



Solomon
Islands

National E-commerce Strategy 2022-2027





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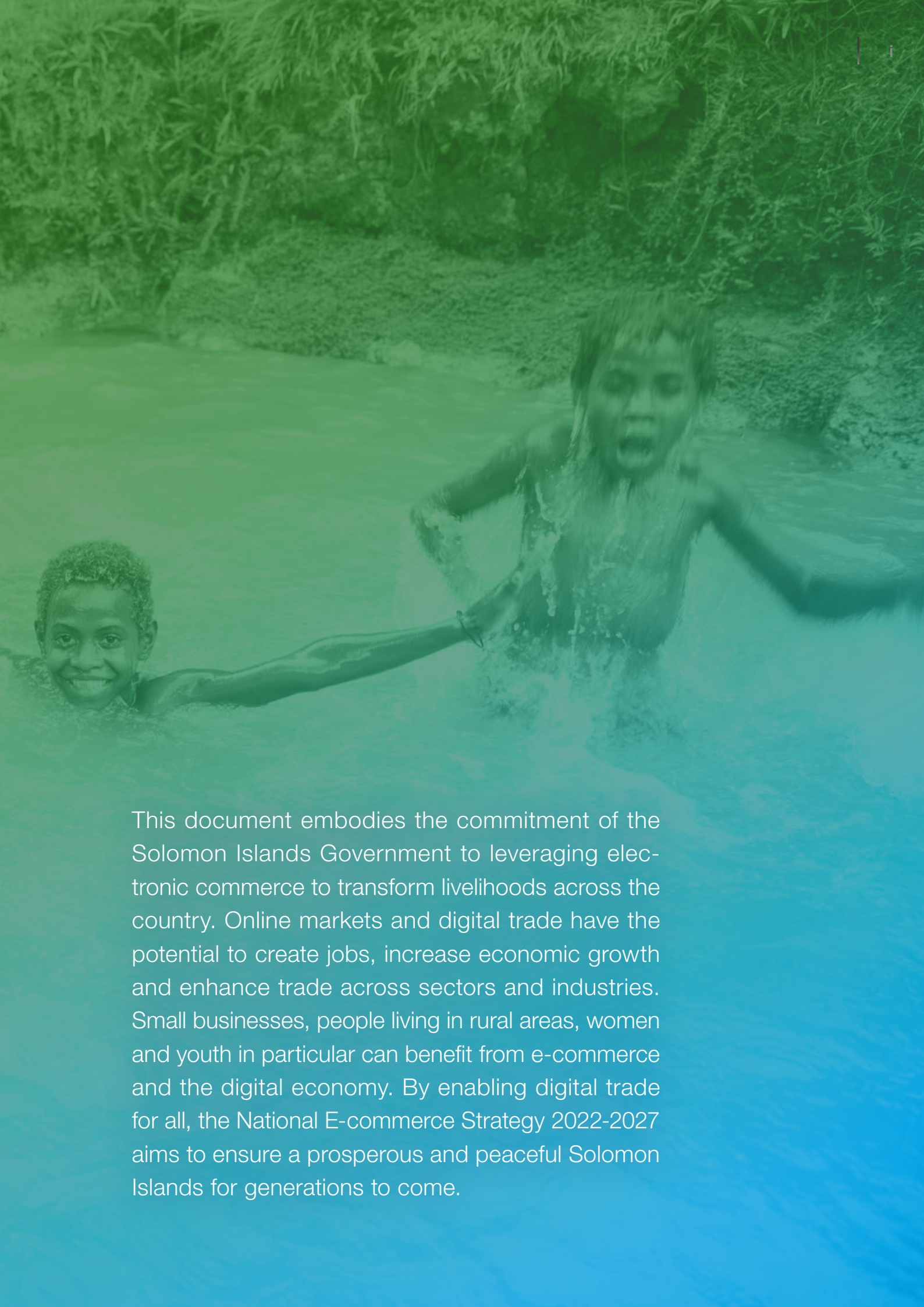
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This document embodies the commitment of the Solomon Islands Government to leveraging electronic commerce to transform livelihoods across the country. Online markets and digital trade have the potential to create jobs, increase economic growth and enhance trade across sectors and industries. Small businesses, people living in rural areas, women and youth in particular can benefit from e-commerce and the digital economy. By enabling digital trade for all, the National E-commerce Strategy 2022-2027 aims to ensure a prosperous and peaceful Solomon Islands for generations to come.

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FOREWORD

BY THE HONOURABLE MANASSEH SOGAVARE, PRIME MINISTER OF SOLOMON ISLANDS

I am honoured to present to you the first National E-commerce Strategy for Solomon Islands. It harnesses our collective vision for improving the social and economic livelihoods of all Solomon Islanders and provides a road map for the Government to accelerate the development of online commerce and the digital economy.

Digital technologies are increasingly reshaping how the world lives, works and trades. Here in the Pacific, businesses are turning to online platforms to market and sell their products. Consumers are likewise turning to their laptops and smartphones to research products and meet sellers, and often purchase these goods and services through digital platforms. E commerce is becoming a way of life for many.

In Solomon Islands, we have seen rapid advancements in digital connectivity and growing potential in online commerce, digital payments and digital trade. For an isolated archipelago nation like ours, e-commerce provides an opportunity to open access to local, regional and international markets for our entrepreneurs and businesses. It also has the potential to spur innovation, create jobs and raise incomes.

As the pace of digital change accelerates, our future will depend on our ability to leverage these technologies for the benefit of our people. We can be proud of how we have always come together for the good of all Solomon Islanders, in spite of many challenges. Although COVID-19 has greatly affected our people, it also made people more aware of the benefits of digital payments and online commerce.

In early 2022, we saw several innovative practices emerging that allowed government services and business activity to continue despite COVID-19 movement restrictions. Even in the Prime Minister's Office, we carry out virtual meetings via Internet. These innovations and new ways of working rely on underlying digital technologies that will play an important role as online commerce and digital trade emerge in Solomon Islands. Fast Internet and digital payments, for example, will help businesses and consumers complete online transactions.

It is because of this innovation and our entrepreneurial spirit that I am hopeful about the digital future. I am confident that our resilience as a people and the promise of e-commerce will help drive inclusive and sustainable development for all Solomon Islanders. This five-year national strategy offers great promise to leverage e-commerce to transform livelihoods across the country.

Implementing this ambitious strategy will require coordination across government and support from our development partners. I acknowledge with gratitude the valuable assistance provided by the Government of Australia and the technical support of the United Nations Conference on Trade and Development, the United Nations Capital Development Fund and all stakeholders who supported us on this journey.



Hon. Manasseh Sogavare

STATEMENT

BY THE HONOURABLE FREDERICK KOLOGETO, MINISTER OF COMMERCE, INDUSTRY, LABOUR AND IMMIGRATION

The development of this National E-commerce Strategy for Solomon Islands comes at a particularly opportune time. The COVID-19 pandemic has fuelled the expansion of e-commerce across the world, with businesses and consumers increasingly moving towards online markets, cashless payments and digital trade. In many countries, this is part of a broader digital transformation journey.

Here in Solomon Islands, we see immense potential for e-commerce to support micro, small and medium-sized enterprise (MSME) growth and boost productivity. We have always been an entrepreneurial people but today the world is changing and we must change along with it. Through digital platforms, entrepreneurs and MSMEs will have the opportunity to access new domestic and international markets and sell their products and services to a much broader audience. This is especially important for both our MSMEs and families living in remote areas, far from major markets or trade corridors.

Some may see our remote markets and dispersed population as inherent weaknesses but we see them as part of our rich history that has fostered resilience and entrepreneurialism. E-commerce holds significant potential to tap into these qualities and increase innovation, trade and entrepreneurship, while bridging challenges rooted in our geography. Today's young generation only needs Internet access and an idea to launch a new business. I look forward to the day when digital entrepreneurship and online commerce become ubiquitous among Solomon Islanders, particularly youth and women.

We recognize that positive change will not happen overnight. We need to be proactive and learn from developments taking place within our region and globally. We must ensure that our MSMEs are equipped to participate in e-commerce and the broader digital economy. This will require boosting access to and affordability of broadband Internet, and enhancing access to financing. Digital and financial literacy will need to be strengthened, and logistics services expanded to deliver e-commerce packages in a timely and cost-effective manner. Capacity and infrastructure development in rural areas will be vital.

Despite the many challenges, we now have a road map to guide us. With the right enabling policy environment, supported by this National E-commerce Strategy, online commerce will drive growth in productive sectors such as tourism, agriculture and fisheries, among other priority sectors. This growth will stimulate job creation and improve opportunities for entrepreneurs –particularly in rural areas– and improve our export competitiveness in today's global digital economy.



Hon. Frederick Kologeto

STATEMENT

BY THE HONOURABLE PETER SHANEL ANGOVAKA, MINISTER OF COMMUNICATION AND AVIATION

This National E-commerce Strategy marks an important milestone for the Solomon Islands Government. It recognizes that the future is digital and that digital connectivity is integral to our economic growth and sustainable development. Almost every sector or industry in Solomon Islands will be impacted by the evolving digital economy and could benefit from online commerce. If the arrival of the submarine cable in 2020 signalled the beginning of a new digital era in Solomon Islands, then we can say that this National E-commerce Strategy provides a road map for getting there.

In 2018, the Ministry of Communication and Aviation recognized the development potential of e-commerce and commissioned a technical assessment to identify key opportunities and challenges to engaging in e-commerce and the broader digital economy. The assessment concluded that despite some challenges, there was immense potential to leverage e-commerce to improve the livelihoods of all Solomon Islanders.

Four years later, we have seen rapid advancements in digital infrastructure and connectivity that will pave the way for e-commerce, online payments and digital trade. In addition to the arrival of the Coral Sea Cable System, telecommunication infrastructure is being deployed in remote provinces across the country. This will bring much-needed digital connectivity to our neighbours living in rural areas – digital connectivity that will allow them to communicate and trade more easily, and provide an avenue to sell their goods to domestic, regional and international markets. The Ministry of Communication and Aviation is also rolling out pilot telecentres –with Internet access, meeting rooms and storage facilities– to support this digital transition in our most remote areas.

Although digital infrastructure and connectivity is the foundation for e-commerce and the broader digital economy, we recognize that coherence across policy areas is important. For example, the Central Bank of Solomon Islands adopted its third National Financial Inclusion Strategy in 2021 and the Telecommunications Bill was amended to require that SIM card holders be registered. This National E-commerce Strategy captures the cross-cutting nature of online commerce and the importance of working across multiple policy streams.

Let us not forget, however, that e-commerce is not the end goal. It is through e-commerce that we hope to achieve inclusive and sustainable development that raises the living standards of all Solomon Islanders. While the future is digital, we recognize that it must fit the unique cultural, economic, social and political characteristics of the country. I am very pleased to join all of you on this digital journey.



Hon. Peter Shanel Angovaka

STATEMENT

FROM THE CO-CHAIRS OF THE NATIONAL STEERING COMMITTEE ON E-COMMERCE

We are honoured to serve as Co-Chairs of the National Steering Committee on E-commerce.

The design and validation process for the National E-commerce Strategy relied on multi-stakeholder consultations that incorporated broad views from across Government, the private sector, academia and civil society organizations. This process has resulted in a unified vision for e-commerce development in Solomon Islands.

With this National E-commerce Strategy, we now have a road map for strengthening the business, policy and regulatory environment to support growth in online markets and digital trade. It provides strategic recommendations and concrete measures that can be implemented by the public and private sectors. Over time, it is our sincere belief that implementing this Strategy will help create jobs, raise incomes, increase trade and improve livelihoods across the country.

The National E-commerce Strategy sets ambitious goals over the next five years. Its implementation will require cooperation among leaders within the Government, private sector and civil society. We must continue to minimize silos and focus on coordinating our efforts across policy areas. It is only by working together that we can achieve the ambitious goals set forth in this Strategy.

The Solomon Islands Government will ensure mechanisms are in place at the institutional and regulatory levels to ensure that Strategy implementation is aligned with ongoing national priorities, projects and initiatives. The National Steering Committee on E-commerce can play an important role in this regard.

We jointly urge all stakeholders, including our friends within the international development community, to collaborate, communicate and work together to implement the National E-commerce Strategy 2022–2027. We understand this is the start of a long journey – e-commerce will not all of a sudden become commonplace in Solomon Islands – but this is the first step.

We look forward to walking with all Solomon Islanders towards our digital future.



Mr Moses Virovolomo



Mr Riley Mesepitu



Acronyms and abbreviations

API	Application Programming Interface	OECD	Organisation for Economic Co-operation and Development
ASYCUDA	Automated System for Customs Data	ORE	operational readiness for e-commerce
CBSI	Central Bank of Solomon Islands	PACER Plus	Pacific Agreement on Closer Economic Relations Plus
CDS	Customs Declaration System	PMO	Prime Minister's Office
CERT	Computer Emergency Response Team	PPD	public–private dialogue
CEWG	Consumer Empowerment Working Group	PPP	public–private partnership
COD	cash on delivery	PRES	Pacific Regional E-commerce Strategy and Roadmap
CS2	Coral Sea Cable System	RSB	regulatory sandbox
DFS	digital financial services	SICCI	Solomon Islands Chamber of Commerce and Industry
DRE	digital readiness for e-commerce	SICED	Solomon Islands Customs and Excise Division
EIU	e-commerce implementation unit	SIDN	Solomon Islands Domestic Network
GIS	geographic information system	SIG	Solomon Islands Government
ICT	information and communications technology	SINU	Solomon Islands National University
ID	identity	SME	small and medium-sized enterprise
IRD	Inland Revenue Division	SOP	standard operating procedure
ISP	Internet service provider	TCSI	Telecommunications Commission of Solomon Islands
IT	information technology	UNCDF	United Nations Capital Development Fund
KYC	know your customer	UNCITRAL	United Nations Commission on International Trade Law
MCA	Ministry of Communications and Aviation	UNCTAD	United Nations Conference on Trade and Development
MCILI	Ministry of Commerce, Industry, Labour and Immigration	UNDP	United Nations Development Programme
MEHRD	Ministry of Education and Human Resources Development	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
MFAET	Ministry of Foreign Affairs and External Trade	UPU	Universal Postal Union
MNO	mobile network operator	USSD	Unstructured Supplementary Service Data
MoFT	Ministry of Finance and Treasury	WCO	World Customs Organization
MSME	micro, small and medium-sized enterprise		
MSMEWG	MSME Working Group		
NECS	National E-commerce Strategy 2022–2027		
NFIS 3	National Financial Inclusion Strategy 3, 2021–2025		
NPS	national payments system		



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EXECUTIVE SUMMARY

Electronic commerce – the sale or purchase of goods and services over the Internet – has the potential to be a powerful driver of inclusive growth, trade and innovation. Online markets benefit businesses through greater participation in international supply chains, increased market access and reach, and lower start-up and operational costs. For consumers, online shopping enables comparisons of the prices and features of a wider range of products, and more convenient delivery of goods and services.

Endorsement of the Pacific Regional E-commerce Strategy and Roadmap¹ (PRES) by the Pacific Islands Forum Trade Ministers in November 2021 underscores the importance of e-commerce to the region's sustainable development. As broadband connectivity improves and the uptake of digital financial services (DFS) grows, e-commerce and digital trade are expected to grow steadily in the Pacific region.

The national context

The Solomon Islands National Development Strategy 2016–2035 articulates an ambitious vision aimed at improving the social and economic livelihoods of all Solomon Islanders by 2035. E-commerce and digital trade can play a key role in supporting this vision. By generating economic activity and innovation across sectors and industries, e-commerce can contribute to growth in productive sectors that will lead to the integration of rural and urban markets, job creation and export competitiveness.

Formidable barriers stand in the way of achieving these goals. The structural challenges rooted in Solomon Islands' geography and isolation are particularly strong, even by Pacific standards. With more than 300 populated islands spread across 1,500 km, domestic markets have remained fragmented and the small and medium-sized enterprise (SME) sector has remained largely informal. Where activity in productive sectors has emerged, it remains relatively small-scale.

Logistics within and across provinces, access to financial services, skills development and government services aimed at citizens and the private sector all remain underdeveloped. Partly as a coping mechanism, the country has traditionally depended on extractive sectors and state-owned enterprises to facilitate much-needed growth. However, there is growing recognition among the Solomon Islands

1. Pacific Islands Forum (2021). *Pacific Regional E-commerce Strategy and Roadmap*. Available at <https://www.forumsec.org/wp-content/uploads/2021/02/Regional-Ecommerce-Strategy-Roadmap.pdf>.

Government (SIG) and development partners that this is an unsustainable path for long-term growth and prosperity.

A new approach focused on SME-led growth in productive sectors would help accelerate and sustain growth in an increasingly connected and digitized world. Prioritization of the digital economy and ecommerce by SIG will play a key part in this strategic shift.

E-commerce as a growth driver

Over the past several years, Pacific Island countries and territories have placed a high priority on the adoption of digital transformation agendas in support of broader economic development and national governance goals. Within this broad shift, the development potential of e-commerce has been increasingly recognized and explored. The PRES (2021) lays out a regional approach for tapping into the development benefits of e-commerce and includes a road map for improving the overall business, policy and regulatory environment to support that objective.

In 2018, SIG recognized the development potential of e-commerce and commissioned an e-commerce readiness assessment to identify key opportunities and challenges to engaging in e-commerce and the broader digital economy.² The 2018 eTrade Readiness Assessment, carried out by the United Nations Conference on Trade and Development (UNCTAD), identified weak Internet infrastructure as the key limiting factor that had restricted growth of the digital economy. Additional barriers to the uptake of ecommerce included challenges related to delivery logistics, heavy cash dependency throughout the economy and weak policy coherence on digital issues.

Four years later, key developments have significantly improved the enabling environment for e-commerce and the broader digital economy.³ The arrival of the Coral Sea Cable System (CS2), co-funded by the Government of Australia and SIG, significantly upgraded the potential for businesses and consumers to participate in online markets and digital trade. The roll-out of the Solomon Islands Domestic Network (SIDN) connecting four provinces also improved Internet infrastructure in the country significantly, setting the stage for new possibilities related to online commerce and digital trade. Progress was also achieved in other key areas, including the roll-out of e-government services and the introduction of mobile money and mobile banking solutions. Some businesses in Honiara have launched online ordering platforms.

In parallel to these developments, policy focus and alignment related to e-commerce has improved in several areas. The Central Bank of Solomon Islands (CBSI) adopted the National Financial Inclusion Strategy 3, 2021–2025 (NFIS 3) in 2021 and a Memorandum of Understanding between CBSI and the Telecommunications Commission of Solomon Islands (TCSI) was signed in 2022, aimed at improving collaboration between digital services providers and mobile network providers. Other promising projects are under way, including the expected introduction of a

2. United Nations Conference on Trade and Development (2018). *Rapid eTrade Readiness Assessment*. Available at https://unctad.org/system/files/official-document/dtlstict2018d6_en.pdf.

3. Solomon Islands has implemented 38 per cent of policy measures prescribed in the 2018 eTReady. For further details, please see: United Nations Conference on Trade and Development (2022). *Fast-tracking Implementation of eTrade Readiness Assessments*. New York. UNCTAD/DTL/STICT/2022/5. Available at https://unctad.org/system/files/official-document/dtlstict2022d5_en.pdf.

nationwide mobile-money service in 2023, reflecting a fledgling fintech environment that bodes well for e-commerce growth. SIG Information and Communications Technology (ICT) Services also adopted a five-year ICT Strategic Plan in 2019, aimed at strengthening the provision of ICT services to government offices across the country.

In December 2021, the Ministry of Communications and Aviation (MCA) and Ministry of Commerce, Industry, Labour and Immigration (MCILI) jointly established the National E-commerce Steering Committee and a Technical Working Task Force on E-commerce to guide NECS development. These interministerial bodies have improved communication and coordination across government on issues related to e-commerce.

Strategic framework

NECS provides a vision and road map for the development of e-commerce and the digital economy in Solomon Islands. It defines concrete measures to strengthen the enabling environment for e-commerce and provides a Plan of Action for implementing those measures. Through a forward-looking and practical approach, NECS provides a framework to accelerate e-commerce development, increase overall readiness for the digital economy and support economic transformation.

NECS aims to achieve five overarching outcomes:

NECS vision and outcomes

By 2027, e-commerce is supporting businesses of all sizes and consumers across Solomon Islands to integrate domestic markets, increase exports, create employment opportunities and spur innovation

Outcome 1

Increased consumer uptake of e-commerce across diverse segments of society

Outcome 2

Increased adoption of e-commerce tools and services by businesses of all sizes

Outcome 3

Deepened integration of rural and urban domestic markets

Outcome 4

Widespread availability and uptake of digital payment solutions

Outcome 5

Enhanced export competitiveness in priority sectors, led by e-commerce

The five overarching outcomes are supported by 25 strategic outputs across the seven policy areas that are critical to strengthening the business, policy and regulatory environment for e-commerce. Each of the strategic outputs is supported by a series of measures (activities, initiatives or projects) that, if implemented, would contribute to the achievement of that strategic output. Taken together, the measures included in the Plan of Action aim to promote the achievement of the outputs, outcomes and overall vision.

In spirit and in action, NECS is aligned with the national development agenda and has anticipated forthcoming developments and initiatives related to the digital economy. It also aligns with the PRES endorsed by Pacific Islands Forum Trade Ministers in October 2021.

Governance and implementation

Strong institutional coordination will be critical to realizing the vision set out in NECS. It is thus proposed that the National E-commerce Steering Committee and the Technical Working Task Force on E-commerce be made permanent bodies that can monitor NECS implementation. The day-to-day programme management of NECS implementation will be the responsibility of an e-commerce implementation unit (EIU) within MCILI. This Unit will coordinate delivery of the measures, monitor progress and report to the National E-commerce Steering Committee through the Minister of Commerce, Industry, Labour and Immigration.

A call to ensure greater coherence of policy actions was one of the key recommendations of the 2018 eTrade Readiness Assessment and remains valid today. NECS heeds this recommendation and seeks to promote strong interministerial coordination and robust public-private dialogue (PPD) on the implementation of NECS recommendations.

Monitoring

Monitoring of NECS implementation will take place at both an outcome level and a Plan of Action level. At the outcome level, performance will be monitored against the targets set by NECS for the outcomes. For the measures in the Plan of Action, a set of key performance indicators have been proposed. The proposed E-commerce Implementation (EIU) will monitor progress and collect relevant information through field surveys, where possible, as well as data supplied by the lead agency responsible for implementation of a specific strategy measure. Individual project plans developed by the lead of a particular measure will indicate how information to determine whether milestones have been achieved is to be collected. Where relevant, data will also be sought from the Solomon Islands National Statistics Office. The EIU will regularly report on progress to the National E-commerce Steering Committee.

Pilot projects

NECS proposes a number of pilot projects to test new ideas that, if initial results are promising, could be scaled up or mainstreamed. This approach is seen as prudent given the low level of e-commerce activity in Solomon Islands and the current maturity levels of some of the components of the enabling ecosystem. It is still uncertain which approaches and methods will work in the current environment. Therefore, even well-designed strategy interventions may require adjustments throughout the five-year time frame of NECS. In some cases, completely new approaches may be needed based on new information and findings from the pilot activities or initiatives. A focus on pilot activities and initiatives will ensure that strategy implementation remains agile.

The way forward

Until recently, it was difficult to fully define the ambition of digital transformation and e-commerce in Solomon Islands. This was due to the challenges with digital infrastructure and the seemingly insurmountable logistical challenges inherent in being an archipelago state. While retail data prices remain relatively high, particularly for low-income earners, the diversity of available Internet packages and connectivity speeds have both greatly improved. It is now feasible to plan and implement comprehensive activities related to e-government, e-commerce and other digital transformation initiatives.

Mainstreaming e-commerce into national sectoral development strategies, productive sector activities and enterprise capacity development initiatives will be important to ensure that e-commerce takes root as a driver of sustainable development. For example, sectors such as tourism, cocoa, coconut (copra), and fisheries are national priority sectors where value chain development activity already exists or is anticipated. These are SME-dense sectors with potential demand for online services in both domestic and regional markets (for example, with the diaspora).

Developing NECS relied on a thorough diagnostic assessment⁴ of the e-commerce ecosystem. It proposes a multi-year Plan of Action that is realistic and implementable. For donors and development partners seeking to support Solomon Islands' digital economy, NECS serves as a comprehensive needs assessment that can help them plan their activities appropriately.

The arrival of CS2 in 2020, continued developments in the fintech ecosystem, the latent entrepreneurship potential in the country and growing development support for digital trade initiatives all bode well for future growth. With strong national leadership and coherent coordination across stakeholders, e-commerce will continue to emerge as a growth driver in Solomon Islands for years to come.

4. See Annex I: Diagnostic assessment.





CHAPTER 1

Background

1.1. Introduction

The people of Solomon Islands have forged common bonds and trading relationships with each other for thousands of years, despite significant geographic barriers. Trade across villages and provinces has improved livelihoods and helped the country overcome inherent vulnerabilities. Although the role of marketplaces – the original trading platform – has been central to the identity of generations of people, some of this activity is now moving online. In the coming years, digital technologies are likely to redefine the meaning and role of marketplaces, trade and commerce in Solomon Islands.

Around the world, trade is increasingly conducted online. E-commerce is creating new jobs, including for young people and women; it is expanding market access for MSMEs; it is catalysing the transition of businesses from the informal to the formal sector, and from domestic to international markets; and it is supporting innovation. E-commerce has also revolutionized the way the world does business. It has created greater convenience for consumers, enabling them to purchase what they want, whenever they want, wherever they are.

In Solomon Islands, the Internet and mobile phones are already revolutionizing how people produce, work, consume and interact with each other. Inter-island trade networks, once the sole domain of sea and air transport, are now being supplemented by electronic networks that transmit bundles of data and information in seconds. Where seafarers once looked to the stars for navigation, young Solomon Islanders now consult their mobile phones for information, entertainment and more.

The COVID-19 pandemic accelerated adoption of digital technologies globally. With movement restrictions in place in many countries, consumers increasingly turned to e-commerce for essential goods and services. Businesses adapted to this new environment by offering new online products and services. In both developed and developing countries, consumers and businesses alike adopted new norms and habits. In Solomon Islands, movement restrictions in early 2022 dramatically increased awareness of the ability of online services, digital payment solutions and digital tools to enable people to work, attend school and conduct business virtually.

