



**Pacific**  
E-commerce  
Initiative

# Pacific Regional E-commerce Strategy and Roadmap

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PACIFIC ISLANDS FORUM

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Pacific Regional E-commerce Strategy and Roadmap

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## Disclaimer

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## Foreword By Henry Puna, Secretary General, Pacific Islands Forum Secretariat



The ongoing pandemic is shifting the world from analogue to digital technology at a much faster pace than we anticipated, and this has presented vast opportunities and challenges for Pacific Island businesses and consumers.

COVID-19 pandemic has incentivised consumers and businesses to consider digital platforms. Indeed, the online shopping experience allows for the cost-effective purchasing of varied and high-quality goods and services. Further, online businesses can leverage innovative solutions that address the tyranny of distance we face in the Pacific and propel access to bigger and more affluent markets.

In saying so, I am also mindful that we have a long way to go in terms of ensuring digital trade readiness in the Forum Island Countries. Challenges range from weak policy and regulatory environment to poor logistics, difficult and costly access to online marketplaces, inadequate trade facilitation practices for small parcels and limited and costly internet connectivity, just to name a few.

This Pacific Regional E-commerce Strategy and Roadmap is a timely opportunity for us to prepare and move our region ahead in a coordinated and coherent manner. The strategy focuses on those measures that can best be delivered through collective action, thus, complementing the national efforts and strategies that are in place.

The completion of this Strategy and Roadmap marks the end of a successful diagnostic and strategic journey, conducted under the umbrella of the Pacific E-commerce Initiative, and made possible through the support of a coalition of partners whom I must acknowledge, including the Australian Aid Program, the EU TradeCom Facility, the Enhanced Integrated Framework, and the United Nations Conference on Trade and Development.

It is now time to look ahead, as our regional partnership enters its implementation phase. The Secretariat will act as the *file-holder* of this partnership – it will set up its governance mechanism, monitor implementation of the Pacific Regional E-commerce Strategy and Roadmap, facilitate resource mobilization, the onboarding of new valuable partners, and crucially, ensure that our members are always in the driving seat.

### **Henry Puna**

Secretary General of the Pacific Islands Forum

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# Contents

<b>Foreword By Henry Puna, Secretary General, Pacific Islands Forum Secretariat</b>	<b>3</b>
<b>Acknowledgements</b>	<b>4</b>
<b>Contents</b>	<b>6</b>
<b>Abbreviations</b>	<b>8</b>
<b>Executive Summary</b>	<b>10</b>
<b>1. SETTING THE SCENE</b>	<b>13</b>
1.1. The importance of E-commerce for the Blue Pacific Continent	14
1.2. E-commerce Policy Areas in FICs	16
<b>2. THE STRATEGIC FRAMEWORK</b>	<b>23</b>
2.1. Vision	24
2.2. Impact	24
2.3. Outcomes	24
2.4. Cross-cutting dimension: Empowering women through E-commerce	27
2.5. Guiding Principles	27
<b>3. E-COMMERCE STRATEGY MEASURES</b>	<b>29</b>
3.1. Priority Area 1: E-commerce Readiness and Strategy Formulation	31
3.2. Priority Area 2: ICT Infrastructure and Services	33
3.3. Priority Area 3: Trade Logistics and Trade Facilitation	36
3.4. Priority Area 4: Legal and Regulatory Framework	39
3.5. Priority Area 5: Electronic Payment Solutions	42
3.6. Priority Area 6: E-commerce Skill Development	45
3.7. Priority Area 7: Access to Finance for E-commerce	47
<b>4. GOVERNANCE</b>	<b>51</b>
4.1. Pacific E-commerce Committee	52
4.2. National E-commerce Focal Points	53
4.3. E-commerce Private Sector Sub-committee	53
4.4. E-commerce Development Partners Sub-committee	53
4.5. Pacific Islands Forum Secretariat	53
<b>5. ROADMAP FOR IMPLEMENTATION</b>	<b>55</b>
5.1. Priority Area 1: E-commerce Readiness and Strategy Formulation	56
5.2. Priority Area 2: ICT Infrastructure and Services	58
5.3. Priority Area 3: Trade Logistics and Trade Facilitation	60
5.4. Priority Area 4: Legal and Regulatory Framework	62
5.5. Priority Area 5: Electronic Payment Solutions	63
5.6. Priority Area 6: E-commerce Skill Development	64
5.7. Priority Area 7: Access to Finance for E-commerce	66

## List of Figures

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Figure 1: Mapping out regional comparative advantages	15
Figure 2: Seven key policy areas of e-trade readiness	16
Figure 3: Trade facilitation implementation by fics from 2017 - 2019	18
Figure 4: Different approaches to mainstreaming gender equality in policy formulation and implementation	27
Figure 5: Governance structure – Pacific Regional E-Commerce Strategy And Roadmap	52

## List of Tables

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Table 1: Status update on regulations supporting e-commerce	19
Table 2: Priority areas and strategic outputs	26

## Abbreviations

ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AMF/CTF	Anti-Money Laundering/Counter-Terrorism Financing
APTC	Australia Pacific Training Coalition
ASYCUDA	Automated System for Customs Data
AW	ASYCUDA World
B2B	Business-to-Business
B2C	Business-to-Consumer
B2G	Business-to-Government
BDS	Business Development Services
BPO	Business Process Outsourcing
C2B	Consumer-to-Business
C2C	Consumer-to-Consumer
CBPT	Cross-Border Paperless Trade
CDS	Customs Declaration System
CPTA	Fiji Higher Education Commission
CRM	Fiji Maritime Safety Administration
CROP	Council of Regional Organisations of the Pacific
DO	Designated Operator
E2E	Exchange-to-Exchange
E-commerce	Electronic Commerce
EIB	European Investment Bank
FATF	Financial Action Task Force
FICs	Forum Island Countries
FIC-NFPs	Forum Island Countries-National Focal Points
FinTech	Financial Technology
FEMM	Forum Economic Ministers Meeting
FTA	Free Trade Agreement
FTMM	Forum Trade Ministers Meeting
FTOM	Forum Trade Officials Meeting
G2B	Government-to-Business
G2C	Government-to-Consumer
G2G	Government-to-Government
GESI	Gender Equality and Social Inclusion
GVC	Global Value Chain
ICANN	Internet Corporation for Assigned Names and Numbers
ICT	Information and Communication Technology
IFC	International Finance Corporation
ITC	International Trade Centre
JSI	Joint Statement Initiative
KYC	Know Your Customers
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MLEC	Model Law on E-commerce
MNO	Mobile Network Operator
MSMEs	Micro, Small and Medium Enterprises
NEC-FP	National E-commerce Focal Points
NPSO	National Private Sector Organization
NSO	National Statistics Offices



NSW	National Single Window
NZ	New Zealand
OCO	Oceania Customs Organisation
OECD	Organisation for Economic Cooperation and Development
ORE	Operational Readiness for E-commerce
PACER	Pacific Agreement on Closer Economic Relations
PaCSON	Pacific Cybersecurity Operational Network
PECI	Pacific E-Commerce Initiative
PICISOC	Pacific Islands Chapter of the Internet Society
PIFS	Pacific Islands Forum Secretariat
PIPSO	Pacific Islands Private Sector Organisation
PITA	Pacific Islands Telecommunications Association
PIRI	Pacific Islands Regional Initiative
PNA	Parties to the Nauru Agreement
PNG	Papua New Guinea
PPP	Public-Private Partnership
PRIF	Pacific Region Infrastructure Facility
PRISAP	Pacific Regional ICT Strategic Action Plan
PSET	Post School Education and Training
PSP	Payment System Providers
PTI	Pacific Trade Invest
PUDO	Pick-Up and Drop-off
REM	Regional Electronic Marketplace
RSW	Regional Single Window
S.A.M.O.A.	Small Island Developing States Accelerated Modalities of Action Pathway
SDG	Sustainable Development Goals
SIDS	Small Island Developing State
SPC	Pacific Community
SMEs	Small and Medium Enterprise
SMT	Senior Management Team
SO	Strategic Output
sTLD	Sponsored Top Level Domain
TBA	To Be Announced
TBC	To Be Confirmed
TBE	To Be Established
TFA	Trade Facilitation Agreement
TVET	Technical and Vocational Education and Training
UNCITRAL	United Nations Commission on International Trade Law
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UPU	Universal Postal Union
USAID	United States Agency for International Development
USP	University of the South Pacific
VC	Venture Capitalist
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization



## Executive Summary

### Setting the Scene

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In a post-COVID-19 Blue Pacific, E-commerce is set to become an integral part of the new normal. E-commerce can be strategically leveraged to mitigate the 'tyranny of distance' and to make the most of FIC's comparative advantages in sectors such as tourism, fisheries, kava, call centres and other business process outsourcing (BPO) services, etc.

The Pacific Regional E-commerce Strategy and Roadmap is poised to become a game-changing force. The Strategy predominantly focuses on the Business-to-Consumer (B2C) and Business-to-Business (B2B) models. It is aligned with the Framework for Pacific Regionalism (FPR), the Pacific Aid for Trade Strategy 2020 – 2025, and mainstreams gender equality.

The Pacific Regional E-commerce Strategy and Roadmap falls under the Pacific Aid for Trade Strategy 2020–2025 and identifies measures which can improve E-commerce readiness through the forms of collective action identified by the Framework for Pacific Regionalism (FPR). The Strategy will be complementary to the 2050 Strategy for the Blue Pacific Continent that will be deliberated upon by Forum Leaders later in 2021. Given its comprehensive approach to digital trade, many of the strategy's measures will require interaction with and leadership by ministries and agencies whose core mandate is not necessarily focussing on trade matters, for example Finance ministries.

From 2017 to 2021, eleven FICs have completed their National E-commerce Assessments which focused on seven key policy areas found in the United Nations Conference on Trade and Development (UNCTAD) E-Trade Readiness Assessment methodology. These include (1) National E-commerce Readiness and Strategy Formulation; (2) ICT Infrastructure and Services; (3) Trade Logistics and Trade Facilitation; (4) Legal and Institutional Framework; (5) Electronic Payment Solutions; (6) E-commerce Skill Development; and (7) Access to Finance for E-commerce. A Regional Assessment Report was also developed in 2020 by the Pacific Islands Forum Secretariat (PIFS).

### The Strategic Framework

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The Strategy proposes a vision of a transformative Blue Pacific economy where all businesses and consumers actively engage in domestic and cross-border electronic commerce. Its mission is to transform Pacific livelihoods through accelerated economic growth that is inclusive and equitable. To achieve its vision, the Strategy targets three Overarching Outcomes, namely (1) more online consumers; (2) more online businesses; who are (3) connected through a faster and more inclusive network. Seven intermediate or Thematic Outcomes are conducive to three Overarching Outcomes, one for each of the E-Trade Readiness policy areas. Direct impacts are captured through 18 Strategic Outputs, which are delivered through 54 Measures.

The Strategy's principles are inspired by the Framework for Pacific Regionalism. These are: (1) Regionalism; (2) Putting the private sector at the core; (3) Sovereignty; and (4) Partnership.

At the core of the Strategic Framework lies the important cross-cutting dimension of adopting a transformative approach towards women's empowerment in E-commerce to promote the objective of inclusive, sustainable development in the region.

### E-commerce Strategy Measures

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Given that the Strategy is premised on the principles of the Framework for Pacific Regionalism, its Measures are set to pass the 'regionalism test' under the Framework. They will either establish a shared norm or standard; establish a common position; deliver a public or quasi-public good which is regional or sub-regional in its scope; realise economies of scale; overcome national capacity constraints; complement national governments; or facilitate economic or political integration.

Some of the proposed Measures are considered 'Strategy boosters' and should therefore be treated in priority, noting that their implementation will accelerate E-commerce adoption and digital transition. These include inter-alia:

- Establish a Pacific E-commerce Committee;
- Create a 'PacifEcom Alliance' to support for E-commerce development;
- Launch an informational Pacific E-commerce Portal;
- Complete the regional ICT infrastructure through international cables and other suitable satellite technologies;
- Deploy interoperable customs systems including ASYCUDA in all FICs that have not acquired one, to increase harmonization of processes and procedures with the ability to connect to future Single Window Systems;
- Develop regional freight assistance packages (cost-share basis) to lower the costs of cross-border E-commerce;
- Promote utilisation of international E-commerce platforms or marketplaces and support local and regional marketplaces;
- Adopt UNCITRAL model laws on electronic transactions;
- Develop FIC negotiators' skills on E-commerce;
- Implement harmonised regulatory sandboxes for fintech development;
- Promote the use of fintech-based solutions for transferring remittances;
- Launch a region-wide advocacy campaign on digital payments;
- Develop a regional program of short courses supporting the business community for the digital economy;
- Develop a regional training and acceleration program in collaboration with leading tech multinationals;
- Provide digital and business skills training to women entrepreneurs;
- Develop ecosystem enabling activities (events, exchanges, etc.) to promote new financing opportunities for the digital economy;
- Support to the development of alternate financing options like crowdfunding and pre-sales mechanisms for start-ups; and
- Organize pitching events of most promising Pacific E-commerce ventures.

It is likely that some of the strategy measures may inevitably overlap with and complement the actions specified in other regional strategies supporting the Pacific Aid-for-Trade strategy. Against that backdrop, looking at E-commerce in isolation may lack the critical mass needed to deliver the much-anticipated impact. E-commerce has finite resource needs. Therefore, looking at E-commerce in conjunction with the other regional Aid-for-Trade initiatives coordinated by the Pacific Islands for Secretariat (Quality Infrastructure, Trade Facilitation, etc.) is equally important.

## Governance

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The ambitious development goals proposed by the Pacific Regional E-commerce Strategy will be challenging to accomplish without the support of a sound governance mechanism. At the core of this mechanism lies the Pacific E-commerce Committee, which will be established under the auspices of the Pacific Islands Forum Secretariat. Members of the Committee will comprise National E-commerce Focal Points from Forum Island Countries. Representatives of the agencies implementing measures envisaged under the strategy and funding partners of those measures will attend as observers. It would report to Forum Trade Ministers through the Steering Committee of the Pacific Aid-for-Trade Strategy Working Group. The Pacific Islands Forum Secretariat will provide secretarial support to the Committee. It is recommended that sub-committees for the private sector and development partners are also established.

As the regional agency duly mandated to lead on trade-related matters, the PIFS will coordinate the implementation of the Pacific Region E-commerce Strategy on behalf of the PacifEcom Alliance.

## Roadmap for Implementation

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The E-commerce Roadmap included in the document provides further details to support implementation of the Strategy's measures including their indicative budgets, recommended implementing agencies, baselines and targets. It is not written in stone and shall be reviewed periodically for relevance and currency, as appropriate.

The stage has been set. This high-level document provides strategic guidance for the Pacific E-commerce community to navigate along the most efficient and effective pathways to successfully increase the region's digital trade readiness from 2021 to 2026.



## 1. Setting The Scene



## 1.1. The importance of E-commerce for the Blue Pacific Continent

The adoption and diffusion of electronic commerce (E-commerce) in the Forum Island Countries (FICs) is poised to become a game-changing catalyst for unprecedented levels of inclusive, sustainable development. In a post-COVID-19 Blue Pacific, with physical distancing and travel restrictions in place, digital technologies will become an integral part of the new normal. Future-proofing a Blue Pacific will require E-commerce to flourish.

As the region resets and progressively adapts to the new normal, the members of the Pacific Islands Forum (PIF) have come together to engage its private sector stakeholders and development partners in charting the way forward.

Despite trade liberalization, successfully integrating the FICs into the global value chains (GVC) continues to be a constant uphill battle. E-commerce is, however, changing the narrative in the Pacific region. By mitigating the 'tyranny of distance' and the digital divide gap, E-commerce opens new cross-border trade opportunities, presenting proven and innovative solutions to a perpetual problem. For Micro, Small and Medium Enterprises (MSMEs) in the region, E-commerce can not only effectively facilitate cross-border trade with minimal red tape and overhead costs, but it can also significantly reduce transaction times and marketing costs, thereby, enhancing competitiveness.

Recognising the significant challenges to effectively participate in digital trade, in July 2018 Forum Trade Officials endorsed the development of a Pacific Regional E-commerce Strategy and Roadmap based on the findings of harmonised national assessments. This approach goes under the name of Pacific E-commerce Initiative. The initiative falls under the Pacific Aid for Trade Strategy 2020-2025 which was endorsed by Forum Trade Ministers in February 2020 using a close consultative approach with Forum Members. The Pacific Regional E-commerce Strategy and Roadmap identifies measures which can improve E-commerce readiness, can be implemented through the forms of collective action identified by the Framework for Pacific Regionalism<sup>1</sup> (FPR), and can be justified in the light of the FRP's tests for regional action.

