

Samoa

Rapid eTrade Readiness Assessment



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This publication has been edited externally.

United Nations publication issued by the United Nations Conference on Trade and Development.

UNCTAD/DTL/STICT/2017/10



NOTE

Within the UNCTAD Division on Technology and Logistics, the ICT Analysis Section carries out policy-oriented analytical work on the development implications of information and communication technologies (ICTs) and e-commerce. It is responsible for the preparation of the Information Economy Report (IER) as well as thematic studies on ICT for Development.

The ICT Analysis Section promotes international dialogue on issues related to ICTs for development and contributes to building developing countries' capacities to measure the information economy and to design and implement relevant policies and legal frameworks. It also monitors the global state of e-commerce legislation (unctad.org/cyberlawtracker). Since 2016, the ICT Analysis Section has coordinated a new multi-stakeholders' initiative entitled eTrade for all (etradeforall.org), which aims to improve the ability of developing countries, particularly least developed countries (LDCs), to use and benefit from e-commerce.

Reference to companies and their activities should not be construed as an endorsement by UNCTAD of those companies or their activities.

The following symbols have been used in the tables:

Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row;

A dash (-) indicates that the item is equal to zero or its value is negligible;

Reference to “dollars” (USD) means United States of America dollars, unless otherwise indicated;

Details and percentages in tables do not necessarily add up to the totals because of rounding.



PREFACE

The eTrade for all Initiative, launched at the fourteenth Ministerial Conference of UNCTAD in July 2016, is a practical example of how to harness the digital economy in support of the 2030 Agenda for Sustainable Development, notably Sustainable Development Goals (SDGs) 5, 8, 9, and 17. The initiative seeks to raise awareness, enhance synergies, and increase the scale of existing and new efforts by the development community to strengthen the ability of developing countries to engage in and benefit from e-commerce by addressing seven relevant policy areas:

- E-commerce readiness assessment and strategy formulation
- ICT infrastructure and services
- Trade logistics and trade facilitation
- Payment solutions
- Legal and regulatory frameworks
- E-commerce skills development
- Access to financing

As part of the initiative, demand-driven assessments are envisaged to provide a basic analysis of the current e-commerce situation in the countries concerned, and to identify opportunities and barriers. The resulting reports will serve as a valuable input to these countries' involvement in various discussions related to e-commerce and digital trade, the new UNCTAD Intergovernmental Group of Experts on E-commerce and the Digital Economy.

It may furthermore help LDCs to identify areas in which they could benefit from assistance by partners of eTrade for all.

The Samoa Rapid e-Trade Readiness Assessment is the third such assessment conducted by UNCTAD. It has benefited from excellent collaboration with the Enhanced Integrated Framework (EIF), which funded the report. It coincides with the Samoa Government's preparations for the arrival of the much-awaited Tui-Samoa Submarine Cable, connecting Samoa to Fiji and the rest of the world to boost accessibility and enhancing fast connectivity to reliable and affordable Internet services across the region.

With the EIF and other eTrade for all partners, UNCTAD is committed to continue supporting Samoa in its resolve to harness the potential of e-commerce for its development.

Shamika N. Sirimanne

Director, Division on Technology and Logistics, UNCTAD



ACKNOWLEDGEMENTS

This eTrade readiness assessment for Samoa was prepared by Sven Callebaut, UNCTAD Consultant, under the supervision of Cécile Barayre, Economic Affairs Officer, Marian Pletosu, UNCTAD Consultant, and the overall guidance of Torbjörn Fredriksson, Chief, ICT Analysis Section, Science, Technology and ICT Branch, Division on Technology and Logistics, UNCTAD.

In Samoa, the consultant wishes to express his profound recognition of the Honourable Tuifa'asisina Misa Lisati Leleisiuao Palemene, Associate Minister for Commerce, Industry and Labour, Nella Tavita Levy, Assistant CEO, and Fiona Lene, Trade Officer, of the Trade Division, Ministry of Foreign Affairs and Trade (MFAT) for their guidance and kind advice before, during, and after the eTrade readiness assessment in-country mission. The consultant is also grateful to the Honourable Afamasaga Lepuiai Rico Tupai, Minister of Communication and Information Technology for his and his colleagues' precious time and inputs to the development of this report. The support provided by Raewynn Teuila Manuleleua throughout the in-country mission was very much appreciated.