E-commerce holds significant untapped potential to contribute to Solomon Islands' medium-term growth. It can achieve this by fostering SME-led export competitiveness, bringing rural enterprises closer to urban consumers, supporting growth in productive sectors such as

tourism, agriculture and fisheries, and encouraging digital and financial inclusion. Enterprises operated by women and youth in particular could benefit from e-commerce. The e-commerce ecosystem also creates employment opportunities in many occupations. In addition to jobs in fulfilment and delivery, there will be a need for website developers, digital marketers, product content writers, photographers and customer service agents. E-commerce will also support regional integration, particularly in terms of broadening market access for SMEs.

Despite the development potential of e-commerce, it is not a panacea and its benefits are not guaranteed. E-commerce should reduce, not widen, existing income and wealth disparities. In Solomon Islands, online markets should meet the needs of the people in an inclusive manner. Online commerce should fit the unique cultural, economic, social and political characteristics of the country. It should also facilitate the rich trading traditions of marketplaces that have been central to the identity of Solomon Islanders for generations.



1.2. E-commerce in Solomon Islands

E-commerce⁵ activity remains relatively limited in Solomon Islands, although there has been some progress since the eTrade readiness assessment was carried out in 2018. There are many businesses with static websites but relatively few with web shops offering a full online shopping experience with product browsing, shopping carts, and payment and delivery solutions. Tourism sector operators, particularly Honiara-based hotels, accept reservations online via their own websites or booking platforms. Two companies offering online ordering and payment services are Bulk Shop and Makira Gold.

UNCDF and UNDP recently supported Bulk Shop, a leading fast-moving consumer goods operator in Solomon Islands, to establish e-commerce services for their supermarkets as a COVID-19 response measure. The delivery service is vertically integrated within Bulk Shop's operations due to the risks associated with cash handling by third parties. This also contributed to the company's decision to concentrate delivery options within Honiara.

Makira Gold sells premium cacao beans in Australia and Europe. The company maintains stock in Brisbane through which both wholesale and retail orders can be fulfilled relatively quickly, while sales in Europe are conducted via fine flavour cacao distributors. Payments do not terminate in Solomon Islands. This can serve as a case study for firms seeking to deploy e-commerce operations from Solomon Islands and find creative solutions for digital payment and outbound logistics challenges.

The biggest online matching mechanism for buyers and sellers in Solomon Islands by far is social media platforms such as Facebook and Instagram. There are several buy/sell groups on Facebook with thousands of members (including overseas diaspora). They use the groups to advertise, meet, negotiate and sell a wide range of products, including land and houses. The key advantage of Facebook is its name recognition, generally widespread use among those who use the Internet, and user-friendly interface. It is generally trusted as a reliable and safe platform for commercial interactions.

The social media platforms have alternately been criticized and lauded. There are concerns about them giving rise to informal business but these platforms have undeniably served as a channel for Solomon Islanders' ingenuity, resilience and entrepreneurial spirit. They also provide a baseline for understanding what factors can attract consumers to digital platforms, even with high data costs.

There are currently no transaction-based marketplaces. In a promising development, the Pacific Horticultural and Agricultural Market Access Plus Programme has supported the Solomon Islands Chamber of Commerce and Industry (SICCI) to develop a digital brokerage. This allows local exporters of cocoa, coconut, *ngali* nut and other tree crops to reliably share product information with interested buyers or importers. The brokerage also provides a direct communication and dialogue tool,⁶ enhancing contact between local farmers, exporters and importers. The digital brokerage is not transactions-based but rather focuses on bridging information gaps within the value chain and facilitating matching between various stakeholders

1.3. E-commerce and the national development agenda

The Solomon Islands National Development Strategy 2016–2035 sets an ambitious national vision of improving the social and economic livelihoods of all Solomon Islanders by 2035. It also envisions achieving a sustainable gross domestic product growth rate of 7 per cent per annum by 2030. Achieving these goals will require

policymakers and the private sector to work together to facilitate inclusive economic growth, productive sector diversification, enhanced SME competitiveness and rural/urban market integration. Ecommerce and digital trade can be important drivers towards achieving each of these objectives.

5. Defined by OECD as the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online.

6. Pacific Horticultural & Agricultural Market Access Plus Program (2022). New digital brokerage platform launched for Solomon Islands tree crops. Available at <https://phamaplus.com.au/media/new-digital-brokerage-platform-launched-for-solomon-islands-tree-crops/>.

National development priority

How e-commerce can help

Domestic market development and facilitating buyer-seller discovery and trade

Archipelago states face pervasive challenges to private sector development, with their vast distances between markets and high barriers to buyer-seller discovery and trade. In Solomon Islands, with its predominantly rural population dispersed across over 300 islands, businesses are forced to limit operations to their immediate surrounds, fragmenting the domestic market. In this environment, a mechanism that allows SMEs and consumers to discover each other and conduct trade is fundamental to creating a dynamic, SME-driven economy.

E-commerce facilitates buyer-seller discovery and trade; for example, through digital marketplaces or merchant e-shops. As e-commerce takes root in Solomon Islands, consumers and businesses will look beyond their immediate vicinity to benefit from more product choices and competitive prices. This will inject dynamism into the broader domestic market.

Supporting the broader digital economy and national digital transformation journey

Government-to-business and government-to-citizen service delivery and governance is a challenge due to Solomon Islands' geography and a large, scattered rural population. The Government has therefore prioritized a digital transformation agenda to improve delivery of government services, among other objectives. Development partners, including the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP), are supporting due diligence and infrastructure development initiatives to accelerate progress in this area.

E-commerce both benefits from and contributes to the national digital transformation agenda. As a key component of the digital economy, e-commerce activity promotes digital literacy and consumer trust in digital solutions, including e-government. At its core, national digital transformation is the result of civil society, the private sector and government all engaging with digital solutions. E-commerce plays a key role in promoting this engagement.

Promoting digital payment solutions and supporting financial inclusion

Most transactions in Solomon Islands are paid in cash. This has negatively impacted supply chain efficiencies and affected business scalability by limiting delivery radiuses and the addressable market. Digital payment solutions would encourage higher consumer savings (less likely to spend than cash) and enable financial service providers to lend to smaller enterprises.

E-commerce can help increase both consumer familiarity and confidence with digital transactions. By demonstrating the convenience and security of cashless transactions, e-commerce could support the national financial inclusion agenda.

Enabling delivery solutions across the archipelago

There are currently limited formal delivery/courier services for small and medium-sized parcels, and inter-island delivery logistics are ad hoc. Contributing factors include weak demand for professional courier services, weak transportation infrastructure and the high dependency on cash* within the economy.

As e-commerce activity grows, it is expected that dedicated delivery service providers will emerge to meet market demand. This will occur organically in line with growth. A nationwide, nonexclusive agent network could be leveraged to support e-commerce logistics, including returns and payments.

Facilitating productive sector growth and SME development

The traditional reliance on extractive sectors and state-owned enterprises presents challenges to long-term growth. Supporting productive sectors and SMEs that will help diversify the economy will be crucial to broadening the avenues for growth. Productive sector growth spurred by SMEs would stimulate job creation and improve both the market for local products and export competitiveness. This includes sectors such as tourism, agriculture (cocoa, coconut) and fisheries.

With the right enabling environment, e-commerce could be both anchored in and support SME growth in productive sectors such as tourism, agriculture and fisheries. This would be achieved by enhancing market matching between buyers and sellers, and by supporting payment and logistics services through online marketplaces. These sectors could also capture demand from international markets.

* In Solomon Islands, the heavy reliance on cash transactions has affected business scalability in early-stage e-commerce businesses by limiting delivery radiuses and the addressable market. Cash dependency has directly contributed to the relative lack of local delivery/courier services, even in Honiara. Enterprises are hesitant to contract delivery services because of the risks associated with entrusting their cash to a third party. The added complexity of the returns process with the COD model will also dissuade firms from expanding their delivery radius, directly impacting rural-urban trade.



1.4. Policy context

E-commerce is a cross-cutting policy issue that has implications in many sectors including banking and financial services, telecommunications, ICT infrastructure, education, trade and transportation. Identifying key policy actions in this context is a challenge and involves a broad range of stakeholders including regulators, line ministries, technical agencies, the private sector and civil society actors.

A strategic framework that directs the collective energies of stakeholders towards a common vision of e-commerce is needed. NECS provides such a framework. It considers the current landscape across all ecosystem components, as well as the capacities of individual institutions, and provides a detailed plan for leveraging e-commerce to achieve development objectives.

Given the complexity of the e-commerce ecosystem, co-ordination across government ministries, departments and organizations will be key. The NECS was developed in alignment with existing national strategies, policies and initiatives, including the National Development Strategy 2016–2035, National Financial Inclusion Strategy 2021–2025, National ICT Policy 2017, Trade Policy Framework, SIG ICT Services Strategic Plan 2019–2023 and ICT in Education Master Plan 2019–2023, among others.

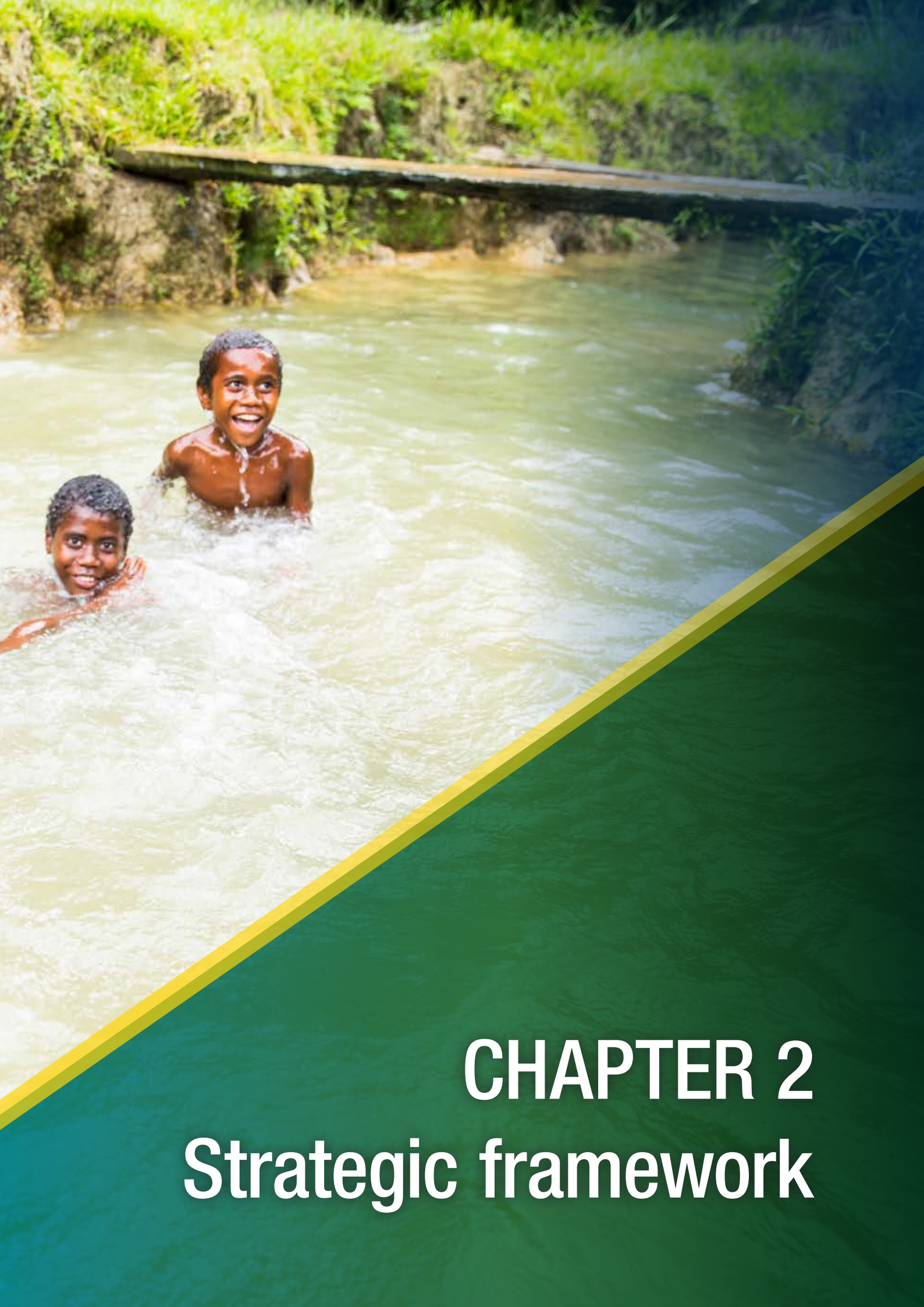
Importantly, NECS does not serve as the strategy of any single institution or sector. Its primary role is to serve as a guide through which relevant institutions are assigned responsibilities and actions to facilitate e-commerce growth. This will help foster policy convergence and institutional alignment. At the same time, it is important to have a lead ministry or entity coordinating overall NECS implementation.

Significant progress has already been achieved in areas that will strengthen the enabling environment for e-commerce, including:

- Roll-out of e-government services such as the filing of taxes with the Inland Revenue Division (IRD)
- Roll-out of the youSave LoMobile savings scheme through the Solomon Islands National Provident Fund
- Introduction of mobile-money solutions such as Ezi Pei and iumiCash
- Adoption of a national ICT for Education Master Plan
- Launch of e-commerce ventures such as Bulk Shop's online ordering platform
- Introduction of an amendment to the Telecommunications Bill that requires SIM card holders to be registered
- Continued implementation of the World Trade Organization Trade Facilitation Agreement
- Roll-out of telecentres in rural areas
- Anticipated roll-out of telecommunication towers across all provinces.

NECS will build on the success of these initiatives and leverage existing mechanisms where possible to resolve entrenched challenges. For example, pilot initiatives to test mobile-money payments for e-commerce transactions may be an iterative step towards overcoming the high dependency on cash. This is because the barriers to adopting card-based payments will likely remain high during the strategy implementation time frame. For e-commerce logistics, repurposing and adapting existing modes of inter-island transport such as ferries, planes and local transport such as buses and taxis could be explored. Innovative solutions could incentivize operators to expand into e-commerce logistics services.





CHAPTER 2

Strategic framework



2.1. Vision, impact and guiding principles

NECS provides a vision and road map for the development of e-commerce and the digital economy in Solomon Islands. It defines concrete measures to strengthen the enabling environment for e-commerce and provides a Plan of Action for implementing those measures. Through a forward-looking and practical approach, NECS provides a framework to accelerate e-commerce development, increase overall readiness for the digital economy and support economic transformation.

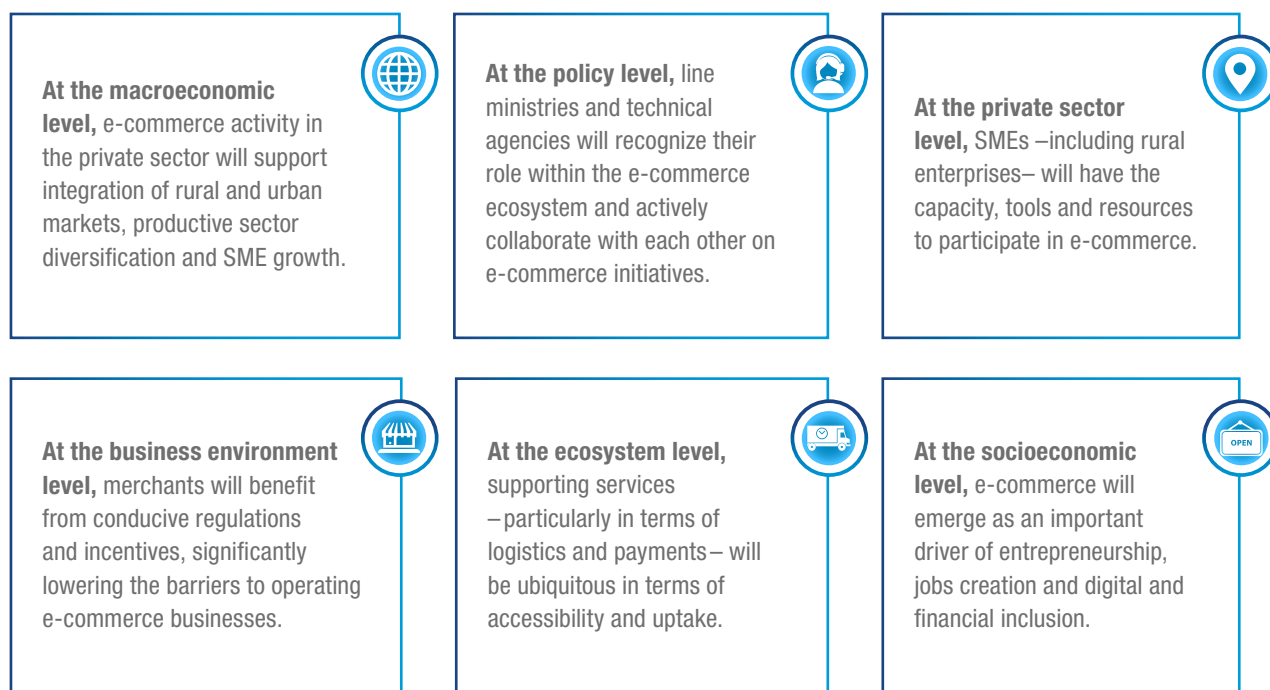
Vision



By 2027, e-commerce is supporting businesses of all sizes and consumers across Solomon Islands to integrate domestic markets, increase exports, create employment opportunities and spur innovation.

Impact

Implementation of NECS will have positive impacts in multiple areas linked to the national development agenda.



Guiding principles

Inclusion



All people and sectors should benefit from e-commerce and the digital economy, including rural populations, women, youth and persons with special needs. E-commerce should reduce, not widen, existing income and wealth disparities.

Sustainability



Development of e-commerce in Solomon Islands should not be treated as a goal by itself. The overall aim is to stimulate economic growth, create jobs, raise incomes and increase domestic, regional and international trade.

Innovation



Given its geographic reality and dispersed population, e-commerce emergence and growth in Solomon Islands will require innovative solutions. These solutions should be tailored to the unique cultural, economic, social and political characteristics of the country.

Partnership



Collaboration across a broad group of stakeholders is critical to successful NECS implementation. This includes collaboration across government ministries and departments, as well as the involvement of the private sector, civil society and development partners.

2.2. Outcomes



Outcome 1

Increased consumer uptake of e-commerce across diverse segments of society

Aotkam 1: Inkrisim save blo iusa lo ikomes lo difren levol lo sosaeti

This outcome strives to increase consumer adoption of e-commerce and related services to drive inclusive growth. Success will rely on a complex equation of costs –including Internet data, devices, payments, logistics and of course products– merchant reliability and convenience. This outcome is aligned with the goals related to digital financial literacy and digital literacy set forth in NFIS 3.



Outcome 2

Increased adoption of e-commerce tools and services by businesses of all sizes

Aotkam 2: Inkrisim ius lo oketa tul en sevis blo ikomes lo efri saes lo oketa bisnis

This outcome aims to ensure that businesses of all sizes across Solomon Islands have the capacity, tools and resources to participate in e-commerce. This refers not only to improvements in supply-side capacities but also to the development of an enabling digital entrepreneurship ecosystem and a conducive regulatory and business environment.



Outcome 3

Deepened integration of rural and urban domestic markets

Aotkam 3: Strongim go moa link blo vilij maket en taon maket lo kandere blo iumi

This outcome contributes to a key goal of the National Development Strategy: ‘sustained and inclusive economic growth’. Solomon Islands’ geography creates unique challenges to facilitating private sector development and markets integration. E-commerce can alleviate at least some of these challenges in the medium term.



Outcome 4 Widespread availability and uptake of digital payment solutions

Aotkam 4: Sa ve dat staka wei fo pei samting hem stap en fo save pei lo kmopiuta o onlaen solution

This outcome aims to leverage the considerable momentum in digital financial inclusion and innovation spearheaded by CBSI and development partners such as UNCDF. Cashless solutions – led by mobile money or cards – will play an important role in bridging the rural/urban divide and encouraging business growth for SMEs. Digital payments will also enable e-commerce logistics.



Outcome 5 Enhanced export competitiveness in priority sectors, led by e-commerce

Aotkam 5: Kam apum ekspot kompetivnis lo oketa praeoriti sektas

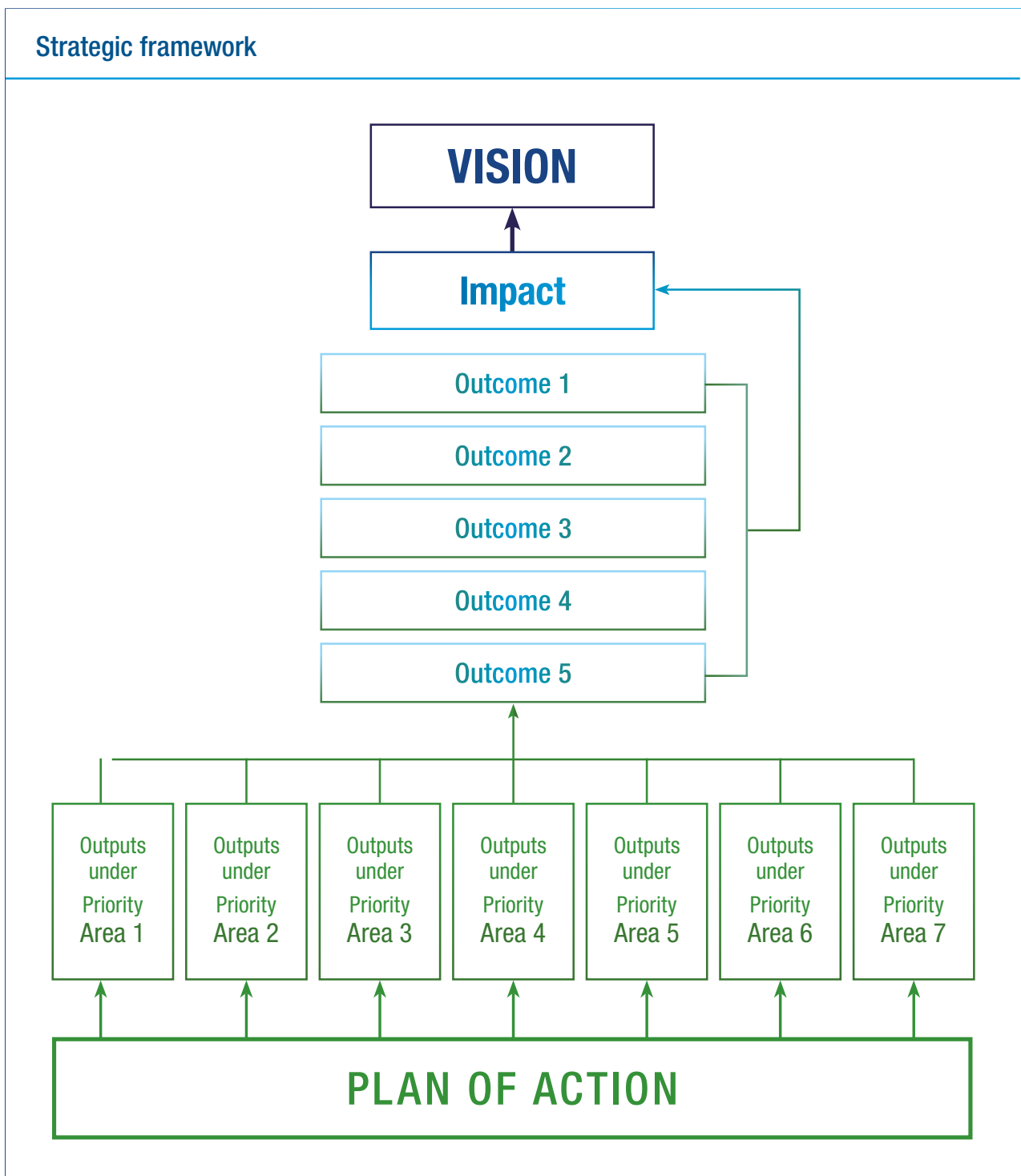
This outcome strives to contribute to the export competitiveness of national priority sectors including tourism, agro-industry (cocoa, coconut) and fisheries. The country's long-term growth depends on export competitiveness, and e-commerce can provide access to a larger regional market for SMEs.

NECS outcomes, indicators and means of verification

Outcomes	Indicators and 2027 targets (2022 as baseline year)	Means of verification
Outcome 1: Increased consumer uptake of e-commerce across diverse segments of society	<ul style="list-style-type: none"> • Number of Solomon Island consumers transacting on e-commerce websites has grown by a factor of three • At least 10 per cent of the population aged 15+ have purchased something online 	<ul style="list-style-type: none"> • Survey on ICT use in households and by individuals
Outcome 2: Increased adoption of e-commerce tools and services by businesses of all sizes	<ul style="list-style-type: none"> • Number of enterprises engaged in e-commerce (either via platforms or via own e-shops) has increased to 150 enterprises nationally, of which <ul style="list-style-type: none"> » 50 per cent are rural enterprises » 25 per cent are women-owned » 25 per cent are youth-operated 	<ul style="list-style-type: none"> • Marketplace reported data • Number of websites with top level domain.sb providing e-services
Outcome 3: Deepened integration of rural and urban domestic markets	<ul style="list-style-type: none"> • E-commerce accounts for 10 per cent of overall rural-urban trade • At least one marketplace with a nationwide scope exists • Half of the vendors selling on e-commerce websites and platforms live in rural areas • Every province will have at least one e-commerce hub 	<ul style="list-style-type: none"> • Official statistics provided by MCILI, Bureau of Commerce and other government sources
Outcome 4: Widespread availability and uptake of digital payment solutions	<ul style="list-style-type: none"> • Half of the adult population and 75 per cent of all registered businesses have access to digital payment means • Half of Solomon Islanders over the age of 15 have used mobile money or other digital payment methods 	<ul style="list-style-type: none"> • Data self-reported by mobile-money firms and banks • Volume and value of digital payment tools
Outcome 5: Enhanced export competitiveness in priority sectors, led by e-commerce	<ul style="list-style-type: none"> • E-commerce-led MSME exports (either via marketplaces or through their own e-shops) account for 10 per cent of all MSME exports originating from Solomon Islands 	<ul style="list-style-type: none"> • Customs data • Inputs from SICCI and other sector associations

2.3. Strategic outputs and measures

The five overarching outcomes are supported by 25 strategic outputs across the seven policy areas that are critical to strengthening the business, policy and regulatory environment for e-commerce. The 25 strategic outputs will be delivered through the implementation of 105 measures (activities, initiatives or projects) in the Plan of Action. Taken together, the measures and outputs form a structured framework for achieving the outcomes and vision.