The Strategy's measures will complement, and not substitute existing or planned national processes. The Strategy is envisaged to be complementary to the 2050 Strategy for the Blue Pacific Continent that will be deliberated upon by Forum Leaders later in 2021. Any future direction from Forum Leaders relevant to the implementation of the Pacific Regional E-commerce Strategy and Roadmap, including those derived from the 2050 Strategy, will be taken on board through the Technical Working Group on Aid-for-Trade – see Chapter 4. By addressing the barriers to digital trade in all main policy areas, the Pacific E-commerce Strategy and Roadmap takes a comprehensive approach to E-commerce. As such, the many of the measures recommended by the Pacific E-commerce Strategy and Roadmap will require interaction with and leadership by ministries and agencies whose core mandate is not necessarily focussing on trade matters. From this point of view, cooperation with Finance Ministers will be important, and the proposed Pacific Digital Economy initiative will be useful to support such cooperation.

The Pacific Regional E-commerce Strategy and Roadmap is a living document which will be reviewed periodically to accord it the flexibility required to keep abreast of the fast-paced digital world.

### 1.1.1 Definition and Scope

What is E-commerce? It is the buying and selling of goods and services over the internet. It involves different forms of online payment options to complete the sale, utilizing both offline and online modes of delivery of the goods and services to the customer. Whilst one can think of many models of E-commerce, the Pacific Regional E-commerce Strategy and Roadmap predominantly focuses on the main ones, i.e. those involving sales of goods and services by businesses – Business-to-Consumer (B2C) and Business-to-Business (B2B) models, both for domestic and cross-border E-commerce.<sup>2</sup>

1 See: [https://www.forumsec.org/wp-content/uploads/2018/02/Framework-for-Pacific-Regionalism\\_booklet.pdf](https://www.forumsec.org/wp-content/uploads/2018/02/Framework-for-Pacific-Regionalism_booklet.pdf)

2 Other types include Consumer-to-Business (C2B), Consumer-to-Consumer (C2C), as well as the E-commerce models involving the Government as providers of public services

## 1.1.2 Comparative Advantages into Globally Competitive Advantages

Bearing in mind the central transformative promise of the 2030 Agenda for Sustainable Development of, 'Leaving No One Behind', it is important to identify existing and potential export opportunities across the diverse economic profiles of the fourteen FICs to ensure that there is something for everyone in the integration of E-commerce across the Blue Pacific continent.

Tourism is one of the cross-cutting sectors which can facilitate the diffusion of E-commerce into other sectors. These include the multi-billion-dollar tuna fishery of the eight members of the Parties to the Nauru Agreement (PNA) which control the world's largest sustainable tuna purse-seine fishery.<sup>3</sup> A potential billion-dollar kava industry in the region can also bolster incomes for at least six FICs which could cater to a lucrative global pharmaceutical market and trending contemporary kava bars. Other significant export opportunities include premium Pacific agricultural and agro-processed products; Pasifika's creative industries, cultural handicrafts, and textiles; pearl farming; call centres and other business process outsourcing services; online education and health; etc. Labour mobility and remittances, although technically not an export, provide significant opportunities for foreign earnings. Against this backdrop, E-commerce provides a dynamic, cost-effective platform for Pacific businesses to expand their global market reach and realize the untapped potential.

Figure 1: Mapping out regional comparative advantages



Source: author's elaborations based on Vector by Furian, <https://www.furian.at/>

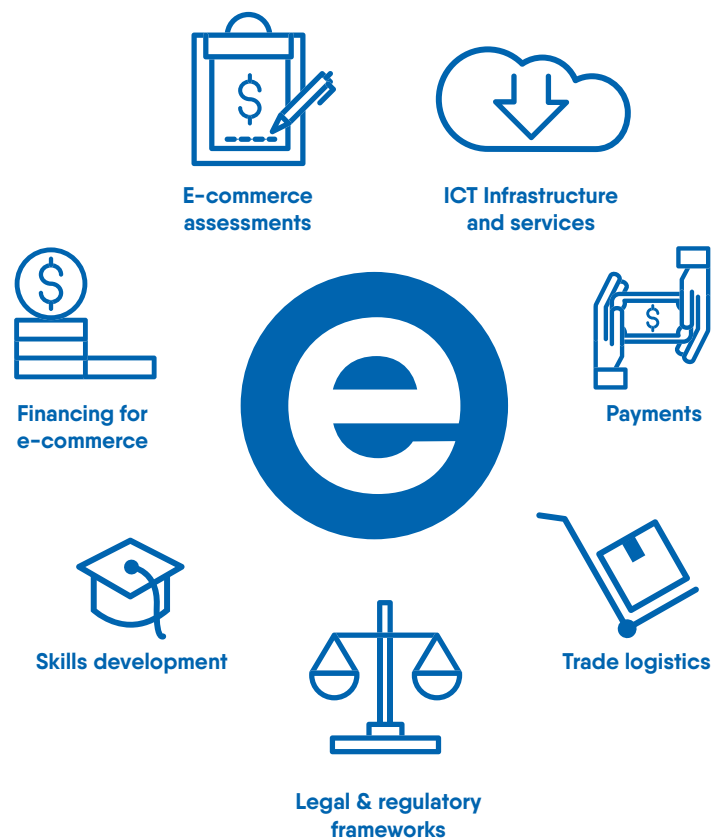
3 PNA members include the Federated States of Micronesia, Kiribati, Nauru, Palau, Papua New Guinea, Republic of Marshall Islands, Solomon Islands and Tuvalu.

## 1.2 E-commerce Policy Areas in FICs

From 2017 to 2021, eleven FICs have completed their National E-commerce Assessments which focused on seven key policy areas identified by the United Nations Conference on Trade and Development (UNCTAD) framework for undertaking E-Trade Readiness Assessments. The seven policy areas include: (1) National E-commerce Readiness and Strategy Formulation; (2) ICT Infrastructure and Services; (3) Trade Logistics and Trade Facilitation; (4) Legal and Institutional Frameworks; (5) Access to E-payment Solutions; (6) E-commerce Skills Development; and (7) Access to Finance for E-commerce.

The FICs already covered include the Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. In December 2020, the Pacific Islands Forum Secretariat (PIFS)'s Regional E-commerce Assessment provided a Pacific baseline using findings and recommendations of these national reports, as well as other high-quality evidence, all of which have informed this Strategy and Roadmap.

*Figure 2: Seven key policy areas of e-trade readiness*



Source: <https://etradeforall.org/>



## 1.2.1 The seven key policy areas

The main features of the Pacific regional E-commerce landscape with regard to the seven key policy areas articulated in the E-Trade Readiness Assessments are summarized below.

### E-commerce Readiness and Strategy Formulation

Over the past two decades FICs have developed, at both the national and regional level, policies dealing predominantly with ICT. Some of these documents are outdated, and only few of them are closely monitored and evaluated. Strategy formulation on E-commerce is at a very initial stage. By defining a 'common language' and methodology, the Regional E-commerce Strategy and Roadmap can serve as a blueprint for FICs to develop their national E-commerce strategies.

Equally important is the inclusion of digital trade strategy in national export strategies. Export development strategies need to be reconsidered with a focus on the requirements and opportunities of the digital era.

The greatest challenge faced by FICs in this policy area is harnessing the political will to expedite the E-commerce Strategy formulation. Against this backdrop, a regional E-commerce Strategy which has already secured the necessary political commitment at the regional level to proactively pursue the harmonisation of national E-commerce strategies across the Blue Pacific will effectively address the key challenge faced by FICs in this area.

### ICT Infrastructure and Services

E-commerce diffusion in the Blue Pacific region can only be achieved on the backbone of a well-developed regional ICT infrastructure and services ecosystem. Liberalization of telecommunications has produced clear benefits in terms of improved connectivity. However, FICs still face challenges in the core areas of affordability, reliability, and speed, all of which create obstacles to the effective diffusion of E-commerce, especially in rural areas.

The greatest challenge faced by FICs in this policy area is attracting viable investments in inclusive connectivity to underserved rural areas and outer islands and reduce latency to incentivise the adoption of E-commerce among private sector actors.

An enabling regulatory environment is instrumental to incentivize private sector investment and ensure that impact of such investment is maximised. On Universal Access Policies, many countries are still grappling with how best they can leverage private forces to support investments into the less profitable market segments. Collecting and re-distributing contributions is not the only way. Vanuatu, for example, adopted a 'play or pay' approach, geared to encourage operators to take a direct action, thus minimizing re-distribution that naturally involves inefficiencies.

It is likely that direct government support in this area will be needed. There are, however, other measures to encourage coverage expansion – e.g., demand aggregation, that should be considered. Sharing of ICT and fixed infrastructure between different Mobile Network Operators (MNOs) as a way to increase coverage and decrease costs is a very common approach around the world. It however presents regulatory challenges.

Regional cooperation can facilitate interconnectivity and interoperability, thus promoting efficiencies and improving affordability. For example, establishing a Pacific Internet exchange point can improve average latency for the greater Pacific region.<sup>4</sup>

Connecting the rural areas and outer islands in the Blue Pacific is fundamental to support E-commerce MSMEs, particularly women entrepreneurs based in these underserved localities. Most of these entrepreneurs will only find it feasible to migrate from the informal to the formal sector and adopt the E-commerce business model if internet connectivity is fast, affordable and stable.

### Trade Logistics and Trade Facilitation

When E-commerce is established on the backbone of an integrated system of ICT infrastructure and services, trade logistics and trade facilitation become the crucial interface between online consumers and vendors. In this area, the region continues to be stymied by low levels of connectivity due to poor logistics and distribution systems, lack of access to online marketplaces, and an incomplete regulatory regime.

4 ESCAP calculations based on Layer 10 Telecommunications Strategy and Design, Pacific-IX Desktop Feasibility Study, [https://www.unescap.org/sites/default/files/ESCAP\\_CICTSTI\\_2020\\_2\\_Broadband%20connectivity.pdf](https://www.unescap.org/sites/default/files/ESCAP_CICTSTI_2020_2_Broadband%20connectivity.pdf)

In terms of cross-border logistics, FICs' geographical remoteness, small export base and domestic markets lead to low, expensive and irregular shipping and air connections. At domestic level, underdeveloped last mile logistics and lack of residential addressing negatively affects small parcel delivery. Improving Pacific postal operators can make for difference from the region's E-commerce readiness perspective by reducing reliance on more expensive courier companies.

Access to online marketplaces and fulfilment centres interfacing vendors and buyers is neither easy nor affordable and should be strongly improved, including by strengthening engagement with both international and local E-commerce platforms to best suit multiple needs.

The regulatory environment for trade facilitation is uneven in FICs. Some World Trade Organisation (WTO) members have made noticeable progress towards implementation of the Trade Facilitation Agreement (TFA). Implementation of solutions in the Pacific region are being designed, where relevant, to align with the WTO TFA and support regional approaches consistent with PACER Plus.

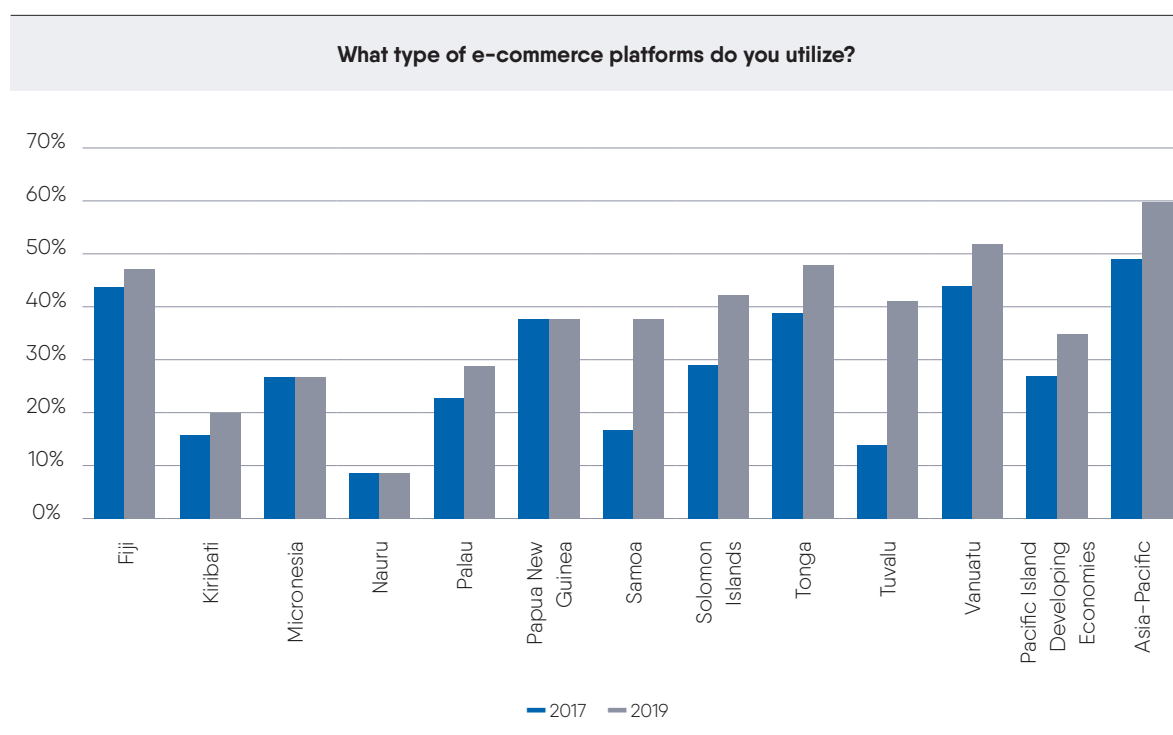
Together with some TFA provisions, standards developed by the World Customs Organization (WCO) and the treaty provisions on cross-border paperless trade developed by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) can promote E-commerce.

Among trade facilitation measures, automation of border procedures has the potential to support E-commerce. In the Pacific, the Automated System for Customs Data (ASYCUDA) developed by the UNCTAD has become the system of choice for customs declaration processing.

Transport costs are one of the most significant barriers for Pacific firms to enhance digital trade. These relate to both the cost of raw materials and the ability to export at a cost – and a service level – that is the new normal in digitally driven markets, including E-commerce.

The greatest challenges faced by FICs in this policy area are the different and often low level of automation of border procedures and information, insufficient alignment of those procedures with best E-commerce practices and standards, underdeveloped postal services, and difficult access E-commerce platforms. A regional E-commerce Strategy facilitating harmonised adoption of best trade facilitation practices, automated border management systems, and promoting regional solutions to improve access to E-commerce platforms will support an enabling environment for digital trade.

**Figure 3: Trade facilitation implementation by FICS from 2017 - 2019**



Source: UN Global Survey on Digital and Sustainable Trade Facilitation, 2019

## Legal and Regulatory Frameworks

According to the UNCTAD Global Cyberlaw Tracker, all FICs are in the nascent stage of E-commerce legislation in the four core areas of e-transactions, consumer protection, data protection and privacy, and cybercrime. Four FICs do not have any law to regulate E-commerce in such core areas. Others have laws some of which may be outdated or limited to traditional trade transactions rather than online trade. On a positive note, there is ongoing collaboration between some FICs and UNCITRAL in the formulation of national E-commerce laws which can be leveraged to support regional solutions.

Another common challenge facing the FICs is the absence of E-commerce content in the legal text of their Free Trade Agreements (FTAs). The third iteration of the Melanesian FTA, which is yet to enter into force, includes some disciplines on E-commerce. At the World Trade Organization (WTO), the PIF Geneva Office continues to monitor and update its members on the Joint Statement Initiatives (JSI) on E-commerce.

Another obstacle related to the regulatory environment is the limited awareness and use of technical standards that support E-commerce. International standards support greater security, safety, quality and reliability of digital goods and services, and ensure interconnectivity and interoperability between processes, technologies and systems. Examples include financial messaging and payments standards, cybersecurity standards, privacy standards, and standards for emerging technologies like 5G, blockchain and artificial intelligence. The use of international standards opens new global markets for Pacific businesses and producers. More broadly, standards reduce barriers to trade and provide an efficient alternative to regulation. However, the use of international standards in the Pacific remains low, with only three FICs (Fiji, Papua New Guinea, and Vanuatu) having internationally recognised standards bodies. Separate work is being conducted through the Pacific Quality Infrastructure Initiative (PQI) to support the development of standards capabilities in the region, however this strategy would also benefit from targeted activities on the use of international standards for E-commerce – which is not currently a focus of the PQI.

Introducing E-commerce legislation is important to generate trust in electronic transactions, and trust will be maximized if legislation is harmonized between FICs.

