document in the Programme Support Facility Policy.
 - 7.4.3. The Chairperson of the IC or his/her appointee must forward approvals of all support to the UNDP and/or UNCDF for processing.
 - 7.5. Oversee monitoring and evaluation (M&E)
 - 7.5.1. The M & E and Reporting Framework detailed in the project document will apply to the Programme. The Programme must consolidate its progress reports into the UNDP Fiji MCO reports and other UNCDF reporting
 - 7.5.1.1. The M&E plan will be provided to the IC for comment. Additional M&E activities may be requested by the IC from time to time.
 - 7.5.1.2. M&E plans will include the requirements for its other funders.
 - 7.5.2. The IC shall review the regular Programme reports.
 - 7.5.2.1. The Programme Management Team shall provide quarterly reports toward the completion of annual work plan results.
 - 7.5.2.2. The Programme shall provide a semi-annual budget report including actual versus projected expenditures with an explanation of significant variance
 - 7.5.2.3. The IC shall respond with questions to the reports directed to the Programme Management Team no less than 30 days after receipt of the reports and the team shall respond no less than 10 days.
 - 7.5.3. The IC shall review Programme's annual performance.

- 7.5.3.1. The IC shall conduct a mid-year review during the third quarter of the calendar year to assess the performance of the project. It shall focus on the extent to which progress is being made towards annual work plan outputs and the extent to which these remain aligned to appropriate outcomes. It will also inform the next annual work plan.
- 7.5.3.2. The Programme management team shall complete an annual programme report no later than six weeks after the end of the calendar year.
- 7.5.4. The IC shall review, revise, and approve terms of reference and the evaluation team for mid-term and/or final evaluations.
- 7.5.4.1. The programme is subject to an independent mid-term and/or final evaluation managed by the UNCDF Evaluation Unit. The evaluation complies with the UNCDF mandatory evaluation requirements in the UNDP Evaluation Policy, to which UNCDF is party. Funding for the evaluation is included in the programme's budget.
- 7.5.4.2. The evaluation will assess its overall performance, the outputs, and outcomes produced against its initial targets, the impact it has brought or would likely to bring.
- 7.5.4.3. The evaluations will provide mechanisms for the free and meaningful participation of local stakeholders — including women and targeted vulnerable groups.
- 7.5.4.4. The evaluation will be forward looking offering lessons learned and recommendations to improve programme performance. The results of these evaluations will feed into strategic, thematic and outcome evaluations carried out by UNCDF and UNDP. Success in carrying out development evaluation requires partnerships in evaluation with national and international actors. Opportunities will be sought for collaboration with programme partners in conducting the evaluations.
- 7.6. The IC shall provide reporting on an annual basis to the FEMM and other relevant regional ministerial meetings.
- 7.6.1. The IC may delegate some or all of this responsibility to the Programme Manager.

8. Confidentiality and conflict of interest

- 8.1. Members of the IC undertake to keep in strict confidence all proprietary, commercial, or other sensitive information that it may come across in the course of their role and responsibility in the IC.
- 8.2. If a member of the IC believes he or she may have a conflict of interest in any matter being considered by the IC, this conflict of interest must be reported immediately to the Chairperson who, in consultation with other IC members, shall rule on the appropriate action to take: including, but not limited to, the member abstaining from contributing to a decision on the matter at hand.

10.10 TOR'S FOR KEY MANAGEMENT POSITIONS

10.10.1 TOR REGIONAL DIGITAL LEAD⁶⁵

Duties and Responsibilities

The Regional Digital Lead, Pacific will provide technical and managerial leadership for the strategy implementation “Leaving no one behind in the digital era” and all of the associated programmes implemented in the Pacific. S/he will be responsible for mobilizing funds for the implementation of the strategy, identifying key sources of financing (grants, loans, equity) in the region, identifying and developing strategic partnerships for the successful strategy implementation, achieving results and disseminating learning.

Summary of key functions:

- Lead the implementation, management and expansion of the digital strategy in the region
- Build, manage and provide technical leadership to talented team of digital finance experts in the region, providing them technical leadership and policy guidance in digital work.
- Provide regional leadership, in building and maintaining strategic partnerships, capitalize on business opportunities and enhance resource mobilization for the digital strategy in the region

⁶⁵ This P5 position will be filled through a lateral move of the current regional programme manager for PFIP, which is also a P5 position.

- Provide technical leadership in building a strong knowledge sharing network around digital finance & innovations
- Provide corporate support to IDE practice and UNCDF Management

Lead the Digital Strategy implementation process in the region

- Manage the delivery of the digital strategy and outputs on time and on budget;
- Provide guidance and oversee the regional technical team responsible for designing and supporting the implementation of digital solutions project in the region;
- Provide leadership, technical guidance and strong management in Region by;
 - Assign clear responsibilities to the country teams, develop annual performance plans, providing regular meetings, feedback on performance, and provide mid-term and annual review;
 - Provide the necessary structure and leadership for the country teams, organizing regular calls and meetings, maintaining a team schedule (including country calendar), monitoring daily work and activities;
 - Review budgets and annual workplans for all countries ensuring clear performance targets are established;
 - Review budgets for Investment Committee (IC) approval;
 - Provide advice and technical leadership for the digital strategy to Country Leads and Digital team, ensuring quality of their work and deliverables;
 - Effective management of all financial, performance and operational aspects of portfolio, including facilitating project implementation according to annual work plan of the project, ensuring achievement of outputs and consistent quality implementation across programmes and countries;
 - Maintain regular contact with country teams, organizing regular calls and meetings and regular visits;
- Responsible for effective management of all financial, performance and operational aspects of the portfolio of digital projects, including facilitating project implementation according to annual work plan of the project, ensuring achievement of outputs and consistent quality implementation across programmes and countries;
- Work with the Global Learning Agenda team to develop the contribution of each country to the learnings from the digital strategy and develop the country Learning Agenda;
- Responsible for the preparation and submission of timely donor reporting; with a high-quality reporting & accuracy.
- Ensure effective and efficient use of ATLAS in line with project cycle with Atlas approval authority of Project Manager and in compliance with UNCDF Internal Control Framework;
- Develop strategies, policies and procedures for the programme, including the grant and loan fund;
- Work closely with the FIPA Strategy Support Unit (SSU) to apply right processes and ways of working regarding Results & Learning, Project support & operations and Communication and Knowledge Sharing;;

Outcome: An efficiently-managed, monitored and evaluated strategy with top digital financial services talent and expertise meeting or exceeding all targets

Build, manage and provide technical leadership to talented team of digital finance experts in the region, providing them technical leadership and policy guidance in digital work.