2.4. Empowering women through e-commerce

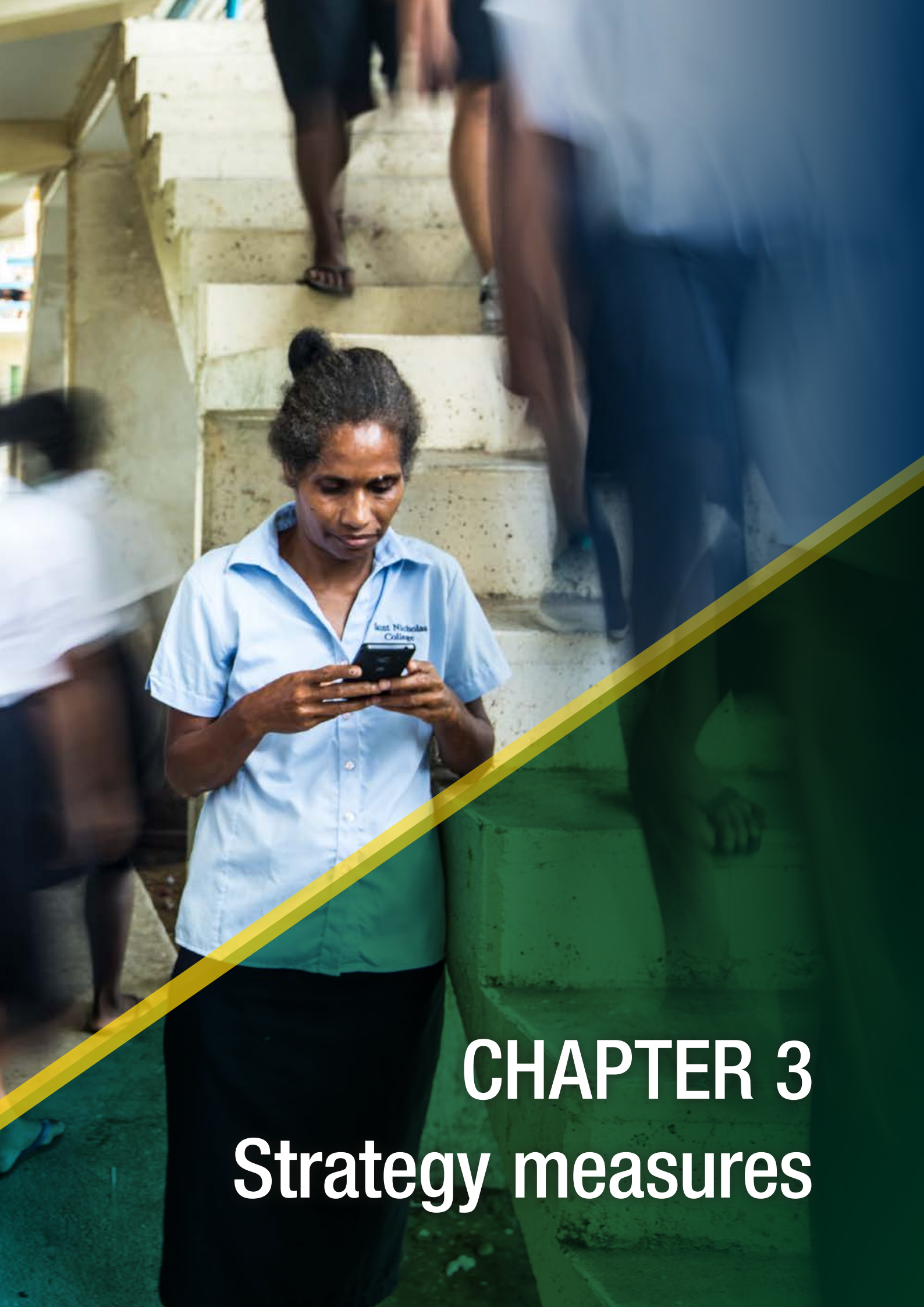
Women entrepreneurs play an important role in the informal economy of Solomon Islands, in agriculture sectors as well as rural and urban marketplaces. Within the productive agricultural sectors, women are both growers and sellers of produce, and play lead roles in marketing, wholesaling and retailing. Strongim Bisnis estimates that 90 per cent of tourism revenue is generated by women in both formal and informal segments. Women also constitute up to 90 per cent of all market vendors (which is part of a broader trend in the Pacific).

- NECS advocates anchoring capacity development initiatives within key sectors where e-commerce takes root readily. These include sectors such as cocoa, tourism and coconut, which also benefit from value chain development support via development partners, given their status as national priority sectors. Within priority sectors such as cocoa, women workers can account for 50 per cent of the overall workforce.
- NECS will leverage existing initiatives for women's entrepreneurship development, where feasible. One example is the Strongim Bisnis initiative focusing on market systems development for tourism, cocoa and coconut, with a focus on women, youth and other vulnerable communities.

To ensure that the focus on women entrepreneurs is integrated across the strategy, NECS identifies disaggregated targets (segmented by male and female, where possible) for all relevant activities in the Plan of Action.







CHAPTER 3

Strategy measures



The 25 strategic outputs will be delivered through the implementation of 105 measures (activities, initiatives or projects) in the Plan of Action. This chapter outlines the strategic outputs and the related measures in each of the following policy areas:

- Policy framework and institutional coordination
- ICT infrastructure and services
- Trade logistics and trade facilitation
- Legal and regulatory framework
- Electronic payment solutions
- E-commerce skill development
- Access to finance for e-commerce.

Some measures may overlap with actions specified in other national strategies, policies and initiatives. This is to be expected, given that e-commerce development requires a holistic approach that involves the implementation of initiatives across several sectors, industries and policy areas.

Overview of priority areas and strategic outputs

Priority Area 1: Policy framework and institutional coordination

- 1.1:** Strengthened visibility and integration of e-commerce principles and strategic approaches within the national development agenda
- 1.2:** The institutional capacities and coordination of key line ministries, technical agencies and the private sector are increased, as well as PPD between them
- 1.3:** The overall business environment for firms seeking to engage in e-commerce is enhanced



Priority Area 2: ICT infrastructure and services

- 2.1:** Internet penetration, affordability and overall speed are improved across the country, particularly in rural areas
- 2.2:** The SIG vision for e-government, e-governance and digital public services is articulated and implemented
- 2.3:** Digital devices and services that contribute to e-commerce growth are more affordable and sustainable, and easier to access



Priority Area 3: Trade logistics and trade facilitation

- 3.1:** A regulatory framework is established that supports innovation and interoperability within the digital payments area
- 3.2:** A robust fintech ecosystem – driven by mobile money solutions that can be used by e-commerce firms – is fostered
- 3.3:** A nationwide agent network responsive to evolving e-commerce needs is leveraged by e-commerce players, particularly for order fulfilment and payments
- 3.4:** Consumer and enterprise uptake of digital payments and DFS is enhanced in both urban and rural areas



Priority Area 4: Legal and regulatory framework

- 4.1:** The physical infrastructure (transportation and storage) needed for e-commerce logistics is enhanced and strengthened
- 4.2:** Businesses and consumers in Solomon Islands are easier to discover
- 4.3:** Development of a competent delivery service provider base is facilitated, including courier services, last-mile delivery providers and Solomon Post
- 4.4:** A tailored Customs regime, processes and related capacities are developed in line with established best practices for e-commerce



Priority Area 5: Electronic payment solutions

- 5.1:** A comprehensive cyberlaw framework is in place, prioritizing harmonization and interoperability with the broader region
- 5.2:** The capacities of key monitoring and enforcement institutions are strengthened
- 5.3:** Consumers, merchants and other relevant stakeholders are sensitized on the benefits and obligations of promulgated legislation related to e-commerce



Priority Area 6: E-commerce skill development

- 6.1:** Accelerate enterprises' transition from offline to online, particularly in rural areas
- 6.2:** Development of an innovation builder ecosystem is supported
- 6.3:** Improved digital literacy for all stakeholders and development/absorption of 'useful usage' among consumers
- 6.4:** Skills development institutions' alignment with and responsiveness to emerging e-commerce needs is improved



Priority Area 7: Access to finance for e-commerce

- 7.1:** Increased access to financing on affordable terms for MSMEs seeking to engage in e-commerce
- 7.2:** Improve enterprises' ability to demonstrate creditworthiness
- 7.3:** Enhance access to venture capital and related financing mechanisms
- 7.4:** Integrate e-commerce tenets in the national investment promotion framework



Priority area 1

Policy framework and institutional coordination

This priority area has three strategic outputs and 12 measures.

Strategic output 1.1: Strengthened visibility and integration of e-commerce principles and strategic approaches in the national development agenda.

E-commerce operates at the intersection of multiple technical areas. The pace of e-commerce growth across the country will partly depend on the extent to which sectoral strategies and projects include an ecommerce component. For example, the inclusion of e-commerce principles and strategic approaches in economic development initiatives will help ensure that e-commerce is anchored within productive sectors and the national e-government agenda. This strategic output also emphasizes formalizing the governance mechanism for implementing and monitoring NECS, including establishing and resourcing an effective (EIU).

Measure 1.1.1

Establish a formal governance framework to coordinate NECS implementation and guide overall ecommerce development. Adapt the terms of reference of the National Ecommerce Steering Committee to include responsibility for coordinating the overall implementation of NECS.

- Establish an EIU within MCILI to run day-to-day operational management related to NECS implementation.
- Establish an e-commerce private sector working group with representation from sector and business associations, consumer associations and provincial representatives.

Business case

Effective implementation of NECS will require a governance framework to guide and monitor the implementation of activities. The governance framework is also essential because e-commerce involves a range of technical areas and stakeholders.

Measure 1.1.2

Integrate e-commerce into the agenda of the donor coordination team and ensure regular updates are provided by the National E-commerce Steering Committee.

Business case

Development partner agendas need to be aligned to ensure that they contribute to the national development priorities set by SIG, and that overlaps/redundancies are reduced.

Measure 1.1.3

Ensure that sector development initiatives and strategies with a market-side component, as well as sector-specific digital transformation initiatives, include e-commerce components. This can be achieved by including pertinent requirements in the project approval process. Sensitize line ministries and donors on this requirement.

Business case

E-commerce is a relatively new area for both policymakers and development partners. For this reason, the inertia resulting from traditional sector development methods tends to exclude digital and e-commerce aspects. Discipline and coordination is required to ensure that sector development policies and initiatives that involve a market component also include e-commerce tenets.

Strategic output 1.2:

The institutional capacities and coordination of key line ministries, technical agencies and the private sector are increased, as well as PPD between them.

This strategic output focuses on building the individual capacities of key line ministries and technical agencies that will lead policy formulation and roll-out, while fostering closer inter-institutional coordination. Alignment with the PRES implementation mechanism will also be a key component of this strategic output, as will the emergence of robust PPD that contributes to effective policymaking for e-commerce. This strategic output also places attention on statistics collection and analysis, given the need for such data to inform policymaking.

Measure 1.2.1

Establish clear and formal working arrangements via a memorandum of understanding or other mechanism between the NECS governance framework and other relevant institutions.

Business case

This is to ensure coherent coordination mechanisms exist between various digital economy initiatives, reducing overlap and duplication across SIG.

Measure 1.2.2

Maintain regular coordination with the Pacific e-commerce committee (proposed in PRES) to ensure Solomon Islands benefits and contributes to regional sector growth.

Business case

The Solomon Islands digital economy will remain connected to other economies in the Pacific. Greater integration is necessary to benefit from the innovations, investments and developments taking place regionally. The PRES articulates this vision and proposes implementation ideas, which can support sector growth in Solomon Islands.

Measure 1.2.3

Develop formal channels of coordination between implementation mechanisms for strategies related to the digital economy, including the NECS, National Digital Economy Strategy (forthcoming) and ICT Policy, among others.

Business case

NECS implementation should feed into and derive benefits from other strategies and initiatives aimed at the broader digital economy and private sector development. This is necessary to maximize development gains and avoid overlaps.

Measure 1.2.4

Strengthen the institutional capacity of MCILI to lead NECS implementation. Strengthen MCA institutional capacities so it can serve as the nodal agency for implementing the National ICT Policy and contribute to NECS implementation.

Business case

As the mandated ministry to lead national ICT development, as well as contribute to e-commerce development in the country, MCA's role is critical. MCILI's mandate from a private sector and SME development perspective is also essential. Institutional capacities at both key ministries will be strengthened so that they can play these essential roles.

Measure 1.2.5

Provide the Bureau of Statistics with training on e-commerce data collection, in close coordination with relevant agencies. Additionally, provide technical support for:

- Designing and operationalizing a business survey (including a focus on digital economy questions)
- Advising on capturing digital economy data as part of the existing business register.

Business case

Statistics drive informed policymaking. Data on e-commerce transactions will be useful to understand the state of SME competitiveness, trade and Customs processes; and develop conducive reforms.

Strategic output 1.3:

The overall business environment for firms seeking to engage in e-commerce is enhanced.

NECS seeks to improve the overall business environment for firms wanting to engage in e-commerce through incentives, as well as by streamlining the administrative processes for establishing, licensing and operating online commercial activity. Changes to the taxation regime to accommodate e-commerce should be considered, and short/medium-term tax breaks for firms engaged in digital commerce will be explored.

Measure 1.3.1

Via the National E-commerce Steering Committee and the proposed private sector working group, frequently review regulations that hinder e-commerce and the overall digital ecosystem.

Business case

Regular PPD on the overall business environment around e-commerce must continue, to ensure that e-commerce merchants are supported in their operations.

Measure 1.3.2

Institute a short/medium-term tax relief scheme as well as a dedicated grant scheme for SMEs engaging in e-commerce via either their e-shops or marketplaces.

Business case

Taxation-based incentives –in the form of time-delimited tax relief/reduction for SMEs as well as grant schemes to support SME engagement in e-commerce– can be useful to drive SME engagement in marketplaces and other platforms.



Measure 1.3.3

Clarify business registration, licensing, taxation and other administrative rules for e-commerce firms. Particularly for marketplaces, ensure that the taxation regime accounts for their commissions-based model.

Business case

E-commerce companies frequently straddle multiple sectors and the operating models vary, with potential implications for licensing, registration, taxation and other areas. Clear requirements should be defined and communicated to stakeholders to improve the predictability of the business environment.

Measure 1.3.4

Conduct a review of the insurance market in terms of emerging needs of SME-led ecommerce operations. Propose recommendations to CBSI and other relevant agencies based on due diligence.

Business case

Insurance is key for any business operation and SMEs will need access to insurance solutions before they scale up their operations, including manufacturing (production, warehousing, delivery logistics, etc.).

Priority area 2 ICT infrastructure and services

This priority area has three strategic outputs and 17 measures.

Strategic output 2.1:

Internet penetration, affordability and overall speed are improved across the country, particularly in rural areas.

The promise of high-speed Internet in Solomon Islands has been partially realized with the landing in 2020 of the CS2 and SIDN connectivity to four provincial capitals. It is now important to facilitate further reductions in retail data prices. One aim is to reach the Broadband Commission affordability target of 2 per cent of gross national income per capita for 1 GB of mobile broadband data. Another is expansion of high-speed Internet connectivity across the length and breadth of the country via SIDN expansion. The ongoing expansion of telecommunications infrastructure, including mobile phone towers in rural areas, will help increase 3G and 4G penetration, which is critical for encouraging e-commerce uptake.

Measure 2.1.1

Conduct a due diligence study to identify the root causes of the weak transfer of price gains to retail consumers since CS2 landed in 2020. Develop solutions to address challenges identified in the study.

Business case

Although CS2 was expected to usher in a new era of affordable and high-speed Internet, prices for consumers remain high. Market dynamics and regulations need to be reviewed to ensure that improvements at the wholesale level are translated to retail consumers – both citizens and businesses. Reduced retail broadband prices will form one of the foundations of e-commerce uptake.

Measure 2.1.2

Support mobile infrastructure development to ensure universal 3G/4G coverage and last-mile connectivity across the country.

Business case

Nationwide 3G and 4G connectivity is a prerequisite for sustainable e-commerce growth beyond Honiara and provincial capitals, as well as for bridging the broader urban/rural divide.

Measure 2.1.3

Ensure that all provincial capitals are connected to high-speed Internet via the SIDN, to improve the domestic network infrastructure that reaches consumers.

Business case

This is to ensure that all people living in the provinces are connected to high-speed Internet.

Measure 2.1.4

Conduct a series of round-table discussions between mobile network operators (MNOs), Internet service providers (ISPs) and other service providers to identify opportunities and use cases arising from the expected improvements in Internet connectivity. Publish the results in a white paper for the benefit of policymakers, the private sector and development partners.

Business case

It will be essential to involve these actors in discussions related to high-speed Internet and development of the digital economy in Solomon Islands.

Strategic output 2.2: The SIG vision for e-government, e-governance and digital public services is articulated and implemented.

The structural challenges posed by the country's geography make it difficult for the government to communicate with and serve all citizens and businesses. E-government can transform this situation by improving the overall convenience, efficiency and transparency of government services. Familiarity with e-government services would have a knock-on effect, enhancing digital literacy and the development of trust in online transactions. The enhanced trust and familiarity with online services would ultimately support e-commerce uptake.

Measure 2.2.1

Develop an e-government strategy for SIG that maps out a long-term road map for building the e-government framework in the country.

Business case

E-services should be developed in a structured, prioritized manner, while keeping in mind long-term goals and links to the broader digital economy. A strategy is appropriate for this purpose.

Measure 2.2.2

Identify the most appropriate model for Solomon Islands to achieve universal coverage of communication networks and services. Develop a universal access policy for the country.

Business case

A universal access policy helps ensure that the population has access to publicly available communication network facilities and services. The policy would also identify the commitments of service providers to provide basic telecommunication services at a defined quality and an affordable price.

Measure 2.2.3

Develop a unified government portal that provides information and links all government websites and e-services. This would require a unified framework of standards for developing official websites and applications, and for exchanging data between SIG departments.

Business case

A unified SIG e-services portal, revamped from the existing website and backed by defined standards for public sector websites and e-services, will help citizens and businesses develop trust in e-services. A unified portal will also make it easier for stakeholders to navigate these services.

Measure 2.2.4

Develop and launch an e-procurement platform that can be used by line ministries, technical agencies and state-owned enterprises to develop supplier relationships with SMEs.

Business case

SMEs require markets to grow, and government procurement can be an efficient mechanism to support this. E-procurement habituates SMEs to conducting business online.

Measure 2.2.5

Develop an implementation strategy for deploying a national digital identity (ID) that can unify various systems, such as e-know your customer (e-KYC), that are being developed in the interim.

Business case

A single digital ID that identifies each citizen is crucial for economic development and facilitates government-to-citizen services such as recording births and deaths. A digital ID would help businesses register on online marketplaces, identify consumers and their personal information details (including addresses), and add efficiency to business processes including registration, licensing and taxation.

Measure 2.2.6

Conduct a feasibility study to understand the relevance and implications of developing necessary infrastructure related to digital signatures, including a certificate authority and public key infrastructure.

Business case

Digital signatures have important implications for e-commerce in terms of protecting the authenticity, integrity and privacy of online transactions. An assessment of local demand as well as the human capital, financial and technical resource requirements to establish a sustainable public key infrastructure is needed, as well as a viability check on facilitating legal recognition of foreign electronic signatures, including digital signatures.

Measure 2.2.7

In consultation with the private sector and SIG technical agencies, develop a prioritized list of e-services to be developed over the strategy time frame.

Business case

Development of e-government services should follow a phased process and be prioritized based on the immediate and long-term needs of citizens and businesses. Single-window initiatives could be explored as a priority.

Measure 2.2.8

Sensitize the general public and the private sector on the benefits of available e-services.

Business case

Consumers will need extensive sensitization to understand which e-services exist, their potential benefits and how to access them. Broader community awareness-building initiatives using radio, posters and other media could be leveraged.

Strategic output 2.3:

Digital devices and services that contribute to e-commerce growth are more affordable and sustainable, and easier to access.

Mobile broadband will remain the primary way to access Internet in Solomon Islands, so affordability of devices will impact e-commerce uptake. Tax incentives can be useful to improve the affordability of Internet devices, particularly in rural areas with lower income levels. Fostering the development of reliable repair and disposal services will improve device longevity, help develop a market for reliable devices and support sustainability.

Measure 2.3.1

Deploy zero-rated pages by MNOs/ISPs offering reduced rate or free access to websites in off-peak hours set by the service provider. Potential areas include:

- Certain information-based websites, like news or bus schedules, that can drive digital literacy
- E-government services
- E-business websites that are beneficiaries of offline–online transition support
- Online marketplaces.

Business case

In relation to zero-rated pages, consumers pay nil or reduced data charges on specific websites (identified by service providers) during off-peak hours. This model can be leveraged to drive digital literacy if the zero-rated websites include e-services, local language news sites and other relevant information services. Given the prevailing high data costs for consumers, these initiatives can help improve consumer uptake of relevant digital content.

Measure 2.3.2

Deploy a short-term incentive for suppliers to keep prices affordable on digital equipment (smartphones, tablets, laptops, modems, routers) essential for e-commerce. Based on a priority list, reduce or remove various taxes on low-cost devices for manufacturers, importers and retailers for a set time period (3–5 years). Any short-term revenue loss is expected to be balanced by the rise in smartphone sales and growth in the digital economy in the medium term.

Business case

Improvements in the affordability and accessibility of digital devices and equipment will help drive digital inclusion. Time-bound exemptions on duties and taxes on equipment related to telecom and Internet services can decrease price barriers for consumers and businesses.

Measure 2.3.3

Develop financing models enabling payment by instalments for Internet devices. Eligibility could depend on reliable payment behaviour on mobile plans (as a proxy for demonstrating creditworthiness).

Business case

Financing models that can reduce the up-front burden of purchasing smartphones can increase access to and the affordability of devices for consumers. This in turn supports digital literacy, financial inclusion, e-commerce uptake and other goals.

Measure 2.3.4

Encourage and incentivize the development of a supply chain of repair shops for smartphones and feature phones. Sensitize these businesses on sustainable best practices for safe disposal and storage of electronic components.



Business case

E-commerce growth must be accompanied by due consideration for the environment. Smartphones and other digital devices are fast becoming ubiquitous and they will need to be repaired and safely disposed of in an environmentally sustainable manner. Fostering the growth of affordable repair services, led by the private sector, will help achieve this.

Measure 2.3.5

Identify e-commerce services and use cases that can be deployed on feature phones with Unstructured Supplementary Service Data (USSD) technology.

Business case

Feature phones will remain dominant in the medium-term future. Innovative solutions driven by USSD technology responding to e-commerce opportunities and other digital use cases will result in high uptake from a broad segment of the population who are yet to migrate to smartphones.

Priority area 3

Trade logistics

This priority area has four strategic outputs and 21 measures.

Strategic output 3.1:

The physical infrastructure (transportation and storage) needed for e-commerce logistics is enhanced and strengthened.

A comprehensive upgrade of transportation and storage infrastructure in rural as well as urban areas should be pursued to facilitate efficient movement of e-commerce products. The activities under this strategic output cover proposed enhancements at airports, establishment of e-commerce hubs providing multi-client storage facilities, and rural cold-chain infrastructure to reduce spoilage of products within the fisheries and agricultural sector. Investment promotion will be conducted to attract international logistics/e-commerce platforms and establish order fulfilment operations in Solomon Islands.

Measure 3.1.1

Develop a network of multi-client warehousing facilities that e-commerce firms can use to store their inventory and ensure efficient order fulfilment. Warehouses may be strategically located near key regional market borders or near airfreight facilities.

Business case

E-commerce warehousing is fundamentally different from traditional warehousing. E-commerce merchants will require access to affordable, accessible storage facilities from which products can be easily and quickly picked, packed and shipped. This measure could potentially be achieved via public-private partnership (PPPs).

Measure 3.1.2

Develop climate-controlled facilities/cold-chain infrastructure –particularly in rural areas and at proposed hub locations– to store perishable products.

Business case

Given challenging geography and distances between supply and market locations, climate-controlled facilities are needed to facilitate interim storage and movement of agricultural commodities with reduced spoilage.

Measure 3.1.3

Improve logistics infrastructure at the airport. Develop warehouse facilities where outgoing and incoming products can be unloaded, stored, prepared and loaded.

Business case

Given the strategic importance of airports in e-commerce growth, particularly the business-to-customer segment, improvements in airport handling and storage infrastructure are necessary to ensure greater efficiency of cargo clearance operations.

Measure 3.1.4

Attract international e-commerce firms and online marketplaces to set up fulfilment centres in the country. This could be pursued by offering incentives.

Business case

Multinational online marketplaces are constantly seeking opportunities to improve order fulfilment cycle times and supply chain efficiencies, and fulfilment centre locations are an important strategic consideration. Solomon Islands' geographic location, coupled with forecast improvements in Internet infrastructure, could be attractive for fulfilment firms and online marketplaces, especially if coupled with incentives.

Strategic output 3.2: Businesses and consumers in Solomon Islands are easier to discover.

While MCA and Solomon Post are engaged in developing a national addressing system, it will take time for last-mile delivery of e-commerce products to materialize and establish itself. In the near term, pickup and drop-off points for e-commerce orders will be more feasible. Services based on using geographic information system (GIS) technologies are proposed, with the goal of accurately identifying the location of businesses and consumers, including in rural areas. Some of these services are already being piloted by Solomon Post.

Measure 3.2.1

Incentivize development of a network of independent entrepreneurs who leverage their premises for drop-off/ pickup services along with other value added services. Network development should initially be focused in Honiara and provincial capitals, with nationwide scaling based on lessons learned from these markets.

Business case

Drop-off/pickup models work best in environments, such as Solomon Islands, where last-mile delivery is significantly impaired. In this case, a network of dedicated entrepreneurs providing these services could facilitate order fulfilment as well as returns to a reasonably high degree of scale and quality.

Measure 3.2.2

Continue development of a national physical addressing and postal code system. Ensure that the physical addressing system is developed in line with UPU standards.

Business case

A national physical addressing and postcode system is critical to accurately locate consumers and businesses, and facilitate predictable courier services/delivery. It also facilitates ordering from international suppliers/platforms, and promotion of local businesses on international platforms (which require address verification).

Measure 3.2.3

Pilot project: For key market segments such as the diaspora in Australia, deploy an affordable two-way express delivery service that carries fresh produce and other products (ordered online) via scheduled Solomon Airlines flights to select destinations. Drop-off/pickup services by a postal or courier service operator would service customers at the destinations.