*Table 1: Status update on regulations supporting e-commerce*

Regulations supporting E-commerce	FICs with regulations in place	Percentage
<b>Data Protection and Privacy laws</b> regulating the sharing and unauthorized commercialization of entrusted personal data with third parties.	None	0%
<b>E-transactions</b> which recognizes the equivalence between paper-based transactions and electronic transactions. A good example would be the recognition of electronic signatures on legal documents.	Fiji, Samoa, and Vanuatu	21%
<b>Cybercrime laws</b>	Fiji, Kiribati, Nauru, Papua New Guinea, Samoa and Tonga	43%
<b>Consumer protection laws</b> which safeguard buyers of goods and services and the public against unfair practices in the marketplace.	Cook Islands, Fiji, Kiribati, Micronesia, Samoa, Solomon Islands and Tonga	57%

Source: UNCTAD

The greatest challenges faced by FICs in this policy area are the lack of an enabling regulatory framework for E-commerce and the low capacity of senior officials actively engage in international E-commerce negotiations. Harmonised adoption of relevant model legislation and regional capacity building for Pacific negotiations are the key solutions proposed by the Pacific Regional E-commerce Strategy and Roadmap in this area.

## Electronic Payment Solutions

Businesses engaging in E-commerce need access to reliable, affordable and secure payment options providing their customers with the necessary confidence to place online orders. In the absence of this essential prerequisite for E-commerce, its diffusion will remain an elusive goal.

Banking penetration remains relatively low in the Pacific, which affects the availability and affordability of bank-based digital payment solutions – e.g., credit and debit card for consumers, merchant accounts and payment gateways for businesses. Efforts to promote financial inclusion remain crucial in this area.

The central banks in the region, with the support of the World Bank (WB) and the International Finance Corporation (IFC), are implementing a set of critical reforms of the national payment systems, including the legal and regulatory framework, the implementation of digital clearing and settlement systems and the creation of oversight skills of the sector. These operations will support the banks and other institutions to provide digital payment services to the population and the industry.

In parallel, non-bank payment service providers<sup>5</sup> are emerging and are progressively increasing their role in the financial market.

The interoperability between all the payment service providers can benefit from an enhanced regulatory environment and from the implementation of technical solutions, among which proper legislation on national payment systems, enhanced compliance with Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) provisions, and automated clearing and settlement systems.

Financial Technologies (FinTech) present a great potential to deliver digital payment solutions efficiently – from payment gateways and merchant aggregators for consumers, to electronic wallets and electronic and remittance systems for consumers. This is an area that some FIC governments are already targeting via strengthening the payment system infrastructure and the reviewing the regulatory environment. Further efforts could enhance the scenario and expand to other jurisdictions the benefits of the new systems. The monetary authorities of the Pacific Islands Regional Initiative (PIRI) have already made headway through the establishment the Pacific Regional Regulatory Sandbox Guidelines.<sup>6</sup> Based on the guidelines, regulatory sandboxes to facilitate Fintech solutions have been approved in Fiji and PNG.

The regional E-commerce Strategy has the leverage to secure political commitment for regulatory reform favouring the regional adoption of harmonised regulatory sandboxes, sensitise the Pacific region on the advantages of digital payments, and support the increased use to FinTech for remittances to provide the unbanked with the electronic currency needed to engage in online purchases.

## E-commerce Skills Development

Digital skills represent the human element of the E-commerce ecosystem. As such, it is important that FIC governments prioritize the delivery of digital skills for all.

Enhancing the readiness of private businesses to trade electronically should be the top priority of the digital upskilling agenda. To do so, the regional network of business incubators and accelerators must be strengthened, business support services for E-commerce must be upgraded, and a deeper involvement of global technology giants and E-commerce platforms in upgrading MSMEs' capacity to move online must be considered.

Government officials and policymakers responsible for drafting and enforcing the relevant policies and regulations must also acquire the necessary knowledge to drive the E-commerce agenda.

Digital skills – not just basic ICT ones, but including as well digital competencies, digital entrepreneurship, app development, content management, community management, etc. will need to be better embedded in the curricula of primary and secondary schools and the Post School Education and Training (PSET) sector, whilst teachers will need to be trained and equipped to deliver those skills.

In addition, it is necessary to reconsider the whole business educational curriculum to ensure that it is up to date with the digital era. For example, courses on marketing have to be correctly adapted to the primary nature of digital

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5 Any enterprise that is not a "bank" (a fully licensed credit institution) and which provides, primarily by way of electronic means, "payment services" to its customers  
6 [https://www.afi-global.org/wp-content/uploads/2020/07/PIRI\\_Regulatory\\_Guideline\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/2020/07/PIRI_Regulatory_Guideline_digital.pdf)

promotion and digital tools (including surveying and Customer Relationship Management, CRM). Other core business functions, including for instance finance and accountancy, need to incorporate the potential of working with online tools, freelancing services and similar. To be clear: the implications for business skills development is not limited to modules explicitly mentioning E-commerce.

Focused interventions targeting increased women's participation in E-commerce through mainstreaming gender equality and social inclusion (GESI) into the Pacific Regional E-commerce Strategy and Roadmap. It will recalibrate E-commerce diffusion across a very important demographic which has the potential to promote inclusive and sustainable development, a core pillar of the Framework for Pacific Regionalism.

The greatest challenge faced by FICs in this policy area is that the critical shortage of E-commerce and digital skills has been made more acute by the increasing demand for these skills during the COVID-19 global crisis. Crucially small firms must be assisted in recognizing the need for and potential of digitizing. This may have wide ranging implications for them that imply changing staff profiles, production and even bring into question their product and service focus.

The regional E-commerce Strategy proposes to leverage its appeal to the region's development partners on achieving greater economies of scale through a coordinated regional program comprising short courses supporting the business community, stronger regional partnerships with multinational E-commerce platforms to help businesses move and thrive on those platforms, and tailored training for women entrepreneurs and marginal groups.

### **Access to Finance for E-commerce**

Access to finance remains an issue for Pacific MSMEs, even more so for those wishing to undertake innovative E-commerce ventures. Lending by traditional financing institutions can be facilitated by grant-and-loan and credit guarantee schemes targeting innovation. Tools to de-risk investment by venture capitalists, support to matchmaking events, pre-sale and crowdfunding mechanisms for innovators can in turn facilitate access to non-traditional finance providers. Given the small market for innovators in each FIC, establishing access to finance mechanisms at regional level can promote efficiencies and guarantee sustainability.

Mainstreaming gender-equality policies which effectively facilitate greater access to finance for women entrepreneurs in E-commerce should be undertaken with higher levels of ambition. They should be designed as gender transformative and should be strategic in the way these policies are implemented and how the expected outcomes are delivered.

A particular issue is the requirement of working capital financing necessary to produce and export stocks of goods. As the Pacific faces a particular hurdle of distance to market, we might expect a greater use of storage and fulfillment requirements hosted in foreign marketplaces, close to final customers, to provide the delivery and returns capabilities required for competitiveness in E-commerce. This will have implications for small producers in order to carry the inventory financing. Other demanding areas for working capital financing include digital promotion: firms have to invest in online promotion with uncertain or delayed returns on investment. In all of these cases there exist examples of fintech solutions which may find application in the Pacific: for instance, we begin to see the first cloud-based platforms which finance inventory or digital promotion, based on integration with the sellers' E-commerce platform.

The greatest challenge faced by FICs in this policy area is the lack of access to finance for E-commerce businesses which are often regarded as high risk by financial institutions.

The regional E-commerce Strategy will bring together relevant members of the PacifEcom Alliance to collaborate on establishing regional platforms for risk-sharing facilities supporting E-commerce. It will also support the mainstreaming of non-traditional access to finance solutions to provide resources to those innovators who, for reasons linked to size, gender, etc., would otherwise find it difficult secure resources for their E-commerce ventures.



## 2. The Strategic Framework



## 2.1 Vision

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**A transformative Blue Pacific economy where all businesses and consumers actively engage in domestic and cross-border electronic commerce.**

## 2.2 Impact

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**Transforming Pacific livelihoods, through accelerated economic growth that is inclusive and equitable.**

The Pacific Regional E-commerce Strategy and Roadmap is expected to accelerate the diffusion of E-commerce throughout the region, empowering Pacific businesses, benefitting consumers, mainstreaming gender equality and social inclusiveness (GESI), and bridging the urban and rural digital divide. The Strategy's impact is aligned with the second objective of the FPR, which to promote "economic growth that is inclusive and equitable".

## 2.3 Outcomes

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### 2.2.1 Overarching Outcomes

#### More online consumers

The Strategy is intended to provide the enabling environment to boost consumer confidence online when transacting in both domestic and cross-border E-commerce. This is facilitated through the predictability of harmonised national policies, laws and regulations which are informed by sound statistics and data, the availability of accessible and credible online payment options and a Pacific population with well-developed E-commerce basic and technical knowledge and skills.

Therefore, **Overarching Outcome 1** of this Strategy is that:

**By 2026, the number of FIC consumers transacting on E-commerce websites, and the value of their online transactions would have at least doubled compared to 2021.**

#### More online businesses

The Strategy is designed to accelerate the adoption and diffusion of E-commerce by Pacific businesses as they confidently transition from the informal to formal economy through faster and affordable internet connectivity and harmonised national E-commerce policies, laws and regulations, well-developed national and regional trade logistics and trade facilitation ecosystems, improved access to online platforms, payment and funding options and skilled entrepreneurs who are ready and able to successfully participate in E-commerce.

Therefore, **Overarching Outcome 2** is that:

**By 2026, the number of FIC business selling on E-commerce websites and the value of their online sales would have at least doubled compared to 2021.**

#### Connected through a faster and more inclusive network

As the world's most isolated region, E-commerce has the potential to successfully mitigate the Blue Pacific's greatest challenge in fully harnessing the benefits of international trade – the tyranny of distance. Having well-developed national ICT infrastructure and services ecosystems which are also integrated at the regional level is fundamental in accelerating the diffusion of E-commerce in the region. It is important that these ICT tools are accessible by Pacific businesses and individuals across the urban and rural areas, by women and youth entrepreneurs and other marginalised groups.

Therefore, **Overarching Outcome 3** is that



**By 2026, internet penetration for each FIC has increased to at least 50% for those with <50% internet penetration in 2021, and at least 75% for those with >50% internet penetration in the same base year.**

### **2.2.2 Thematic Outcomes and Strategic Outputs**

Increasing the number of online consumers and businesses who are connected through a fast and inclusive network will depend upon the realization of thematic outcomes relating to the seven policy areas of E-Trade Readiness. The Strategy will contribute towards those outcomes by targeting deliverables (outputs) under each of the areas, as illustrated in the table below.

Table 2: Priority areas and strategic outputs

	Overarching outcomes	Policy area	Thematic outcomes	Strategic outputs
<p><b>VISION:</b> A transformative Blue Pacific economy where all businesses and consumers actively engage in domestic and cross-border electronic commerce.</p> <p><b>IMPACT:</b> Transforming Pacific livelihoods, through accelerated economic growth that is inclusive and equitable.</p>	More online consumers	PA 1: E-commerce Readiness and Strategy Formulation	E-commerce is mainstreamed in national and regional level policies.	1.1 National E-commerce strategies are developed and implemented in FICs, which are built on domestic consensus and inspired by the Regional E-commerce Strategy and Roadmap.
	More online businesses			1.2 Statistics on E-commerce are available to inform national and regional policymaking and the formulation of donor-funded programmes.
	Connected through a faster and more inclusive network	PA 2: ICT Infrastructure and Services	Fast, reliable, affordable, and inclusive internet connectivity is achieved.	1.3 E-commerce potential and opportunities in the Pacific are visible and recognized internationally.
	More online businesses	PA 3: Trade Logistics and Trade Facilitation	Fast, reliable, affordable, and inclusive delivery of online purchases is achieved within and across borders.	2.1 International connectivity is expanded and strengthened across the Pacific.
				2.2 Supply of general and last-mile domestic connectivity is expanded across the Pacific
				2.3 Demand for better connectivity is stimulated across the Pacific.
				3.1 Trade procedures relevant to cross-border E-commerce are digitized and harmonized across FICs.
	More online consumers	PA 4: Legal and Regulatory Framework	Predictable laws and regulations have encouraged business and consumers to trust marketplaces and engage in E-commerce.	3.2 Logistics systems relevant to E-commerce are strengthened their costs to business reduced.
				3.3 Postal readiness for E-commerce has increased.
	More online consumers	PA 5: Electronic-Payment Solutions	Digital financial services including payment solutions for E-commerce are widely adopted by businesses and consumers.	3.4 Accessibility of E-commerce platforms has increased
More online businesses	4.1 E-commerce-related laws are made or amended based on UNCITRAL model laws as best international standard, plus other best international practices.			
More online consumers	PA 6: E-commerce Skill Development	Better informed, prepared and confident populations have mastered digital innovation.	4.2 International agreements on E-commerce benefitting FICs are negotiated and concluded.	
More online businesses			5.1 Non-bank digital payment solutions for E-commerce are deployed across the Pacific.	
More online businesses	PA 7: Access to Finance for E-commerce	Funding options for businesses seeking to start or accelerate their digital journey have been expanded and diversified.	5.2 Business-friendly digital payment solutions spearheaded by commercial banks and MNOs are integrated in E-commerce ecosystem.	
			6.1 The regional innovation/start-up ecosystem for E-commerce business ventures is strengthened.	
			6.2 Digital skills are enhanced for all.	
			7.1 Availability of risk sharing facilities and blended finance solutions has increased for E-commerce players (marketplace, vendors, merchants).	
			7.2 Alternative sources of finance for E-commerce ventures have been mainstreamed in access to finance solutions and are promoted regionally.	

## 2.4 Cross-cutting dimension: Empowering women through E-commerce

Increasing the active and meaningful involvement of Pacific women in E-commerce at all levels will be the game-changer in a post-COVID-19 Blue Pacific region. Without the full appreciation of the untapped potential and synergies which lie in actively involving the other half of its population in national development, then the Blue Pacific region risks being left further behind.

Figure 4: Different approaches to mainstreaming gender equality in policy formulation and implementation



Source: ILO

The 2020 Biennial Pacific Sustainable Development Report highlights the lack of progress in the region to achieve gender equality under the Sustainable Development Goal (SDG) 5.

The extensive consultations informing this Strategy reveal some of the harsh realities which may effectively sideline Pacific women entrepreneurs from a meaningful engagement in the field of E-commerce. The Pacific Regional E-commerce Strategy and Roadmap fully takes on board SDG 5.b which is to “enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women”. The Strategy proposes practical pathways to address gender gaps on E-commerce, with particular emphasis on those issues where the persistence of such gaps can prevent the Blue Pacific region from realizing its full potential.

## 2.5 Guiding Principles

As Strategy for the Pacific region, the measures presented in this document are guided by principles which remain anchored to those of the Framework for Pacific Regionalism:

**Regionalism:**<sup>7</sup> the strategic utilization of regional actions to improve E-commerce readiness by developing common frameworks, providing regional public goods, pooling of scarce resources to achieve economies of scale, and pursuing further economic integration.

**Putting the private sector at the core:**<sup>8</sup> the recognition of the key role of the private sector as the main driver in the realization of the outcomes of the Pacific Regional E-commerce Strategy and Roadmap.

**Sovereignty:**<sup>9</sup> the lead role of national governments in providing the enabling environment for E-commerce to thrive.

**Partnership:**<sup>10</sup> the importance to jointly mobilize and coordinate the full spectrum of relevant partners for the delivery of the agreed outputs, thus avoiding duplication, maximizing impact and value for money.

7 Reference is made to the regionalism test of the Framework for Pacific Regionalism

8 Reference is made to the market test of the Framework for Pacific Regionalism


9 Reference is made to the sovereignty test of the Framework for Pacific Regionalism

10 Reference is made to the duplication test of the Framework for Pacific Regionalism



### **3. E-Commerce Strategy Measures**





The Pacific Regional E-commerce Strategy and Roadmap is based on the principles of the Framework for Pacific Regionalism.<sup>11</sup> The measures contained in the Strategy must therefore adhere to the principles set in the Framework and meet its criteria, in particular those included in the 'regionalism test':

- establish a shared norm or standard;
- establish a common position on an issue;
- deliver a public or quasi-public good which is regional (or sub-regional) in its scope;
- realise economies of scale;
- overcome national capacity constraints;
- complement national governments where they lack capacity to provide national public goods like security or the rule of law; and
- facilitate economic or political integration.

Where benefits accrue sub-regionally, the contribution to broader regionalism should be clear.

There are a total number of 18 Strategic Outputs to be delivered through the implementation of 54 Strategic Measures. These are tabulated and justified below.