- Technical leadership and support to the digital portfolio within the region;
- Identify and manage the Country Leads and nurture collaboration among them;
- Closely support the country teams to build, develop and manage their portfolio of digital projects and activities and create environment of excellence, collaboration and engagement
- Support Country Leads to vet the pipeline of potential projects. Leverage global pool of skills around various subjects (Policy & Regulation, Open Digital Finance ecosystem, Inclusive innovation, Empowered Customers) to support vetting, assessment and quality assurance of projects.
- Manage selection of partners, including managing consultants hired to review applications, undertaking due diligence missions, and ensuring applicants are eligible and capable of performing;

- Review proposals to the IC for award of technical assistance (TA), grants and/or loans to successful partners;
- Provide technical guidance to country teams to prepare, negotiate and finalize technical assistance, performance-based agreements (PBAs) and blended finances instruments with selected partners;
- Provide technical support to country teams to design national policies, strategies and programmes, for development of digital enabling regulatory and legal frameworks and capacity-building of central banks and other key government stakeholders. Serve as a key resource for policy advice to Governments and Central Banks in the region on how to create an enabling environment for inclusive finance and analyzing policy environments to identify and remove existing policy constraints;
- Seek opportunities for coordinating and co-funding projects with other funders to ensure the strategy's efforts complete those of other digital services initiatives;
- Coach country leads to develop, manage and implement the country strategies as needed.

Outcome: A strong technical community of practice for the digital strategy that meets their targets, including the underserved, women and rural users

Provide regional leadership in building and maintaining strategic partnerships, capitalize on business opportunities and enhance resource mobilization for the digital strategy in the region, by focusing on achieving the following results:

- Provide regional leadership in applying business development strategies, tools and intelligence, to build and maintain strategic partnerships, capitalize on business opportunities and enhance resource mobilization for the digital strategy in the region:
- Based on annual targets, expand support to more countries in the region to leverage digital as an accelerator to leave no one behind;
- Provide strategic guidance to country offices and lead the process of identifying promising investment opportunities for UNCDF in the region that meet established investment criteria;
- Identify & develop promising investment opportunities for UNDP and UNCDF in the region that meet established investment criteria;
- Identify key sources of funding in the region and mobilize resources to assure implementation of country strategies to build inclusive digital economies and achieve desired results
- Develop strong regional partnerships with major multilateral and bilateral organizations for business development and cost-sharing;
- Develop and maintain strong partnership with UNDP country offices and regional policy practitioners to support governments, central banks donors and other key stakeholders in the region to establish national strategies, policies and interventions to develop an inclusive digital economies;
- Responsible for effective working relationships with governments, central banks, the Bretton Woods Institutions and regional development banks, civil society and the digital industry across countries;
- Lead dialogue and outreach to key internal and external constituencies and partners, including UN RCO and other UN agencies' regional and country office management, to increase visibility and awareness of UNCDF and UNDP comparative advantages and strategic niches in digital;
- Work closely with the ISU manager to coordinate Relationships and Resources mobilization globally, regionally and at country level.

Outcome: A well-resourced and funded digital strategy

Provide technical leadership in building a strong knowledge sharing network around digital finance & innovations

- Provides regional leadership in the active acquisition and sharing of learnings and knowledge around digital finance & innovations
- Ensure learning agenda at the country and regional levels are aligned with the learning agenda at the global level, with a strong focus on Digital;
- Lead the process of Identification, documentation and incorporation of lessons learned in the region as input into portfolio management and strategy planning at country and regional level,

- Collaborate with key stakeholders and digital practitioners in the region for research and development of innovative, cutting-edge strategies and approaches to sharpen delivery of Inclusive Digital products and services in order to better achieve UNCDF objectives in Digital Finance space;
- Lead the development of knowledge products focused on Digital in the region, with potential to contribute towards enhanced positioning of UNCDF as a leader in digital economies
- Develop and contribute to knowledge-sharing networks on inclusive digital economies initiatives globally;
- Participate and contribute to UN agencies sub-practice in Inclusive Digital Economies. Serve as the primary resource for knowledge management and cross-country learning in their region through active participation in the UN agencies knowledge networks;
- Effectively represents UNCDF with governments and key regional and country stakeholders in the digital space, in consultation with Global Digital Manager and practice leadership.

Outcome: Government, private sectors, NGOs, digital innovation hubs, academia are informed on current trends in digital, market conditions, and special topics as needed and UNCDF is positioned as the “go to” organization for digital economies in the region

Provide corporate support to Inclusive Finance Unit and UNCDF management:

- Provide advice from regional perspective to support annual and cumulative Unit and UNCDF programme and business strategies; substantive inputs into Unit work plan and UNCDF Business Plan and annual reviews;
- Provide strategic advice to UNCDF and UNDP senior management on technical issues and business development opportunities, including inputs into corporate presentations and reports;
- Provide advice on technical issues, knowledge management and business development opportunities having inter-regional and corporate relevance on Inclusive Digital Economies and/or UNCDF/UNDP programme;
- Participation in IDE practice annual retreat.