Business case

The diaspora is a high-potential market with immediate demand for local goods (especially food products). A pilot initiative aimed at accepting and delivering orders would serve as a valuable proof of concept on cross-border e-commerce (featuring Solomon Islands products), and also cater to a high-potential market.

Measure 3.2.4

Pilot project: Develop an e-commerce service offering rural to urban (Honiara) delivery solutions for products ordered via a website and developed (initially on a weekly or fortnightly basis) via a mix of ferry and private delivery operator services.

Business case

A pilot initiative aimed at testing development of reliable transportation mechanisms between key supply and market destinations within the country, which could also be leveraged for domestic e-commerce trade.

Strategic output 3.3:

Development of a competent delivery service provider base is facilitated, including courier services, last-mile delivery providers and Solomon Post.

E-commerce merchants will likely need the support of professional parcel delivery/courier services as they scale up operations. Vertically integrating delivery services in-house will be challenging as merchants increase volumes and coverage radiuses. Keeping this in mind, this strategic output seeks to enhance the capacities of existing delivery providers, including Solomon Post, and foster new entrants, including freelancers. Existing inter-island transportation services would be reviewed to identify options to support e-commerce. This strategic output also focuses on enhancing professionalization of the existing logistics provider base.

Measure 3.3.1

Examine existing local and inter-island transportation to identify opportunities to leverage them for e-commerce. Based on this analysis, adapt the licensing regime and provide incentives as needed to engage these services as potential package delivery operators.

Business case

Solomon Islands' unique logistical challenges render solutions that may work in other contexts obsolete. Reviewing existing modes of transportation (such as passenger ferries) and then identifying entry points for package delivery offers low-cost, high-return solutions that could be sustainable and easily implementable.

Measure 3.3.2

Review licensing requirements for:

- Freelance delivery operators to offer services to local businesses
- Courier firms
- Existing operators such as taxi services and ferry operators to engage in e-commerce delivery.

Business case

Demand for local courier services as well as freelancers (e.g. taxi services) is likely to increase. Regulatory clarity is required to ensure that a level playing field with the national postal services is developed, and that these courier services can operate with the proper licensing.

Measure 3.3.3

Ensure implementation of the recommendations for Solomon Islands from the operational readiness for e-commerce (ORE) regional assessment. Conduct a DRE assessment for Solomon Islands and implement its recommendations.

Business case

The ORE and DRE flagship technical programmes implemented by UPU may significantly improve the capacities of Solomon Post in terms of operational and digital readiness. Expediting implementation of their recommendations therefore holds high priority.

Measure 3.3.4

Develop a dedicated incubation programme to professionalize local delivery firms in the fundamentals of e-commerce logistics.

Business case

Local courier and transportation services need to be both incubated and made aware of tenets related to e-commerce.

Measure 3.3.5

Conduct SME trainings to introduce order fulfilment concepts and best practices, via workshops embedded in universities and sector associations.

Business case

E-commerce merchants need to improve their understanding of best practices in order fulfilment and delivery logistics so that they can make informed decisions about improving in-house processes and systems.

Strategic output 3.4: A tailored Customs regime, processes and related capacities are developed in line with established best practices for e-commerce.

This strategic output deals primarily with improving the overall Customs regime, processes and associated systems to make them fit for purpose for e-commerce. Specifically, the readiness of Customs authorities to cope with high-volume, low-value product flows needs to be increased. Proposed accession to the International Convention on the simplification and harmonization of Customs procedures (Revised Kyoto Convention) and alignment with various best practice guidelines would streamline export and import of e-commerce parcels, as would electronic submission of Customs declarations and electronic issuance of various permits, payment options and other aspects. Improved institutional coordination – particularly between the Solomon Islands Customs and Excise Division (SICED), Solomon Post and IRD – would also increase the efficiency of cross-border trade involving e-commerce.

Measure 3.4.1

Support public and private stakeholders to transition to the latest version of the automated ASYCUDA system.

Business case

The ASYCUDAWorld system has been used by SICED since 2016. Upgrading the system to the latest version will allow access to new features.

Measure 3.4.2

Revise the national de minimis regime to drive trade in small and low-value parcels while facilitating Customs' risk management and revenue collection functions.

Business case

The current de minimis value of two Solomon Islands dollars is not in line with established best practice and will place significant burden on Customs authorities as e-commerce volumes increase. Revising the de minimis rate would balance the risk management and revenue collection functions.

Measure 3.4.3

Establish and operationalize a national trade facilitation committee.

Business case

National trade facilitation committees are essential to drive the national trade facilitation agenda and to ensure a coordinated response among key trade support institutions on cross-border trade issues. They are thus also a valuable platform for discussing ecommerce matters.

Measure 3.4.4

Adapt the national Customs regime to develop express shipments capabilities via air transport. Establish expedited Customs clearance procedures for such air shipments.

Business case

Dedicated instruments for express shipments can allow e-commerce merchants to offer overseas customers an additional delivery option, linked to expedited Customs clearance. This enhances the overall value proposition for Solomon Islands e-commerce merchants.

Measure 3.4.5

Implement the recommendations from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) survey on digital and sustainable trade facilitation conducted for Solomon Islands.⁷

Business case

These recommendations provide valuable guidance on enhancing the trade facilitation agenda of Solomon Islands and can inform policymakers and technical agencies such as Customs.

Measure 3.4.6

Facilitate integration of CDS with ASYCUDA and conduct associated training of staff.

Business case

ASYCUDA-CDS integration provides data exchange between SICED and Solomon Post, which will drive efficiency in Customs clearance for cross-border package transfers.

Measure 3.4.7

Accede to the WCO Revised Kyoto Convention, as well as the UNESCAP Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, and the World Trade Organization Trade Facilitation Agreement.

Business case

These conventions reflect regional/global efforts to harmonize Customs regimes and related processes. Solomon Islands' alignment with these frameworks will ultimately improve the cross-border trading environment for SMEs, including e-commerce merchants, and develop trade facilitation processes interoperable with other countries.

Measure 3.4.8

Conduct a study to understand the implications of adopting the WCO framework of standards on cross-border e-commerce trade, which outlines 15 key standards for Customs authorities.

Business case

The WCO standards are widely acknowledged as the best practice guidelines for countries seeking to tailor their Customs framework so that it is fit for purpose for e-commerce.

7. UN Global Survey on Digital and Sustainable Trade Facilitation: Solomon Islands ([Trade Facilitation and Paperless Trade in Solomon Islands | UN Global Survey on Digital and Sustainable Trade Facilitation \(untfsurvey.org\)](#)).

Priority area 4

Legal and regulatory framework

This priority area has four strategic outputs and 11 measures.

Strategic output 4.1.

A comprehensive cyberlaw framework is in place, prioritizing harmonization and interoperability with the broader region.

A robust cyberlaw framework that effectively regulates the emerging Internet economy is a priority. The current framework is either missing essential regulations (e-transactions and digital signatures, for example), awaiting promulgation (cybercrime) or needs to be adapted to the digital economy (consumer protection). Bridging these gaps will both improve the legal basis for conducting e-commerce in Solomon Islands and promote consumer trust. Harmonization and interoperability – partly via adherence to model laws – will be cornerstones for the framework to facilitate a predictable legal environment for e-commerce firms.

Measure 4.1.1

Adopt legislation and necessary subordinate legislation on e-transactions and e-signatures. The United Nations Commission on International Trade Law (UNCITRAL) model laws could assist in this process.⁸

Business case

Alignment with UNCITRAL model laws facilitates a legal framework rooted in international best practices and promotes harmonization/interoperability at the regional level.

Measure 4.1.2

Revise and adapt the 1995 Consumer Protection Act and related subordinate legislation based on a PPD process and aligned with the United Nations Guidelines for Consumer Protection.

Business case

The existing Consumer Protection Act needs to be updated to reflect e-commerce tenets, with relevant best practices absorbed via the United Nations Guidelines for Consumer Protection.

Measure 4.1.3

Finalize and adopt the national cybersecurity policy draft after due diligence and review.

8. United Nations Convention on the Use of Electronic Communications in International Contracts, 2005; UNCITRAL Model Law on Electronic Signatures, 2001; UNCITRAL Model Law on Electronic Commerce, 1996; UNCITRAL Model Law on Electronic Transferable Records, 2017.

Business case

A robust cybersecurity policy is essential to safeguard the economy and citizenry against cyberattacks and malicious online incidents. The policy will help the state develop the ability to secure the country from cyberattacks.

Measure 4.1.4

Finalize the review of the draft cybercrime regulation and adopt into law.

Business case

Cybercrime legislation will identify offences and the consequent penalties for cybercrimes, and is thus a cornerstone of the national cyberlaw framework.

Measure 4.1.5

Adopt a data privacy and protection law, with the scope involving personal and enterprise protection, and covering national and cross-border data transfers.

Business case

The growth of e-commerce and the broader digital economy necessitates development of a law to protect the personal data of citizens and define the rules for data collection, processing and transfer, including cross-border transfer. The law should be based on OECD guidelines and the Budapest Convention.

Measure 4.1.6

Conduct market analysis to assess the emerging impact of e-commerce, which may require adjustments to the existing Intellectual Property Rights (Copyright) Act, Competition Law and other key regulations.

Business case

Supporting e-commerce growth requires close and constant review of the country's business environment, procedures and regulations. As the sector and market mature, the implications for various aspects of business will become evident, and the cyberlaw framework must be adaptable enough to address such issues.

Strategic output 4.2:

The capacities of key monitoring and enforcement institutions are strengthened.

Promulgation of regulations is not enough – raising the capacities of institutions responsible for market surveillance and enforcement is equally relevant. Actions taken will pertain to both institutional arrangements being established (for example, the Computer Emergency Response Team (CERT)) and existing ones (MCIL's Consumer Affairs and Price Control Division). In the future, a data protection authority, as well as a team to oversee consumer protection on digital finance, may be established as well.

Measure 4.2.1

Extend the mandate and capacities of MCIL's Consumer Affairs and Price Control Division to conduct market surveillance and enforcement related to e-commerce activities.

Measure 4.2.2

Ensure that CERT is adequately resourced and capacitated to fulfil its mandate.



Measure 4.2.3

Establish and capacitate a data protection authority to regulate national data protection, including for cross-border transfer of data.

Measure 4.2.4

Enhance the capacities of the Economic Reform Unit to support its function of driving reforms and regulations related to e-commerce.

Business case (all measures)

Regulatory coverage needs to be implemented by capable institutions that can conduct market surveillance, promote effective compliance and obtain or facilitate redress. Institutional capacity-building for select authorities in charge of consumer protection, data privacy and protection, cybersecurity and cybercrime, and research, is critical.

Strategic output 4.3:

Consumers, merchants and other relevant stakeholders are sensitized on the benefits and obligations of promulgated legislation related to e-commerce.

This strategic output focuses on improving awareness among consumers, merchants and other stakeholders of their rights and responsibilities associated with the cyberlaw framework. The sector is relatively new to all stakeholders and an effective strategy for spreading awareness in urban areas –and particularly the provinces– will be needed.

Measure 4.3.1

Conduct sensitization and awareness-building for consumers and SMEs in the capital and provinces. Methods used could include radio programmes; social media and online ads; and hand bills/brochures/posters, distributed through community centres.

Business case

Key tenets of regulations will need to be conveyed to the general public and the private sector in a simplified, targeted manner to inform stakeholders of their rights and obligations related to cyberlaws. Sensitization and awareness-building initiatives are essential to improve compliance.

Priority area 5

Digital payments

This priority area has three strategic outputs and 13 measures.

Strategic output 5.1:

A regulatory framework is established that supports innovation and interoperability within the digital payments area.

The payments systems infrastructure is in the early stages of maturity but is expected to facilitate interoperability, making it possible for consumers and merchants to make digital payments across payment methods and providers. This could drive uptake of digital payments by consumers and SMEs. The recent launch of the RSB, developed under Pacific Islands Regional Initiative guidelines by Alliance for Financial Inclusion, bodes well for the entry and scaling up of new fintech services. Solomon Islands will also benefit from an RSB, which will attract established fintech firms.

Measure 5.1.1

Promulgate essential legislation related to digital payments, including the Agent Banking Regulation and E-money Regulation. Identify and develop subdecrees as necessary.

Business case

Along with the recently promulgated NPS Bill, these laws are the legal basis for digital payments in the country. The Agent Banking Regulation will guide nationwide development of an efficient and service-oriented agent network, and the E-money Regulation will form the legal basis for electronic money. The latter also fosters collaboration between regulators and service providers in the telecommunications and fintech space. Relevant subdecrees will be developed after promulgation of these regulations to provide complete guidance on specific areas.

Measure 5.1.2

Based on the contents of the NPS Bill, develop the infrastructure –including a national switch, automated clearing house and real-time gross settlement infrastructure– needed to ensure interoperability between various payment methods. Advocate for a national payments switch for all retail payment use cases.

Business case

Technical infrastructure will facilitate interoperability and settlement between and within mobile money, card solutions and bank accounts, ultimately resulting in increased convenience for users and reduced cash dependency. It will set the pace for a cash-light economy.

Measure 5.1.3

Based on uniform QR standards adopted nationally, develop interoperable QR code functionality linked to the NPS/payments switch aggregating various digital payment methods.

Business case

Simplification of the user experience will promote consumer uptake of payments via smartphones/tablets. QR code functionality will also help e-commerce merchants receive digital payments.

Measure 5.1.4

Develop standard operating procedures (SOPs) for the RSB. Conduct broad awareness-building among target applicants of the RSB, particularly on emerging fintech needs identified by the Digital Finance Working Group.

Business case

SOPs will help CBSI in its regulatory and supervisory oversight of third parties and fintech providers, including clear arrangements with other regulators. Fintech services relevant to the e-commerce sector will be identified by the Digital Finance Working Group and broadcast proactively to build awareness among target applicants (firms).

Measure 5.1.5

Leverage ongoing discussions on initiatives related digital ID to boost e-commerce payments and fintech adoption.

The SIM Registration Database and e-KYC initiative are particularly relevant in terms of e-commerce and could:

- Simplify consumer registration for fintech/ecommerce payment services
- Streamline company registration on marketplaces
- Improve the ability to discover consumers based on information provided during SIM registration.

Business case

A digital ID framework will emerge in the medium term, and initiatives such as the e-KYC and SIM registration databases can provide proxies for consumer/company identification in the interim. It is important to identify entry points and leverage these systems for e-commerce payments until a national digital ID is available for all citizens.

Measure 5.1.6

Adopt Application Programming Interface (API)-based open banking standards to facilitate an innovation ecosystem built around banking services providers.

Business case

Payment services, aggregators and other fintech players will require access to bank APIs to develop new applications and services. Standardized and uniform APIs built around open standards will accelerate this innovation.

Strategic output 5.2:

A robust fintech ecosystem –driven by mobile-money solutions that can be used by e-commerce firms– is fostered.

Given more than 70 per cent of the population has a mobile device, mobile money⁹ can be an attractive middle-ground solution for future e-commerce firms seeking digital payments from consumers. Cash on delivery (COD) is unsustainable beyond short-range deliveries and card-based solutions require infrastructure and user habituation that will likely take years to materialize. Mobile-money solutions have well-established potential to boost financial inclusion and encourage consumers to diversify towards digital payments. Reduced exposure to cash and simplified returns processes are some of the expected benefits from an ecommerce firm's perspective, provided technical integration of mobile-money APIs with ecommerce merchants and user-friendliness of the payments process is ensured.

Measure 5.2.1

Encourage the development of enabling fintech services that can be leveraged for e-commerce. Examples include:

- Payment aggregator solutions
- Digital cash register and web-store solutions for rural entrepreneurs.

Business case

Digital SMEs, and particularly rural entrepreneurs, will benefit from cost-effective and simple solutions that help them develop an online presence, integrate with multiple payment solutions and access innovative and easy to deploy financial management solutions. These solutions could potentially be offered by telecommunications and financial service providers, and connected to payment solutions such as mobile money.

Measure 5.2.2

Test mobile money as a payment option in e-shops, given the anticipated rise in mobile money uptake.¹⁰

Business case

The regulatory framework, technical infrastructure and competition in the market is expected to grow rapidly, with a consequent upswing in consumer adoption. Integration between mobile money and e-commerce holds potential to build digital payment habits among consumers.

Measure 5.2.3

Test alternate solutions for payments:

- Remittance platforms as a mechanism for cross-border e-commerce payments.
- UPU solutions to coordinate and improve Solomon Post's payment services and help it modernize its payment strategies.

Business case

Leveraging/repurposing existing systems that already have relatively high consumer uptake and habituation for e-commerce payments may drive adoption of digital payments overall, including emerging ones. Users are already familiar with these methods and use them frequently, thus reducing the trust barriers that new/emerging systems will face.

9. The current mobile money landscape includes Ezi Pei (operated by Solomon Post) and iumiCash. Our Telekom will deploy a mobile money service with the support of UNCDF and UNDP, a potentially transformative step forward given that Our Telekom has the largest mobile phone footprint in the country, accounting for 400,000 subscribers (57 per cent of the population). Mobile banking wallets / services are offered by major banking institutions (ANZ, Pan Oceanic Bank, Bank of South Pacific).

10. Potential flow: a customer would make a mobile-money payment to a merchant's account and receive a code to be entered on the vendor's website as confirmation. Alternatively, the merchant would manually validate payment and ship the product.

Strategic output 5.3: A nationwide agent network responsive to evolving e-commerce needs is leveraged by e-commerce players, particularly for order fulfilment and payments.

Agent networks can serve as essential nodes to support e-commerce logistics and payments. MNOs, mobile-money operators and financial service providers are expected to expand their agent networks across Solomon Islands rapidly, in line with the growth of mobile-money services. In addition to payments, these networks could be adapted to serve as e-commerce order fulfilment partners. For instance, agents could serve as pickup/drop-off locations; offer order, pay, pickup and return services; and offer consumers a range of digital payment options at time of delivery. They could also serve as intermediate hubs to improve urban–rural and rural–rural last-mile delivery.

Overall, this model would provide new revenue streams for agents, increase the reach of e-commerce merchants –particularly between urban and rural areas– and help consumers gain trust in digital commerce. This approach can be especially effective if agent non-exclusivity can be put in place. It would improve the market size and profitability for agents and incentivize them to diversify their services and improve productivity – ultimately benefiting the e-commerce sector.

Measure 5.3.1

By regulation, foster a non-exclusive agent network representing multiple service providers (mobile money, telephony, financial services), as a means to reach nationwide scale and enhance the quality and scope of services for consumers. Implement a Shared Agent Banking System to support this aim.

Business case

The costs of ensuring a capable agent network nationwide are prohibitive for any single service provider given Solomon Islands' geography. To ensure high quality and responsiveness of agent networks, non-exclusivity of agents is desirable, with growth incentives for both agents and service providers.

Measure 5.3.2

Pilot project: Test the viability of leveraging the agent network to serve as e-commerce partners. The pilot would engage select merchants between key locations, and a subnational agent network. Among the services to be tested:

- Agents as pickup/drop-off locations as well as servicing plus order, pay (range of digital payments), pickup and return services
- Specific to payments, the agents can eventually leverage the Shared Agent Banking System, or in the interim offer separate payment channels
- Agents serving as intermediate hubs for improving urban–rural and rural–rural last-mile delivery.

Business case

Pickup and delivery points that also offer payment solutions can support the integration of non-urban areas into the ecommerce value chain, which is critical for sustainable e-commerce growth in Solomon Islands. The agent network can be a viable distribution network serving both urban and rural areas, with individual agents serving as nodes for e-commerce fulfilment and payment services.

Strategic output 5.4: Consumer and enterprise uptake of digital payments and DFS is enhanced in both urban and rural areas.

Building consumer trust in e-commerce will depend on multiple factors beyond just digital literacy, and payments are central to this goal. The robust financial inclusion efforts being undertaken by donors and SIG are essential to boosting consumer comfort with e-payments. Consumer trust in e-commerce is intrinsically linked to the ease, habituation and security of engaging in digital payments. In nascent markets, these are more prominent influencers of consumer uptake than digital literacy and the convenience of e-commerce. NECS therefore prioritizes enabling payment models with high ease and speed of both payments and reversals (in the case of returns). It is anticipated that the development of a mobile-money ecosystem with a variety of applications will accelerate consumer adoption of digital payments.



Measure 5.4.1

Launch a digital-payments-specific radio programme on SIBC, aimed at providing reliable advice to citizens and businesses on the options, benefits and support related to leveraging digital payments for e-commerce, among other uses.

Business case

Building the awareness of consumers and businesses, particularly in rural areas, is essential to drive uptake of payment services, including those linked with e-commerce. National market development for e-commerce is contingent on the efficacy of such efforts.

Measure 5.4.2

Introduce incentives to encourage digital payments adoption among merchants:

- Reduced/removed taxation on revenue received digitally (including via mobile money) in a designated bank account, for a limited time period
- Offsetting transaction fees for merchants, particularly for low-value transactions
- Removing/lowering import duties on point of sale devices and smartphones.

Business case

Given their links with consumers, wholesalers, producers and other stakeholders, merchants are well placed to influence digital payments uptake. However, merchants will need incentivization in the early days to test and adopt digital solutions. Short-term incentives can help drive this adoption.

Priority area 6 Skills development

This priority area has four strategic outputs and 19 measures.

Strategic output 6.1:

Accelerate enterprises' transition from offline to online, particularly in rural areas.

SMEs are fragmented geographically across the archipelago and buyer-seller matching is very weak. SMEs also have very weak capacities to develop their own online presence. Online marketplaces (such as Amazon) help solve both these issues. The strategy therefore explores the potential of establishing marketplaces operated by the private sector or via PPPs. Access to payment gateways, logistics solutions and customer services will be especially important features. Beyond marketplaces, SME trainings delivered by sector associations will also support SMEs' transition from offline to online commerce.

Measure 6.1.1

Pilot project: Develop an e-commerce marketplace with domestic and international scope that can match domestic sellers with domestic and international buyers, and facilitate e-commerce transactions as well as support services such as payments, order facilitation, Customs clearance, etc. The marketplace could be based on a PPP or investment model. Support for SME onboarding to the marketplace would also be facilitated.

Business case

The marketplace would be based on a PPP or investment model and enable offline to online transition for domestic businesses such as restaurants, grocery stores and local transport, as well as exporting support for export-ready firms who would otherwise not venture into online activity. Particularly relevant for the diaspora market in Australia, New Zealand and Fiji (possibly Vanuatu) would be local delicacies and products shipped by Solomon Airlines and received at a pickup location.

Measure 6.1.2

Pilot project: Develop a national booking portal for tourism that would rely on value chain collaboration and accept online bookings and payments that would:

- Provide information for potential international visitors and the ability to book a range of activities
- Engage a range of value chain actors – airlines, hotels, tour guides, taxi services, handicraft providers and rural communities. Bookings managed by the tourism authority, which also ensures quality, customer service, and a complaints and feedback mechanism
- Allow for online payments once the national payments switch is set up.

Business case

The tourism sector is a natural anchor for e-commerce. A bookings portal similar to others developed in the region (e.g. Vanuatu) and backed by strong fulfilment and management processes can drive tourism sector development and cater to untapped demand among international tourists with high quality of delivery. Operators' participation in the portal will oblige them to adhere to certain quality practices set by the tourism authority. Statistics from the pilot should be collected so that a business case for further expansion (or not) can be easily established.

Measure 6.1.3

To encourage a shift away from informal transactions on social media, offer incentives to consumers (such as discount vouchers) if they transact from a list of approved e-shops. Vouchers will be supported by development partners/government for an initial period.

Business case

Consumers need to be incentivized rather than forced to test platforms other than social media. The business case is strengthened when platforms can offer similar buyer-seller matching as well as other value added services. In the short term, incentives such as discount vouchers may need to be tested.

Measure 6.1.4

Expand the ecosystem of business development services providing training, mentorship and advisory services for entrepreneurs in rural areas to also coach SMEs on e-commerce-related themes such as the basics of e-commerce, marketplace onboarding and digital marketing/branding.

Business case

The existing network of capable business development service providers can support e-commerce-related training needs. Extending their services portfolio to e-commerce themes can provide a new revenue stream (initially supported by seed development funding) while supporting SME training needs in e-commerce.

Measure 6.1.5

Conduct trainings on e-commerce for rural entrepreneurs by leveraging rural training centres (managed by Solomon Islands Tertiary Education and Skills Authority). Ensure that the trainings, mentorship and knowledge-sharing are:

- Tailored for each entrepreneurial characteristic in different rural areas, thus promoting their own unique products on the e-commerce site
- Focused on marginal and vulnerable groups such as rural women and young entrepreneurs.

Business case

Rural training centres can be used to support e-commerce-related trainings given that they are already established, and recognized by rural entrepreneurs.

Measure 6.1.6

Ensure that e-commerce is integrated in existing export promotion initiatives being conducted by SIG and development partners.

Business case

Integration of e-commerce in export promotion and sector development initiatives with a market-side component will ensure that e-commerce is mainstreamed within the private sector development agenda.

Measure 6.1.7

Conduct trainings to help companies migrate from transactions on social media platforms (buy and sell groups) to more formal modes online.

Business case

Social media platforms have helped introduce consumers and sellers to online sales activity. As marketplaces and other platforms come online, sellers will need to be supported in their onboarding journeys.

Measure 6.1.8

Incubate support services such as web development, graphic design, brand marketing and packaging services, and facilitate matching services with SMEs based on a grant-voucher scheme.

Business case

E-commerce companies require a support ecosystem of services, and stimulating these services is also important.

Strategic output 6.2: Development of an innovation builder ecosystem is supported.

E-commerce companies are digital entrepreneurs that will require wide-ranging support. Examples include mentorship opportunities, exposure to peers from the region and beyond, access to incubation and acceleration channels, and co-working environments with shared facilities. An innovation builder ecosystem needs to be fostered in the country, especially by targeting international actors such as incubation facilities. Start-ups' access to regional innovation events will also be facilitated.

Measure 6.2.1

Provide access for Solomon Island businesses to regional innovation-based activities that will be implemented via the Pacific Regional E-commerce Strategy and Roadmap. These include the following activities at regional level:

- Networking with incubators, digital business clusters and accelerators
- Distance learning programmes
- Programme of short courses for the business community with support for skill development and mentoring.
- Training and acceleration in collaboration with leading tech multinationals.