This Strategy's overarching goals will be realized through the attainment of a number of Strategic Outputs (SO) in seven key Priority Areas:

- E-commerce Readiness and Strategy Formulation
- ICT Infrastructure and Services
- Trade Logistics and Trade Facilitation
- Legal and Regulatory Framework
- Electronic Payments Solutions
- E-commerce Skill Development
- Access to Finance for E-commerce

These strategic outputs will be achieved through measures taken by public and private sector stakeholders. This chapter outlines the Strategic Outputs the related Measures, their respective description and justification, listed by priority area. Some of the measures proposed in this chapter will inevitably overlap with and complement the actions specified in other regional strategies supporting the Pacific Aid-for-Trade Strategy, such as on trade facilitation. Seeing E-commerce in isolation is perhaps insufficient to create the critical mass needed to usher in a digital transformation era for many Pacific Nations and territories. E-commerce has finite resource needs, therefore seeing it as a part of a larger whole, incorporating other "digital" dimensions such as eGovernment; Healthtech, Edutech, Agritech systems; long term planning to attract and retain talent; associated legislation and policy to enable and even nurture digital enterprises) are equally important.

Measures associated with these strategic outputs for the above seven Priority Areas (PA) are listed further below.

Measures highlighted in green in each policy area are considered 'Strategy boosters' and should therefore be treated in priority. Their implementation will accelerate E-commerce adoption and digital transition.

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11 Framework for Pacific Regionalism, Pacific Islands Forum Secretariat, 2014. See [https://www.forumsec.org/wp-content/uploads/2018/02/Framework-for-Pacific-Regionalism\\_booklet.pdf](https://www.forumsec.org/wp-content/uploads/2018/02/Framework-for-Pacific-Regionalism_booklet.pdf)

### 3.1 Priority Area 1: E-commerce Readiness and Strategy Formulation

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 1.1: National E-commerce strategies are developed and implemented in FICs, which are built on domestic consensus and inspired by the Regional E-commerce Strategy and Roadmap.</b>	
1.1.1	Develop national E-commerce strategies in all FICs built on the model of the regional E-commerce Strategy and Roadmap.
1.1.2	Establish a Pacific E-commerce Committee and national E-commerce committees modelled on the regional body to strengthen cooperation between government institutions, regulatory bodies and leading private sector partners.
1.1.3	Establish digital economy or E-commerce business associations in all FICs and at regional level to foster collaboration between companies, offer services, and advocate private sector interests on E-commerce.
1.1.4	Create an alliance of regional organizations, industry leaders and development partners ("PacifEcom Alliance") to galvanize support, innovation and Public Private Partnerships for E-commerce development.
<b>SO 1.2: Statistics on E-commerce are available to inform national and regional policymaking of FICs and the formulation of donor-funded programmes.</b>	
1.2.1	Establish a regional collection, production, compilation and dissemination mechanism for E-commerce statistics.
1.2.2	Produce Digital Economy Reports for the Pacific.
<b>SO 1.3: E-commerce potential and opportunities in the Pacific are visible and recognized internationally.</b>	
1.3.1	Establish a .pacific (DotPacific) sponsored top-level domain (sTLD) <sup>12</sup> for businesses, organizations and individuals from the region.
1.3.2	Launch a Pacific E-commerce Portal providing information on how to operate an E-commerce business, pre-requisites on access to payment gateways, E-commerce supporting programs, initiatives and development partners funded projects.

<sup>12</sup> A sponsored top-level domain (sTLD) is one of the categories of top-level domains (TLDs) maintained by the Internet Assigned Numbers Authority (IANA) for use in the Domain Name System of the Internet. A sponsored TLD is a specialized top-level domain that has a sponsor representing a specific community served by the domain (e.g. .asia, .aero). The communities involved are based on ethnic, geographical, professional, technical or other theme concepts proposed by private agencies or organizations that establish and enforce rules restricting the eligibility of registrants to use the TLD

**SO 1.1: National E-commerce strategies are developed and implemented in FICs, which are built on domestic consensus and inspired by the Regional E-commerce Strategy and Roadmap.**

**Measure 1.1.1: Develop national E-commerce strategies in all FICs built on the model of the regional E-commerce Strategy and Roadmap. ♦**

FICs have benefited from E-commerce assessments in the past years, but for most, a vision for E-commerce development has yet to be developed. The Regional E-commerce Strategy and Roadmap provides a blueprint for FICs to inform their own national E-commerce strategies using a uniform 'language' and methodology. Adopting a similar approach will facilitate harmonization of E-commerce policies across the region.

**Measure 1.1.2 Establish a Pacific E-commerce Committee and national E-commerce committees modelled on the regional body to strengthen cooperation between government institutions, regulatory bodies and leading private sector partners.**

A regional committee is essential to monitor, coordinate and provide strategic oversight over the implementation of the Pacific E-commerce Strategy. It would comprise representatives of member governments, the private sector, donor partners and development agencies. The PIFS will serve as the committee's secretariat. At national level, similar committees should be established to coordinate implementation of the respective country strategies.

**Measure 1.1.3 Establish digital economy or E-commerce business associations in all FICs and at regional level to foster collaboration between companies, offer services, and advocate private sector interests on E-commerce.**

E-commerce advocacy and other support services have not been developed by existing business associations, thus excluding an entire ecosystem from the benefits of being represented and served. Digital economy associations have started appearing in FICs, usually led by groups of industry players with limited interactions with government institutions. E-commerce Europe and the European Multi-channel and Online Trade Association (EMOTA) represent models which could provide inspiration to FICs.

**Measure 1.1.4 Create an alliance of regional organizations, industry leaders and development partners ("PacifEcom Alliance") from the Pacific to galvanize support, innovation and Public Private Partnerships for E-commerce development.**

Reducing silos in developing capacity and opportunities for E-commerce development in the Pacific is essential. A regional alliance can achieve this objective by enlisting support and assistance of key regional public and private stakeholders, united by the vision embedded in the Pacific Regional E-commerce Strategy. This alliance can be modelled on the UNCTAD eTrade for all partnership and coordinated under the umbrella of the PIFS. The alliance could work under the proposed Pacific E-commerce Committee.

**SO 1.2: Statistics on E-commerce are available to inform national and regional policymaking of FICs and the formulation of donor-funded programmes.**

**Measure 1.2.1: Establish a regional collection production, compilation and dissemination mechanism for E-commerce statistics.**

Reliable and updated data is critical to inform policymaking, including on E-commerce and its enabling environment. Robust data will support the planning, monitoring, and evaluation of various ICT and E-commerce initiatives. To achieve this, a regional collection, production, compilation, and dissemination mechanism will be developed, while capacity building activities for National Statistics Offices (NSOs) will be required. Most FICs are excluded from global rankings related to digital trade and the digital economy, making them invisible to investors and rendering technical support challenging. Enough data should be produced to ensure FICs are included in global rankings and databases from the likes of the World Bank, the World Economic Forum (WEF), UNCTAD, and the International Telecommunication Union (ITU).



### Measure 1.2.2: Produce regular Digital Economy Reports for the Pacific.

UNCTAD is producing regular reports on key aspects of E-commerce, which provide a critical assessment of available information. The production of such reports for the Pacific would be useful to inform policymaking, as a tool for dissemination of E-commerce statistics and to support the determinations taken under the umbrella of the Pacific E-commerce Initiative.

**SO 1.3: E-commerce potential and opportunities in the Pacific are visible and recognized internationally.**

### Measure 1.3.1: Establish a .pacific (DotPacific) sponsored top-level domain (sTLD) 13 for businesses, organizations and individuals from the region.

International recognition of Pacific E-commerce ventures can be enhanced by the establishment of an internet domain linked to the collective regional identity. A sTLD creates a visible virtual identity for businesses in the Pacific, such as exists in other regions or sectors. Only 14 sTLD have been approved so far in the world.<sup>14</sup> Sponsored Top-Level Domains must be recognized by the Internet Corporation for Assigned Names and Numbers (ICANN), which operates the Internet Assigned Numbers Authority (IANA). A social obligation fund could be linked to the .pacific domain so that a percentage of profits can be used to support socio-technological advancement community projects.

### Measure 1.3.2: Launch a Pacific E-commerce Portal providing information on how to operate an E-commerce business, pre-requisites on access to payment gateways, E-commerce supporting programs, initiatives and development partners funded projects. ♦

Information on E-commerce volumes, values, operators and regulations across the Pacific, as well as on available supporting programs, is very difficult to obtain, when it exists. MSMEs interested in starting their online journey, and governments wishing to support E-commerce, are quickly discouraged by the absence of relevant information. A Pacific E-commerce Portal, to be maintained by a consortium or relevant agencies, can fill the observed gap. The portal could be inspired by relevant models such as the Pacific Trade Information Portal developed by UNCTAD for PACER Plus the UNCTAD eTrade for all website and the International Trade Centre (ITC) E-comconnect.org portal.

## 3.2 Priority Area 2: ICT Infrastructure and Services

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 2.1: International connectivity is expanded and strengthened across the Pacific.</b>	
2.1.1	Expand the submarine cable infrastructure and its affordability in the Pacific to ensure all FICs are connected to main international cables and broadband bandwidth is acquired with the best value for money approach. Enable appropriate satellite solutions especially Middle-/Low-Earth-Orbit (MEO/LEO) connectivity for some more remote islands.
<b>SO 2.2: Supply of general and last-mile domestic connectivity is expanded across the Pacific.</b>	
2.2.1	Expand the 4G network and wi-fi connectivity as well as access to devices in rural communities through supply-side and demand-side incentives.

13 A sponsored top-level domain (sTLD) is one of the categories of top-level domains (TLDs) maintained by the Internet Assigned Numbers Authority (IANA) for use in the Domain Name System of the Internet. A sponsored TLD is a specialized top-level domain that has a sponsor representing a specific community served by the domain (e.g. .asia, .aero). The communities involved are based on ethnic, geographical, professional, technical or other theme concepts proposed by private agencies or organizations that establish and enforce rules restricting the eligibility of registrants to use the TLD.

14 See: [https://icannwiki.org/STLD#List\\_of\\_Sponsored\\_Top\\_Level\\_Domains](https://icannwiki.org/STLD#List_of_Sponsored_Top_Level_Domains)

2.2.2	Set up or strengthen Universal Access policies and programmes, including but not limited to Universal Access Funds (UAF).
2.2.3	Develop and scale market-led initiatives for last-mile digital 'meso' infrastructure and 'micro' infrastructure, as well as availability of devices.
2.2.4	Conduct a regional study to understand the requirements and implications for deploying 5G in the region. Identify use-cases for 5G technology for business, government and essential services, and undertake comparative assessment vis-à-vis efforts to scale up 4G.
<b>SO 2.3: Demand for connectivity is stimulated across the Pacific.</b>	
2.3.1	Promote development of online local content by the private sector.
2.3.2	Increase affordability and promote demand-side measures such as subsidized internet packages, supportive regulatory environment and support partnerships with cable operators suitable to reduce the price of download/upload per unit of data, thus promoting extensive uptake of E-commerce practices.

**SO 2.1: International connectivity is expanded and strengthened across the Pacific.**

**Measure 2.1.1: Expand the submarine cable infrastructure and its affordability in the Pacific to ensure all FICs are connected to main international cables and broadband bandwidth is acquired with the best value for money approach. Enable appropriate satellite solutions especially Middle-/Low-Earth-Orbit (MEO/LEO) connectivity for some more remote islands.** ♦

The arrival of submarine cables in the Pacific has led to a significant drop in the cost of the internet and a rise in internet speed and penetration. However, some FICs (Nauru, Tuvalu, and Kiribati) still lack access to submarine cable infrastructure<sup>15</sup>. The same holds for most outer islands of archipelagic FICs. The bandwidth provided by most cables remains strong around landing zones, whereas coverage beyond a particular radius is reported to be slow and unreliable. Small size, geographical isolation and dispersion of FICs discourage private investments and imply that the cost of distributing connectivity in the Pacific remains high by international standards – which represent a serious obstacle for the diffusion of E-commerce. Private-Public Partnerships are needed to expand and diversify the regional submarine cable infrastructure.

**SO 2.2: Supply of general and last-mile domestic connectivity is expanded across the Pacific.**

**Measure 2.2.1: Expand the 4G network and wi-fi connectivity as well as access to devices in rural communities through supply-side and demand-side incentives.**

Expanding a fast, reliable, and affordable network to rural communities is essential to unleash E-commerce opportunities in sectors such as agriculture and tourism. Working with partners and governments, rural businesses should be put in the condition to use internet every day, on appropriate and affordable devices, with enough data and a fast connection. A regional program can be promoted to assist countries making the case and setting up supply-side and demand-side incentives for rural deployment of 4G network, as well as demand-side incentives for faster uptake.

15 Nauru and Kiribati being addressed by this project: 50348-001: Improving Internet Connectivity for Micronesia Project (formerly Improving Internet Connectivity for FSM, Kiribati, and Nauru) | Asian Development Bank ([adb.org](http://adb.org))

**Measure 2.2.2: Set up or strengthen Universal Access policies and programmes, including but not limited to Universal Access Funds (UAF).**

Most regulators are in a wait-and-watch mode with some reticence to implement a supply-side approach requesting Mobile Network Operators (MNOs) to invest earnings in a Universal Access Fund. The concern is that this may distort the market, stem further MNO investments, and cause increased burden on the telecommunication providers, ultimately negatively impacting consumers. Some form of Universal Access mechanism will be required, given that market seems unable to deliver adequate connectivity to rural areas to support E-commerce. Alternative approaches, for example the 'pay or play' system used in Vanuatu, might be considered. Demand-side measures such as demand aggregation<sup>16</sup> could also be considered.

**Measure 2.2.3: Develop and scale market-led initiatives for last-mile digital 'meso' infrastructure and 'micro' infrastructure, as well as availability of devices.**

Public Private Partnerships (PPPs) that help reduce costs and facilitate investment, particularly in underserved 'last-mile' areas, will be critical to drive the next wave of development and digital transformation for Pacific. Since much of the investments in the digital infrastructure in the Pacific are made in big projects, such as the fiber-optic cables, additional initiatives and investments are required. These may range from initiatives to spur the development of the 'meso' infrastructure, such as through sharing of Mobile Network Operator (MNO) infrastructure, to advancing the uptake of the 'micro' infrastructure, such as through upscaling of pay-as-you-go solutions to enable deeper penetration for off-grid solar energy solutions for households, as well as to boost the smartphone ownership.

**Measure 2.2.4: Conduct a regional study to understand the requirements and implications for deploying 5G in the region. Identify use-cases for 5G technology for business, government and essential services, and undertake comparative assessment vis-à-vis efforts to scale up 4G.**

5G will likely become one of the foundational technologies of the Fourth Industrial Revolution, enabling new applications in the realm of the Internet of Things (IoT), instant and seamless consumption of digital products and vastly improved connectivity for businesses. Asia-Pacific, home to some of the fastest growing digital economies in the world, will prove pivotal to the global 5G narrative. FICs require a good understanding of the transformational dimension of 5G and measure whether and how the technology will ever be accessible in the region.

5G technologies could provide a host of opportunities for the digital economy in the region. 5G offers a potential game-changing shift for how digital technologies can address opportunities and challenges in commerce and development. While the FICs are not expected to be leading the 5G revolution from the beginning, the technology could eventually be deployed in the region and the countries can commence initial due diligence on understanding the technical, financial, infrastructure-based implications and also the use-cases towards which 5G technologies can be applied. Yet, the investments required could be daunting, calling for a thorough analysis of the use cases and whether 5G deployment should be encouraged.

**SO 2.3: Demand for connectivity is stimulated across the Pacific.**

**Measure 2.3.1: Promote development of online local content by the private sector. ♦**

Together with affordability and reliability, internet demand is determined by the relevance of internet contents to its users. Relevance is driven by the availability of local content which provides an incentive to go online. From a private sector perspective, websites and social media (mainly Facebook) are the two main channels for promoting business through the development of local content. Except for the hospitality and travel sectors, the websites of businesses are quite simple and are mainly used to promote goods and services. The development of additional local content by both companies and non-private sector entities can increase the share of business operations conducted digitally in any given sector, facilitate the transition of existing activities into the digital space, and create new business activities. More local content will generate more demand for internet use, which should increase profitability of the telecommunication sector and reduce the need for subsidies, especially in rural areas.

16 Demand aggregation is an economic measurement of the total amount of demand for all finished goods and services produced in an economy. Aggregate demand is expressed as the total amount of money exchanged for those goods and services at a specific price level and point in time.

**Measure 2.3.2: Increase affordability and promote demand-side measures such as subsidized internet packages, supportive regulatory environment and support partnerships with cable operators suitable to reduce the price of download/upload per unit of data, thus promoting extensive uptake of E-commerce practices.**

In the Pacific, large sections of the population have access only to pay-as-you-go packages which allow the subscriber to buy a service for a set fee. Pay-as-you-go packages are hindrances to the extensive uptake of E-commerce, because the intensive use necessary for online shopping with calls and texts, sending e-mails, downloading data and accessing the internet can be more costly on a per-megabyte basis than with a fixed-price contract. Additionally, the current disconnect in Governments between investing in cable and negotiating access to international bandwidth at competitive rates must be addressed, to stop situations where existing capacity is critically underused due to prohibitive wholesale costs.