Outcome: An integrated organization leveraging synergies globally, regionally and at country level.

Impact of Results:

The key result expected is the successful implementation and attainment of targets of the “Leaving no one behind in the digital era” strategy, including coordination with/reporting to all stakeholders, the Inclusive Digital Economy (IDE) practice in UNCDF and the funders of the programme. Successful implementation will position UNCDF as a strategic partner to assist host country governments and regional bodies to leverage digital finance and digital innovations to achieve the SDGs. The Regional Digital Hub Manager, Pacific will pursue the following key results of the programme in the Pacific:

- Key customer segments (women, youth, MSMEs and migrants) leverage digital services and non-digital services to lead healthy and productive live, to grow their business and to be more efficient
- Sustainable, scalable, replicable service providers offer access to affordable, demand-driven, appropriate, cost-effective services, to vulnerable people in underserved areas;
- UNCDF is perceived as an active leader in inclusive finance and digital innovations in assigned countries;
- An efficiently-managed, funded and evaluated digital strategy with top talent, expertise meeting or exceeding all targets.

Competencies

Core Competencies

- Innovation: Ability to make new and useful ideas work;
- Leadership: Ability to persuade others to follow;

- People Management: Ability to improve performance and satisfaction;
- Communication: Ability to listen, adapt, persuade and transform;
- Delivery: Ability to get things done while exercising good judgement.

Technical/ Functional Competencies:

- Subject Matter Expertise: Possesses expert knowledge of advanced concepts in digital & financial inclusion, a broad knowledge of related disciplines, as well as an in-depth knowledge of relevant organizational policies and procedures.
- Knowledge Management: Ability to capture, develop, share and effectively use information and knowledge.
- Project Management: Ability to plan, organize, and control resources, procedures and protocols to achieve specific goals.
- Relationship Management: Ability to engage and foster strategic partnerships with other parties, Inter-Agency Coordination and forge productive working relationships.
- Results Based Programming: Assesses project performance to identify success factors and incorporates best practices into project work.

Skills and Experience

Education:

- Master's Degree in technology, economics, public/business administration, social sciences or related discipline. A first university degree with two additional years of experience will also be acceptable, in lieu of a masters degree.

Experience:

- AA minimum of ten (10) years of experience in progressively more responsible positions in the financial services and/or telecommunication field; out of which at least five (5) years' experience must be in the field of Digital Finance; digital innovations or digital financial services field;
- Demonstrable work-experience in managerial roles in Pacific region is considered a distinct advantage.
- Strong & in-depth knowledge of relevant UN organizational policies and procedures; programme & project management
- Demonstrated strong technical knowledge in digital solutions, digital economies and digital financial services.
- Experience in the digital sector in LDCs in particular in Pacific is preferred.
- Proven experience in donor projects, developing proposals, corresponding budgets, and monitoring and evaluation plans.
- Experience in Quality Assurance is preferred.

Language:

- Fluency in English , with excellent communication skills (comprehension, verbal & written communication) required. Knowledge of another UN language will be an asset.

10.10.2 TOR REGIONAL TECHNICAL SPECIALIST – ECOSYSTEM AND INCUBATION

Duties and Responsibilities

Support the Regional Digital Lead, Country Leads and participating UN organizations in the coordination and implementation of the Programme and its alignment with other UNCDF programmes in the region and beyond.

- Assist the Regional Digital Lead in the coordination and implementation of the Programme
- Provide support to Country Leads to enable them to deliver the programme results on-time within scope and budget, with a high degree of partners satisfaction;

- Support the Regional Digital Lead to monitor progress of projects and initiatives by reviewing and verifying quarterly reported results through field visits and other means;
- Support the Regional Digital Lead in building and maintaining relations at the operational level with main donors, development partners and other stakeholders at country and regional levels, including but not limited to government ministries and other departments, Central Banks, Pacific Island Forum Secretariat (PIFS), ADB, World Bank, IFC, IMF, as well as agencies from the UN system;
- Ensure alignment and collaboration with other UNCDF and UNDP initiatives in the region, such as the Pacific Insurance and Climate Adaptation Programme, as well as with other digital economy related initiatives from UNCDF, such as those in Africa and Asia.

Lead the overall implementation of the Programme in Fiji

- Overseas and manages the implementation of the Programme's activities in Fiji;
- Develops Annual Work Plan and associated budget and ensure proper planning, staffing and contracting for implementation;
- Coordinates, in collaboration with colleagues from UNCTAD the development of a National Digital Economy Strategy for Fiji and the establishment of a National Digital Economy Taskforce responsible for the implementation of the strategy;
- Represents UNCDF on the National Digital Economy Task Force and participates in Task Force meetings and other associated working group meetings;
- Ensures alignment of the Programme with other UNCDF initiatives in Fiji, e.g. the Pacific Insurance and Climate Adaptation Programme;
- Develop in-depth relationships and buy-in from stakeholders at government, private & non-profit sectors & academia, e.g. mobile network operators, financial service providers, universities (e.g. USP, FNU), ministries, departments and other entities of the Government of Fiji, such as Reserve Bank of Fiji, Digital Fiji, Telecommunications Authority and the Ministry of Commerce, Trade, Tourism and Transport;
- Work closely with public and private sector partners and other stakeholders to develop a pipeline of projects and other initiatives to support the Programme to achieve its outcomes;

Actively engage in identification, development and management of a diverse mix of projects and initiatives with multiple partners that support the programme outcomes.