Business case

The PRES will result in a range of innovation-building initiatives that businesses across the region can engage with. This will expose participants to a range of best practices, business opportunities, access to funding and mentoring activities.

Measure 6.2.2

Enhance the capacity of key sector associations for priority sectors with e-commerce potential –particularly tourism and agriculture—to embrace the potential for e-commerce-led growth in their sectors and develop activities to realize this potential.

Business case

Embedding e-commerce-themed training courses in select associations that have a reasonably high degree of readiness to execute such initiatives contributes to the courses being more efficacious and readily available to enterprises. Curricula to cover fundamentals of e-commerce and specific themes such as payments, logistics.

Measure 6.2.3

Develop and implement a calendar of events aimed at start-ups in Solomon Islands, including digital start-ups. Anchored in sector associations/universities, the donor-supported events would include mentoring workshops, pitching competitions, start-up activities, etc. with the goal of building a start-up culture in the country.

Business case

The digital start-up environment drives innovations in the e-commerce sector as well. NECS therefore supports the growth of the innovation builder ecosystem in the country via a range of events and initiatives.

Measure 6.2.4

Undertake an assessment of the measures required to create a conducive environment for international innovation actors such as incubators to set up operations in Solomon Islands.

Business case

Development of the innovation builder community will not be entirely organic in Solomon Islands, given the low base of entrepreneurship activity and the challenges of fragmented markets and isolation. Incentives for international actors will help promote entry of innovation builder actors.

Strategic output 6.3: Improved digital literacy for all stakeholders and development/absorption of 'useful usage' among consumers.

Expansion of affordable Internet access is not in itself sufficient to achieve digital literacy goals. When consumers have access to relevant, localized content with added perceived value, consumer uptake and demand for more complex applications increases, as does their comfort with everyday use of Internet. This is the desired state in which e-commerce solutions are likely to find receptive consumers. NECS supports existing digital literacy initiatives while promoting e-commerce-specific sensitization.

Measure 6.3.1

Improve the digital skills focus at primary and secondary levels, and at the post-school education and training levels.

Business case

Sensitization and exposure to the Internet and information technology (IT) in schools, even at the basic level, will support digital literacy in the next generation of Solomon Islanders.

Measure 6.3.2

Sensitize rural communities to e-commerce by using existing community outreach channels such as posters/ brochures at community centres, radio and newspapers, among others.

Business case

Community sensitization is a good way to build awareness among Solomon Islands' large rural population. Mechanisms like radio and posters in community centres will be used to disseminate information about e-commerce; for example, relating to newly deployed rural–urban package delivery services, marketplaces, etc.

Measure 6.3.3

Create an introductory course on e-commerce aimed at policymakers and technical officers, with the goal of teaching them fundamental concepts as well as the role of other institutions in influencing e-commerce sector growth. The course may include multiple self-paced and instructor-led sessions over 8–10 weeks.

Business case

For effective policy development and coordination, a basic understanding of the fundamentals of e-commerce –and the roles and interdependencies between regulators, line ministries and technical agencies– needs to be developed.

Strategic output 6.4: Skills development institutions' alignment with and responsiveness to emerging e-commerce needs is improved.

Skilling institutions must maintain pace with industry requirements via regular consultation, which serves as a feedback loop to help match skills training with industry needs as much as possible. Mismatching is particularly a risk in rural areas that are relatively disconnected from the capital. The role of certificate-level training institutions will be critical, given their agility in pivoting to evolving market requirements, and NECS will support their growth. E-learning infrastructure, accelerated during the pandemic, will be used to provide updated trainings in rural areas. Future skilling studies will also be conducted to identify professions, roles and skillsets that will be in high national demand in the future. The scope will include ecommerce and the broader digital economy.

Measure 6.4.1

Develop a feedback mechanism between national skills provider institutions, industry and relevant ministries to remain apprised of industry skills requirements over the long term and reduce skills mismatch issues.

Business case

Skills mismatch issues will be a concern as the sector matures. Industry requirements will evolve rapidly, translating to a need for skills providers to adapt quickly. A feedback mechanism in the form of a discussion forum involving ministries, sector associations and lead firms can help reduce skills mismatch risks.

Measure 6.4.2

Conduct a future skills assessment to baseline the current quality of e-commerce-related skillsets in the country and identify those skills that will be critical for the growth of the sector in the medium/long term.

Business case

A national future skills assessment is needed to identify the types of professions and skills that will be in high demand in the long term, including for e-commerce. This will be used to inform skilling institutions and policymakers about the future requirements of the industry.

Measure 6.4.3

Support the development of certificate-level training courses (led by accredited, independent training firms) in curriculum topics relevant for e-commerce. This could be accomplished via supporting grants offered to competent training providers. Integrate e-commerce tenets in entrepreneurship degrees offered by Solomon Islands National University (SINU).

Business case

Relative to universities, certificate-level providers are more agile and able to adapt quickly to changing industry requirements in terms of introducing new courses and trainings. They are also attractive from a time-investment and tuition perspective for individuals seeking to gain skills and enter the workforce. This measure could be accomplished via supporting grants offered to competent training providers.

Measure 6.4.4

Extend remote learning infrastructure being developed by local universities to provide trainings for rural entrepreneurs.

Business case

SINU and the University of the South Pacific have expanded their e-learning infrastructure in recent years, partially driven by the COVID pandemic. As Internet connectivity becomes widespread in Solomon Islands, this infrastructure will be increasingly used to expand the digital skills agenda.

Priority area 7

Access to financing

This priority area has four strategic outputs and 12 measures.

Strategic output 7.1:

Increased access to financing on affordable terms for MSMEs seeking to engage in e-commerce.

Supporting e-commerce firms to access finance for working capital, supply chain financing and investment requirements is critical to facilitate growth. Two schemes to support small business financing – an MSME credit guarantee scheme and an SME export facility – are currently available. The criteria used to access these instruments must be feasible for e-commerce enterprises, especially start-ups. The aim is that these instruments support e-commerce firms and start-ups by giving them an alternative to loans from commercial banks, which many start-ups have difficulty accessing.

Measure 7.1.1

Review terms and conditions for accessing the MSME credit guarantee scheme to ensure it is fit for purpose for digital firms.

Business case

Given that this instrument is well placed to support SME financing in an otherwise challenging environment, it should be reviewed to ensure it meets the needs of digital firms.

Measure 7.1.2

Enhance supply chain financing options for SMEs to access working capital funds for activities such as importing inputs, production, packaging and branding/marketing.

Business case

E-commerce firms require financing across their supply chain. Enhancing the diversity of supply chain financing for eligible firms would help meet their working capital requirements. One option is to offer financing supported by development partners and made available via commercial banks.

Measure 7.1.3

Pilot project: Test digital solutions for savings clubs and market vendors, including digital bookkeeping and financial literacy apps.

Business case

As Internet speeds improve and data retail costs decrease, more people will start using mobile applications. This will increase the opportunities to develop mobile applications that meet specific consumer needs, particularly in rural areas. A pilot to support physical marketplace vendors and MSMEs via select tools can help assess their potential.

Strategic output 7.2: Improve enterprises' ability to demonstrate creditworthiness.

MSMEs in Solomon Islands would benefit from additional exposure to best practices in financial management, particularly bookkeeping and accounting. Awareness of existing loan instruments will need to be raised, particularly among entrepreneurs in rural areas. Given that digital start-ups typically do not possess significant physical collateral, alternatives for demonstrating creditworthiness (such as a history of bill payments) can be tested. These activities are important to improve the confidence of lending institutions in a relatively underdeveloped segment.

Measure 7.2.1

Launch SME coaching on sound financial management practices, accompanied with training on bookkeeping and other tools.

Business case

Coaching SMEs to improve their operational and financial management is key to demonstrating responsible management and creditworthiness to lending institutions.

Measure 7.2.2

Implement alternate creditworthiness assessment mechanisms such as mobile-money use trends, electricity and other utility bill payments, etc. to assess the creditworthiness of loan applicants and grant fast-disbursing SME loans.

Business case

Bill payments in areas involving recurring charges can be a meaningful proxy to assess the creditworthiness of loan seekers. This has proved successful in other contexts such as African markets and may be translatable to Solomon Islands' context.

Measure 7.2.3

Launch awareness-building campaigns, particularly in rural areas, to sensitize potential loan seekers on existing instruments such as the MSME loan guarantee scheme.

Business case

Awareness-raising at the consumer level, especially in rural areas, is key to ensuring uptake of the schemes.

Strategic output 7.3: Enhance access to venture capital and related financing mechanisms.

As Solomon Islands' digital economy matures, access to early-stage financing will be essential for start-up firms. It will also increase in importance in line with the growth of the digital entrepreneurship base in the country, as will specific public sector efforts to attract venture capital firms. Innovation challenges and start-up events involving financing components are examples of initiatives that NECS will support. The strategy will also help improve the readiness of e-commerce firms to improve their profile and attractiveness to investors.

Measure 7.3.1

Launch an e-commerce innovation fund where SMEs can pitch their ideas to support e-commerce ecosystem development in Solomon Islands.

Business case

This innovation fund would aim to facilitate pockets of innovation across the e-commerce ecosystem. Specific challenges would be identified and SMEs would be invited to pitch their ideas to solve these challenges.

Measure 7.3.2

Organize an annual calendar of start-up events such as pitching competitions.

Business case

Start-up events boost digital entrepreneurship but can also include access to grant funding and exposure to investor seed funding.

Measure 7.3.3

Via a feasibility study, explore the development of diaspora crowdfunding as a means to support development of local e-commerce services.

Business case

Crowdfunding is an alternate financing option that can be tested in Solomon Islands to kick-start digital activities.

Strategic output 7.4: Integrate e-commerce tenets in the national investment promotion framework.

Over the long term, e-commerce growth in Solomon Islands will require an injection of infrastructure and expertise in several areas, including logistics, fintech and marketplaces. The investment promotion framework should be reviewed to ensure that investment needs relevant to e-commerce are included in the priority list for investment promotion. As a means of attracting investments, tax or other incentives can be considered.

Measure 7.4.1

Review Solomon Islands' investment promotion regime for alignment with e-commerce needs (starting with a focus on logistics and digital payments) and update the regulatory framework in terms of incentives and regulations. Promote models with high knowledge and know-how spillover, such as joint ventures.

Business case

Prioritization within the investment promotion framework will be necessary to proactively promote investment opportunities related to e-commerce in Solomon Islands.

Measure 7.4.2

Ensure that a current list of e-commerce investment priorities is published online and kept up to date for potential investors.

Examples of such priorities include:

- E-commerce hubs in nine provinces
 - Logistics (order fulfilment, reverse logistics, warehousing)
 - Marketplaces operated as PPPs.
-

Business case

Investors require up-to-date information that they can use as a basis for their due diligence. Priorities that are officially endorsed and located online will also be considered credible by potential investors.

Measure 7.4.3

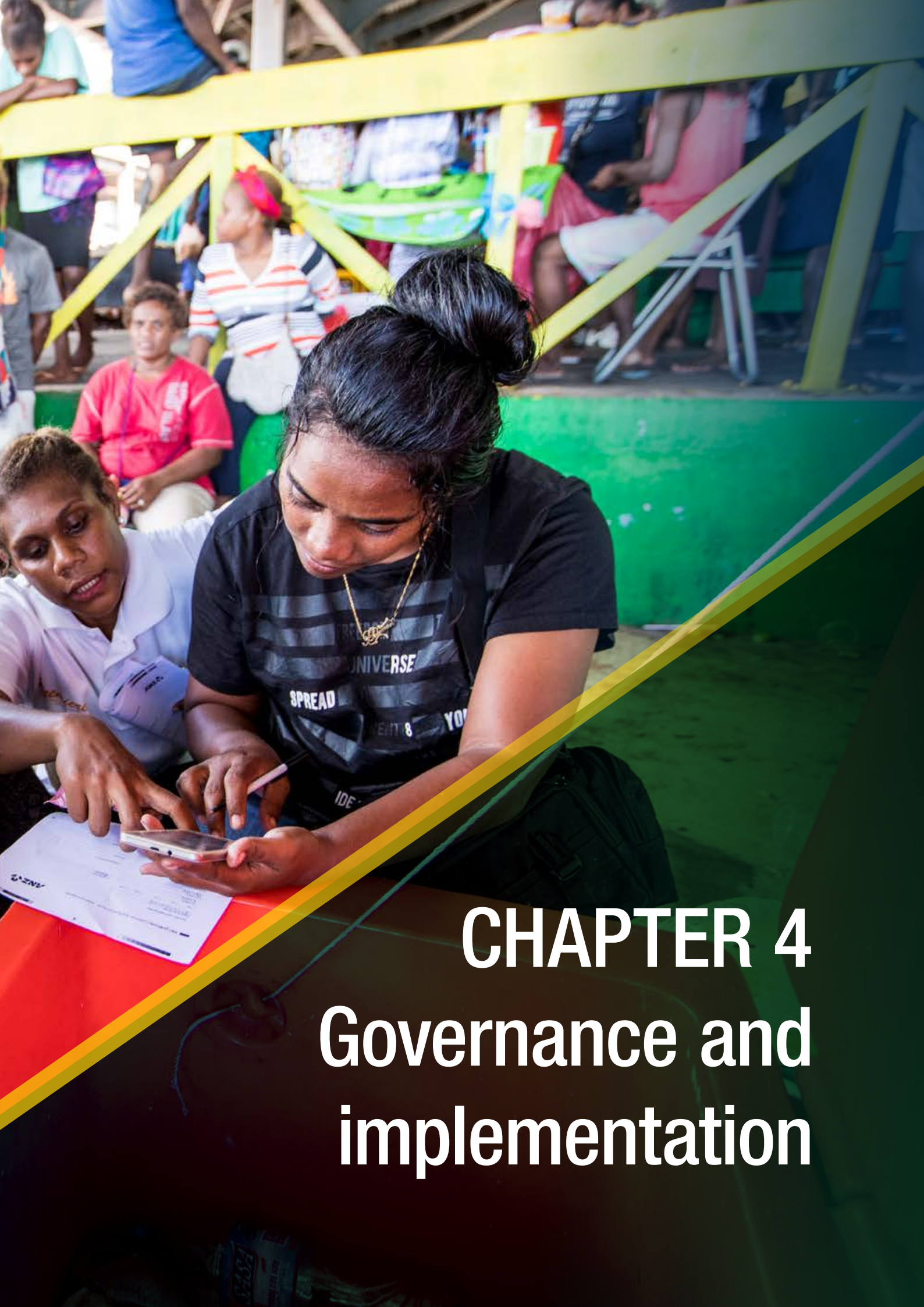
Introduce results-based and time-bound tax deductions for investments in the development and upgrading of online shopping and e-commerce platforms, as a means of encouraging investment within the platforms space.

Business case

The importance of marketplaces in terms of lowering barriers to online entry for SMEs and accelerating their offline to online transition has been noted. Incentivizing marketplace investors over the short term would signal SIG's priorities in this area and attract market leaders to Solomon Islands.

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CHAPTER 4

Governance and implementation



The overarching outcomes of NECS will require a robust governance framework to monitor, coordinate and provide strategic oversight of its implementation. There are a number of working groups¹¹ that focus on separate components of the e-commerce ecosystem. However, there are no specific working groups or interministerial committees established to oversee e-commerce specifically. The following coordination structure is recommended to manage NECS implementation and guide sustainable growth of the e-commerce sector in Solomon Islands.

¹¹ For instance, the Digital Finance Working Group, MSME Working Group, Insurance Industry Working Group and the Consumer Empowerment Working Group (CEWG).

4.1. National E-commerce Steering Committee

It is proposed that a permanent National E-commerce Steering Committee be formalized to coordinate the overall implementation of NECS. It would provide support, guidance and strategic oversight of NECS implementation, ensuring timely and effective delivery of its outputs and the achievement of its outcomes.

This body would be co-chaired by the Permanent Secretaries of MCILI and MCA. Membership would comprise permanent secretaries of the relevant line ministries and government entities responsible for NECS implementation. Development partners and funding agencies would attend as observers.

The Committee would meet at least twice annually in person, and would inform the Cabinet on NECS progress at regular intervals. It would also play a role in reviewing and evaluating the effectiveness of NECS implementation at the end of its five-year time period. It is expected that a new five-year strategy covering the period 2028–2033 would be developed based on a review of NECS and lessons learned from its implementation.

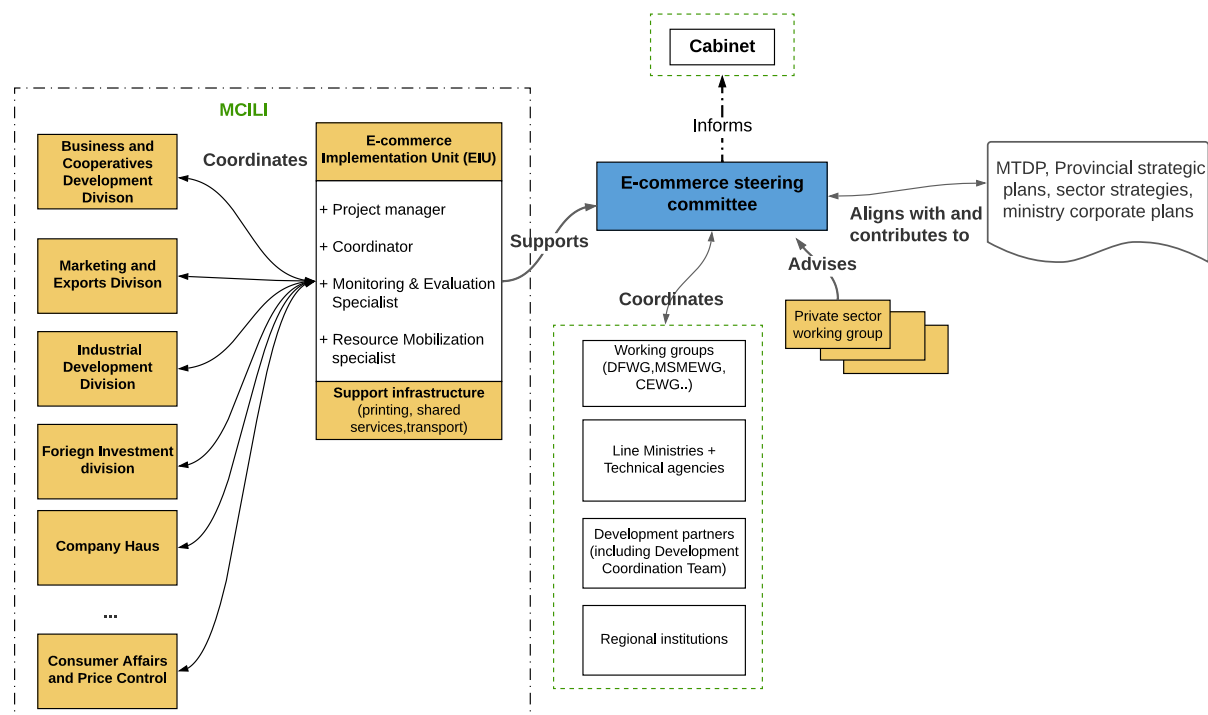
4.2. E-commerce Implementation Unit

Day-to-day programme management will be the responsibility of the EIU, which will provide operational support to the National E-commerce Steering Committee. The unit will be housed at MCILI. The Secretariat will coordinate the delivery of each measure, monitor progress and report to the National E-commerce Steering Committee. To facilitate this coordination by the Secretariat, a focal point in the relevant ministry will be identified for each measure. This focal point will report to the Secretariat regarding progress on the relevant measure and any support that may be required.

4.3. Private sector working group

The establishment of a private sector working group on e-commerce would be encouraged, with the goal of ensuring that the business community's perspective is fully integrated during NECS implementation. The group would forge productive relationships with SIG and development partners by discussing and disseminating accurate information on e-commerce business activities; proposing practical solutions in areas such logistics, e-payments and MSME capacity-building; and taking responsibility to co-deliver activities and initiatives. Secretariat support to the private sector working group would be provided by SICCI.

NECS governance framework



4.4. Monitoring and tracking NECS implementation

Monitoring NECS implementation will take place at both strategic and action plan level. At the strategic level, performance will be monitored against the targets set for the overarching goals.

The Secretariat will monitor progress and collect relevant information from departments/offices responsible for implementing strategy measures. A set of key performance indicators have been proposed for the measures in the Plan of Action. The Secretariat will monitor progress using data supplied by the initiative leads against milestones in the overall strategy and action plan, and data provided by the various responsible agencies. Field surveys may also be undertaken to obtain additional evidence of progress against the key performance indicators.

Results of the initiatives will be audited as necessary. If desired, auditing of initiatives would be carried out independently and would be reported to the National E-commerce Steering Committee. It will also consider the performance of individual projects against established plans.

4.5. Coordination with Pacific Islands Forum Secretariat

Coordinating implementation of NECS with the Pacific Islands Forum Secretariat will help ensure that Solomon Islands benefits from regional and subregional initiatives related to e-commerce. This includes programmes and activities stemming from the PRES.

The regional e-commerce governance framework includes a Pacific e-commerce committee, to be established under the Pacific Islands Forum Secretariat. This committee is expected to monitor implementation of the regional strategy and the Pacific Islands Forum Secretariat will collect relevant national data to facilitate the measure of performance indicators. Implementation of NECS would also benefit from Pacific Islands Forum Secretariat efforts to mobilize resources at both regional and national levels.

4.6. Resource mobilization for implementation

The National E-commerce Steering Committee will develop a resource mobilization plan after adoption of NECS. Resource mobilization will be essential to drive early momentum on high-priority actions, pilot projects and low-hanging fruit. A coherent resource mobilization plan will ensure that diverse sources of financing beyond national budget allocations are available to support NECS implementation.

National budget: SIG will provide direct budgetary support for NECS implementation, demonstrating the Government's commitment to the strategy and the sector, and this will also build confidence among development partners.

Development partners: Development aid will likely serve as the main support mechanism to ensure the Plan of Action is executed. As noted, NECS serves as a comprehensive needs assessment for development partners in terms of helping them identify activities with high return on development investment. Partners can also be assured that the high level of SIG support and private sector buy-in that has been amply demonstrated during the NECS design phase will continue.





A photograph of a man in a brown cap and grey t-shirt looking down in a tropical forest. The background is filled with tall palm trees and lush green foliage. A diagonal yellow line runs across the lower half of the image, separating the header from the text.

CHAPTER 5

Plan of action

The 25 strategic outputs will be delivered through the implementation of 105 measures (activities, initiatives or project) in the Plan of Action. The table below details the measures and associated priority level, lead implementing agency or organization, and supporting entities. It also details how progress for each measure will be tracked, with baseline indicators and targets to be achieved at the end of the five-year strategy time frame.