### 3.3 Priority Area 3: Trade Logistics and Trade Facilitation

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 3.1: Trade procedures relevant to cross-border E-commerce are digitized and harmonized across FICs.</b>	
3.1.1	Accelerate the harmonized implementation of the WCO Framework of Standards for Cross-Border E-Commerce.
3.1.2	Deploy interoperable customs systems including ASYCUDA in all FICs that have not acquired one, to increase harmonization of processes and procedures with the ability to connect to future single window systems
3.1.3	Accede to Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.
3.1.4	Deploy Customs Declaration System (CDS) at FICs' post offices, and interface with customs systems.
3.1.5	Establish a regional <i>deminimis</i> value threshold that countries can consider across the region.
<b>SO 3.2: Logistics systems relevant to E-commerce are strengthened and their cost to business reduced.</b>	
3.2.1	Develop regional freight assistance packages (cost-share basis) to lower the costs of cross-border E-commerce.
3.2.2	Incentivize the development of fulfilment centres for Pacific products in main export markets by private sector operators.
<b>SO 3.3: Postal readiness for E-commerce has increased.</b>	
3.3.1	Modernize postal operational processes by using Universal Postal Union (UPU) standardized programs.
3.3.2	Adopt home addressing systems incorporating UPU standards or alternative geocode systems to facilitate last-mile delivery.

<b>SO 3.4: Accessibility of E-commerce platforms has increased.</b>	
3.4.1	Develop partnerships with leading B2B and B2C marketplaces to accelerate the development of cross-border E-commerce solutions for Pacific merchants and vendors.
3.4.2	Support the expansion of leading national marketplaces towards the creation of a private sector-led Regional E-commerce Marketplace (REM).

**SO 3.1: Trade procedures relevant to cross-border E-commerce are digitized and harmonized across FICs.**

**Measure 3.1.1: Accelerate the harmonized implementation of the WCO Framework of Standards for Cross-Border E-Commerce.**

Timely clearance of small parcels by customs is important to facilitate E-commerce. The World Customs Organization (WCO) Framework of Standards for Cross-Border E-Commerce is intended to provide the global baseline standard to assist customs and other relevant government agencies in developing E-commerce strategic and operational frameworks supplemented by action plans and timelines. Standards covering both facilitation and control perspectives have been developed on advance electronic data and risk management; facilitation and simplification; fair and efficient revenue collection; safety and security; partnerships; public awareness, outreach and capacity building; measurement and analysis; and leveraging transformative technologies. The harmonized implementation of this set of standards across the Pacific region will facilitate cross-border E-commerce and ensure appropriate controls to protect FICs' economies.

**Measure 3.1.2: Deploy interoperable customs systems including ASYCUDA in all FICs that have not acquired one, to increase harmonization of processes and procedures with the ability to connect to future single window systems. ♦**

Significant challenges with E-commerce persist at customs, including with regards to regulatory frameworks, application of risk management procedures and adoption of technologies to facilitate small value consignments. The ASYCUDA system allows for standardization of border procedures and is therefore can contribute to streamline trade within the Pacific region. It is currently implemented in 6 FICs (Fiji, New Caledonia, Papua New Guinea, Samoa, Solomon Islands and Vanuatu), being deployed in 6 FICs (Cook Islands, Kiribati, Nauru, Niue, Tonga and Tuvalu) and remains to be implemented in three more FICs (FSM, RMI and Palau). It can also serve as platform to connect to future Electronic Single Window (ESW). It will be important to identify which elements and modules of an ASYCUDA-based National ESW are the most important for E-commerce, and to highlight those modules to provide guidance to the ESW building exercise. Technology has improved across the Pacific to the point that Single window is achievable in each nation. In this context, the establishment of national and regional trade facilitation committees is important to guide the ESW efforts.

**Measure 3.1.3: Accede to Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA).**

Cross-border E-commerce relies on the exchange of trade data in electronic format between different countries. The objective of the Framework Agreement on Cross-border Paperless Trade in Asia and the Pacific (CPTA) is to promote cross-border paperless trade by enabling the exchange and mutual recognition of trade-related data and documents in electronic format and facilitating interoperability among national and subregional single window and/or other paperless trade systems, for the purpose of making international trade transactions more efficient and transparent while improving regulatory compliance. The CPTA has entered into force on 20 February 2021 and can be leveraged by FICs to secure long-term political will, build capacity and ensure the paperless trade systems they develop are interoperable and harmonized with those in other regions.

**Measure 3.1.4: Deploy Customs Declaration System (CDS) at FICs' post offices, and interface with customs systems.**

The CDS system allows for customs information coming along with a parcel to be shared with the receiving post

operator via Electronic Data Interchange (EDI) before the package is sent. Further, the electronic interfacing between CDS and ASYCUDA allows for the same information to be shared with the destination customs administration that is using ASYCUDA, thus allowing for expedited clearance. This recommendation is crucial in the context of the legal requirements taking effect in 2021, such as those established by the United States of America (Synthetics Trafficking and Overdose Prevention (STOP) Act), China, the Russian Federation, and the European Union (Union Customs Code, Import Control System 2). Upcoming security requirements include sending Pre-Loading Advance Cargo Information (PLACI) before an item leaves the country of origin, confirming the correct export processing to destination customs and transport airlines, and possibly sending security alerts back to the country of origin.

**Measure 3.1.5: Establish a regional de minimis value threshold that countries can consider across the region.**

The preparation, submission, processing and storing of trade documents related to the payment of customs duty is a costly process, both for industries and governments. Where the value of goods is small, like in many B2C E-commerce transactions, administrative costs may be higher than the duties collected. By exempting small value goods from duties, de minimis values save money to the government, and promote E-commerce. Harmonizing de minimis values to an agreed amount would level the playing field and increase predictability of cross-border E-commerce.

**SO 3.2: Logistics systems relevant to E-commerce are strengthened and their cost to business reduced.**

**Measure 3.2.1: Develop regional freight assistance packages (cost-share basis) to lower the costs of cross-border E-commerce** ◆

The Pacific Islands Export Survey 2020 conducted by Pacific Trade Invest (PTI) reveals that freight costs are one of the top three barriers to export faced by Pacific businesses, and this situation was exasperated by the disruptions to shipping credited by COVID-19. A freight assistance package such as the one developed by PTI can support Pacific exporters by reducing the cost of accessing international markets in a post COVID-19 recovery phase. Tailoring the support towards E-commerce businesses would in turn foster innovation and stimulate long-term competitiveness in the Pacific region.

**Measure 3.2.2: Incentivize for the development of fulfilment centres for Pacific products in main export markets by private sector operators.**

Underdeveloped logistics infrastructure in the Pacific is a major barrier in developing cross-border E-commerce, especially to sell to major international markets. Fulfilment centres enable E-commerce merchants to outsource warehousing and shipping. This relieves online business from the need related to the storing of products and managing the inventory. It also reduces transport costs (as products are sent in bulk for the most expensive part of the journey) and increase speed of delivery. Major E-commerce players (Alibaba, Amazon) already propose their own fulfilment centres or offer the possibility to utilise third-party centres such as ShipBob Inc. Increasing the uptake of fulfilment services can boost competitiveness of Pacific E-commerce business, and blended finance mechanisms can be useful to achieve this objective.

**SO 3.3: Postal readiness for E-commerce has increased.**

**Measure 3.3.1: Modernize postal operational processes by using Universal Postal Union (UPU) standardized programs.**

Postal service providers have delivery infrastructure, assets, and networks that can help bridge the gap in logistics and shipping services, as has been observed in more developed economies where such providers handle up to 70% of E-commerce flows. However, their ability to compete in a fast-paced digital and technological environment is sub-standard in the Pacific region. Postal service providers in the region face negative public perception and would have to overcome fierce competition for winning the trust of E-commerce operators. To that end, the UPU has developed a programme predicated on three pillars to assist countries reaping the benefits of fairly priced logistic services for E-commerce. This programme can be beneficial for FICs, noting the high cost of express couriers. The UPU program focuses on improving operational, strategic, and E-payment readiness of postal operators – Operational readiness for E-commerce (ORE); Digital readiness for E-commerce (DRE); and Payment Readiness for E-commerce (PRE) programmes.

**Measure 3.3.2: Adopt home addressing systems incorporating UPU standards or alternative geocode systems to facilitate last-mile delivery**

Developing a physical addressing and postal codes system can improve E-commerce readiness by facilitating traceability. FICs adopting a physical addressing system would benefit from also adopting an international addressing standard, such as UPU S42, that can facilitate international recognition and speed-up processing for both postal operators and businesses. Digital alternatives to a physical addressing system can also be explored by FICs.

**SO 3.4: Accessibility of E-commerce platforms has increased.**

**Measure 3.4.1: Develop partnerships with leading B2B and B2C marketplaces to accelerate the development of cross-border E-commerce solutions for Pacific merchants and vendors.**

Global E-commerce marketplaces (Alibaba, Amazon, Shopee, Etsy) have very limited Pacific businesses listed, partly due to the stringent conditions required from sellers, in particular for logistics and payment. In other regions, these players offer training, incubation programmes to accelerate online transition, something not readily available in the Pacific. Acceleration and support programmes, in partnership with regional business organizations can bridge the gaps between the perceived and actual difficulties of selling online on global marketplaces.

**Measure 3.4.2: Support the expansion of leading national marketplaces towards the creation of a private sector-led Regional E-commerce Marketplace (REM).**

The lack of Pacific-based merchants on global E-commerce marketplaces is persisting. However, national E-commerce marketplaces in Fiji, New Caledonia, and Samoa have pursued sub-regional expansion strategies towards becoming REMs. A REM is a web-based system that links multiple businesses and actors together to a central marketplace for the purpose of trading or collaboration and facilitating exchanges of different types of resources such as information, goods and services. A REM initiative can mitigate the numerous existing entry barriers faced by firms and governments. Advantages include sharing of fixed costs of establishment and maintenance of the E-commerce system; creating economies of scale and scope with respect to the access to logistics and banking services and personnel training; an increase in the opportunities for cross-selling.<sup>17</sup> As the REM is established and evolves it can be linked into global marketplaces. The platform can also be used to test international shipments especially for high potential products in agriculture, handicrafts sectors, with the expectations that shipping costs are progressively reduced. Eventually, this platform should promote the transition of Pacific business towards global marketplaces.

### 3.4 Priority Area 4: Legal and Regulatory Framework

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 4.1: E-commerce-related laws are made or amended based on UNCITRAL model laws as best international standard, plus other best international practices.</b>	
4.1.1	Adopt UNCITRAL model laws on electronic transactions.
4.1.2	Adopt other relevant laws and regulations increasing confidence for consumers and businesses and predictability of E-commerce.
4.1.3	Increase the adoption and use of international standards that support E-commerce, as well as technology and network neutrality and interoperability.
<b>SO 4.2: International agreements on E-commerce benefitting FICs are negotiated and concluded.</b>	

17 Cross-selling is the action or practice of selling an additional product or service to an existing customer

4.2.1	Develop FIC negotiators' skills on E-commerce laws and regulations to support negotiation and implementation of future digital trade agreements and E-commerce provisions in FTAs.
4.2.2	Negotiate a regional agreement on E-commerce to promote transparency, and predictability of domestic and cross-border E-commerce.

**SO 4.1: E-commerce-related laws are made or amended based on UNCITRAL model laws as best international standard, plus other best international practices.**

**Measure 4.1.1: Adopt UNCITRAL model laws on electronic transactions** ◆

FICs have seen a low rate of E-commerce legislation enactment compared to the global average. As only a few numbers of FICs have embarked in legal updates, promoting adoption of UNCITRAL model laws will provide a set of uniformed standards across the region.

UNCITRAL has prepared a suite of legislative texts to enable and facilitate the use of electronic means to engage in commercial activities, which have been adopted in over 100 countries. As advances in information and communications technology and the emergence of new technologies in digital trade pose new legal questions, adopting best practices and recognized standards in FICs will create confidence in FICs for investors.

The Model Law on Electronic Commerce (1996) establishes rules for the formation and validity of contracts concluded electronically and for the attribution and retention of data messages.

The Model Law on Electronic Signatures establishes basic rules for assessing possible responsibilities and liabilities for the signatory, the relying party, and trusted third parties intervening in the signature process.

The United Nations Convention on the Use of Electronic Communications in International Contracts contributes to enabling paperless trade by, among others: 1) validating the legal status of electronic transactions by setting general functional equivalence requirements of "writing", "original" and "signature"; 2) preventing medium and technology discrimination; 3) enabling cross-border recognition of electronic signatures; and 4) permitting the use of electronic means in alternative dispute resolution mechanisms.

The Model Law on Electronic Transferable Records (2017) aims to enable the legal use of electronic transferable records via all technologies and models, such as registries, tokens, and distributed ledgers both domestically and across borders on the principles of non-discrimination against the use of electronic means, functional equivalence and technology neutrality.

A phased approach will be needed, taking into account available financial and human resources and the need to set up oversight and implementation mechanisms. Adoption of new laws should be considered after review and/or amendment of existing laws.

**Measure 4.1.2: Adopt other relevant laws and regulations increasing confidence for consumers and businesses and predictability of E-commerce**

Trading across borders means trade documents must be standardized. Electronic transaction laws are prerequisite for conducting E-commerce transactions. Other areas of law are equally important to create a trusted environment for E-commerce. Laws that directly impact on consumer confidence include data protection (security), personal data (privacy),<sup>18</sup> online consumer protection, cybercrime, competition law and policy<sup>19</sup> and online dispute settlement. Laws that directly impact businesses include electronic transactions, electronic authentication, electronic signatures, online intellectual property rights, technology neutrality, data centre localization and competition.

18 Today's economy is fueled by data. Noting the growing amount of data involved in E-commerce, FICs should be mindful of the need to develop national data policies as well. This includes policies on data privacy, data protection, cross-border data flow and data centre localization.

19 Competition policy is intimately linked to consumer protection but occupies a slightly different space. It seeks to prohibit firms from entering anticompetitive agreements, such as boycotts; cartel conduct, such as price fixing or bid rigging; or abusing market power. This is particularly important in the Pacific, given small market sizes and potentially a very small number of private sector IT and E-commerce service providers, that may be tempted to engage in elements of anti-competitive behaviour



**Measure 4.1.3: Increase the adoption and use of international standards that support E-commerce, as well as technology and network neutrality and interoperability.**

Awareness on the benefits of international standards and their role in facilitating trade remains a challenge across FICs. Before adopting standards, it will be important to outline the key international standards across different stages of E-commerce, explaining the scope of each standard and how they link together. This could cover areas like financial messaging and payments standards, cyber security standards, and privacy standards. It could provide an overview of the international standards ecosystem including the process for countries to adopt international standards. The standards being adopted should support technology and network neutrality and interoperability. Finally, it is equally important to align this with the work of the PIFS-led Pacific Quality Infrastructure Initiative on enhancing standards development activities across FICs to support increased trade.

**SO 4.2: International agreements on E-commerce benefitting FICs are negotiated and concluded.**

**Measure 4.2.1: Develop FIC negotiators' skills on E-commerce laws and regulations to support negotiation and implementation of future digital trade agreements and E-commerce provisions in FTAs. ♦**

Except for the yet-to-enter-into-force Melanesian Spearhead Group Trade Agreement (MSG-FTA), provisions on E-commerce are absent from the trade agreements which FICs are party to. E-commerce provisions are becoming core features to all major FTAs, and E-commerce agreements are also being adopted by regions such as the Association of Southeast Asian Nations (ASEAN). Several FICs may consider participating actively in the Joint Statement Initiative on E-commerce currently being discussed in the framework of the WTO's Twelfth Ministerial Conference (MC12). The current text includes provisions on e-authentication and e-signatures, unsolicited commercial messages, customs duties, free flow of data, data localisation requirements and source code. WTO discussions will eventually feed in the formulation of national and regional strategies and legal texts on E-commerce. It is therefore critical for FIC trade negotiators to become familiar with such provisions and be ready to negotiate their possible inclusion in future FTAs they could become party to. Subregional training can also be considered, for example using the existing momentum in the MSG-FTA to create additional know-how and skills for negotiating future digital trade agreements and implement existing E-commerce provisions in FTA.