In Geneva, the assessment was made possible thanks to the timely support of Ambassador Mere Falemaka, Permanent Representative of the Pacific Islands Forum to the WTO in Geneva, the Executive Secretariat of the Enhanced Integrated Framework (EIF) and Clara Mathieu Gotch, Programme Officer, UNOPS office in Geneva, acting as the EIF Trust Fund Manager.

The UNCTAD/WTO/PIFS Regional Workshop on E-commerce that took place in Denarau, Fiji on 20-22 June 2017 generated up-to-date data and information on adoption of e-commerce in the Pacific that were used in this report.

The assessment benefited from inputs provided by the 68 Samoan institutions from both the public and private sectors, through the eTrade for all online surveys and the interviews in Apia, Samoa. The UNCTAD team would like to thank all stakeholders who willingly gave their time and thoughtful consideration when participating in the focus group discussions in MFAT facilities in Apia.

Desktop publishing was prepared by Nathalie Lorient and the cover was prepared by Nadège Hadjémian. The document was externally edited by Nancy Biersteker.

Funding for this report was provided by the Enhanced Integrated Framework (EIF), a core partner of the eTrade for all initiative.



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ABBREVIATIONS

4G	Fourth Generation of wireless mobile telecommunications technology
ADB	Asian Development Bank
AFT	Aid-for-Trade
ASYCUDA	Automated System for Customs Data
ATM	Automatic Teller Machine
B4ETD	Business for eTrade Development
BPO	Business Processing Outsourcing
CBS	Bank of Samoa
CMP	Customs Modernization Project
DP	Development Partner
DTIS	Diagnostic Trade Integration Study
EIF	Enhanced Integrated Framework
ICT	Information and Communication Technology
IT	Information Technology
ITU	International Telecommunication Union
MCIL	Ministry of Commerce, Industry and Labour
MCIT	Ministry of Communication and Information Technology
MFAT	Ministry of Foreign Affairs and Trade
MFR	Ministry for Revenue
MSME	Micro, Small and Medium Enterprises
NZAID	New Zealand Aid Programme
PFIP	Pacific Financial Inclusion Programme
OOTR	Office of the Regulator
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
POS	Point of Sale
PPP	Public-Private Partnership
PSO	Private Sector Organizations
SAME	Samoa Association of Manufacturers and Exporters
SDS	Samoa Development Strategy
SEO	Search Engine Optimization
SITS	Samoa Information Technology Society
SME	Small and Medium Enterprises
SSCC	Samoa Submarine Cable Company
STA	Samoa Tourism Authority
TCM	Trade, Commerce and Manufacturing
TFA	Trade Facilitation Agreement
UNCTAD	United Nations Conference on Trade and Development
UPU	Universal Postal Union
USD	United States Dollar
WEF	World Economic Forum
WIBDI	Women in Business Development Incorporated
WTO	World Trade Organization



EXECUTIVE SUMMARY

With the accelerated opening up of the economy and telecommunication developments resulting in more affordable and reliable high-speed Internet connectivity, the ICT and e-commerce sector has been identified by the Samoan Government as a critical enabler of economic growth and development in the country.

Despite advances in ICT uptake, Pacific Islands economies, including Samoa, face specific challenges mostly related to their geographical disadvantages in harnessing the potential of the digital economy and e-commerce. The assessment revealed that issues associated with infrastructure are affordability – e.g., costs of mobile telephony or of broadband Internet – and accessibility issues outside urban areas. The lack of broadband penetration is perceived as an obstacle to leveraging development of other industries.

As is the case of most small islands developing states (SIDS) and especially in the Pacific, trade logistics constraints remain a key bottleneck for Samoa. Given its isolation, e-commerce can be an important development tool for Pacific countries and one that can significantly contribute to the growth of SMEs in the region, increase trade, and contribute to economic growth and development. E-commerce can also contribute to enhancing the region's use of ICT, which was one of the priorities under the Framework of Pacific Regionalism endorsed by the Pacific Islands Leaders Forum in 2015.