Priority area 1

Policy framework and institutional coordination



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 1.1: Strengthened Integration of e-commerce tenets within the national development agenda					
<p>1.1.1. Establish a formal governance framework to shepherd NECS implementation and guide overall e-commerce development:</p> <ul style="list-style-type: none"> Adapt the terms of reference of the National Ecommerce Steering Committee to include responsibility for coordinating the overall implementation of NECS. Establish an EIU within MCILI to run day-to-day operational management related to NECS implementation. Establish an e-commerce private sector working group with representation from sector and business associations, consumer associations and provincial representatives. 	High	MCA, MCILI	<p>Operational status:</p> <ul style="list-style-type: none"> E-commerce development unit E-commerce private sector working group 	E-commerce Steering Committee exists	<ul style="list-style-type: none"> Mandate of E-commerce Steering Committee formalized E-commerce development unit staffed and operationalized. E-commerce private sector working group operationalized
1.1.2. Integrate e-commerce into the agenda of the donor coordination team and ensure regular updates are provided by the National E-commerce Steering Committee.	Medium	E-commerce Steering Committee, <i>donor coordination team</i>	Number of updates provided annually	Nil	Quarterly updates provided to donor coordination team
1.1.3. Ensure that sector development initiatives and strategies with a market-side component, as well as sector-specific digital transformation initiatives, include e-commerce components. This can be achieved by including pertinent requirements in the project approval process. Sensitize line ministries and donors on this requirement.	Medium	MCILI, <i>donor coordination team</i>	Number of sector strategies and initiatives with an e-commerce component	Nil	Eighty per cent of all priority sectors (productive sectors and services)
Strategic output 1.2: Institutional capacities, coordination and PPD among key line ministries, technical agencies and the private sector are boosted					
1.2.1. Establish clear and formal working arrangements via a memorandum of understanding or other mechanism between the NECS governance framework and other relevant institutions.	High	MCILI, MCA, PMO	Status of channels	Nil	Formal channel is established and implemented
1.2.2. Maintain regular coordination with the Pacific e-commerce committee (proposed in PRES) to ensure Solomon Islands benefits and contributes to regional sector growth.	Medium	E-commerce Steering Committee	Number of strategy measures in PRES implemented with Solomon Islands participation	Nil	TBD

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
1.1.3. Develop formal channels of coordination between implementation mechanisms for strategies related to the digital economy, including the NECS, National Digital Economy Strategy (forthcoming) and ICT Policy, among others.	Medium	PMO / Cabinet	Linked to National ICT Policy implementation	Linked to National ICT Policy implementation	Linked to National ICT Policy implementation
1.1.4. Strengthen the institutional capacity of MCILI to lead NECS implementation. Strengthen MCA institutional capacities so it can serve as the nodal agency for implementing the National ICT Policy and contribute to NECS implementation.	Medium	MCILI, MFAET	Number of dedicated e-commerce services offered to SMEs or Number of SMEs supported with e-commerce services	Nil	E-commerce support services account for one third of all SME-related services
1.1.5. Provide the Bureau of Statistics with training on e-commerce data collection, in close coordination with relevant agencies. Additionally, provide technical support for: <ul style="list-style-type: none"> • Designing and operationalizing a business survey (including a focus on digital economy questions) • Advising on capturing digital economy data as part of the existing business register. 	Low	National Statistics Office, MCILI	Number of e-commerce indicators collected	Nil	Base indicators as recommended by UNCTAD are collected
Strategic output 1.3: The business environment for e-commerce is enhanced					
1.3.1. Via the National E-commerce Steering Committee and the proposed private sector working group, frequently review regulations that hinder e-commerce and the overall digital ecosystem.	High	E-commerce Steering Committee	Number of iterations of PPD-based events	Nil	At least one annual discussion event
1.3.2. Institute a short/medium-term tax relief scheme as well as a dedicated grant scheme for SMEs engaging in e-commerce via either their e-shops or marketplaces.	High	Ministry of Finance and Treasury (MoFT), <i>IRD, MCILI</i>	Status of tax incentives and grant scheme	Nil	Tax incentives and grant schemes are deployed
1.3.3. Clarify business registration, licensing, taxation and other administrative rules for e-commerce firms. Particularly for marketplaces, ensure that the taxation regime accounts for their commissions-based model.	Medium	MCILI, IRD	Existence of specific business regulations for e-commerce	No specific business regulations for e-commerce	Clearly defined registration, licensing and taxation requirements exist
1.3.4. Conduct a review of the insurance market in terms of emerging needs of SME-led ecommerce operations. Propose recommendations to CBSI and other relevant agencies based on due diligence.	Medium	CBSI	Status of review/study	NA	Study conducted and recommendations shared with CBSI

Priority area 2

ICT infrastructure and services



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 2.1: Improved penetration, affordability and speeds related to Internet connectivity infrastructure					
2.1.1. Conduct a due diligence study to identify the root causes of the weak transfer of price gains to retail consumers since CS2 landed in 2020. Develop solutions to address challenges identified in the study.	High	TCSI	Assessment	Nil	Recommendations adopted by TCSI, leading to Internet affordability at par with or better than regional averages
2.1.2. Support mobile infrastructure development to ensure universal 3G/4G coverage and last-mile connectivity across the country.	High	TCSI, MCA	Percentage of the population covered by 4G	18.5 per cent	At least 50 per cent or more
2.1.3. Ensure that all provincial capitals are connected to high-speed Internet via the SIDN, to improve the domestic network infrastructure that reaches consumers.	Medium	TCSI, SIG ICT Services	Number of provincial capitals connected to SIDN	Four (SIDN), all (satellite)	All provincial capitals connected with at least 15 mbps download speeds
2.1.4. Conduct a series of round-table discussions between mobile network operators (MNOs), Internet service providers (ISPs) and other service providers to identify opportunities and use cases arising from the expected improvements in Internet connectivity. Publish the results in a white paper for the benefit of policymakers, the private sector and development partners.	Medium	MCA, MCILI, TCSI	Number of annual round-table discussions	Nil	At least twice a year
Strategic output 2.2: SIG's e-government agenda is articulated and implemented					
1.1.1. Develop an e-government strategy for SIG that maps out a long-term road map for building the e-government framework in the country.	Medium	PMO, MCA, Ministry of Public Service	Operational status of e-government strategy	No e-government strategy	Strategy implementation proceeds as per targets identified
1.1.2. Identify the most appropriate model for Solomon Islands to achieve universal coverage of communication networks and services. Develop a universal access policy for the country.	Medium	TCSI	Operational status of policy	No universal access policy	Universal access policy implemented as per targets identified

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
1.1.3. Develop a unified government portal that provides information and links all government websites and e-services. This would require a unified framework of standards for developing official websites and applications, and for exchanging data between SIG departments.	Medium	PMO, MCA, SIG ICT Services	Existence of framework of standards	Uniform standards do not exist	Framework of standards is implemented
1.1.4. Develop and launch an e-procurement platform that can be used by line ministries, technical agencies and state-owned enterprises to develop supplier relationships with SMEs.	Medium	MoFT, MCILI,	Improved and expanded deployment and operational status of e-procurement platform	E-procurement does not exist	One-stop e-procurement online shop
1.1.5. Develop an implementation strategy for deploying a national digital ID that can unify various systems, such as e-KYC, that are being developed in the interim.	Medium	PMO, MCA, Ministry of Home Affairs, CBSI	Status of national digital ID framework	Various systems being developed in isolation	National digital ID framework is operational
1.1.6. Conduct a feasibility study to understand the relevance and implications of developing necessary infrastructure related to digital signatures, including a certificate authority and public key infrastructure.	Medium	MCA Ministry of Justice and Legal Affairs, PMO	Status of feasibility study	Nil	Feasibility study conducted and recommendations implemented
1.1.7. In consultation with the private sector and SIG technical agencies, develop a prioritized list of e-services to be developed over the strategy time frame.	Medium	PMO, MCILI, Ministry of Public Service, SICCI, Investment Corporation Solomon Islands	Number of e-services deployed	Some e-services	All in a one-stop shop
1.1.8. Sensitize the general public and the private sector on the benefits of available e-services.	Low	E-commerce Steering Committee	Number of sensitization workshops conducted (by provinces)	Not collected	All provinces have been covered
Strategic output 2.3: Digital devices for e-commerce growth are more affordable and sustainable, and easier to access					
2.3.1. Deploy zero-rated pages by MNOs/ISPs offering reduced rate or free access to websites in off-peak hours set by the service provider. Potential areas include: <ul style="list-style-type: none"> Certain information-based websites, like news or bus schedules, that can drive digital literacy E-government services E-business websites that are beneficiaries of offline-online transition support Online marketplaces. 	High	MNOs	Number of zero-rated websites	One	Five zero-rated websites in place

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
2.3.2. Deploy a short-term incentive for suppliers to keep prices affordable on digital equipment (smartphones, tablets, laptops, modems, routers) essential for e-commerce. Based on a priority list, reduce or remove various taxes on low-cost devices for manufacturers, importers and retailers for a set time period (3–5 years). Any short-term revenue loss is expected to be balanced by the rise in smartphone sales and growth in the digital economy in the medium term.	High	MoFT	<ul style="list-style-type: none"> Incentives related to value added tax, import duties on digital telecommunication devices Mobile penetration 	No value added tax 65 per cent mobile penetration	Incentives deployed 80 per cent (4G only)
2.3.3. Develop financing models enabling payment by instalments for Internet devices. Eligibility could depend on reliable payment behaviour on mobile plans (as a proxy for demonstrating creditworthiness).	Medium	MNOs / ISPs, CBSI and commercial banks	Track number of devices obtained through this financial model	One	Eighty per cent of device purchases
2.3.4. Encourage and incentivize the development of a supply chain of repair shops for smartphones and feature phones. Sensitize these businesses on sustainable best practices for safe disposal and storage of electronic components.	Low	MCIL	Pilot initiative	N/A	Pilot a capacity-building initiative and scale / adjust based on performance
2.3.5. Identify e-commerce services and use cases that can be deployed on feature phones with USSD technology.	Low	E-commerce Steering Committee	Study	N/A	Study conducted and recommendations shared

Priority area 3

Trade logistics and trade facilitation



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 3.1: Improved physical infrastructure (transportation and storage) required for e-commerce logistics					
3.1.1. Develop a network of multi-client warehousing facilities that e-commerce firms can use to store their inventory and ensure efficient order fulfilment. Warehouses may be strategically located near key regional market borders or near airfreight facilities.	High	MCILI, Ministry of Rural Development, Commodity Export Marketing Authority, provincial government, SICCI (+ others), Ministry of Agriculture and Livestock, Ministry of Infrastructure Development	Number of e-commerce hubs located in provincial capitals / strategic nodes	Nil	At least one hub in each province, and a maximum of nine by 2027
3.1.2. Develop climate-controlled facilities / cold-chain infrastructure – particularly in rural areas and at proposed hub locations – to store perishable products.	High	MCILI, Ministry of Rural Development, Ministry of Agriculture and Livestock	Number of climate-controlled facilities	Nil	At least one climate-controlled facility in each province, and a maximum of nine by 2027
3.1.3. Improve logistics infrastructure at the airport. Develop warehouse facilities where outgoing and incoming products can be unloaded, stored, prepared and loaded.	High	MCA, Ministry of Infrastructure Development, Solomon Airlines, Solomon Islands Ports Authority	TBD	TBD	TBD
3.1.4 Attract international e-commerce firms and online marketplaces to set up fulfilment centres in the country. This could be pursued by offering incentives.	Low	InvestSolomons	Number of fulfilment centres located in Solomon Islands	Nil	At least two fulfilment centres
Strategic output 3.2: Businesses and consumers in Solomon Islands are easier to discover					
1.1.1. Incentivize development of a network of independent entrepreneurs who leverage their premises for drop-off/ pickup services along with other value added services. Network development should initially be focused in Honiara and provincial capitals, with nationwide scaling based on lessons learned from these markets.	High	MCILI, Solomon Post	N/A	At least 10	At least 10 in each province

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
1.1.2. Continue development of a national physical addressing and postal code system. Ensure that the physical addressing system is developed in line with UPU standards.	Medium	MCA, Solomon Post	Status of national addressing system	Development in process	Addressing system adopted in line with UPU standard S42
3.2.3. Pilot project: For key market segments such as the diaspora in Australia, deploy an affordable two-way express delivery service that carries fresh produce and other products (ordered online) via scheduled Solomon Airlines flights to select destinations. Drop-off/pickup services by a postal or courier service operator would service customers at the destinations.	Medium	MCIL, Solomon Airlines	Success criteria to be developed as part of pilot concept	N/A	At least one successful delivery or return to sender (reverse logistics)
3.2.4. Pilot project: Develop an e-commerce service offering rural to urban (Honiara) delivery solutions for products ordered via a website and developed (initially on a weekly or fortnightly basis) via a mix of ferry and private delivery operator services.	Medium	MCIL, Ministry of Rural Development	TBD based on defined project scope	N/A	One
Strategic output 3.3: Development of a competent delivery service provider base is facilitated, including courier services, last-mile delivery providers and Solomon Post					
3.3.1. Examine existing local and inter-island transportation to identify opportunities to leverage them for e-commerce. Based on this analysis, adapt the licensing regime and provide incentives as needed to engage these services as potential package delivery operators.	High	MCA, Ministry of Infrastructure Development	Status of licensing and incentives	N/A	Conducive regulations and incentives are deployed, allowing operators to become e-commerce fulfilment partners
3.3.2. Review licensing requirements for: <ul style="list-style-type: none"> Freelance delivery operators to offer services to local businesses Courier firms Existing operators such as taxi services and ferry operators to engage in e-commerce delivery. 	Medium	MCA	Status of licensing and related requirements	Licensing requirements exist but there is a need for e-commerce specificity	Adapted licensing and related requirements
3.3.3. Ensure implementation of the recommendations for Solomon Islands from the ORE regional assessment. Conduct a DRE assessment for Solomon Islands and implement its recommendations.	Medium	MCA, Solomon Post	State of ORE and DRE implementation	ORE recommendations are being implemented. No DRE assessment	Implemented ORE and DRE recommendations

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
3.3.4. Develop a dedicated incubation programme to professionalize local delivery firms in the fundamentals of e-commerce logistics.	Medium	MCILI	Number of local delivery firms mentored / supported	N/A	Five annually (under one pilot project)
3.3.5. Conduct SME trainings to introduce order fulfilment concepts and best practices, via workshops embedded in universities and sector associations.	Medium	MCILI	Number of SMEs trained	N/A	Fifty annually
Strategic output 3.4: Tailored Customs regime, processes and related capacities are developed in line with established best practices for e-commerce					
3.4.1. Support public and private stakeholders to transition to the latest version of the automated ASYCUDA system.	High	MoFT and SICED	Status (version) of the ASYCUDA system	ASYCUDAWorld	Upgraded to the latest version
3.4.2. Revise the national de minimis regime to drive trade in small and low-value parcels while facilitating Customs' risk management and revenue collection functions.	High	SICED	Status of de minimis regime	SBD 2	TBD
3.4.3. Establish and operationalize a national trade facilitation committee.	Medium	MFAET, MCILI	Status of national trade facilitation committee	National trade facilitation committee exists but is not fully operational	National trade facilitation committee is fully operational as per defined scope and terms of reference
3.4.4. Adapt the national Customs regime to develop express shipments capabilities via air transport. Establish expedited Customs clearance procedures for such air shipments.	Medium	SICED	Status of expedited Customs clearance procedures	Do not exist	Expedited Customs clearance procedures are developed
3.4.5. Implement the recommendations from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) survey on digital and sustainable trade facilitation conducted for Solomon Islands.	Medium	MoFT, MCILI, MFAET	Percentage of recommendations implemented	Nil	TBD
3.4.6. Facilitate integration of CDS with ASYCUDA and conduct associated training of staff.	Medium	MFAET, Solomon Post, SICED	Status of systems integration	In progress	CDS-ASYCUDA integration is complete and staff are trained

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
3.4.7. Accede to the WCO Revised Kyoto Convention, as well as the UNESCAP Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, and the World Trade Organization Trade Facilitation Agreement.	Medium	MFAET	Status of accession	In progress	Accession to Kyoto Convention complete
3.4.8. Conduct a study to understand the implications of adopting the WCO framework of standards on cross-border e-commerce trade, which outlines 15 key standards for Customs authorities.	Medium	SICED, MFAET	Status of WCO membership; adoption of framework of standards	Not under consideration	Study conducted

Priority area 4

Legal and regulatory framework



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 4.1: A comprehensive cyberlaw framework is in place, prioritizing harmonization and interoperability with the broader region					
4.1.1. Adopt legislation and necessary subordinate legislation on e-transactions and e-signatures. The Commission on International Trade Law (UNCITRAL) model laws could assist in this process. ¹²	High	Attorney General's Chambers	Any stand-alone laws to be established	Pending	Adopted laws based on model laws
4.1.2. Revise and adapt the 1995 Consumer Protection Act and related subordinate legislation based on a PPD process and aligned with the United Nations Guidelines for Consumer Protection.	High	MCIL, Attorney General's Chambers	Revision of Consumer Protection Act	Law exists but does not accommodate e-commerce tenets	Revised consumer protection legislation
4.1.3. Finalize and adopt the national cybersecurity policy draft after due diligence and review.	Medium	MCA	Status of policy draft	Draft exists	Policy adopted
4.1.4. Finalize the review of the draft cybercrime regulation and adopt into law.	Medium	MCA, Attorney General's Chambers	Status of cybercrime legislation	Draft exists	Legislation adopted
4.1.5. Adopt a data privacy and protection law, with the scope involving personal and enterprise protection, and covering national and cross-border data transfers.	Medium	MCA, Attorney General's Chambers	Status of legislation	Draft does not exist	Legislation adopted
4.1.6. Conduct market analysis to assess the emerging impact of e-commerce, which may require adjustments to the existing Intellectual Property Rights (Copyright) Act, Competition Law and other key regulations.	Low	MCIL, Ministry of Justice and Legal Affairs, Attorney General's Chambers	Frequency of reviews conducted	Nil	Review update conducted every two years

12. United Nations Convention on the Use of Electronic Communications in International Contracts 2005, UNCITRAL Model Law on Electronic Signatures 2001, UNCITRAL Model Law on Electronic Commerce 1996, Convention on the Law on Electronic Signature in International Contracts.

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 4.2: The capacities of key monitoring and enforcement institutions are strengthened					
4.2.1. Extend the mandate and capacities of MCILI's Consumer Affairs and Price Control Division to conduct market surveillance and enforcement related to e-commerce activities.	High	MCILI	Implementation status of defined capacity development plan	No capacity enhancements related to e-commerce planned	Capacities strengthened as per plan
4.2.2. Ensure that CERT is adequately resourced and capacitated to fulfil its mandate.	High	MCA	Operational status of CERT	In progress	CERT is fully operational and staffed
4.2.3. Establish and capacitate a data protection authority to regulate national data protection, including for cross-border transfer of data.	Medium	Ministry of Home Affairs	Study / assessment	Not planned	Study or assessment is completed
4.2.4. Enhance the capacities of the Economic Reform Unit to support its function of driving reforms and regulations related to e-commerce.	Medium	Attorney General's chambers	Added resources for focusing on e-commerce area	Not planned	Capacities of the Economic Reform Unit are strengthened
Strategic output 4.3: Consumers, merchants and other relevant stakeholders are sensitized on the benefits and obligations of promulgated legislation related to e-commerce					
4.3.1. Conduct sensitization and awareness-building for consumers and SMEs in the capital and provinces. Methods used could include radio programmes; social media and online ads; and hand bills/brochures/posters, distributed through community centres.	Medium	MCILI	Integration of e-commerce content in existing radio programmes and sensitization	Consumers radio programme operated by MCILI	E-commerce added to the agenda of the weekly radio programme

Priority area 5

Electronic payment solutions



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 5.1: A conducive regulatory framework supporting innovation and interoperability within the digital payments area is established					
5.1.1. Promulgate essential legislation related to digital payments, including the Agent Banking Regulation and E-money Regulation. Identify and develop subdecrees as necessary.	High	CBSI, Attorney General's Chambers, MoFT	Status of regulations	Regulations pending	Regulations promulgated
5.1.2. Based on the contents of the NPS Bill, develop the infrastructure –including a national switch, automated clearing house and real-time gross settlement infrastructure– needed to ensure interoperability between various payment methods. Advocate for a national payments switch for all retail payment use cases.	High	CBSI, commercial banks	Status of NPS infrastructure aimed at facilitating interoperability	N/A	NPS infrastructure is fully deployed
5.1.3. Based on uniform QR standards adopted nationally, develop interoperable QR code functionality linked to the NPS/payments switch aggregating various digital payment methods.	High	CBSI	Number of applications using QR code based on uniform standards	Nil	NPS / payments switch fully integrates functionality that enables interoperability between payment service providers
5.1.4. Develop SOPs for the RSB. Conduct broad awareness-building among target applicants of the RSB, particularly on emerging fintech needs identified by the Digital Finance Working Group.	Medium	CBSI	Status of SOPs Number of applications attracted via promotion initiatives	SOPs have been developed	SOPs arrangements are finalized and operationalized (implemented)
5.1.5. Leverage ongoing discussions on initiatives related digital ID to boost e-commerce payments and fintech adoption. The SIM Registration Database and e-KYC initiative are particularly relevant in terms of e-commerce and could: <ul style="list-style-type: none"> Simplify consumer registration for fintech/ecommerce payment services Streamline company registration on marketplaces Improve the ability to discover consumers based on information provided during SIM registration. 	Medium	CBSI, TCSI	Status of SIM registration database	TBD	Centralized database / facility for identification and verification or KYC exists. Number of registered customers

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
5.1.6. Adopt API-based open banking standards to facilitate an innovation ecosystem built around banking services providers.	Low	CBSI, commercial banks, financial service providers	Number of banking applications using open banking standards	Open API does not exist	10 API-based banking services
Strategic output 5.2: A robust fintech ecosystem driven by mobile money solutions and supportive of e-commerce is fostered					
5.2.1. Encourage the development of enabling fintech services that can be leveraged for e-commerce. Examples include: <ul style="list-style-type: none"> • Payment aggregator solutions • Digital cash register and web-store solutions for rural entrepreneurs. 	High	CBSI, Payment Service Providers	Number of fintech services with e-commerce applications	Three	Six
5.2.2. Test mobile money as a payment option in e-shops, given the anticipated rise in mobile money uptake. ¹³	Medium	CBSI, <i>mobile-money providers</i>	Number of e-shops accepting mobile money for e-commerce payments	Approximately 30	500
5.2.3. Test alternate solutions for payments: <ul style="list-style-type: none"> • Remittance platforms as a mechanism for cross-border e-commerce payments. • UPU solutions to coordinate and improve Solomon Post's payment services and help it modernize its payment strategies. 	Medium	TCSI, CBSI	Number of payment solutions	Two	Five
Strategic output 5.3: A nationwide agent network responsive to evolving e-commerce needs is leveraged by e-commerce players, particularly for order fulfilment and payments					
5.3.1. By regulation, foster a non-exclusive agent network representing multiple service providers (mobile money, telephony, financial services), as a means to reach nationwide scale and enhance the quality and scope of services for consumers. Implement a Shared Agent Banking System to support this aim.	High	CBSI, providers with agents	Percentage of non-exclusive agents	Nil	Four per province, a total of 36 agents

13. Potential flow: Customer would make mobile-money payment to merchant's account and receive a code to be entered on the vendor website as confirmation. Alternatively, the merchant would manually validate payment and ship the product.

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
<p>5.3.2. Pilot project: Test the viability of leveraging the agent network to serve as e-commerce partners. The pilot would engage select merchants between key locations, and a subnational agent network. Among the services to be tested:</p> <ul style="list-style-type: none"> Agents as pickup/drop-off locations as well as servicing plus order, pay (range of digital payments), pickup and return services Specific to payments, the agents can eventually leverage the Shared Agent Banking System, or in the interim offer separate payment channels Agents serving as intermediate hubs for improving urban–rural and rural–rural last-mile delivery. 	Medium	CBSI, TCSI, MCILI, Ministry of Rural Development	To be defined based on pilot scope of work	N/A	Defined based on pilot scope of work
Strategic output 5.4: Consumer / enterprise uptake of digital payments is enhanced					
<p>5.4.1. Launch a digital-payments-specific radio programme on SIBC, aimed at providing reliable advice to citizens and businesses on the options, benefits and support related to leveraging digital payments for e-commerce, among other uses.</p>	High	CBSI, MCILI, Ministry of Rural Development, MCA	Status of radio programme	SME-focused radio programmes exist but not specific to digital payments / e-commerce	Radio programme is scheduled and aired regularly nationwide
<p>5.4.2. Introduce incentives to encourage digital payments adoption among merchants:</p> <ul style="list-style-type: none"> Reduced/removed taxation on revenue received digitally (including via mobile money) in a designated bank account, for a limited time period Offsetting transaction fees for merchants, particularly for low-value transactions Removing/lowering import duties on point of sale devices and smartphones. 	Medium	MoFT, MCILI, IRD, CBSI	Status of incentives	No incentives in place	Incentives are deployed. At least 10 per cent growth per annum in terms of merchants availing of incentives

Priority area 6

E-commerce skill development



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 6.1: Accelerated offline to online transition of enterprises, particularly in rural areas					
6.1.1. Pilot project: Develop an e-commerce marketplace with domestic and international scope that can match domestic sellers with domestic and international buyers, and facilitate e-commerce transactions as well as support services such as payments, order facilitation, Customs clearance, etc. The marketplace could be based on a PPP or investment model. Support for SME onboarding to the marketplace would also be facilitated.	High	MCA	Indicators to be defined as per project scope	At least one marketplace	TBD
6.1.2. Pilot project: Develop a national booking portal for tourism that would rely on value chain collaboration and accept online bookings and payments: <ul style="list-style-type: none"> • Provide information for potential international visitors and the ability to book a range of activities • Engage a range of value chain actors – airlines, hotels, tour guides, taxi services, handicraft providers and rural communities. Bookings managed by the tourism authority, which also ensures quality, customer service, and a complaints and feedback mechanism • Allow for online payments once the national payments switch is set up. 	High	Ministry of Culture and Tourism	Number of tourism arrivals and packages booked and executed via booking portal	Booking.com / no local portal	One national portal
6.1.3. To encourage a shift away from informal transactions on social media, offer incentives to consumers (such as discount vouchers) if they transact from a list of approved e-shops. Vouchers will be supported by development partners / government for an initial period.	Medium	MCILI, MCA	Number of vouchers availed by consumers	Save the Children (social protection voucher), Bulk Shop	Two per cent of local formal businesses to be part of pilot
6.1.4. Expand the ecosystem of business development services providing training, mentorship and advisory services for entrepreneurs in rural areas to also coach SMEs on e-commerce-related themes such as the basics of e-commerce, marketplace onboarding and digital marketing/branding.	Medium	MCILI, Ministry of Rural Development (and other agencies involved with initiative being implemented by Strongim Bisnis)	Number of SMEs coached by business development services entrepreneurs on e-commerce aspects	Nil	TBD

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
<p>6.1.5. Conduct trainings on e-commerce for rural entrepreneurs by leveraging rural training centres (managed by Solomon Islands Tertiary Education and Skills Authority). Ensure that the trainings, mentorship and knowledge-sharing are:</p> <ul style="list-style-type: none"> Tailored for each entrepreneurial characteristic in different rural areas, thus promoting their own unique products on the e-commerce site Focused on marginal and vulnerable groups such as rural women and young entrepreneurs. 	High	Solomon Islands Tertiary Education and Skills Authority, Ministry of Education and Human Resources Development (MEHRD), Ministry of Rural Development, SINU	Percentage of training centres with e-commerce-related trainings	Nil	One per province
6.1.6. Ensure that e-commerce is integrated in existing export promotion initiatives being conducted by SIG and development partners.	Medium	MFAET (EIU), MCILI	Number of SMEs supported in e-commerce aspects via export promotion initiatives	N/A	Five SMEs per year
6.1.7. Conduct trainings to help companies migrate from transactions on social media platforms (buy and sell groups) to more formal modes online.	Medium	MCILI	Number of trainings conducted	N/A	At least one training per quarter
6.1.8. Incubate support services such as web development, graphic design, brand marketing and packaging services, and facilitate matching services with SMEs based on a grant-voucher scheme.	Medium	MCILI	Number of entrepreneurs incubated	N/A	Fifteen digital entrepreneurs by 2027
Strategic output 6.2: Development of an innovation builder ecosystem is supported					
<p>6.2.1. Provide access for Solomon Island businesses to regional innovation-based activities that will be implemented via the Pacific Regional E-commerce Strategy and Roadmap. These include the following activities at regional level:</p> <ul style="list-style-type: none"> Networking with incubators, digital business clusters and accelerators Distance learning programmes Programme of short courses for the business community with support for skill development and mentoring. Training and acceleration in collaboration with leading tech multinationals. 	High	MCA, MCILI, CBSI	Number of SMEs supported to participate in regional activities	N/A	At least 10 Solomon Islands SMEs

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
6.2.2. Enhance the capacity of key sector associations for priority sectors with e-commerce potential – particularly tourism and agriculture – to embrace the potential for e-commerce-led growth in their sectors and develop activities to realize this potential.	Medium	MCILI	Number of resources on e-commerce (training, studies, guides) available to SMEs	Nil	One resource per sector
6.2.3. Develop and implement a calendar of events aimed at start-ups in Solomon Islands, including digital start-ups. Anchored in sector associations / universities, the donor-supported events would include mentoring workshops, pitching competitions, start-up activities, etc. with the goal of building a start-up culture in the country.	Medium	MCILI, SICCI, Young Entrepreneurs Council Solomon Islands	Number of events held annually	One	At least 30 events per year
6.2.4. Undertake an assessment of the measures required to create a conducive environment for international innovation actors such as incubators to set up operations in Solomon Islands.	Low	MCA, MCILI, InvestSolomons	Incentives for international innovation ecosystem builders	N/A	Incentives are in place
Strategic output 6.3: Improved digital literacy for all stakeholders and development / absorption of ‘useful usage’ among consumers					
6.3.1. Improve the digital skills focus at primary and secondary levels, and at the post-school education and training levels.	High	MERHD	ICT curricula	N/A	Curricula developed
6.3.2. Sensitize rural communities to e-commerce by using existing community outreach channels such as posters/ brochures at community centres, radio and newspapers, among others.	Medium	MCA, MEHRD, Ministry of Rural Development	TBD	TBD	TBD
6.3.3. Create an introductory course on e-commerce aimed at policymakers and technical officers, with the goal of teaching them fundamental concepts as well as the role of other institutions in influencing e-commerce sector growth. The course may include multiple self-paced and instructor-led sessions over 8–10 weeks.	Medium	E-commerce strategy team	Number of policymakers who have been sensitized via the course	N/A	Fifty in 2023, 30 in succeeding years
Strategic output 6.4: Skilling institutions’ alignment with and responsiveness to emerging e-commerce requirements is improved					
6.4.1. Develop a feedback mechanism between national skills provider institutions, industry and relevant ministries to remain apprised of industry skills requirements over the long term and reduce skills mismatch issues.	High	E-commerce Steering Committee	Operational status of PPD platform	N/A	Platform is active and used regularly