**Measure 4.2.2: Negotiate a regional agreement on E-commerce to promote transparency, and predictability of domestic and cross-border E-commerce.**

A regional E-commerce agreement can facilitate cross-border E-commerce transactions, help creating trust at regional level, and deepen cooperation on strategic priorities such as those identified in this Strategy. FICs have negotiated several regional trade agreements, but except for the MSG-TA, these did not include rules on E-commerce. The Pacific Agreement for Closer Economic Relations Plus Agreement Plus (PACER Plus) does not contain specific E-commerce provisions but includes provisions on matters relating to E-commerce. These include rules and commitments on trade in services that encompass digitally-enabling services such as telecommunications, computer, or payment services, as well as a vast array of digitally-enabled services, including professional other business services, distribution services and other Pacer Plus measures including trade facilitation. Prior to this, studies to scope E-commerce in the region, and its implication on trade-related disciplines, should be undertaken to enable decision makers to decide on embarking on further trade negotiations.

## 3.5 Priority Area 5: Electronic Payment Solutions

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 5.1: Non-bank digital payment solutions for E-commerce are deployed across the Pacific.</b>	
5.1.1	Promote the establishment of new fintech providers focusing on serving the whole region.
5.1.2	Implement harmonised regulatory sandboxes or similar mechanisms for fintech development using recently approached AFI guidelines for regulatory sandboxes for fintech.
5.1.3	Implement regional mechanisms for mitigating the risk of criminal misuse of fintech by using adequate technologies to strengthen compliance with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) measures.
5.1.4	Promote the use of fintech-based solutions for transferring remittances.
5.1.5	Operationalize partnerships with leading payment solutions providers for the creation of Pacific digital wallets with simple functionalities.
5.1.6	Launch a region-wide advocacy campaign on the advantages of digital payment solutions, and their implications for E-commerce adoption and digital financial inclusion ("banking the unbanked").
<b>SO 5.2: Business-friendly digital payment solutions spearheaded by commercial banks and Mobile Network Operators are integrated in E-commerce ecosystem.</b>	
5.2.1	Improve interoperability between payment service providers at national level (e.g. between banks, between MNOs or between banks and MNOs) through payment system infrastructure and legal reforms.
5.2.2	Partner with the major international banks in the Pacific to improve the quality of digital financial services available to businesses and consumers (internet banking, payment gateways, etc.).

### SO 5.1: Non-bank digital payment solutions for E-commerce are deployed across the Pacific.

#### **Measure 5.1.1: Promote the establishment of new fintech providers focusing on serving the whole region.**

Factors preventing digital payments include regulatory gaps, low financial and technological literacy, and limited digital infrastructure. With the advent of cheaper, app-based payment solutions developed through financial technology ("Fintech") in other regions, the Pacific is poised to benefit from similar advancement if it can attract fintech providers willing to develop solutions responding to Pacific business and consumers' needs, for both domestic and cross-border B2C transactions. The International Monetary Fund (IMF)'s Strategy for fintech development in the Pacific proposes segmenting action into four areas, namely: innovative payment systems, identification requirements, credit sharing information, and risk assessment and management.

**Measure 5.1.2: Implement harmonised regulatory sandboxes or similar mechanisms for fintech development using recently approached AFI guidelines for regulatory sandboxes for fintech. ♦**

Regulatory sandboxes are important for driving innovation and ensuring regulatory confidence. In FICs, as is the case with many other jurisdictions, central banks and telecom regulators have been relatively conservative about encouraging adoption of fintech precisely because their disruptive power to benefit consumers and promote financial inclusion can also destabilise the financial system if not properly regulated. The dynamic pace at which the fintech sector is developing elsewhere in the world also leads to a perception of overall complexity. Approaches such as those proposed by the Pacific Regional Regulatory Sandbox Guidelines<sup>20</sup> released in March 2020 can allow fintech providers to introduce new products while giving regulatory authorities the possibility to exercise oversight and the space to understand the products. In addition to sandbox, support to central banks to set up innovation offices that could work to support fintechs in entering the markets through the use of sandboxes as adopted successfully in jurisdictions outside the Pacific.

**Measure 5.1.3: Implement regional mechanisms for mitigating the risk of criminal misuse of fintech by using adequate technologies to strengthen compliance with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) measures.**

Gaps in regulatory frameworks and lack of implementation / enforcement of existing ones can allow individuals to use fintech as tools to recycle illegally obtained funds into legitimate income or to fund terrorist activities. Regional mechanisms such as those proposed by the Asia-Pacific Group on Money Laundering<sup>21</sup> can be deployed to mitigate such risks, thus unleashing the power of non-bank digital payment solutions for legitimate commercial purposes. The AML/CFT issue is becoming urgent in the Pacific because international banks providing correspondent banking services in the Pacific are pulling out, due to the perceived AML/CFT risks in the Pacific.

**Measure 5.1.4: Promote the use of fintech-based solutions for transferring remittances.**

Innovative technologies are already challenging expensive, agent-led remittance business models that are cash-intensive and incur high operational and compliance costs. Fintech-based solutions including mobile money, digital currencies, etc. have the capacity to significantly reduce the cost of international remittances and promote transparency. Fintech-based solutions can provide the unbanked with the electronic currency needed to engage in online purchases whilst allowing MSMEs which are sidelined by the stringent Know Your Customer (KYC) requirements by banks to receive online payments. Remittances are among the highest foreign exchange earners. Their importance in supporting livelihoods has been even more pronounced during the COVID-19 period.

It is worth mentioning that the International Finance Corporation (IFC) and the World Bank assisted Tonga Development Bank in developing a new remittance system called 'Ave Pa'anga Pau that allows transfers to and from New Zealand (NZ) and Australia.<sup>22</sup>

**Measure 5.1.5: Operationalize partnerships with leading payment solutions providers for the creation of Pacific digital wallets with simple functionalities.**

As a result of the low use of digital payment solutions by consumers and businesses, the share of electronic transactions remains limited in the Pacific. Simple payment solutions need to be deployed to have a clear impact on the daily lives of low and moderate-income groups in the Pacific, including rural communities, women, MSMEs and labour mobility workers. For this to happen, user-friendly payment gateways are needed, coupled with policy that protects retailers and customers. Besides promoting the emergence of new fintech providers, partnerships with leading global providers of such as Facebook Pay, Apple Pay, and PayPal should be promoted through regional initiatives to ensure access conditions are adequate to FICs' capacities.

20 See here: [https://www.afi-global.org/wp-content/uploads/2020/07/PIRI\\_Regulatory\\_Guideline\\_digital.pdf](https://www.afi-global.org/wp-content/uploads/2020/07/PIRI_Regulatory_Guideline_digital.pdf)

21 See here: <http://www.apgml.org/>

22 See here: <https://www.avepaanga.com.au/>

**Measure 5.1.6: Launch a region-wide advocacy campaign on the advantages of digital payment solutions, and their implications for E-commerce adoption and digital financial inclusion (“banking the unbanked”).** ♦

Financial inclusion has high implications for E-commerce as it enables payment on E-commerce platforms. While progress has been recorded in the uptake of mobile money, the preferred mode of payment for E-commerce in the Pacific remains cash on delivery. This is largely due to low trust in both the quality and state of products at delivery, as well as trust in payment mechanisms. In some FICs, large sections of the population remain unbanked with neither bank accounts nor mobile money methods, thus reducing the possibility to participate in E-commerce.

**SO 5.2: Business-friendly digital payment solutions spearheaded by commercial banks and Mobile Network Operators are integrated in E-commerce ecosystem.**

**Measure 5.2.1: Improve interoperability between payment service providers at national level (e.g., between banks, between MNOs or between banks and MNOs) through payment system infrastructure, technical and regulatory reforms.**

Lack of interoperability between payment service providers increases the costs of financial transactions for both consumers and merchants and may prevent the use of certain payment solutions by complicating the entire E-commerce ecosystem. This challenge is compounded by the difficulties to provide identification (national identity card or alternative means) to meet KYC requirements, which further reduce the number of potential clients. Payment providers –banks and MNOs– have been working in silos, making costs of developing dedicated electronic payment solutions very high for very limited populations. Work is underway in several Forum members to accelerate the development of centralized infrastructures for the digital clearing and settlement of payments. Central Banks are working with the World Bank to develop a regional payment system.<sup>23</sup> These new systems will allow both banks and non-bank PSPs to exchange payments in real-time, achieving full interoperability at national level. The central banks are also implementing the relevant reform of the legal framework to properly monitor and regulate the market.

**Measure 5.2.2: Partner with the major international banks in the Pacific to improve the quality of digital financial services available to businesses and consumers (internet banking, payment gateways, etc.)**

For consumers, cross-border bank payments continue to be a major stumbling block driving costs of purchases upwards through extra charges for currency conversion, transfer charges and delays in transaction confirmations.

For businesses, the application process for payment gateways tends to be especially rigorous, intensive, and invasive, which serves as a deterrent to applications. Fees and charges to secure and maintain access to payment gateways are high. Vendors must not only budget for the set-up charges, which can be expensive, but also for the processing fees payable per transaction, plus any other mandatory service and maintenance charges, which ultimately reduce profitability.

Payment solutions developed should be user-friendly and cost effective to make them affordable to a wide audience.



## 3.6 Priority Area 6: E-commerce Skill Development

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 6.1: The regional innovation/start-up ecosystem for E-commerce business ventures is strengthened.</b>	
6.1.1	Strengthen the regional network incubators, digital business clusters and accelerators and connect this network to the other elements of the regional innovation ecosystem.
6.1.2	Partner with existing co-working spaces and innovation hubs to develop a regional program of short courses supporting the business community with skill development and with mentoring for the digital economy.
6.1.3	Develop a regional distance learning programme for E-commerce business service providers for E-commerce in partnership with leading international organizations, through the PacifEcom Alliance.
6.1.4	Develop a regional training and acceleration program for select companies from across the digital economy spectrum in collaboration with leading tech multinationals.
6.1.5	Provide digital and business skills training to all women entrepreneurs.
<b>SO 6.2: Digital skills are enhanced for all</b>	
6.2.1	Enhance the digital inclusive skills of students at all levels, including at primary and secondary schools, Post School Education and Training (PSET) level, and at community level. Develop standardized training curricula on E-commerce at PSET level.
6.2.2	Develop regional awareness raising programme focusing on technology knowledge for lawmakers and policy makers.
6.2.3	Accelerate business and consumers readiness to pre-empt or mitigate cybersecurity and cyber-safety risks.

### SO 6.1: The regional innovation/start-up ecosystem for E-commerce business ventures is strengthened.

#### **Measure 6.1.1: Strengthen the regional network incubators, digital business clusters and accelerators and connect this network to the other elements of the regional innovation ecosystem.**

Incubation and acceleration schemes for innovative businesses are essential to provide mentoring and shepherding E-commerce start-ups. The existing incubation and acceleration schemes are not only few and with limited capacity, but they also remain disconnected from the broader business support network. Local incubators and accelerators lack sufficient funding to enable them to provide business and technical support. Building an innovation ecosystem would link academia, private sector, finance, and the public sector in a meaningful way to create the right atmosphere for innovation to flourish. FIC governments should take the lead in setting priorities for these ecosystems thus allowing meaningful participation by other actors.<sup>24</sup>

<sup>24</sup> The experience of the Caribbean region (e.g. Digital Economy Provides Crisis Jobs and Safe Services, UNDP in Barbados & the Eastern Caribbean) could prove useful for FICs

**Measure 6.1.2: Partner with existing co-working spaces and innovation hubs to develop a regional program of short courses supporting the business community with skill development and with mentoring for the digital economy.** ◆

In 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. Adoption of E-commerce requires early interventions in the digitization journey of businesses wishing to transition online. Although some of them have exploited internet technology to expand their reach with partners, suppliers, and customers, many of the MSMEs are still using ICT tools mainly for administrative matters and still have limited capacity to enter and be competitive in E-Commerce markets. FICs often lack a critical mass of businesses to justify the development of highly professional courses at national level. By leveraging economies of scale, a regional program of E-commerce short courses will allow small businesses to acquire the basic skills of setting up and running online retail stores.

**Measure 6.1.3: Develop a regional distance learning programme for E-commerce business service providers for E-commerce in partnership with leading international organizations, through the PacifEcom Alliance.**

Staff of E-commerce business service providers for E-commerce (sectoral associations, co-working spaces, private businesses, etc.) lack the skills to ensure best practices from around the world and the region are disseminated locally. A certified regional distance learning program to upskill the staff of such providers could play an important role in ensuring sustainability of the digitization journey of Pacific MSMEs. Using the momentum created by the COVID-19 pandemic and the gain in e-readiness, the programme would be taught online, so as to be easily followed from across the region. There are several business development service programs in the Pacific – the largest is the NZ-funded Business Link Pacific, which vets and certifies local Business Development Services (BDS) providers and subsidises MSMEs to make use of their services.

**Measure 6.1.4: Develop a regional training and acceleration program for select companies from across the digital economy spectrum in collaboration with leading tech multinationals.**

Leading tech multinationals have an important role to play in strengthening the Pacific start-up ecosystem. A regional training and acceleration program leveraging the competencies, network and tools of tech giants will help develop a leading wave of start-ups and help them expand while inspiring subsequent waves of companies. The program can be based on Public-Private Partnerships (PPP) with corporations the likes of Google, IBM, CISCO, Microsoft, Oracle, SAP, and Huawei that have already participated in similar programmes in other regions.

**Measure 6.1.5: Provide digital and business skills training to all women entrepreneurs.** ◆

Enhancing digital and business skills of women owning and/or managing firms through training tailored to the needs of modern enterprises and E-Commerce markets will improve women's economic opportunities and well-being, which is a critical issue in the Pacific region. Improved digital capability is a prerequisite to fully integrate women, who face gender gaps that risk leaving them behind in a rapidly evolving digital and knowledge-based economy so that they can be fully empowered. This should take place by consulting and engaging Ministries of Women's Affairs where they exist.

**SO 6.2: Digital skills are enhanced for all**

**Measure 6.2.1: Enhance the digital inclusive skills of students at all levels, including at primary and secondary schools, Post School Education and Training (PSET) level, and at community level. Develop standardized training curricula on E-commerce at PSET level.**

Many people in the Pacific face difficulties in accessing and using digital innovations ensuing from their lack of familiarity with new tools and their low digital literacy. Learning institutions, trainers and education regulators will need keep track of the fast pace of technological changes resulting in ever shortening lifespans of skills. These changes require technical workers to embrace continuous learning and complicate curriculum development due to short lifespan of skills. Collaboration between regulators, learning institutions, E-commerce and technology businesses is

required to determine the best training approaches for equipping the digital economy with a steady availability of skills and avoiding skills mismatch. Training should be accompanied by mentoring to ease the adoption of new tools by beneficiaries, once they have been trained.

**Measure 6.2.2 Develop regional awareness raising programme focusing on technology knowledge for lawmakers and policy makers**

Most FICs have integrated ICT in their national development plans, either via focus on the core IT sector, or the utilization of this sector for broader efficiency gains in productive sectors, public services delivery etc. The translation from policy to actual improvements has been slower than expected, partly due to lawmakers and policymakers’ limited knowledge and understanding of E-commerce, digital technology and digital innovation. This 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.

**Measure 6.2.3: Accelerate business and consumers readiness to pre-empt or mitigate cybersecurity and cyber-safety risks.**

Cybersecurity and cyber-safety for businesses, and consumers, is a fundamental enabler of E-commerce. Businesses need the skills to know how to keep their businesses safe from data breaches, malware, denial-of-service attacks and insider threats. Consumers also need to have basic cyber-safety skills to keep their identity and personal data safe, and to avoid risks such as phishing.<sup>25</sup> Cybersecurity capacity building programmes exist in the Pacific to strengthen cybersecurity capacity regionally, but a lot of this work is targeted to Pacific Island government and citizens only. However, cybersecurity is a priority for businesses as well.

### 3.7 Priority Area 7: Access to Finance for E-commerce

The strategic outputs and corresponding measures for this policy area are as follows:

No.	Measure
<b>SO 7.1: Availability of risk sharing facilities and blended finance solutions has increased for E-commerce players (marketplace, vendors, merchants).</b>	
7.1.1	Develop a regional grant & loan scheme for tech start-ups and E-commerce MSMEs.
7.1.2	Develop regional credit guarantee scheme for tech start-ups and E-commerce MSMEs.
7.1.3	Leverage blended-finance tools from development banks, UN agencies (such as the United Nations Development Programme UNDP and the United Nations Capital Development Funds UNCDF) and other investors to de-risk E-commerce investments by the private sector.
7.1.4	Develop ecosystem enabling activities (events, exchanges, etc.) to promote new financing opportunities and partnerships between various stakeholders of the digital economy.
<b>SO 7.2: Alternative sources of finance for E-commerce ventures have been mainstreamed in access to finance solutions and are promoted regionally</b>	
7.2.1	Support to the development of alternate financing options like crowdfunding and pre-sales mechanisms for start-ups to gain access to capital from the contributions of many small investors.
7.2.2	Organize an annual pitching event of most promising Pacific E-commerce ventures with leading venture capital funds from Asia and the Pacific.
7.2.3	Organize annual E-commerce innovation challenge grant.