- Work closely with public and private sector partners and other stakeholders to develop a pipeline of projects to support the Programme to achieve its outcomes, with a focus on the Programme workstreams "Open Digital Payment Ecosystem" and "Inclusive Innovation", such as:
 - Pilots of new and scaling of existing e-Government Initiatives that support the digital economy.
 - Development and scaling of new and/or existing "open banking" solutions, shared digital payments networks and e-commerce platforms.
 - Support development and scaling of market-led initiatives for last mile digital "meso" and "micro" infrastructure.
 - Development of ecosystem enabling activities (events, exchanges etc) to facilitate matchmaking, new opportunities and partnerships between various stakeholders of the digital economy.
 - Partner with existing co-working spaces/innovation hubs and enable development of new or collaborate with existing incubation/acceleration programmes to support business community with mentoring and skill development for the digital economy.
- Support the Regional Digital Lead and UNCDF's LDC IP team to build capacity and a pipeline for investable projects using new and existing funding mechanisms to de-risk investments with UNCDF's blended-finance tools in the region's digital economy;
- Support the Country Leads in ensuring the integration and alignment of Programme outcomes with national programming.
- Support Country Leads in monitoring the progress of projects and initiatives to ensure that their scope, budget and timelines are managed, risks are identified, and remedial steps are taken
 - Participate in project meetings (e.g. steering committees) and maintain regular contact with partners (e.g. field visits) to monitor the progress and quality of the implementation of projects and initiatives supported by the Programme.

Support the monitoring, evaluation and learning (MEAL), and the communications of the Programme.

- Support the MEAL Analyst in monitoring the progress and evaluation of the Programme, as well as support the Communications Associate in capturing, documentation/packaging and dissemination of lessons learned, impact stories etc.
- Support the Programme's MEAL Analyst and Support Officer with quality reviews of project reports and provide additional analysis and feedback to partners if and when required.

- Oversee regional and multi-country diagnostics, surveys, studies etc on various matters relating to the digital economy in Pacific region
- Support learning, advocacy events and publications on building inclusive digital economies, such as through contributions to the Pacific edition of UNCTAD's Digital Economy Report
- Builds and support partnerships through regular interaction with stakeholders and assists in the planning and execution of events in the region
- Support the MEAL Analyst and the Regional Digital Lead in the programme reporting, e.g. for the Investment Committee

Competencies

Technical:

- Sound working knowledge on regulation of mobile money, digital payments, remittances, and retail financial services in emerging markets;
- Working knowledge of current developments in digital financial services related areas, including one or more of the following: Digital Financial Services, e-KYC, payments, e-commerce, branchless banking, mobile money, micro-insurance and digital literacy;
- Working experience and knowledge of socio-economic issues, which results in the exclusion of various groups, in particular women, MSME's and labour mobility workers, from the digital economy and ability to generate strategies to address those issues;
- Working knowledge of international donor organizations and development partners;
- Exposure to the financial/tech/telco industries in emerging markets;
- Experience with monitoring and evaluation and/or cost-effectiveness studies;
- Experience developing qualitative research tools.

Functional:

- Excellent analytical skills.
- Strong oral and written communication skills.
- Proven ability to manage projects.
- Proven ability to raise funds from donors.
- Strong IT skills, including ability to work regularly with MS Word, Excel, Outlook and PowerPoint.
- Professional familiarity with different cultures and languages;
- Experience working in the Pacific, specifically in LDC's is preferred.
- Demonstrated broad knowledge of development issues, especially in the areas of poverty alleviation, women's economic empowerment and local development.
- Comprehensive understanding of the project management cycle and managing for results.
- Knowledge of UNDP/UNCDF field level organization.

Managerial/behavioural:

- Focus on impact and results for clients and stakeholders;
- Builds trust in interactions with others;
- Ability to work with a multitude of stakeholders at different levels, from C-level to operational;
- Shows initiative and manages risks;
- Approaches challenges creatively and effectively;
- Demonstrates integrity, exhibits high ethical standards;
- Approaches work with energy and a positive, constructive attitude and responds positively to feedback;
- Committed to teamwork, working with other stakeholders;
- Remains calm, in control and good humored even under pressure; and
- Demonstrates openness to change and ability to manage complexities and resolve problems.

Corporate:

- Demonstrates integrity and fairness by modeling UN values and ethical standards;
- Displays cultural and gender sensitivity and adaptability;
- Treats all persons fairly without favoritism;
- Shows strong corporate commitment; and
- Promotes the vision, mission and strategic goals of UNCDF.

Recruitment qualifications

Education:

- A Master's degree in economics, public/business administration, social sciences, or related discipline, or a OR, a first-level University degree with two additional years of relevant experience in addition to the five years of minimum experience required for this role.

Experience:

- A minimum of five (5) years' experience in progressively more responsible positions in the banking, finance or development field, including in building digital ecosystems.
- Experience working in or with Multilateral Institutions, NGO's, or Digital Economy support projects.
- Experience working with community-based and rural initiatives, including those related to inclusive finance, open digital payments ecosystem and financial innovation.
- Experience managing or conducting research, particularly related to digital economies;
- Ability to develop project documents, corresponding budgets, and monitoring and evaluation plans;
- Experience in monitoring development projects with financial component, conducting basic financial analysis, establishing and monitoring performance-based indicators, and investigating impact;
- Working knowledge of current developments in digital economy related areas, including one or more of the following: Digital Financial Services, e-KYC, payments, e-commerce, branchless banking, mobile money, micro-insurance and digital literacy;
- Working experience and knowledge of socio-economic issues, which results in the exclusion of various groups, in particular women, MSME's and labour mobility workers, from the digital economy and ability to generate strategies to address those issues; and
- Working knowledge of international donor organizations and development partners and preferably experience in preparing proposals for funding.
- Strong IT skills, including ability to work regularly with MS Word, Excel, Outlook and PowerPoint.
- Proven cross-cultural communication. The candidate(s) should be able to function effectively in an international, multicultural environment.
- Experience working in the Pacific, specifically in LDC's is preferred.
- Ability to travel regularly within Fiji and where necessary to other Pacific countries.
- Demonstrated broad knowledge of development issues, especially in the areas of poverty alleviation, women's economic empowerment and local development.
- Comprehensive understanding of the project management cycle and managing for results.
- Knowledge of UNDP/UNCDF field level organization.