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
6.4.2. Conduct a future skills assessment to baseline the current quality of e-commerce-related skillsets in the country and identify those skills that will be critical for the growth of the sector in the medium/long term.	Medium	MCILI, MEHRD	Status of assessment	No assessment conducted	Assessment is conducted every two years
6.4.3. Support the development of certificate-level training courses (led by accredited, independent training firms) in curriculum topics relevant for e-commerce. This could be accomplished via supporting grants offered to competent training providers. Integrate e-commerce tenets in entrepreneurship degrees offered by SINU.	Medium	MEHRD, SINU, University of the South Pacific, Australia-Pacific Technical College	Number of certificate-level courses developed; Number of students	Limited certificate-level courses available	30; 2,000
1.1.4. Extend remote learning infrastructure being developed by local universities to provide trainings for rural entrepreneurs.	Medium	SINU, University of the South Pacific	Number of rural entrepreneurs / students enrolled in remote learning	Nil	1,000

Priority area 7

Access to finance for e-commerce



Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 7.1: Increased access to financing on affordable terms for MSMEs seeking to engage in e-commerce					
7.1.1. Review terms and conditions for accessing the MSME credit guarantee scheme to ensure it is fit for purpose for digital firms.	High	CBSI, MCILI, MoFT	Number of entrepreneurs benefiting from schemes	60 SMEs	300 SMEs (30 per cent are digital firms ¹⁴)
7.1.2. Enhance supply chain financing options for SMEs to access working capital funds for activities such as importing inputs, production, packaging and branding / marketing.	Medium	MCILI, CBSI, Ministry of Rural Development	Number of SME beneficiaries	Nil	500
7.1.3. Pilot project: Test digital solutions for savings clubs and market vendors, including digital bookkeeping and financial literacy apps.	Medium	CBSI, MCILI, MoFT, Ministry of Rural Development	Number of digital solutions deployed locally	Nil	Piloted with at least one savings group
Strategic output 7.2: Improve enterprise capacities to demonstrate creditworthiness					
7.2.1. Launch SME coaching on sound financial management practices, accompanied with training on bookkeeping and other tools.	High	Training and development programme of the Business and Cooperatives Development Division (MCILI), Small Business Enterprise Centre	Number of SMEs coached	Nil	At least 150 per year
7.2.2. Implement alternate creditworthiness assessment mechanisms such as mobile-money use trends, electricity and other utility bill payments, etc. to assess the creditworthiness of loan applicants and grant fast-disbursing SME loans.	Medium	CBSI, financial services providers	Performance of pilot to assess feasibility	No such solutions in place	Based on performance criteria
7.2.3. Launch awareness-building campaigns, particularly in rural areas, to sensitize potential loan seekers on existing instruments such as the MSME loan guarantee scheme.	Medium	MCILI, CBSI, Ministry of Rural Development	Number of beneficiaries of awareness-building activities	N/A	Nine provincial centres

14. For the purpose of this scheme, digital firms are defined as firms that incorporate some technological aspects in their core business processes. This can include online marketing, digital payments, electronic invoices, electronic receipts, online marketplaces, or online management of some aspects of logistics.

Measure	Priority	Lead implementor, support	Indicator	Baseline (2022)	Target (2027)
Strategic output 7.3. Enhance access to venture capital and related financing mechanisms					
7.3.1. Launch an e-commerce innovation fund where SMEs can pitch their ideas to support e-commerce ecosystem development in Solomon Islands.	High	MCILI, MCA, <i>SICCI- Young Entrepreneurs Council Solomon Islands</i>	Number of pilot ideas supported as part of the innovation fund	N/A	100
7.3.2. Organize an annual calendar of start-up events such as pitching competitions.	Medium	MCILI, SICCI-Young Entrepreneurs Council Solomon Islands	Number of events held annually	One (Young Entrepreneurs Council Solomon Islands)	Two (Young Entrepreneurs Council Solomon Islands and MCILI)
7.3.3. Via a feasibility study, explore the development of diaspora crowdfunding as a means to support development of local e-commerce services.	Low	MCILI, CBSI	Funds raised via crowdfunding platform	N/A	At least one crowdfunding platform
Strategic output 7.4: Integrate e-commerce tenets in the national investment promotion framework					
7.4.1. Review Solomon Islands' investment promotion regime for alignment with e-commerce needs (starting with a focus on logistics and digital payments) and update the regulatory framework in terms of incentives and regulations. Promote models with high knowledge and know-how spillover, such as joint ventures.	High	MCILI/InvestSolomons, <i>MoFT, E-commerce Steering Committee</i>	Incentives for investments linked to e-commerce	Nil	At least three incentives for e-commerce linked investments
7.4.2. Ensure that a current list of e-commerce investment priorities is published online and kept up to date for potential investors. Examples of such priorities include: <ul style="list-style-type: none"> E-commerce hubs in nine provinces Logistics (order fulfilment, reverse logistics, warehousing) Marketplaces operated as PPPs. 	High	MCILI/InvestSolomons	Number of specific e-commerce opportunities prioritized and existence of a process to maintain updates	Nil	At least three e-commerce investment opportunities prioritized
7.4.3. Introduce results-based and time-bound tax deductions for investments in the development and upgrading of online shopping and e-commerce platforms, as a means of encouraging investment within the platforms space.	Low	MoFT, <i>IRD</i>	Status of taxation incentives	Nil incentives	Incentives are deployed



Annex I

Diagnostic assessment

The eTrade Readiness Assessment carried out by UNCTAD in 2018 provided a tool for the Government to assess its readiness for e-commerce in seven policy areas:



Policy framework and institutional coordination



ICT infrastructure and services



Trade logistics and trade facilitation



Legal and regulatory framework



Electronic payment solutions



E-commerce skill development



Access to finance for e-commerce

As part of the methodology for developing NECS, the 2018 diagnostic assessment was updated based on desk research, interviews and a series of focus group discussions held April–May 2022.

Policy Area 1

Policy framework and institutional coordination



Policymakers, development partners and donors are displaying growing interest in e-government and digital transformation.

Although an official e-government strategy is yet to be adopted by SIG, there is growing interest across the Government in digital transformation initiatives for the public sector. For example, MoFT has developed an e-taxation system that includes e-filing, payments, electronic receipts and ASYCUDA integration. Existing public digital services include the Solomon Islands business registry portal, voter registration system, education records system, CDS, pharmaceutical inventories and a monitoring system for fish markets and vessels. The development of a coherent public sector digital transformation strategy with uniform standards for e-government should be considered.¹⁵

Policy leadership and coordination on e-commerce and the digital economy is emerging in government institutions.

Although e-commerce and the digital economy are relatively new concepts for policymakers, the establishment in December 2021 of the National E-commerce Steering Committee and the Technical Working Task Force on E-commerce has the potential to increase policy coherence on e-commerce and the broader digital economy. It is envisaged that after NECS is adopted by the Government, the National Ecommerce Steering Committee will be formalized as a permanent body and tasked with overseeing NECS implementation.

The heightened regional focus on e-commerce and digital transformation brings opportunities for regional alignment on important policy issues.

There is a strong opportunity to align national policy development on e-commerce with developments in other Pacific economies, under the broad framework of the PRES. A number of activities implemented via NECS may provide opportunities for Solomon Islands businesses, and policymakers in Solomon Islands are already keeping regional interoperability goals in mind. A good example is the RSB launched by CBSI based on the regional model, which in turn follows Pacific Islands Regional Initiative guidelines.

¹⁵. United Nations Development Programme (2021). Digital readiness assessment: Preliminary findings (unpublished).

Fragmented views of e-commerce across Government and limited PPD hinder effective policymaking on e-commerce.

Government ministries, offices and departments have varying levels of understanding of e-commerce and tend to view it through a relatively narrow lens based on their existing institutional role or mandate. For example, the 10-year national Agriculture Sector Growth Strategy and Investment Plan recognizes the role that technology can play in increasing crop yields but does not explore the potential of e-commerce to allow farmers and businesses to access new markets, reduce transaction costs or create new business models. There is significant potential to improve understanding of the development potential of e-commerce and the need to take coordinated actions to strengthen the enabling environment.

Effective policymaking is hindered by the limited national capacity for e-commerce statistics collection and analysis.

The Solomon Islands National Statistics Office will play a key role in collecting, analysing and interpreting statistics related to e-commerce and the broader digital economy. This will be vital for measuring progress of the NECS outcomes and measures. It will also require close coordination with many entities including MCA, MCILI, IRD and Customs, as well as e-commerce firms and digital marketplaces that emerge.

Policy area 2

ICT infrastructure and services



The arrival of CS2 and SIDN has improved Internet connectivity across the country but gaps remain in rural areas.

In February 2020, CS² ¹⁶ and SIDN began operating, which has increased the availability of international bandwidth. The initial installed capacity of the system is 200 gigabits/sec, which can be scaled up to 20 terabits/sec of bandwidth if the cable is expanded to full capacity.¹⁷ Currently, three provinces – Western Province, Choiseul Province and Malaita Province – and Honiara are connected to SIDN, with plans to connect more provinces in the future. The additional international bandwidth has increased the availability of data in many areas that were previously unconnected or suffered from poor connectivity. However, some areas unconnected to the national backbone, particularly rural areas, still rely on satellite for Internet connectivity.

High retail broadband data costs have kept ‘useful usage’ of the Internet at relatively low levels, affecting digital entrepreneurship and digital financial literacy.

Mobile broadband data is still prohibitively expensive for many consumers. So far, CS² has had limited impact on retail prices for Internet access and mobile data. The expectation was that CS² would lead to a sharp increase in Internet capacity at lower cost, triggering wider access and higher speeds. However, for a variety of reasons,¹⁸ retail costs for Internet access in Solomon Islands remain relatively high despite a decrease in wholesale prices. It appears price drops have not been passed on to consumers by service providers. The relatively high retail broadband costs may, unless addressed, restrict consumer and business adoption of Internet-based applications. For instance, websites providing localized, relevant content of interest for consumers have yet to emerge to a meaningful degree.

16. A Cable Adoption Working Group was established by the Office of the Prime Minister and Cabinet to oversee the cable's governance and its membership comprises TCSI, MCA, the Australian Department of Foreign Affairs and Trade, the Solomon Islands Submarine Cable Company, and the Information Communication Technological Support Unit under the Ministry of Finance and Treasury.

17. Global Infrastructure Hub (2020). Case Studies: Coral Sea Cable System, 30 November. Available at <https://www.gihub.org/connectivity-across-borders/case-studies/coral-sea-cable-system/>.

18. A June 2020 report by the Australian Broadcasting Corporation (several months after completion of the CS2), featuring an interview with the acting Solomon Islands Telecommunications Commissioner Haggai Arumae, noted that changes would only happen gradually, since ISPs had existing contracts with satellite operators – in some cases through 2022 – and that switching costs to the new fibre optic cable were also a hurdle for some operators. In fact, investments in landed infrastructure (including transmission towers) is necessary to handle larger bandwidth. This represented another cost constraint for domestic ISPs, preventing the benefits of the CS2 from being passed on to firms and consumers at the retail level. Satellite may continue to be the primary provider of internet in remote areas and likely cannot be discontinued fully. The existing investments made by MNOs in their infrastructure and an intent to recoup costs first before reducing retail costs may be another contributing factor.

Key ICT indicators

	2010	2020	2021
Mobile subscribers	115 500	406 567	443 205
Mobile penetration	20%	59%	64%
Mobile coverage	20%	96%	96%
Fixed lines	8 400	6 279	6 209
Internet subscribers			
Mobile	8 205	139 772	169 272
Wireless (hotspot)	127	33	37
Fixed (ADSL)	1 359	908	736
Dial-Up	1 163	1	0
Internet penetration			
Mobile broadband	1.80%	20.12%	24.37%
Fixed line (ADSL)	0.02%	0.13%	0.11%
Internet providers	1	5	5
Gross revenues (SBD \$m)	106	466	451
Revenues as a percentage of gross domestic product	2%	4%	4%
Average revenue per user per access	\$943	\$1 126	\$1 002
Number of mobile operators	2	2	2

Sources: Cable.co.uk (2022); TCSI (2020); International Telecommunication Union, GSMA.

Market competition in the telecommunications sector is relatively healthy but more can be done to increase price competition and encourage new entrants to the sector.

Following more than a decade of telecommunications sector liberalization, the two main service providers – Our Telekom and Bmobile – are expanding services and the consumer base is growing. While there was a significant increase in the use, quality and coverage of mobile services in 2020, competition in pricing appears to have dropped, largely due to lack of competition between the dominant service providers.¹⁹ New entrants –including Satsol Limited, Pacific Vaizeds, Patrico Communications (Solkonet) and Solitech Limited– have the potential to bring fresh ideas and innovative services to the market, but it will be necessary to continue fostering a competitive telecommunications sector.

Smartphones will play a key role in the growth of e-commerce and the digital economy.

Solomon Islands remains a mobile-first nation²⁰ and it is expected that e-commerce will initially gain traction via smartphones that allow product browsing and digital payments. For this to happen, smartphones must be affordable for all people. The Alliance for Affordable Internet has conducted research on the impact of high costs of Internet devices as a barrier to accessing the Internet. The measurement of affordability is device price as a percentage of monthly gross national income per capita. In 2020, this measure was 21.3 per cent in Solomon Islands, versus 13 per cent in Fiji and Papua New Guinea.

Developing digital infrastructure in the hinterland will be key to fostering e-commerce between urban centres and rural areas.

Extending 4G and broadband Internet coverage to the provinces is a key priority for the Government. It is fostering the entry of smaller ISPs with new technologies and plans to offer fast, reliable and affordable fixed mobile 4G and Internet services. For example, MCA has recently embarked on a project to install 156 telecommunication towers in key locations in the provinces, and plans to pilot telecentres²¹ in Malaita and Choiseul Bay. The Solomon Islands National Broadband Infrastructure Project is an initiative that prioritizes national infrastructure that would improve Internet coverage for the benefit of rural dwellers and the ‘last-mile’ demographics of Solomon Islands.²²

19. Telecommunications Commission Solomon Islands (2021). *Telecommunications Commission of Solomon Islands (TCSI) Annual Report 2020*. Available at <https://www.tcsi.org.sb/index.php/library/annual-reports/97-2020-annual-report/file>.

20. Most people access the Internet through their mobile phones. Use of social media apps such as Facebook is growing. By the end of 2020, 81 per cent of all downloads in the country were made using mobile technology. There were 133,000 mobile broadband subscribers in 2020, compared to only 1,046 subscribers who accessed the Internet through fixed-broadband connections.

21. These telecentres will provide Internet access, work areas and meeting facilities.

22. Telecommunications Commission Solomon Islands (2021). *Telecommunications Commission of Solomon Islands (TCSI) Annual Report 2020*. Available at <https://www.tcsi.org.sb/index.php/library/annual-reports/97-2020-annual-report/file>.

Policy area 3

Trade logistics and trade facilitation



Transportation of goods between provinces and islands is time-consuming, labour-intensive and costly.

The unique geography of Solomon Islands involves 992 islands, of which 347 are inhabited, running 1,448 kms in a south-easterly direction from Shortland Islands (bordering Papua New Guinea) to the Santa Cruz Islands (bordering Vanuatu). This geographic profile and the wide dispersion of the population create challenges for delivery logistics, particularly last-mile delivery, as well as barriers to supporting rural entrepreneurship, literacy, connectivity and governance.

Snapshot of logistics infrastructure in Solomon Islands

Road infrastructure

Solomon Islands has 1,183 km of roads/185 bridges extending over 30 islands. Ninety per cent of roads are located in the two main provinces of Guadalcanal and Malaita.

Waterways

Inter-island waterways are the main links between inhabited islands. Honiara (Point Cruz) and Noro are classed as international ports serviced by international shipping companies, with Honiara port possessing facilities to handle containers. Passenger ferry services operate from Honiara's main wharf at Point Cruz. There are four other 'significant' ports – Gizo, Ringi Cove, Tulagi and Yandina. However, these ports are suitable for inter-island vessels only.

Small craft and coastal freighters transport fuel, food and passengers. Private companies primarily operate these services. They include ferries (600+ passenger), landing craft, medium-sized coastal freighters, and smaller high-speed ferries and charter boats (including 5–15 metre 'banana boats').

Air infrastructure

Honiara and Munda international airports provide the main international connections. Honiara International Airport provides connections to Brisbane, Nadi, Port Vila and Port Moresby, and also hosts Customs presence. There are 33 other airports with unpaved (mainly coral rock) runways throughout the islands.

There are five airfreight operators: Solomon Airlines, Pacific Air Express, Pacific Air Cargo, TNT and DHL. For Customs checks, cargo is transported to airfreight operators and onwards to bonded warehouses, pending clearance (1–2 days). There are no large areas of covered storage available at Honiara International Airport.

Source: Adapted from information contained in: World Food Programme (2016).

The Customs regime and processes need to be strengthened and tailored to facilitate cross-border ecommerce.

The Customs regime is currently not tailored to the needs of cross-border e-commerce – characterized by high volumes of low-value parcels – which is expected to emerge over the medium term. The de minimis value²³ of two Solomon Islands dollars (effectively close to nil) means that, in effect, all incoming parcels and packages are inspected by SICED. As cross-border e-commerce emerges and the volume of incoming packages increases, particularly for business-to-customer transactions, this will create an unsustainable burden on SICED. The ongoing process to accede to the Revised Kyoto Convention will be the avenue to modernize the Customs regime and framework while maintaining risk management and revenue management functions.

Trade agreements and regional strategies are expected to lead to greater integration of Pacific markets and increased cross-border online commerce.

The most recent regional trade and development agreement, the Pacific Agreement on Closer Economic Relations Plus (PACER Plus), was signed in 2017 by Australia, New Zealand and nine Forum Island Countries, and entered into force on 13 December 2020. By February 2022, nine countries had ratified the Agreement. Under PACER Plus, a dedicated development assistance package has the potential to provide assistance for e-commerce. The Pacific Aid for Trade Strategy 2020–2025 includes e-commerce as a regional priority, and the Pacific Islands Forum Secretariat is coordinating implementation of PRES to improve readiness to trade electronically and to benefit from e-commerce.

There are few local courier services in urban centres, and local transportation service providers (especially inter-island) able to move e-commerce goods are inefficient.

Courier services have not taken root in Solomon Islands. This is partly because of high cash dependency, as merchants are hesitant to engage external parties with cash-collection activities, especially when returns are involved. Instead, merchants seem to prefer to keep delivery functions in-house. This is often inefficient and confines them to a small delivery radius. Enterprises' understanding and management of logistics (fulfilment, tracking, reverse logistics) is also relatively weak. There is a need to foster the development of a robust courier services base and improved inter-island service providers to move high-volume, low-value e-commerce goods.

²³. The de minimis is a threshold that exempts imported goods from duty or taxes. When the goods imported are below this amount they do not attract duties or taxes. When the goods are valued at more than this amount, they do.

Last-mile delivery is not feasible in many parts of the country due to transportation infrastructure constraints, limited use of physical addresses and lack of widespread transportation services.

Last-mile delivery in Solomon Islands faces inherent challenges due to the country's geography, dispersed population and weak transportation infrastructure. The lack of an address system makes it difficult to locate businesses and individuals for delivery and creates significant inefficiencies for e-commerce. MCA and Solomon Post are working on a national address system; however, this is expected to be a medium-term project that is unlikely to be in place before e-commerce activity in the country increases. Solomon Post experimented with a GIS-based address system but it did not comply with UPU standards so the pilot was discontinued. As a practical near-term solution for order fulfilment, e-commerce merchants and consumers may need to rely on networks of pickup/drop-off locations for order fulfilment.

The National Trade Development Council will play a key role in facilitating the growth of cross-border e-commerce.

MCIL and MFAET are the primary institutions involved in trade policy. However, the National Trade Development Council is mandated as the locus of cross-ministerial trade activity, involving all the main trade-related ministries and agencies. One of its advantages is that it improves the mainstreaming of trade. Trade is a cross-cutting issue that involves several government ministries and agencies, and in the past, most have been insufficiently involved in trade policy.²⁴

Trade facilitation efforts should focus on fully implementing paperless trade measures.

Although Solomon Islands has recently made substantial progress in implementing trade facilitation and paperless trade measures, modernizing Customs procedures is a priority in the national trade policy framework. A number of reforms required to move up the trade facilitation ladder were identified²⁵ by a survey conducted by UNESCAP, in collaboration with other partners. The survey suggests that the country's trade facilitation efforts should be focused on full implementation of 'paperless trade' and 'institutional arrangement and cooperation measures'. It also suggests progressing towards cross-border paperless trade, especially through active participation in the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.²⁶

24. Gay D (2015). *Solomon Islands Trade Policy Framework*.

25. United Nations (n.d.). UN global survey on digital and sustainable trade facilitation: Trade facilitation and paperless trade in Solomon Islands. Available at <https://www.untsurvey.org/economy?id=SLB> (accessed 10 July 2022).

26. The Framework Agreement is designed to be an enabling treaty to support developing countries to plan and move towards cross-border paperless trade, and it does not involve changes in laws and regulations prior to accession. Indeed, once a country becomes a Party to the Framework Agreement, it can work with other Parties together to decide what priorities or tools they will work on to achieve the objectives set out in the Framework Agreement. It can also have more opportunities to receive technical support than non-parties.

Policy area 4

Legal and regulatory framework



The legal and regulatory framework for e-commerce and the digital economy has not kept pace with the growing use of digital technologies by people, governments and businesses.

Regulatory gaps should be addressed as a matter of priority, especially in the context of future e-commerce services operating to and within the country that will need to comply with the country's laws. Updated regulations and the accompanying regulatory certainty will contribute to increased confidence for both for businesses and consumers. There is currently no legislation specifically on e-transactions or e-signatures, nor are there specific data privacy laws, although some tenets are covered in the forthcoming²⁷ cybersecurity draft policy. The Telecommunications Act does include data privacy²⁸ but is focused on telecoms aspects. There is also a draft cybercrime law that is being considered by the Attorney General's Office.

Recommendations contained in the SIG ICT Policy include many of the actions needed to strengthen the regulatory environment related to e-commerce and the digital economy.

For example, the policy includes specific recommendations to review and amend existing consumer protection laws to ensure consumers are adequately protected when engaging in online transactions. It also recommends reviewing and amending existing intellectual property laws. This is to ensure protections are appropriate for growth in ICT use and protection of Solomon Islands' intangible cultural heritage. Another recommendation is to enact legislation to support online contract formation.

The Consumer Protection Act needs to be updated to reflect increasing use of digital technologies.

The Consumer Protection Act was promulgated in 1995 and does not reflect digital economy/e-commerce tenets. Consumers in Solomon Islands increasingly use the Internet, particularly social media platforms, to research products and services and to make purchasing

27. In the process of being drafted. Expected at the end of 2022. Cybersecurity concerns are growing as people, governments and businesses increasingly adopt digital technologies to conduct business, including financial matters. Issues related to confidentiality, unauthorized access, data privacy, data loss and payment interception were all voiced in a UNDP Digital Readiness Assessment survey.

28. Data protection is not only an e-commerce issue but also relevant given the Government's increasing focus on transitioning to digital payments for 80 per cent of government payments by 2020. Information related to personal data and personal communications, as well as ensuring anonymity (where legal) for consumers is important. This is relevant both where a government is holding citizen data, and where a private sector firm is collecting consumer data.

decisions. Although still relatively limited, people are also beginning to use online payment methods when purchasing goods and services. Given these developments, it is essential that the protections afforded under the Consumer Protection Act are extended to online commercial activities and electronic transactions.

Limited data standards and protections in the country create risks for consumers as they move towards online commerce.

Survey respondents in a 2021 UNDP Digital Readiness Assessment highlighted the limited privacy standards in place within government. These are crucial foundations for the digital economy, will support the role of digitalization in achieving the country's development priorities, and improve collaboration with the private sector. Similarly, shaping legislation or policies to guide international data storage (including cloud policies) and open data efforts could be strong steps forward. Survey respondents noted that government efforts around open data have been limited, with little data available to the public or others.²⁹

A national digital ID would facilitate e-commerce growth but its development will require a holistic and coordinated approach from regulators and banks.

No specific legislation for digital ID exists, although this is a long-term goal for SIG and progress is taking place on certain areas of the framework. Banks are using election card and passport systems as a base. Coverage of these systems is weak, and more robust systems are being pursued. CBSI is working on an e-KYC initiative via the Pacific Islands Regional Initiative, and Solomon Islands is in the consultation phase. The overall intention is to produce an e-KYC framework for the country. TCSI is collaborating with CBSI on developing a SIM card registration database as a base for e-KYC.

A balance between regulations that protect society and that facilitate an innovative business environment should be pursued.

Policymakers should seek to implement a regulatory regime in which regulations protect citizens, society and the private sector, but also support innovation as well as improvements to the business environment and investment climate. Given that the legal and regulatory framework for e-commerce is still developing in Solomon Islands, this offers an opportunity to develop regulations keeping these factors in mind.

²⁹. United Nations Development Programme (2021). Digital readiness assessment: Preliminary findings (unpublished).

Consumer awareness and participation are critical for informing the public of their rights and obligations in the digital sphere, and to inform policymaking.

Although a process for public consultations exists, it needs to be strengthened. Most ministries and agencies have embedded community education as part of their workplan. Information is typically disseminated to consumers via radio programmes on a regular basis. A weekly radio programme on consumer protection is operated by MCILI. Social media is another important platform for awareness-raising. Another mechanism is to distribute bills/brochures that are placed in strategic locations in local communities. Development partner support has already been active in this area.