<sup>25</sup> Phishing is a type of social engineering attack often used to steal user data, including login credentials and credit card numbers. It occurs when an attacker, masquerading as a trusted entity, dupes a victim into opening an email, instant message, or text message.



**SO 7.1: Availability of risk sharing facilities and blended finance solutions has increased for E-commerce players (marketplace, vendors, merchants).**

**Measure 7.1.1: Develop a regional grant & loan scheme for tech start-ups and E-commerce MSMEs.**

Tech start-ups and E-commerce ventures are considered risk-prone by commercial banks, making access to traditional finance virtually impossible at domestic level. A donor-funded grant & loan scheme targeting this business segment, be it established as standalone facility or administered by existing financial institutions, can ease observed constraints, thus addressing market failures and promoting innovation.

**Measure 7.1.2: Develop regional credit guarantee scheme for tech start-ups and E-commerce MSMEs.**

Most small and medium E-commerce operators are lacking access to financial resources. In a few countries there are programmes targeting entrepreneurs that include financing aspects, but readiness to qualify for financing remains an issue. Similarly, financial institutions have products that target the MSMEs but none specifically targeting E-commerce operators. A regional mechanism could help spur innovation while reducing the gap between traditional lenders and promising tech start-ups.

**Measure 7.1.3: Leverage blended-finance tools from development banks, UN agencies (such as the United Nations Development Programme UNDP and the United Nations Capital Development Funds UNCDF) and other investors to de-risk E-commerce investments by the private sector.**

There is a need to work towards availability of investment funds for E-commerce start-ups by further developing links between entrepreneurs and potential investors. Blended finance instruments that use public and philanthropic funds to catalyse private and commercial investments in E-commerce represent innovative avenue for sustainable change in the area of access of finance.

**Measure 7.1.4: Develop ecosystem enabling activities (events, exchanges, etc.) to promote new financing opportunities and partnerships between various stakeholders of the digital economy.**

Governments, business support organisations and finance institutions may need to deepen their understanding of E-commerce in order to be able to cooperate and develop financial products that cater E-commerce operators and that are aligned to E-commerce business growth cycles. Ecosystem enabling activities can facilitate this process.

**SO 7.2: Alternative sources of finance for E-commerce ventures have been mainstreamed in access to finance solutions and are promoted regionally**

**Measure 7.2.1: Support to the development of alternate financing options like crowdfunding and pre-sales mechanisms for start-ups to gain access to capital from the contributions of many small investors. ♦**

Crowdfunding is a platform that allows businesses to pitch product and service ideas to an online community who may be interested in investing. There are many platforms available to use. Usually a free service, crowdfunding can encourage E-commerce entrepreneurs, formal or informal. Unlike venture capital, crowdfunding does not require to give away a massive stake in the company and it allows the company to validate ideas in the eyes of the public before it is built, and mass marketed. It enables less connected entrepreneurs, who likely are building their support from the ground up, to level the playing field between them and bigger companies.

**Measure 7.2.2: Organize an annual pitching event of most promising Pacific E-commerce ventures with leading venture capital funds from Asia and the Pacific. ♦**

Venture capital in the Pacific is of limited but increasing importance. Support is needed to better appreciate the context of the venture capital investment; deal generation and screening; due diligence and valuation; monitoring and value addition and, finally, exiting ventures. An annual pitching event, preceded by a mentoring programme to qualify the candidates to meet the requirements set by venture capitalists, will improve the investment climate for venture capitalists and other investor groups.



**Measure 7.2.3: Organize annual E-commerce innovation challenge grant.**

Challenge 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.



## 4. Governance



## 4.1 Pacific E-commerce Committee

### 4.1.1 Background

The outcomes of the Pacific Regional E-commerce Strategy will be difficult to accomplish without a sound governance mechanism suitable to monitor, coordinate and provide strategic oversight over implementation.

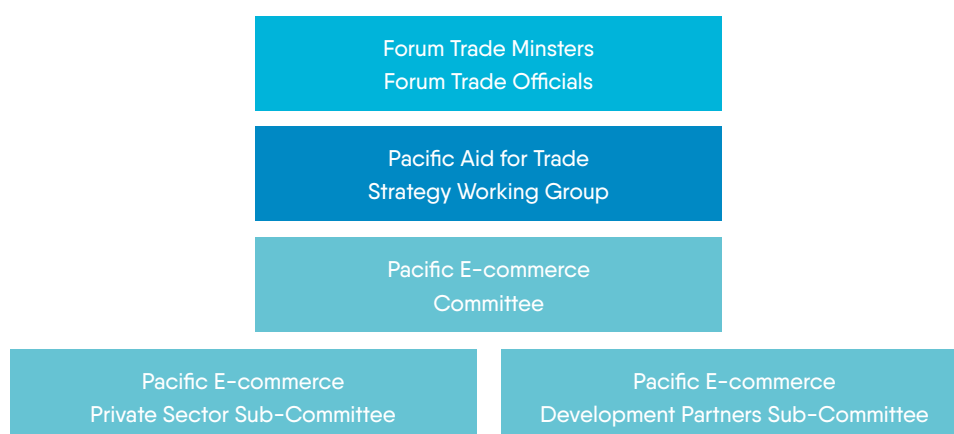
At the core of this mechanism lies the Pacific E-commerce Committee, which will be established under the auspices of the Pacific Islands Forum Secretariat.

### 4.1.2 Membership

The Pacific E-commerce Committee would be chaired by the PIFS Secretary General, with the chairman of the E-commerce Private Sector Sub-Committee and the chairman of the Development Partners Sub-Committee as deputy chairs. Members of the Committee will comprise National E-commerce Focal Points from Forum Island Countries. Representatives of the Strategy's implementing agencies and funding partners would attend as observers.

The Committee would meet at least annually in person, with regular online intersessional meetings to take stock of progress. It would report to Forum Trade Ministers through the steering committee of the Pacific Aid-for-Trade Strategy – known as Pacific Aid for Trade Strategy Working Group.

*Figure 5: Governance structure – Pacific Regional E-Commerce Strategy And Roadmap*



### 4.1.3 Roles and Responsibilities

The objective of the Committee is to maximize the contribution of E-commerce to regional development by promoting a coordinated approach to the regional measures for E-commerce development and their complementarity with relevant national measures.

The Committee's role is to provide support, guidance and strategic oversight of the Strategy's implementation, ensuring the timely and effective delivery of its outputs and the achievement of its outcomes.

Functions of the Committee would include:

- Provide strategic oversight on implementation of the Pacific Regional E-commerce Strategy;
- Promote coordination between partners of the Pacific E-commerce Initiative (the PacifEcom Alliance);
- Provide recommendations to Forum Trade Ministers, donor partners, and implementing agencies to facilitate implementation of the measures included in the Pacific Regional E-commerce Strategy;
- Ensure that the implementation of the Pacific Regional E-commerce Strategy remains aligned with its vision and guiding principles, and with the broader regional development agenda.

Secretarial support to the Committee will be provided by the Pacific Islands Forum Secretariat.

## 4.2 National E-commerce Focal Points

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National E-commerce Focal Points (NEC-FPs) will be appointed in each FIC to steer the delivery of the outputs delineated in the Pacific Regional E-commerce Strategy and Roadmap. NEC-FPs should be selected amongst the most senior officials of the ministry responsible for E-commerce – Permanent Secretary or equivalent. To ensure alignment and complementarity between national and regional measures, NEC-FPs should also be responsible for chairing their respective National E-commerce Committee, where these are established. NEC-FPs will be expected to steer the network of E-commerce stakeholders in their respective countries, thus ensuring that national instances are well represented in regional fora, and vice-versa. The NEC-FPs will need to be constantly provided targeted capacity building to strengthen and sustain national capacities on E-commerce.

## 4.3 E-commerce Private Sector Sub-committee

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The private sector has a leading role in the implementation of the Strategy, as highlighted by one of its guiding principles and further emphasised by many of its measures. The E-commerce Private Sector Sub-committee, whose establishment is optional but recommended, will act to ensure that the business perspective is fully integrated during implementation of the Pacific Regional E-commerce Strategy. It will forge productive relationships with governments and development partners by discussing and disseminating accurate information on E-commerce business activities, proposing practical solutions in areas such as logistics, e-payments, and MSME capacity-building etc., and taking responsibility to co-deliver certain E-commerce reforms. The Board Chair of the Pacific Islands Private Sector Organisation (PIPSO) will be the chair for the Sub-committee. The Sub-Committee could propose the creation of multiple working groups, in line for instance with the seven policy areas adopted in this strategy.

Secretarial support to the Sub-Committee will be provided by the Pacific Islands Forum Secretariat.

## 4.4 E-commerce Development Partners Sub-committee

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Development partners, including donor partners, regional and international development agencies and banks, as well as managers of donor-funded E-commerce facilities, are the implementation powerhouse of the Pacific Regional E-commerce Strategy. The E-commerce Development Partners Sub-committee, whose establishment is optional but recommended, represents the forum where the Strategy's implementing entities and its funders can carefully review performance of existing regional E-commerce projects, discuss future projects suitable to accommodate recommendations of the E-commerce Committee, and coordinate their action to maximise impact and value for money.

Secretarial support to the Sub-Committee will be provided by the Pacific Islands Forum Secretariat.

## 4.5 Pacific Islands Forum Secretariat

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As the regional agency duly mandated to lead on trade-related matters, the PIFS will coordinate implementation of the Pacific Region E-commerce Strategy on behalf of the PacifEcom Alliance. Coordination by the PIFS will involve several tasks, including but not limited to:

- Provide secretarial support to the Pacific E-commerce Committee and its sub-committees;
- Closely monitor implementation of the Pacific Regional E-commerce Strategy and Roadmap. PIFS will be responsible to solicit/collect relevant data and reports in a timely fashion to facilitate the measuring of performance indicators, and disseminate regular reports to the Regional E-commerce E-committee, and to the Forum Trade Ministers;
- Support resource mobilization on behalf of the PacifEcom Alliance;
- Lead engagement efforts on behalf of the PacifEcom Alliance, including through the establishment or information repositories, internet portals, newsletters, high-impact events, etc.

When desirable, the PIFS support implementation of certain measures in areas of competitive advantage such as those indicated in the Pacific E-Commerce Roadmap – see chapter five.

Within the Secretariat, the Director Programmes and Initiatives will exercise overall leadership on the Secretariat's E-commerce work. Day-to-day implementation will be under responsibility of the Secretariat's Trade Team, which will recruit additional staff to comply with these duties. A Multi-Donor Fund should be considered to support the coordination work undertaken by the PIFS on behalf of the whole partnership.



## 5. Roadmap for Implementation



The Roadmap of the Pacific E-commerce Strategy is presented in the below. To the extent possible, for each measure information is provided on indicative budget, main implementing agencies, indicator, baseline and target. The Roadmap provides the baseline for the monitoring and evaluation process to be conducted by the PIFS on behalf of the whole partnership.

Measures highlighted in green in each policy area are considered 'Strategy boosters' and should therefore be treated in priority. Their implementation will accelerate E-commerce adoption and digital transition.

## 5.1 Priority Area 1: E-commerce Readiness and Strategy Formulation

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 1.1: National E-commerce strategies are developed and implemented in FICs, which are built on domestic consensus and inspired by the Regional E-commerce Strategy and Roadmap</b>						
1.1.1	Develop national E-commerce strategies in all FICs built on the model of the regional E-commerce Strategy and Roadmap.	700,000 <sup>26</sup>	PIFS, UNCTAD, World Bank	Number of FICs with validated E-commerce strategies	0	10
1.1.2	Establish a Pacific E-commerce Committee. Establish national E-commerce committees modelled on the regional body to strengthen cooperation between government institutions, regulatory bodies and leading private sector partners. <sup>27</sup>	350,000/year (regional); 20,000/year (national)	PIFS, UNCTAD, World Bank, Pacific Islands Chapter of the Internet Society (PICISOC)	Status of Pacific E-commerce Committee and Number of FICs with a functioning E-commerce; national E-commerce committees established	To be established; 0	Established; 10
1.1.3	Establish digital economy or E-commerce business associations in all FICs and at regional level to foster collaboration between companies, offer services, and advocate private sector interests on E-commerce.	200,000 - seed funding from donor partners (co-funded resources)	PIPISO	Number of national E-commerce associations or national chapters of a regional E-commerce association	2 <sup>28</sup>	10
1.1.4	Create an alliance of regional organizations, industry leaders and development partners ("PacifEcom Alliance") from the Pacific to galvanize support, innovation and Public Private Partnerships for E-commerce development.	100,000/year	PIFS, PICISOC	Status of PacifEcom Alliance	To be established	Established and operational

<sup>26</sup> Loosely based on an average of US\$70'000/country strategy

<sup>27</sup> National E-commerce committees could be a sub-committee of existing National Trade Committees.

<sup>28</sup> These are Papua New Guinea Digital Commerce Association (PNGDCA) and Vanuatu Innovation and Digital Economy Association (IDEA)



**SO 1.2: Statistics on E-commerce are available to inform national and regional policymaking of FICs and the formulation of donor-funded programmes**

1.2.1	Establish a regional collection production, compilation and dissemination mechanism for E-commerce statistics.	1.5m	SPC, UNCTAD	Availability of E-commerce related statistics	Limited <sup>29</sup>	At least 12 different connectivity and E-commerce indicators published annually for FICs.
1.2.2	Produce regular Digital Economy Reports for the Pacific.	300,000 per report	PIFS, SPC, UNCTAD, World Bank	Status of Pacific Digital Economy Report	Two reports to be published by UNCTAD – one in 2022 and 2024	Developed and published every 2 years

**SO 1.3: E-commerce potential and opportunities in the Pacific are visible and recognized internationally**

1.3.1	Establish a .pacific (DotPacific) sponsored top-level domain (sTLD) <sup>30</sup> for businesses, organizations and individuals from the region.	300,000 – approval and registration of early birds	PIFS as sponsor and registrar, ICANN/IANA for analysis and adoption	Status of .pacific sTLD	To be established	Established and adopted by at least 100 businesses
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<sup>29</sup> See <https://sdd.spc.int/topic/information-and-communication-technology> for Pacific statistics on ICT and trade in services

<sup>30</sup> A sponsored top-level domain (sTLD) is one of the categories of top-level domains (TLDs) maintained by the Internet Assigned Numbers Authority (IANA) for use in the Domain Name System of the Internet. A sponsored TLD is a specialized top-level domain that has a sponsor representing a specific community served by the domain (e.g. .asia, .aero). The communities involved are based on ethnic, geographical, professional, technical or other theme concepts proposed by private agencies or organizations that establish and enforce rules restricting the eligibility of registrants to use the TLD

1.3.2	Launch a Pacific E-commerce Portal providing information on how to operate an E-commerce business, pre-requisites on access to payment gateways, E-commerce supporting programs, initiatives and development partners funded projects.	300,000 -development and running costs for 5 years	PIFS, SPC, PIPSO, ITC	Status of Regional E-commerce portal	To be established. SPC SDD produces limited information on connectivity; <sup>31</sup> national trade portals in 7 FICs	Established and regularly updated
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## 5.2 Priority Area 2: ICT Infrastructure and Services

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 2.1: Supply of international connectivity is expanded and strengthened across the Pacific</b>						
2.1.1	Expand the submarine cable infrastructure <u>and its affordability</u> in the Pacific to ensure all FICs are connected to main international cables and broadband bandwidth is acquired with the best value for money approach. Enable appropriate satellite solutions especially Middle-/Low-Earth-Orbit (MEO/LEO) connectivity for some more remote islands.	To be announced (TBA)	ADB, EIB, ITU, SPC, World Bank	Number of FICs without access to high-speed broadband internet through submarine cable connections	3 – Nauru, Kiribati, Tuvalu	0
<b>SO 2.2: Supply of general and last-mile domestic connectivity is expanded across the Pacific</b>						
2.2.1	Expand the 4G network and wi-fi connectivity as well as access to devices in rural communities through supply-side and demand-side incentives.	TBA	Pacific Region Infrastructure Facility (PRIF) ICT Working Group, ITU, UNCDF, Government program to support national cable operators and MNOs	Percentage of island population with access to wireless broadband connection.	20% <sup>32</sup>	Between 50% and 75% for all FICs

31 <https://sdd.spc.int/topic/information-and-communication-technology>

32 <https://www.unescap.org/sites/default/files/Broadband%20Connectivity%20in%20Pacific%20Island%20Countries.pdf>