In the past decade, Samoa has made considerable progress in bridging the digital divide, with the Government significantly reforming its telecommunications sector. These reforms have had a dramatic impact on mobile usage in Samoa. Mobile phones and mobile Internet have become an everyday reality for a vast majority of the population, although costs and connectivity issues remain. Also, the country saw a new competitor enter the market, privatized the state-owned company, SamoaTel, and established an independent regulator. Moving forward, the Tui-Samoa submarine cable, which will establish a 1,300km cable that will link Samoa to the Southern Cross Cable

Network in Suva, Fiji, is expected to boost connectivity and affordability. The improved Internet connectivity is expected to further facilitate e-commerce in the country, which has already benefited the tourism, travel, retail and banking sectors.

Since 2012, Samoa has put in place a series of initiatives aimed at promoting the development of e-commerce. The National ICT Policy 2012-2017, the Samoa Development Strategy 2016/2017 – 2019/2020, and the Diagnostic Trade Integration Study Update 2016 all highlight the benefits of e-commerce, as well as some of the key constraints preventing Samoa from fully benefiting from the digital revolution and ways to address them. These constraints include: a general lack of awareness among merchants and consumers, a slightly outdated legal and regulatory framework, and the absence of a national shared vision for e-commerce. Looking beyond strategies and regulations, the lack of payment solutions and cumbersome clearance procedures prevent full deployment of a conducive e-commerce ecosystem.

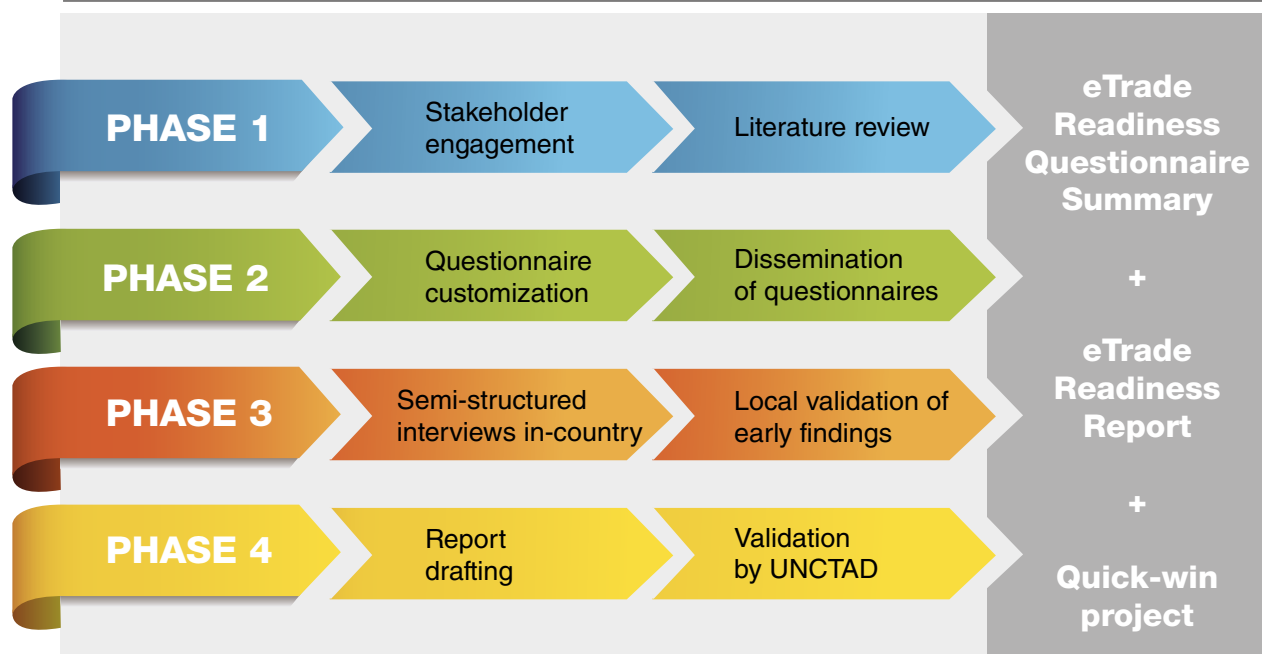
The Rapid eTrade Readiness Assessment shows that Samoa can benefit substantially from e-commerce if the country is able to accelerate adoption of key measures aimed to support the development of an e-commerce ecosystem (e-commerce strategy, regulatory framework) and private sector investment (affordability, access to finance). E-commerce can enable a larger set of firms to export, increase their export intensity and diversify export markets. E-commerce also enables both individual consumers and firms to shop for the best deal globally, thus lowering prices and increasing quality of imported inputs. This is central to export competitiveness.