New legislation related to e-commerce should be aligned with model laws.

Alignment with model laws is important for regulatory harmonization and interoperability, which will improve predictability for companies in the region. Pacific Island countries already have a mechanism for reviewing existing drafts and aligning with each other. This process exists via the Pacific Islands network, involving Attorney General's Offices from across the region.

Area	Model law
E-transactions	<ul style="list-style-type: none">• United Nations Convention on the Use of Electronic Communications in International Contracts 2005• UNCITRAL Model Law on Electronic Signatures 2001• UNCITRAL Model Law on Electronic Commerce 1996
Consumer protection	UN Guidelines for consumer protection (global standard)
Cybercrime	Council of Europe (Budapest) Convention on Cybercrime (global standard)
Data protection	OECD Guidelines and Budapest Convention

The development of appropriate laws and regulations will need to be matched with the ability to enforce them, as well increased awareness on the part of consumers of their obligations and rights.

The provision of a comprehensive legal framework for e-commerce and the digital economy will not, by itself, guarantee its success or promote its adoption across society. Adequate resources and capacity-building for enforcement are important to translate policy into impact, and should be complemented by consumer awareness programmes. In a promising development, a CERT is being established in MCA, with new staff members being hired to engage with cybersecurity issues on behalf of SIG. While a consumer protection unit exists within MCILL, there is a need to identify how consumer protection in DFS will be tackled and who will lead this area.

Implementation of the Integrated Postal Reform and Development Plan³⁰ would support postal sector modernization in Solomon Islands.

As a master plan, the Integrated Postal Reform and Development Plan is an important guide to mobilizing internal and external resources to finance its recommended activities. It is intended as a primary reference source to support governments in adapting their postal sector to reflect changing market trends. Reform and modernization of the postal sector needs to be undertaken based on postal market development, sector trends and rapid technological development.

³⁰. Universal Postal Union (2019). *Postal Reform Guide*. Available at <https://www.upu.int/UPU/media/upu/files/postalSolutions/developmentCooperation/GuideReformPostalEn.pdf>.

Policy area 5

Electronic payment solutions



The Government has prioritized building an inclusive financial sector, which will lay the foundation for online commerce and the broader digital economy.

The Government is committed to advancing financial inclusion and was the first country in the world to integrate gender-specific targets in its national financial inclusion strategies.³¹ NFIS 3 provides a road map for enhancing access to DFS and strengthening digital financial literacy across the country.

Fintech is growing and innovative partnerships are emerging, although accelerated policy action is needed to maintain momentum.

NFIS 3 reflects strong government support for the development of mobile financial services to meet the country's digital economy and financial inclusion objectives. With the forthcoming introduction of a digital payment regulation, growing uptake of mobile money and an increased appetite for fintech partnerships, it appears that a solid foundation for further innovation is emerging. Already, new partnerships between providers have led to innovative financial products, services and channels: Solomon Islands National Provident Fund's youSave LoMobile, Solomon Post's Ezi Pei, and MoFT's IRD e-payments system are examples of opportunities that partnerships can provide in increasing the use of financial services among target groups.

Mobile-money services are available but uptake has been limited, and a deeper understanding of the barriers to uptake is needed.

Mobile-money services including Ezi Pei and iumiCash have been available in Solomon Islands for a few years but uptake has been modest,³² and more research and data is needed to understand the key barriers. Improving uptake of existing and new services, such as the mobile-money service currently being developed by Our Telekom, will require a multifaceted approach including enhanced digital financial literacy, better understanding of consumer preferences, and a clear use case for customers and business.

31. Central Bank of Solomon Islands (2021). *National Financial Inclusion Strategy 3, 2021–2035*. Honiara. Available at <https://www.cbsi.com.sb/wp-content/uploads/2021/04/Solomon-Islands-National-Financial-Inclusion-Strategy3-1.pdf>.

32. Combined registered users number approximately 11,000, with the number of active users likely lower.

It is likely that COD will remain the preferred payment mechanism for online commerce, limiting the scalability of e-commerce business.

Uptake of digital payment solutions is hampered by a combination of challenges. These include inadequate digital infrastructure, high retail broadband Internet costs, lack of consumer trust in online transactions, and relatively low levels of digital financial literacy among the population. It will take time to overcome these challenges. It is thus likely that in the initial stages of e-commerce growth in Solomon Islands, cash payments will continue to be the norm. This may have a negative impact on supply chain efficiencies and the scalability of businesses engaging in e-commerce by restricting their delivery radius and potential market.

Promulgation of the NPS Bill and e-money regulations will help drive uptake of digital payment solutions.

Payment systems interoperability is an important factor in accelerating consumer and SME uptake of digital payment solutions. The NPS Bill was recently adopted by Parliament and will drive momentum towards development of essential infrastructure. This includes the national payment switch, automatic cheque clearing, same day interbank transfers and fintech solutions that could be utilized by the private sector and consumers. The adopted legislation also has data protection and consumer protection elements embedded in it, and so is expected to increase consumer confidence and safety.

A collaborative approach between CBSI and TCSI bodes well for efficient coordination and regulation on DFS and e-KYC.

Given the integration of the financial sector and telecommunications sector in DFS provision, joint regulations by the two regulators would help improve the overall enabling environment for e-commerce. In support of this, CBSI and TCSI have recently signed a Memorandum of Understanding aimed at improving collaboration on intersecting technical

areas such as SIM registration, e-KYC and consumer protection for DFS. The regulators also aim to support the development of an enabling environment for responsible DFS and related services.

Key policy level developments for digital payments in Solomon Islands – ongoing/recent

Key initiatives	Anticipated impact for e-commerce	Status
NFIS 3	<ul style="list-style-type: none"> Umbrella strategy to encourage financial inclusion in the market and improve the financial and digital literacy of Solomon Islanders 	Launched. Being implemented
NPS Bill	<ul style="list-style-type: none"> Critical national payments infrastructure to ensure interoperability between various payment systems, giving customers access to a variety of payment instruments 	Legislation passed
E-money Regulation and Agent Banking Regulation	<ul style="list-style-type: none"> Support the entry of new mobile money and related services in the market Legitimize existing payment service operators and providers 	Pending Attorney General's Office approval
CBSI–TCSI Memorandum of Understanding	<ul style="list-style-type: none"> Collaboration on intersecting technical areas such as SIM registration, the e-KYC initiative and consumer protection for DFS Support an enabling environment for responsible DFS and related services Streamline and prevent regulatory overlaps 	Signed
RSB	<ul style="list-style-type: none"> Facilitate entry of fintech solutions benefiting the e-commerce sector and contribute to broader financial inclusion, while maintaining macroeconomic stability Harmonization with Pacific Regional RSB Guidelines broadens the appeal for fintech investors seeking a regional entry strategy Catalyse innovation 	Soft launch conducted on 14 April 2022
e-KYC	<ul style="list-style-type: none"> Development of an e-KYC framework for robust and easier verification of consumers 	In development
National SIM registry	<ul style="list-style-type: none"> Leverage SIM database for customer verification/e-KYC 	In development

Digital and financial literacy of consumers and merchants is a significant challenge and affects scaling and uptake of DFS.

Continued consumer adoption of mobile money and related services will rely on a strong value proposition. Consumers must perceive the value of conducting financial transactions without cash and have the trust and skills to engage with DFS. CBSI is currently focusing on developing financial literacy through training of trainer approaches, with a geographic focus on Guadalcanal and Honiara. The intent is to train a cadre of competent trainers who can then disseminate the knowledge in their constituencies. Localization of content will be important given that in Solomon Islands, the population reads in English but verbal communication is mainly in Pijin.

Policy area 6

E-commerce skill development



The software and web development base in Solomon Islands remains small, hurting development of local digital content and platforms.

Although there are a handful of IT firms – primarily hardware firms – that provide services to SIG, there are few software development and web development firms. This hinders development of the local digital content that often serves as the precursor to e-commerce. It also limits the development of digital platforms and online marketplaces. Government agencies and large companies still appear to rely on software and web developers from outside the country. The small base is not necessarily an indication of future potential, however. As with other segments, demand may increase as SMEs and consumers increase uptake of high-speed Internet and begin engaging in online commerce and digital trade.

Digital entrepreneurship and supply chain courses focusing on digital businesses are not readily available.

Although some IT courses and management courses are available in the two main universities in Solomon Islands, there is no curriculum focus on online business creation, search engine optimization, online marketing, app development or data analytics. This is understandable, as there is no demand in the labour market for these skills. Universities are focused on preparing graduates with skills for the current market but the future may look different as online commerce and digital trade gain traction. Although most graduates have the requisite ICT skills to work in professional and managerial environments, specific knowledge and skills related to e-commerce and online marketing remain limited.

Rural entrepreneurship will be important for the development of online commerce, and e-learning can offer a channel to engage with skills seekers outside the capital.

Sustainable e-commerce growth will require strong rural entrepreneurship. There is a high risk of skill seekers in rural areas remaining disconnected from the universities in Honiara. SINU and the University of the South Pacific both offer courses in management at undergraduate and diploma levels in topics such as entrepreneurship and finance, as well as commerce degrees. The COVID-19 pandemic has accelerated development of the universities' e-learning infrastructure, which can be leveraged for skills development in rural areas. The business development services network that Strongim Bisnis has established in rural areas

is effective and can be leveraged to coach rural entrepreneurs in aspects of e-commerce as well. There are also 49 rural training centres established by the Solomon Islands Tertiary Education and Skills Authority that can be leveraged for digital skills development.

COVID-19 has acted as a catalyst for entrepreneurship, with several new entrepreneurs emerging.

New businesses include online thrift shops and food businesses. Most of these are informal and have potential to be formalized, but there is currently no incentive for them to undergo an expensive business licensing process. In light of this new wave of entrepreneurship, SIG and the international community could potentially support new entrepreneurs with tailored support. Aligning youth to digital businesses can be an opportunity to engage them in employment. Due to COVID-19, many entrepreneurs are unable to meet operational costs and overheads. Without support, this makes long-term sustainability difficult and does not permit entrepreneurs the time to think creatively and innovatively.³³

Upgrading the digital skills taught in primary and secondary school should be a priority in the Government's digital transformation journey.

At present, the focus is on developing basic ICT skills proficiency and facilitating access to education in remote communities through e-learning. Efforts to develop the skills base in the tertiary sector and in terms of ICT for entrepreneurship development need to be strengthened. A feedback loop between the public sector, skills providers and the private sector also needs to be established.

An innovation builder ecosystem in the country is virtually non-existent and will need to be strengthened to support SMEs on their digitalization journeys.

There are no permanent incubators, accelerators or pre-incubation services in the current ecosystem. The available incubation and pre-incubation services are attached to programmes, so they are inconsistent and temporary. There is therefore no continuity for incubation after entrepreneurs have been part of a programme. Also, existing incubation services are in early stages of development and need further support and capacity-building (e.g. Young Entrepreneurs Council Solomon Islands).

³³. United Nations Development Programme (2021). Digital readiness assessment: Preliminary findings (unpublished).

E-commerce firms will need a supporting ecosystem of services in graphic design, digital marketing, branding, web development and hosting firms.

These types of entrepreneurs also need support. SMEs need handholding and technical support to expand their brick-and-mortar businesses into online businesses. Offline to online transition will not occur directly as a result of access to high-speed and affordable Internet but will require structured programmes to take entrepreneurs through various thematic areas step by step. As they start developing proficiencies in e-commerce, they will need to re-learn business management skills from a digital business standpoint.

Widespread digital literacy and consumer awareness related to e-commerce and broader digital tools needs to be raised.

Without consumer willingness to adopt e-commerce, no amount of supply-side capacity development will be enough to build the digital economy. Community awareness programmes, radio programmes led by sector associations, marketing initiatives by the private sector and –very importantly– word of mouth, will be essential to build demand-side awareness.

Policy area 7

Access to finance for e-commerce



SMEs, particularly those engaging in any form of online or digital business, face similar financing challenges as in other Pacific Island countries.

These challenges include weak SME-specific financing instruments, high interest rates driven by a long history of non-performing loans and high risk perception by banks, and overall weak enterprise capacities to demonstrate and maintain good creditworthiness. Venture capital activity has yet to emerge and will likely occur in the medium/long term, given that the digital economy is still in the early stages of development. Crowdfunding and other forms of alternate financing solutions may offer support in the interim.

Although SIG has taken steps to support SME financing, programmes dedicated to digital entrepreneurship and online commerce have yet to emerge.

The Government has made efforts to enhance SMEs' access to finance, notably by revising the SME Credit Guarantee Scheme in 2019 to expand collateral guarantee coverage to more credit providers. It has further plans to digitize the loan proposal submission process by 2022.³⁴ This MCILI scheme enables SMEs to apply to lending institutions for loans and, in the case of a collateral shortfall, the scheme can bridge the gap. All banks except BRED and Bank of South Pacific Finance are partners. Another SME-specific financing support instrument is the Export Credit Facility, a joint initiative of MCILI, MoFT and the Development Bank of Solomon Islands. Via the facility, CBSI provides working capital support for export-oriented businesses in eligible sectors. Companies can use the funding to purchase equipment and cover other expenses related to exports. In the future, it will be important that digital start-ups and e-commerce firms meet the criteria to access these funding arrangements.

With approximately 80 per cent of the population residing outside of Honiara, it is imperative to increase access to finance despite the numerous challenges.

These include the reluctance of providers to serve rural customers, conflicting priorities (commercial versus social), lack of suitable products, lack of incentives or absence of a business case. These are compounded by the fact that rural clients are often unable to meet the loan application requirements, have low functional literacy and no credit history, and own little or no collateral. With a significant mismatch between demand for and supply of credit, increasing access to formal credit is a key priority area under NFIS 3, with a target of 48,000 adults with an active credit account by 2025.

³⁴. United Nations Development Programme (2021). Digital readiness assessment: Preliminary findings (unpublished).

Entrepreneurs and MSMEs depend on informal and community lending solutions for their lending requirements, bypassing commercial banks due to challenges on both demand and supply sides.

SMEs find it particularly hard to access funding through the formal banking system. Interest rates are high and loan seekers are unable to demonstrate financial creditworthiness in terms of either paperwork or collateral requirements. Few physical bank branches outside urban areas also creates a barrier for loan seekers. The majority of loan-seeking companies depend on community and family ties rather than approaching these institutions. Factors that contribute to this decision include: barriers to access to physical branches outside the key urban areas; weak capability of MSMEs to demonstrate creditworthiness through paperwork and financial statements; assertion by the private sector that banks are not attuned to the needs of MSMEs; communal land ownership restricts individuals from utilizing the land as collateral; and users' lack of financial literacy.



Annex II

NECS consultations

The organizations and individuals listed below were consulted during the development of NECS. Many of the consultations were carried out by videoconferencing due to travel restrictions related to COVID-19, with exceptional logistics support provided by MCA. The consultations were an important part of the strategy conception and design phases, and culminated with a validation workshop in Honiara on 17–18 August 2022.

The project team expresses profound appreciation to all individuals who took the time to provide their feedback, views and support throughout the development of NECS.

No	Name	Title	Organization
1	Riley Mesepitu	Permanent Secretary	MCILI
2	Moses Virovolomo	Permanent Secretary	MCA
3	Collin Beck	Permanent Secretary	MFAET
4	Susan Sulu	Permanent Secretary	Ministry of National Planning and Development Cooperation
5	Franco Rodie	Permanent Secretary	MEHRD
6	Samson Viulu	Permanent Secretary	Ministry of Rural Development
7	Geoffrey Pakipota	Provincial Secretary	Choiseul Provincial Government
8	Norman Hiropuhi	Provincial Secretary	Isabel Provincial Government
9	Allen Christian Siale	Provincial Secretary	Central Provincial Government
10	Luke Forau	Governor	CBSI
11	Raynold Moveni	Deputy Governor	CBSI
12	Calvin Ziru	Commissioner	TCSI
13	Patrick Toiraena	Deputy Provincial Secretary	Western Provincial Government
14	Wilson Rafiau	Deputy Provincial Secretary	Makira/Ulawa Provincial Government
15	Abel Puia	Deputy Provincial Secretary	Renbel Provincial Government
16	Alan Agassi	Deputy Provincial Secretary	Temotu Provincial Secretary
17	Tony Kabasi	Deputy Secretary to the Prime Minister	PMO and Cabinet

No	Name	Title	Organization
18	Daniel Rove	Deputy Secretary	Ministry of Mines, Energy and Rural Electrification
19	Travis Ziku	Deputy Secretary	MNPDC
20	Eric George Ongo	Deputy Secretary - Technical	MCILI
21	Luka Mua	Deputy Secretary	MCA
22	Elda Leah Wate	Deputy Secretary	Ministry of Agriculture and Livestock
23	Alfred Ghemu	Chief Executive Officer	Solomon Post
24	Natalina Hong	Chief Executive Officer	SICCI
25	George Herming	Director, Government Communication Unit	PMO and Cabinet
26	Alwyn Danitofea	Director, Communications	MCA
27	Goldie Lusi	Director, Children's Division	Ministry of Women, Youth, Children and Family Affairs
28	George Tuti	Director, Trade	MFAET
29	Andrew Melanolu	Director	Ministry of Agriculture and Livestock
30	Peter Trena	Director	Ministry of Agriculture and Livestock
31	John Korinhona	Director, Energy	Ministry of Mines, Energy and Rural Electrification
32	Nelson Dhita	Director of Legal Services	Office of the Ombudsman
33	Rachel Olutimayin	Director of Public Prosecutions	Office of the Director of Public Prosecution
34	Eddie Honiwala	Director, Fisheries	Ministry of Fisheries and Marine Resources
35	Morris Rapa'ai	Director, Business	MCILI
36	Lynette Dawheya	Director	MCILI
37	Cornelius Donga	Director, Internal Trade Division	MCILI
38	Steve Erehiru	Director	SIG ICT Services, MoFT
39	Solomon Manea	Director	Institute of Public Administration and Management, Ministry of Public Service
40	Emmanuel Tora	Finance Director	TCSI
41	Coldrine Kolae	Deputy Director	MCA
42	John Stanley	Chief IT Officer	MCA
43	Newton Tonawane	Communication Officer	MCA
44	Jasper Maefunu	Assistant Computer Officer	MCA
45	Madlyn Watatofea	Assistant Surveillance Officer	MCA
46	Hemaima Moveni	IT Manager	Institute of Public Administration and Management, Ministry of Public Service
47	Lilian Danitofea	Senior Tenement Officer	Ministry of Mines, Energy and Rural Electrification

No	Name	Title	Organization
48	Mariana Nonga	Officer	Ministry of Mines, Energy and Rural Electrification
49	George Dennis	Web Developer/IT Consultant	Solomon Post
50	Sammie Waáhero	Deputy Director	SIG ICT Services, MoFT
51	Charles Tuzakana	Manager	SIG ICT Services, MoFT
52	Paul Asitewa	Cybercrime	SIG ICT Services, MoFT
53	Fred Fakari'i	Ombudsman	Office of the Ombudsman
54	Talei Jacob	Legal Officer	Office of the Ombudsman
55	Calrick Runimetu	PACER Plus Coordinator	MFAET
56	Eric Hurutarau	Chief Business Officer	MCILI
57	Mike Haukarai	Manager, Monitoring and Evaluation	MEHRD
58	Peter Suiramo	ICT Manager	MEHRD
59	Brian Mangi	IT Consultant	MEHRD
60	Christina Bakolo	Policy manager	MEHRD
61	Serena Tabiru	Principal Planning Officer	MNPDC
62	Primula Kingmele	Manager, Economic Reform Unit	MoFT
63	Linda Folia	Manager, Financial Inclusion Unit	CBSI
64	Denson Deni	Manager Applied Research, Policy and Regulations	CBSI
65	Junior Faka	Financial Inclusion Analyst	CBSI
66	Michael Kikiolo	Management Adviser, Policy	CBSI
67	Marlon Houkarawa	Management Adviser, Operations	CBSI
68	Daniel Haridi	Chief Manager, Financial Systems Regulation Department	CBSI
69	Samson Kakadi	Relationship Officer	Development Bank Solomon Islands
70	Beatrice Keni	IT Officer	Development Bank Solomon Islands
71	Calvin Kepo	Representative	Ministry of Fisheries and Marine Resources
72	Timson Talui	Youth Representative	Malaita Provincial Government
73	John Lagi	Senior Officer	Customs Division, MoFT
74	Charles Olovikabo	Senior Legal Officer	Law Reform Commission
75	Andrew Keles	Crimina Lawyer/Crwn Prosecutor	Office of the Director of Public Prosecution (ODPP)
76	Anna Pitalara	Statistician	Solomon Islands National Statistics Office
77	Douglas Kini	Government Statistics	Solomon Islands National Statistics Office
78	Andrew Kakate	Chief Statistician	Solomon Islands National Statistics Office

No	Name	Title	Organization
79	Alice Aote'e	IT Coordinator	Solomon Water
80	Rhibbie Auma	Executive Officer	SICCI
81	John Kanai Ta'amora	Advocacy Officer	SICCI
82	Limahl Totoal	Vice-Chair	Young Entrepreneurs Council Solomon Islands
83	Erika Anderson	Programme Officer	Young Entrepreneurs Council Solomon Islands
84	Don Fakarii	IT Manager	Solomon Islands National Provident Fund
85	Alice Pollard	Founder/ Leader/Adviser	West 'Are'Are Rokotaniken Association
86	William Abuinao	Research/Liaison Officer	Winrock International
87	Suzanne Orudiana	Director	Intellectual Solutions Solomon Islands
88	Gordon Denty	Managing Director/Vice-President	Insights Pacific Ltd/IT Society
89	Steve Nunumae	Project Coordinator	Transparency Solomon Islands
90	Sandra Fore	Country Manager	Bank South Pacific
91	Emele Hia	Manager, Retailing Services	Bank South Pacific
92	Alphonse Taoti	Manager Information Systems	Bank South Pacific
93	Winterford Maehau	IT Manager	Bank South Pacific
94	Benoit Perdoux	Chief Operating Officer	BRED Bank
95	Furriton Ero	IT Manager	BRED Bank
96	Faiz Tuke	Engineer	Solomon Telekom
97	Wickly Faga	Staff	Solomon Telekom
98	Farhad James	Managing Director	Island Tech Solomon
99	Sam Qurusu	Managing Director	ICT Services Pty Ltd
100	Reuben Junior Lilo	IT Manager	Solomon Airlines Ltd
101	Allen Ofea	Officer	Solomon Islands Maritime Authority
102	Doudan Vunagi	Customs Officer	Customs Division, MoFT
103	Geolynx Saemane	Software Development and Research/Development	Solomon Airlines Ltd
104	George Tuke	Statistics	CEMA
105	Donna Wate	Managing Director	Marie's Private General Practice Clinic
106	Peter Naununu	Pastor	Marie's Private General Practice Clinic
107	Adam Bartlett	Managing Director	Bulk Shop
108	Andrew Botha	Financial Controller	Bulk Shop
109	Wendy Kanai	Property Management and Real Estate Services	Welink Management Services
110	Gregory Olofia	IT Manager	Pasifiki HR/Kokonut Pacific Solomons
111	Michael Chang	Managing Director	Palm Sugar

No	Name	Title	Organization
112	Eric Junior Arifanata	Website/online shop developer	IT Consultant
113	Patterson Siliota	Chief Inspecting Officer	Commodities Export Marketing Authority
114	Zoe Victoria Tate	Regional Technical Specialist	UNCDF
115	Leilani Makini	Manager	O'hana Crafts and Fashion
116	Jade Streeter	Staff	O'hana Crafts and Fashion
117	Esther Suti	Chair	Gizo Women in Business
118	Jiulyn Riqeo	Vendor	Gizo, Western Province
119	Georgina Valoda	Vendor	Gizo, Western Province
120	Maisy Biliki	Vendor	Gizo, Western Province
121	Rendy Solomon	Chair	PlasticWise in Gizo, Western Province
122	Racky Makini	Vendor	Gizo, Western Province
123	Nagarita Baea	Staff	Oravae Cottage
124	Thorny Kubau	Staff	Jajama Resort
125	Tamisia Teiona	Staff	Kamaimai SCD Investment
126	Ivan Maike	Staff	Rekona Lodge
127	Florence Tione	Electrical Engineer	Solomon Power
128	Gloria Lukisi	Staff	PT 109 Restaurant and Bar
129	Reginal Pevene	Staff	A2Z Furniture
130	Rhoda Alagere	Staff	Bridget Nicles Kitchen
131	Fred Suimaea	IT Representative	Private sector
132	Krista Likaveke	Business Adviser	Strongim Bisnis
133	Grace Hilly	Advisor	Strongim Bisnis
134	Gianluca Nardi	Women's Economic Empowerment	Strongim Bisnis
135	Redley Theomae	Consultant	Orgclinic
136	Anthony Ferris	Director	iumiCash
137	Transform Aqorau	Associate Professor	SINU
138	Darius Ramo	Director	SINU
139	Jerry Siota	Senior Lecturer	SINU
140	Billy Fitoo	Director	University of the South Pacific
141	Patrick Tuimalealifano	Deputy Team Leader (Inclusive Growth)	UNDP
142	Scott Hook	Economist	UNDP
143	Glennis Masaea	Project Officer	UNDP
144	Nanise Sane	Digital Transformation Lead	UNDP
145	Ashish Naranya	Programme Coordinator	International Telecommunications Union
146	Alison Ofotalau	Operations Analyst	World Bank
147	Brenda Wara	Senior Project Assistant	Asian Development Bank

No	Name	Title	Organization
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149	Jonathan Kirkby	Senior Private Sector Development Officer	Asian Development Bank
150	Dalcy Tozaka	Senior Coordinator	Asian Development Bank
151	Rickson Bau	Public Affairs Officer	British High Commission
152	David Qurusu	Consultant	Nathan and Associates
153	Marcus Kendrick	Managing Associate	Nathan and Associates
154	Louisa MacDonald Hall	First Secretary	Australian Department of Foreign Affairs and Trade
155	Rosslyn Ramoifuala	Assistant Programme Manager	Australian Department of Foreign Affairs and Trade
156	Tengfei Wang	Economic Affairs Officer	UNESCAP
157	Moonar Tsoi	Legal Expert	UNCITRAL Regional Centre for Asia and the Pacific
158	Jeff Hanuara	Administrator	Papua New Guinea High Commission in Solomon Islands
159	Rahul Bhatnagar	International Consultant	UNCTAD
160	Mia Rimon	Regional Director	The Pacific Community



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