10.10.3 TOR REGIONAL TECHNICAL SPECIALIST – DFS POLICY AND REGULATION**Duties and Responsibilities**

Advise on country specific DFS legal and regulatory solutions

- Assist the Regional Digital Lead and the Country Leads in the coordination and implementation of the Programme where it pertains activities related to DFS policy and regulation
- Support policy and regulatory interventions with advice on assessment and design of policy options for financial inclusion
- Provide guidance on established and emerging global regulatory practices to inform UNCDF's technical assistance
- Work with Policy Specialists to develop bespoke policy solutions for the respective Pacific countries we work with.
- Review and advise on policy and regulatory engagement strategies developed by country leads to inform their activity prioritisation.
- Support the Regional Digital Lead in building and maintaining relations at the operational level with main donors, development partners and other stakeholders at country and regional levels, including but not limited to government ministries and other departments, Central Banks, Pacific Island Forum Secretariat (PIFS), ADB, World Bank, IFC, IMF, as well as agencies from the UN system (e.g. UNCTAD, UNESCAP and UNDP);
- Ensure alignment and collaboration with other UNCDF and UNDP initiatives in the region, such as the Pacific Insurance and Climate Adaptation Programme, as well as with other digital economy related initiatives from UNCDF, such as those in Africa and Asia.

Advise on remittance policy and regulatory framework

- Provide guidance on policy and regulatory interventions with advice on assessment and design of policy options for cross-border remittances.
- Review and advise remittance specialists on policy and regulatory engagement strategies developed by regional and country leads to inform their activity prioritisation towards country and regional harmonization of remittances.
- Convene stakeholder meetings with public and private sector partners at country and regional level to build consensus towards risk-based policy and regulatory practices that would also inform UNCDF's technical assistance to regulators in remittance sending and receiving countries.

Provide analysis on emerging policy issues related to Digital Financial Services

- Inform organisation policy position on areas of future UNCDF focus, including the following:
 - Privacy by design
 - Data protection
 - Fair access to telecommunications channels
 - Competition and anti-trust
 - DFS Taxation
- Identify likely impact of emerging issues on UNCDF's IDE strategy, with focus on developing a position on the critical enablers for digital financial services.
- Support development of assessment and diagnostic framework for technical assistance, including refinement measurement approach used in UNCDF's Inclusive Digital Economy Scorecard.

Support the monitoring, evaluation and learning (MEAL), and the communications of the Programme.

- Support the MEAL Analyst in monitoring the progress and evaluation of the Programme, as well as support the Communications Associate in capturing, documentation/packaging and dissemination of lessons learned, impact stories etc where it covers policy and regulation of DFS
- Support the Programme's MEAL Analyst and Support Officer with quality reviews of project reports and provide additional analysis and feedback to partners if and when required.
- Oversee regional and multi-country diagnostics, surveys, studies etc on policy and regulation relating to DFS and the digital economy in Pacific region
- Support learning, advocacy events and publications on building inclusive digital economies, such as through contributions to the Pacific edition of UNCTAD's Digital Economy Report
- Support the MEAL Analyst and the Regional Digital Lead related to content for programme reporting, e.g. for the Investment Committee

Competencies

Technical:

- Sound working knowledge on regulation of mobile money, digital payments, remittances, and retail financial services in emerging markets;
- Working knowledge of current developments in digital financial services related areas, including one or more of the following: Digital Financial Services, e-KYC, payments, e-commerce, branchless banking, mobile money, micro-insurance and digital literacy;
- Working experience and knowledge of socio-economic issues, which results in the exclusion of various groups, in particular women, MSME's and labour mobility workers, from the digital economy and ability to generate strategies to address those issues;
- Working knowledge of international donor organizations and development partners;
- Exposure to the financial/tech/telco industries in emerging markets;
- Experience with monitoring and evaluation and/or cost-effectiveness studies;
- Experience developing qualitative research tools.

Functional:

- Excellent analytical skills.
- Strong oral and written communication skills.
- Proven ability to manage projects.
- Proven ability to raise funds from donors.
- Strong IT skills, including ability to work regularly with MS Word, Excel, Outlook and PowerPoint.
- Professional familiarity with different cultures and languages;
- Experience working in the Pacific, specifically in LDC's is preferred.

- Demonstrated broad knowledge of development issues, especially in the areas of poverty alleviation, women's economic empowerment and local development.
- Comprehensive understanding of the project management cycle and managing for results.
- Knowledge of UNDP/UNCDF field level organization.

Managerial/behavioural:

- Focus on impact and results for clients and stakeholders;
- Builds trust in interactions with others;
- Ability to work with a multitude of stakeholders at different levels, from C-level to operational;
- Shows initiative and manages risks;
- Approaches challenges creatively and effectively;
- Demonstrates integrity, exhibits high ethical standards;
- Approaches work with energy and a positive, constructive attitude and responds positively to feedback;
- Committed to teamwork, working with other stakeholders;
- Remains calm, in control and good humored even under pressure; and
- Demonstrates openness to change and ability to manage complexities and resolve problems.

Corporate:

- Demonstrates integrity and fairness by modeling UN values and ethical standards;
- Displays cultural and gender sensitivity and adaptability;
- Treats all persons fairly without favoritism;
- Shows strong corporate commitment; and
- Promotes the vision, mission and strategic goals of UNCDF.

Recruitment qualifications

Education:

- A Master's degree in economics, public/business administration, social sciences, or related discipline, or a OR, a first-level University degree with two additional years of relevant experience in addition to the five years of minimum experience required for this role.