2.2.2	Set up or strengthen Universal Access policies and programmes, including but not limited to Universal Access Funds (UAF).	TBA – depending on public-private negotiations	ITU, UNCDF, program to support local Ministries, in partnership with MNOs	Number of FICs with UAF operational and funding infrastructure serving remote areas	To be confirmed (TBC)	TBC
2.2.3	Develop and scale market-led initiatives for last-mile digital 'meso' infrastructure and 'micro' infrastructure, as well as availability of devices.	TBA	ITU, UNCDF, PRIF ICT Working Group	Number of initiatives developed in the Pacific to improve last-mile digital 'meso' infrastructure and 'micro' infrastructure.	TBA	TBA
2.2.4	Conduct a regional study to understand the requirements and implications for deploying 5G in the region. Identify use-cases for 5G technology for business, government and essential services, and undertake comparative assessment vis-à-vis efforts to scale up 4G.	300,000	ITU, UNCDF, other regional or international agency or facility (TBC), in partnership with local cable operators, and MNOs, PRIF ICT Working Group	Status of baseline study	Unavailable	Released and presented to FICs
<b>SO 2.3: Demand for better connectivity is stimulated across the Pacific</b>						
2.3.1	Promote development of online local content by the private sector.	500,000	PIPSO, PTI, E-commerce platforms	Number of applications supported to develop local content supporting E-commerce development	0	100
2.3.2	Increase affordability and promote demand-side measures such as subsidized internet packages, supportive regulatory environment and support partnerships with cable operators suitable to reduce the price of download/upload per unit of data, thus promoting extensive uptake of E-commerce practices.	TBA	ITU, World Bank (WB)	Mobile broadband basket as a percentage of Gross National Income (GNI) <sup>33</sup>	TBC	TBC

33 See: <https://www.itu.int/en/ITU-D/Statistics/Dashboards/Pages/Digital-Development.aspx>

### 5.3 Priority Area 3: Trade Logistics and Trade Facilitation

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 3.1: Trade procedures relevant to cross-border E-commerce are digitized and harmonized across FICs</b>						
3.1.1	Accelerate the harmonized implementation of the WCO Framework of Standards for Cross-Border E-Commerce.	500,000	WCO, OCO, PIFS, World Bank	Number of FIC which have implemented at least 50% of the measures contained in the Framework of Standards among FICs	TBC	TBC
3.1.2	Deploy interoperable customs systems including ASYCUDA in all FICs that have not acquired one, to increase harmonization of processes and procedures with the ability to connect to future single window systems.	1m/country	UNCTAD ASYCUDA Support Mechanism for the Pacific (ASMP), OCO, World Bank	Number of FICs having adopted ASYCUDA	6 <sup>34</sup>	15
3.1.3	Accede to Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.	300,000	UNESCAP, PIFS	Number of FICs having ratified the CBPT agreement	2 <sup>35</sup>	10
3.1.4	Deploy Customs Declaration System (CDS) at FICs' post offices, and interface with customs system. <sup>36</sup>	2m	UPU, UNCTAD, OCO, World Bank	FICs having successfully connected Customs and Posts system for clearance of small parcel.	1 (on-going)	8
3.1.5	Establish a regional <i>deminimis</i> value threshold that countries can consider across the region.	100,000 – technical assistance to facilitate regional determinations	OCO, PIFS	Variance of de-minimis value across FICs <sup>37</sup>	USD 680 in Australia, USD 633 in New Zealand, USD 182 for personal items in Fiji <sup>38</sup>	Threshold Increases compared to 2021
<b>SO 3.2: Logistics systems relevant to E-commerce are strengthened and their cost to business reduced</b>						

34 See [https://pacific.asycuda.org/?page\\_id=1389](https://pacific.asycuda.org/?page_id=1389)

35 On-going in Tonga and Tuvalu

36 The interfacing between ASYCUDA and CDS would be a separate technical assistance project from the deployment of CDS

37 The variance is the average of the squared differences from the mean

38 See: <https://global-express.org/assets/files/Customs%20Committee/de-minimis/GEA%20De%20Minimis%20Country%20Information%20as%20of%2018%20November%202019.pdf>

3.2.1	Develop regional freight assistance packages (cost-share basis) to lower the costs of cross-border E-commerce.	1m	PTI Australia	Number of packages granted for E-commerce orders	N/A	TBD
3.2.2	Incentivize for the development of fulfilment centres for Pacific products in main export markets by private sector operators.	300,000 – feasibility study and request for proposal (RFP). Excludes the donor grant to leverage private sector investment in the centre	PTI, regional impact investment facility, PIPSO	Number of technical and financial proposals received by private companies for a PPP to create fulfilment centres	0	3
<b>SO 3.3: Postal readiness for E-commerce has increased.</b>						
3.3.1	Modernize postal operational processes by using Universal Postal Union (UPU) standardized programs.	5m	UPU, Asia Pacific Postal Union (APPU), post operators, UNCTAD, World Bank	Number of post operators having completed implementation of ORE and E2E.	0	8
3.3.2	Adopt home addressing systems incorporating UPU standards or alternative geocode systems to facilitate last-mile delivery.	5m	UPU, APPU, post operators, UNCTAD	Number of countries having implemented physical addressing systems in line with UPU standard S42.	0	8
<b>SO 3.4: Accessibility of E-commerce platforms has increased</b>						
3.4.1	Develop partnerships with leading B2B and B2C marketplaces to accelerate the development of cross-border E-commerce solutions for Pacific merchants and vendors.	1m	PTI, regional impact investment facility, PIPSO, PIFS, Amazon, Alibaba, Google, other private sector companies	Number of FICs MSMEs onboarded onto global B2B and B2C marketplaces	TBC	5,000
3.4.2	Support the expansion of leading national marketplaces towards the creation of a private sector-led Regional E-commerce Marketplace (REM).	1.3m – 300,000 feasibility study + request for proposal (RFP) + 1 million donor grant to leverage private sector investment in the centre	PTI, regional impact investment facility, PIPSO, PIFS	Number of regional marketplaces offering products from at least 5 FICs	0	2

## 5.4 Priority Area 4: Legal and Regulatory Framework

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 4.1: E-commerce-related laws are made or amended based on UNCITRAL model laws as best international standard, plus other best international practices</b>						
4.1.1	Adopt UNCITRAL model laws on electronic transactions.	400,000	UNCITRAL, in partnership with FICs governments	Number of FICs having adopted laws or Electronic Commerce transactions modelled on UNCITRAL MLEC	1	10
4.1.2	Adopt other relevant laws and regulations increasing confidence for consumers and businesses and predictability of E-commerce.	500,000	UNCTAD, UNCITRAL, Pacific Cyber Security Operational Network (PaC-SON) <sup>39</sup>	Average number of areas for which FICs have developed E-commerce legislation – out of the four areas included in the UNCTAD Cyberlaw Tracker database	1	3
4.1.3	Increase the adoption and use of international standards that support E-commerce, as well as technology and network neutrality and interoperability.	250'000	PIFS, Regional Standards Committee under the Pacific Quality Infrastructure Initiative, Standards Australia	Number of international standards that support E-commerce adopted by FICs	0	At least 5 standards in 7 FICs.
<b>SO 4.2: International agreements on E-commerce benefitting FICs are negotiated and concluded</b>						
4.2.1	Develop FIC negotiators' skills on E-commerce laws and regulations to support negotiation and implementation of future digital trade agreements and E-commerce provisions in FTAs.	300,000	PIFS, UNCTAD, COMSEC	Number of FIC negotiators trained on E-commerce	0	50
4.2.2	Negotiate a regional agreement on E-commerce to promote transparency, and predictability of domestic and cross-border E-commerce.	1.2m	PIFS	Status of E-commerce Agreement in the Pacific	To be negotiated	Concluded and initiated by 7 FICs

<sup>39</sup> Partnership with existing programmes in the region, such as the New Zealand – Australia support on cybercrime and on consumer protection laws, should be considered as well.

## 5.5 Priority Area 5: Electronic Payment Solutions

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 5.1: Non-bank digital payment solutions for E-commerce are deployed across the Pacific</b>						
5.1.1	Promote the establishment of new fintech providers focusing on serving the whole region.	TBA	UNCDF	Number of new fintech digital payment solutions developed by non-bank payment service providers and applied on a regional scale	0	5
5.1.2	Implement harmonised regulatory sandboxes or similar mechanisms for fintech development using recently approached AFI guidelines for regulatory sandboxes for fintech.	300,000	UNCDF, ADB, IMF, PIFS, WB, IFC	Number of countries adopting legislation aligned with the Regional Regulatory Sandbox Guidelines	2 <sup>40</sup>	6
5.1.3	Implement regional mechanisms for mitigating the risk of criminal misuse of fintech by using adequate technologies to strengthen compliance with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) measures.	100,000 – technical assistance to facilitate regional determinations	UNCDF, ADB, IMF, PIFS	Status of regional mechanism to ensure compliance of non-bank digital payment solution with Asia / Pacific Group On Money Laundering (APG) recommendations	To be established (TBE)	Established
5.1.4	Promote the use of fintech-based solutions for transferring remittances.	TBA	UNCDF, WB, IFC	Average fees per remittance transaction	10% of transaction value	2.5% of transaction value
5.1.5	Operationalize partnerships with leading payment solutions providers for the creation of Pacific digital wallets with simple functionalities.	TBA	UNCDF, PTI, PIFS	Number of partnerships signed with major app-based payment platform players	0	5
5.1.6	Launch a region-wide advocacy campaign on the advantages of digital payment solutions, and their implications for E-commerce adoption and digital financial inclusion (“banking the unbanked”).	200,000	ADB, UNCDF	Number of targets (consumers + merchants) reached by the	0	300,000
<b>SO 5.2: Business-friendly digital payment solutions spearheaded by commercial banks and Mobile Network Operators are integrated in E-commerce ecosystem</b>						

5.2.1	Improve interoperability between payment service providers at national level (e.g., between banks, between MNOs or between banks and MNOs) through payment system infrastructure, technical and regulatory reforms.	100,000 – technical assistance to facilitate regional determinations	PIFS, UNCDF, WB, Pacific Central Banks	Status of regional agreement to improve interoperability between payment service providers	TBE	TBE
5.2.2	Partner with the major international banks in the Pacific to improve the quality of digital financial services available to businesses and consumers (internet banking, payment gateways, etc.).	100,000 – technical assistance to facilitate partnership	PIFS, UNCDF	Debit card and credit card average fees per transaction	3.75%	1.5%

## 5.6 Priority Area 6: E-commerce Skill Development

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 6.1: The regional innovation/start-up ecosystem for E-commerce business ventures is strengthened</b>						
6.1.1	Strengthen the regional network incubators, digital business clusters and accelerators and connect this network to the other elements of the regional innovation ecosystem.	1m	PTI, PIPSO, NPSO, PIFS, WB, APTC, Pacific Islands Telecommunications Association (PITA)	Number of FICs with incubators/accelerators for E-commerce connected under the umbrella of a regional organization	3	10
6.1.2	Partner with existing co-working spaces and innovation hubs to develop a regional program of short courses supporting the business community with skill development and with mentoring for the digital economy.	1m	PTI, ITC, PIPSO, NPSO SPC (learning.spc.int), incubators and accelerators	Number of FIC businesses trained by the regional program of E-commerce short courses	0	100
6.1.3	Develop a regional distance learning programme for E-commerce business service providers for E-commerce in partnership with leading international organizations, through the PacifEcom Alliance.	1m	Regional Universities USP, APTC, Google Academy, Global Academy, ITC, Regional Technical and Vocational Education and Training (TVET) bodies	Number of certified trainees from the distance learning programme	0	30



6.1.4	Develop a regional training and acceleration program for select companies from across the digital economy spectrum in collaboration with leading tech multinationals.	100,000 – technical assistance to facilitate partnership	PIPSO, PTI, ITC, PIFS, WB, Central Bank Regulator Sandbox	Number of FICs benefitting from a program run in partnership with leading tech multinationals and promoting the use of digital technologies for business (app development, content, payment integration, etc.)	2 <sup>41</sup>	8
6.1.5	Provide digital and business skills training to all women entrepreneurs.	1.5m	UNCTAD, ITC, ITU, PTI, PIPSO, NPSO, incubators and accelerators, Pacific women groups	Number of FICs benefitting from a dedicated programmes addressing challenges of women in ICT	1 <sup>42</sup>	7
<b>SO 6.2: Digital skills are enhanced for all</b>						
6.2.1	Enhance the digital inclusive skills of students at all levels, including at primary and secondary schools, Post School Education and Training (PSET) level, and at community level. Develop standardized training curricula on E-commerce at PSET level.	1m	USP, SPC, UNESCO, UNICEF, ILO, ITU, APTC, National TVET bodies, Business Link Pacific program	Number of FICs where curriculum includes specific objectives or a subject on basic computer skills (or computing);  Number of FICs where curriculum includes recommendations for ICT-assisted instruction to form part of subject delivery.  Status of standardized regional curricula on E-commerce at PSET level	TBC; <sup>43</sup> TBC; <sup>44</sup> to be adopted <sup>45</sup>	TBC; TBC; adopted
6.2.2	Develop regional awareness raising programme focusing on technology knowledge of lawmakers and policy makers.	500,000	UNCTAD, ITC, ITU, PIFS, SPC (through its micro-certifications programme under EQAP), USP Law School, National Law Societies.	Status of comprehensive training programme for government officials and politicians in relevant ministries – trade, industry, ICT, finance	TBA	Developed and delivered to 300 lawmakers and policy makers

41 Pilots exist in Fiji and PNG, limited to ICT sector

42 National initiatives exist (Fiji) but limited in scope and outreach

43 Based on methodology by UNESCO: <http://data.uis.unesco.org/>

44 Based on methodology by UNESCO: <http://data.uis.unesco.org/>

45 No standardized curriculum on E-commerce in any FIC. Local community and associations initiatives exist but these can't be scaled up

6.2.3	Accelerate business and consumers readiness to pre-empt or mitigate cybersecurity and cyber-safety risks.	500,000	PTI, PIPSO, ITU, Common National Cybersecurity Units, Consumer Councils, PaCSON.	Number of reported cyberattacks, phishing, ransomware attempts against Pacific businesses and consumers	TBA	Decrease in reported cases over the period
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## 5.7 Priority Area 7: Access to Finance for E-commerce

No.	Measure	Indicative Budget (USD)	Main Implementing Agencies	Indicator	2021 Baseline	2026 Target
<b>SO 7.1: Availability of risk sharing facilities and blended finance solutions has increased for E-commerce players (marketplace, vendors, merchants)</b>						
7.1.1	Develop a regional grant & loan scheme for tech start-ups and E-commerce MSMEs.	5m	ADB, IFC, in partnership with Pacific Central Banks, national banks, Ministries of Finance and Ministries of ICT	Number of MSMEs benefiting from the grant & loan scheme for E-commerce (or online transition) purposes	N/A	At least 500, in 8 FICs
7.1.2	Develop regional credit guarantee scheme for tech start-ups and E-commerce MSMEs.	5m	ADB, IFC, in partnership with national banks	Number of SMEs benefiting from the credit guarantee schemes for E-commerce (or online transition) purposes	N/A	At least 100, in 8 FICs
7.1.3	Leverage blended-finance tools from development banks, UN agencies (UNDP, UNCDF) and other investors to de-risk E-commerce investments by the private sector.	1m	UNCDF, regional impact investment facility	Number of investors benefiting from funding mechanisms using blended finance	N/A	At least 10 SMEs in 6 FICs
7.1.4	Develop ecosystem enabling activities (events, exchanges, etc.) to promote new financing opportunities and partnerships between various stakeholders of the digital economy.	500,000	UNCDF, PTI, PIFS	Number of events organized	N/A	2 regional events per year
<b>SO 7.2: Alternative sources of finance for E-commerce ventures have been mainstreamed in access to finance solutions and are promoted regionally</b>						

7.2.1	Support to the development of alternate financing options like crowdfunding and pre-sales mechanisms for start-ups to gain access to capital from the contributions of many small investors.	300,000, with funds used to create the crowd-funded projects, and with additional contributions from major crowdfunding platforms	PTI	Amount of seed funding generated through crowdfunding of E-commerce projects	N/A	At least 1m generated through crowdfunding projects in at least 8 FICs
7.2.2	Organize an annual pitching event of most promising Pacific E-commerce ventures with leading venture capital funds from Asia and the Pacific.	1m, in cooperation with private sectors - Angel Investor Network, Start-ups & Angels, Seed-stars, etc.	PTI	Amount of venture capital generated through pitching events.	N/A	At least 2.5m venture capital generated through projects in at least 5 FICs
7.2.3	Organize annual E-commerce innovation challenge grant.	500,000	PIPSO, ITC, UNDP, PTI, PIFS	Number of proposals submitted for each round	N/A	At least 50 proposals submitted for each round and 25-30 grants disbursed for an average amount of USD20,000