Experience:

- At least five (5) years of experience in providing advice on regulation of mobile money, digital payments, remittances, and retail financial services in emerging markets is mandatory.
- At least three (3) years of experience providing policy support to international organizations, development agencies, and governments, including donors is mandatory.
- At least three (3) years of experience in writing diagnostics and reports designed to influence policymaking processes is preferred.
- Working knowledge in policy, legal and regulatory issues related to inclusive payment technologies including gender-related issues around the access and use of digital payments is preferred;
- Working knowledge of international development and donor organizations is preferred;
- Strong IT skills, including ability to work regularly with MS Word, Excel, Outlook and PowerPoint.
- Proven cross-cultural communication. The candidate(s) should be able to function effectively in an international, multicultural environment.
- Experience working in the Pacific, specifically in LDC's is preferred.
- Ability to travel regularly within Fiji and where necessary to other Pacific countries.
- Demonstrated broad knowledge of development issues, especially in the areas of poverty alleviation, women's economic empowerment and local development.
- Comprehensive understanding of the project management cycle and managing for results.
- Knowledge of UNDP/UNCDF field level organization.

10.10.4 ToR COUNTRY TECHNICAL SPECIALIST – SOLOMON ISLANDS (P3)

Duties and Responsibilities

Ensure effective, efficient and accurate programme portfolio management

- In coordination with the JSF Programme Manager, organize annual strategy and budget for the Programme

- Organize quarterly plans and budget reviews
- Develop and lead Requests for Applications to targeted partners in SOI, work with the Programme team in Suva to prepare initial scoring of applications (qualitative and quantitative), prepare recommendations for financing to the Investment Committee
- Work with RFA applicants to refine, clarify applications as needed;
- Draft project descriptions and performance-based agreements with disbursement conditions and targets and negotiate with applicants on final agreements;
- Manage the agreement executions and ensure disbursements are made on time if/when conditions are met;
- Review quarterly and annual performance reports, analyze performance and work with Programme team to ensure timely intervention to keep investments on track;
- Assist the Programme Manager to manage donor budget and ensure the Programme targets are met or exceeded; prepare quarterly and annual donor reports

Outcome: The FIPA portfolio in Solomon Islands is regularly monitored to achieve desired results; workplans and budgets are updated accordingly; and programme quality is maintained to the highest standards

Provide targeted technical assistance to selected partners and other stakeholders to ensure they have the necessary support to build successful financial and complementary non-financial services for an inclusive digital economy

- Develop a cadre of consultants that can work with JSF partners on particular issues related to digital financial services, crowdfunding, SME finance and other issues related to develop and inclusive digital economy
- Develop work plans of consultants, ensuring clear performance targets are established
- Provide on-going technical assistance to partners on the development and/or integration of innovative products, services and tools to strengthen financial capabilities of beneficiaries (including mobile applications)
- Provide advice as needed to other stakeholders, including the Central Bank of Solomon Islands, ministries and other government agencies, to build overall awareness and acceptance of services;
- Assist partners in identifying opportunities with others, including recommending or fostering strategic, financial or technical partnerships;
- Challenge delivery models and strategies of some actors to increase the level of innovation and creativity in the country;
- In partnership with country and regional colleagues, develop and maintain partnerships with relevant regional and national stakeholders including the central banks, ministries, telecommunication companies, financial service providers and donors;
- Build effective and efficient partnerships at the operational level with major donor agencies to coordinate financial and digital inclusion activities in country.

Outcome: UNCDF partners capacity is increased to ensure programme outcomes and sustainability overtime are achieved

Generate, facilitate, and disseminate research and information sharing to ensure stakeholders are informed on current trends, best practices, market conditions, and special topics as needed

- Collaborate with key partners and stakeholders for research and development of innovative, cutting-edge strategies and approaches to sharpen delivery of services;
- Identify learning, training, and knowledge sharing opportunities for partners and key stakeholders and provide scholarships for attendance
- Conduct trainings on relevant technical areas aimed at building the capacity of key stakeholders in financial inclusion in Solomon Islands;
- Conduct learning events with UNCDF financial inclusion partners to foster lateral learning
- Actively contribute to knowledge networks and communities of practice;

Outcome: Programme implementation lessons are shared regularly with UNCDF staff and relevant stakeholders.

Provide support to UNCDF management on corporate initiatives and activities, focusing on achieving results

- In coordination with the Programme Manager and with support from the Regional Technical Specialists, seek opportunities for coordinating and co-funding projects with other funders in Solomon Islands, and other UN agencies, ensure the programme's efforts complete those of other initiatives
- Provide support to the programme Manager for inputs to corporate documents and proposals to donors for Solomon Islands
- Assist in implementation of mid-term and final evaluations of the programme;
- Act as officer-in-charge of the programme in the absence of the Programme Manager

Outcome: UNCDF programmatic agenda in Solomon Islands is expanded and sustained overtime

Competencies

Technical:

- Sound working knowledge on regulation of mobile money, digital payments, remittances, and retail financial services in emerging markets;
- Working knowledge of current developments in digital financial services related areas, including one or more of the following: Digital Financial Services, e-KYC, payments, e-commerce, branchless banking, mobile money, micro-insurance and digital literacy;
- Working experience and knowledge of socio-economic issues, which results in the exclusion of various groups, in particular women, MSME's and labour mobility workers, from the digital economy and ability to generate strategies to address those issues;
- Working knowledge of international donor organizations and development partners;
- Exposure to the financial/tech/telco industries in emerging markets;
- Experience with monitoring and evaluation and/or cost-effectiveness studies;
- Experience developing qualitative research tools.

Functional:

- Excellent analytical skills.
- Strong oral and written communication skills.
- Proven ability to manage projects.
- Proven ability to raise funds from donors.
- Strong IT skills, including ability to work regularly with MS Word, Excel, Outlook and PowerPoint.
- Professional familiarity with different cultures and languages;
- Experience working in the Pacific, specifically in LDC's is preferred.
- Demonstrated broad knowledge of development issues, especially in the areas of poverty alleviation, women's economic empowerment and local development.
- Comprehensive understanding of the project management cycle and managing for results.
- Knowledge of UNDP/UNCDF field level organization.

Managerial/behavioural:

- Focus on impact and results for clients and stakeholders;
- Builds trust in interactions with others;
- Ability to work with a multitude of stakeholders at different levels, from C-level to operational;
- Shows initiative and manages risks;
- Approaches challenges creatively and effectively;
- Demonstrates integrity, exhibits high ethical standards;
- Approaches work with energy and a positive, constructive attitude and responds positively to feedback;
- Committed to teamwork, working with other stakeholders;
- Remains calm, in control and good humored even under pressure; and
- Demonstrates openness to change and ability to manage complexities and resolve problems.

Corporate:

- Demonstrates integrity and fairness by modeling UN values and ethical standards;
- Displays cultural and gender sensitivity and adaptability;
- Treats all persons fairly without favoritism;
- Shows strong corporate commitment; and
- Promotes the vision, mission and strategic goals of UNCDF.

Recruitment qualifications

Education:

- A Master's degree in economics, public/business administration, social sciences, or related discipline, or a OR, a first-level University degree with two additional years of relevant experience in addition to the five years of minimum experience required for this role.

Experience:

- A minimum of five (5) years' experience in progressively more responsible positions in the banking, finance or development field, including in building digital ecosystems.
- Experience working in or with Multilateral Institutions, NGO's, or Digital Economy support projects.
- Experience working with community-based and rural initiatives, including those related to inclusive finance, open digital payments ecosystem and financial innovation.
- Experience managing or conducting research, particularly related to digital economies;
- Ability to develop project documents, corresponding budgets, and monitoring and evaluation plans;
- Experience in monitoring development projects with financial component, conducting basic financial analysis, establishing and monitoring performance-based indicators, and investigating impact;
- Working knowledge of current developments in digital economy related areas, including one or more of the following: Digital Financial Services, e-KYC, payments, e-commerce, branchless banking, mobile money, micro-insurance and digital literacy;
- Working experience and knowledge of socio-economic issues, which results in the exclusion of various groups, in particular women, MSME's and labour mobility workers, from the digital economy and ability to generate strategies to address those issues; and
- Working knowledge of international donor organizations and development partners and preferably experience in preparing proposals for funding.
- Strong IT skills, including ability to work regularly with MS Word, Excel, Outlook and PowerPoint.
- Proven cross-cultural communication. The candidate(s) should be able to function effectively in an international, multicultural environment.
- Experience working in the Pacific, specifically in LDC's is preferred.
- Ability to travel regularly within Solomon Islands and where necessary to other Pacific countries.
- Demonstrated broad knowledge of development issues, especially in the areas of poverty alleviation, women's economic empowerment and local development.
- Comprehensive understanding of the project management cycle and managing for results.
- Knowledge of UNDP/UNCDF field level organization.

10.10.5 TOR COUNTRY COORDINATOR (INT. UNV)

Task descriptions

Under the supervision of the UNCDF's Programme Manager and Regional Digital Lead the UN Volunteer will be the key person on the ground to structure the UNCDF engagement in Tonga and will undertake the following tasks:

- Coordinate the implementation of UNCDF's programme activities in the country, which includes the management of project implementation according to annual work plan, quality assurance and ensuring achievement of outputs;
- Support the development of a pipeline of innovative projects and initiatives using UNCDF's Technical Assistance facilities and blended finance instruments (e.g. grants, loans and guarantees);
- Build and maintain strategic partnerships, capitalize on business opportunities and support in resource mobilization for the strategy in the region;
- Support relevant ministries and other entities from the government of the country, such as the Ministry of Meteorology, Environment, Information, Disaster Management, Climate Change and Communications, the Ministry of Labour, Commerce & Industries and the National Reserve Bank of Tonga (NRBT) to improve Tonga's policy and regulations to build an inclusive digital economy as well as an improved Climate Disaster Risk Financing (CDRF) strategy to better manage economic losses after a disaster;
- Support in partner relationship management with financial service providers like commercial banks, insurance service providers, fintechs, mobile money operators, remittance service providers etc. through financial and technical support from UNCDF;
- Represent UNCDF in all country level workshops, conferences and other events where UNCDF is invited;

- Facilitate country visits of regional technical specialists and other colleagues by liaising with partners in organizing meetings;
- Support timely reporting from partners that have received support as may be required;
- Contribute to knowledge management and communication by writing blog posts, focus notes etc.

Furthermore, UN Volunteers are required to:

- Strengthen their knowledge and understanding of the concept of volunteerism by reading relevant UNV and external publications and take active part in UNV activities (for instance in events that mark International Volunteer Day);
- Be acquainted with and build on traditional and/or local forms of volunteerism in the host country;
- Reflect on the type and quality of voluntary action that they are undertaking, including participation in ongoing reflection activities;
- Contribute articles/write-ups on field experiences and submit them for UNV publications/websites, newsletters, press releases, etc.;
- Assist with the UNV Buddy Programme for newly-arrived UN Volunteers;
- Promote or advise local groups in the use of online volunteering, or encourage relevant local individuals and organizations to use the UNV Online Volunteering service whenever technically possible.

Results / Expected Outputs

- Robust relationships with Government departments, financial services stakeholders, donors and other development partners;
- A portfolio and pipeline of high quality and innovative projects and other initiatives to support the development of the country's digital economy, as well as on climate disaster risk financing;
- Increased visibility and recognition by UNCDF's stakeholders in the country for its expertise and capacity to deliver development outcomes for an inclusive digital economy, as well as on improved financial preparedness for climate change and disaster risks;
- The development of capacity through coaching, mentoring and formal on-the-job training, when working with (including supervising) national staff or (non-) governmental counterparts, including Implementing Partners (IPs);
- Age, Gender and Diversity (AGD) perspective is systematically applied, integrated and documented in all activities throughout the assignment;
- A final statement of achievements towards volunteerism for peace and development during the assignment, such as reporting on the number of volunteers mobilized, activities participated in and capacities developed.

Qualifications / Requirements

- Education – Required Degree Level: Master's degree
- Type of degree: Economics, Finance, Accounting, Management or Equivalent
- Required Experience: 3 years of working in a commercial bank or other financial institutions
- Experience Description:
 - Solid experience in financial services and/or digital economy sector (e.g. Digital Finance, FinTech, InsurTech, eCommerce, Telco, etc);
 - Experience working in development countries is considered an advantage.
 - Experience working with development partners, such as UN organizations or other multilateral organizations (e.g. WorldBank, IFC, ADB) is considered an advantage.
- Areas of Expertise: Economics, finance, administration and human resources
- Language Skills: Fluent in English

10.11 PORTFOLIO MANAGEMENT APPROACH FOR PACIFIC PROGRAMMES

Introduction

The Pacific Digital Economy Programme and the Pacific Insurance and Climate Adaptation Programme, are two noteworthy initiatives that resonate well with its stakeholders in the Pacific. The combination of these initiatives result in a complementary approach covering both an expansion as well as a deepening of the scope of work that started more than a decade ago under PFIP.

As such the Pacific Digital Economy Programme will be considered as the primary continuation of the PFIP program, but it will include a stronger digital focus and an expansion beyond financial inclusion as is currently the case with PFIP. It will continue to build the digital and financial rails using a market development approach, whereas the Pacific

Insurance and Climate Adaptation Programme sharpens a very specific expertise and experience on disaster risk financing and insurance, whilst leveraging the activities developed under the Pacific Digital Economy Programme.

Not only leverages this approach the joint experience from UNCDF and UNDP in the Pacific on digital finance and insurance from the PFIP team, but more importantly, it is strengthened with the knowledge and expertise from UNU-EHS on Climate Adaptation and Disaster Risk Financing and from UNCTAD on Digital Economies. Therefore, these two programmes should not be seen separately, but rather as a holistic and unique approach, whereby each initiative brings its own strengths and focus in a complementary way.

Portfolio Management

To ensure consistency between the these two initiatives, as well as with other UNCDF-led initiatives in the Pacific region, such as the recently started EU STREIT programme in PNG and other programme initiatives currently under development, a portfolio approach as stipulated under [article 28 to 30 of the UNDP POPP on Formulation of Programmes and Projects](#) will be applied for the implementation of these programmes.

This approach allows for more flexibility in the implementation and caters for joint management of these initiatives in the Pacific region as well as joint monitoring of the resources spent by each in contribution to shared results, complete programme requirements jointly for the entire portfolio (such as quality assurance, appraisal, risk management, reporting and evaluation) to reduce administrative and financial burden and improve coherence and make decisions for the entire portfolio.

Modalities for Portfolio Management Approach

Additional to the management structure, both programmes share a similar and comparable structure of the Theory of Change, with programme activities across four similar workstreams. And although each of the programmes have their own Sub-Investment Committee, the Terms of Reference for each of these Sub-IC's is similar.

Programmes	TOC and RMF	Quality Assurance and Risk Mgt	Engagement with Donors	Programme Mgt & Back-Office	Investment Committee
PDEP	Aligned with Global ToC	Aligned	Shared (DFAT and MFAT)	Shared	Separate
PICAP	Aligned with Global ToC	Aligned	Shared (DFAT and MFAT) / Separate (Others)	Shared	Separate
EU STREIT	Separate	Aligned	Separate (EU)	Shared	Separate

Common Arrangements

Although the programmes have separate ProDocs and separate governance structures, the main aspect that is shared among them and which is of critical importance for a coherent approach during the implementation, is that they have a shared organizational structure as can be seen on [page 34](#).

Since all UNCDF programmes from in the Pacific consider the work from PFIP on financial inclusion as a springboard to expand and deepen the scope, it will establish country presence in seven countries; Fiji, PNG, Samoa, Vanuatu, Solomon Islands, Tonga and Timor Leste. Additional Pacific countries may be added, but these have not been scoped as of yet.

The below table gives an overview of the programmes per country for the period up to 2022 (end of inception phase), outlining the transition from PFIP into new programme initiatives in the next few years.

	PFIP	PDEP	EU-ACP	PICAP	EU STREIT	Under Development
Fiji	End Q2 2021	Start Q1 2021	Start Q1 2021	Start Q4 2020		
Vanuatu	End Q2 2021	Start Q1 2021	Start Q1 2021	Start Q4 2020		
SOI	End Q2 2021	Start Q1 2021		Start in 2022		
PNG	End Q2 2020				Start Q3 2020	2021 (Dig Econ)
Samoa	End Q2 2021	Start Q1 2021	Start Q1 2021	Start in 2022		

Tonga	End Q2 2021	Start Q1 2021	Start Q1 2021	Start in 2021		
Timor Leste			Start Q1 2021			2021 (Dig Econ)

At country level, the programmes will recruit a number of expert level resources as country leads, capable of providing the required guidance and technical assistance to implementing partners in terms of project design and implementation. These country leads will be responsible for the implementation of the respective programmes in their countries and report to one single Programme Manager, who will also be acting as UNCDF's Regional Digital Lead for the Pacific as well. (S)he will be supported by shared resources for Operations and Finance as well as other technical experts based in Suva.

Experience from a similar staffing arrangement under PFIP has shown to be effective in ensuring the right level and mix of on-ground local presence, combined with technical, functional and administrative support from the regional office.