Strong political will, a truly supportive Government, a dynamic private sector, and a vibrant diaspora are key factors that can help ensure that Samoa is ready for the promise and call for e-commerce uptake. This assessment, through the “way forward” action matrix, helps Samoa's efforts to embrace the e-commerce revolution and identifies development partners that may be in a position to offer assistance.



METHODOLOGY

Figure 1. Survey methodology



A four-step approach was used for the Rapid eTrade Readiness Assessment for Samoa, which helped ensure a high level of participation and engagement of key stakeholders in the consultative process. This is illustrated in Figure 1. Details are provided in Box 1.

As with all other eTrade Readiness Assessments, the seven policy areas used in the eTrade for all initiative were used as entry points for the Samoa assessment. These are:

- ✓ E-commerce readiness assessment and strategy formulation
- ✓ ICT infrastructure and services
- ✓ Trade logistics and trade facilitation
- ✓ Payment solutions
- ✓ Legal and regulatory frameworks
- ✓ E-commerce skills development
- ✓ Access to financing

The information provided in this report is based on data collected from 68 survey respondents - 35 from the private sector and 33 from the public sector, plus 50 participants in the seven (7) focus-group meetings in Apia during the third phase of data collection.

The study benefited from primary data collected using responses to questionnaires and secondary

data provided by MFAT, the Ministry of Commerce, Industry and Labour (MCIL), the Ministry of Communication and Information Technology (MCIT), UNCTAD, the World Bank, and the Asian Development Bank (ADB).

Box 1: Overview of Samoa's eTrade Readiness Assessment Development Stage:

- ✓ Phase 1 | Stakeholder engagement and literature review, 1 April to 20 May 2017. It included official communications between UNCTAD, the Samoa Ministry of Foreign Affairs and Trade (MFAT), in Apia and the Executive Secretariat of the Enhanced Integrated Framework (EIF ES) at the World Trade Organization (WTO) in Geneva (as the donor for this assessment), leading to the validation of the concept note by all parties involved. Literature review included access to up-to-date country statistics provided through the eTrade for all Initiative platform (www.etradeforall.org).
- ✓ Phase 2 | Questionnaire customization and dissemination, 16 May to 3 July 2017. Two customized questionnaires for stakeholders from the public and private sectors were distributed by MFAT to more than 70 stakeholders in Samoa (68 responses were received).
- ✓ Phase 3 | Semi-structured in-country interviews and local validation, 3-6 July 2017. A total of seven (7) focus-group meetings took place during this period. Meetings were organized by MFAT with representatives from various sectors: postal and courier services, regulatory, the ICT sector, tourism, finance, trade, police, and e-commerce vendors. Briefings on early findings and suggestions were presented to the Associate Minister for Trade, MFAT and the Minister of Communication and Information Technology (MCIT) on 6 July 2017.
- ✓ Phase 4 | Report writing and finalization with UNCTAD, August-September 2017.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

MAIN FINDINGS	MAIN RECOMMENDATIONS
 e-Commerce Readiness Assessment and Strategies Formulation	
Broad recognition that a national e-commerce strategy is needed to consolidate all related plans and strategies into a single vision.	MCIL and MCIT to coordinate in bringing all stakeholders together to develop a national e-commerce strategy in the short-term (1-2 years) to facilitate investment in Samoan nascent e-commerce eco-system.
 ICT Infrastructure and Services	
Limited broadband connectivity will soon improve with the arrival of submarine cable. Mobile connectivity has improved drastically over the past five (5) years, although costs are still high for businesses to fully benefit from it.	Accelerate plans for widespread use of opportunities offered by the submarine cable by ensuring that supporting investments are in place. Provide financial support for the deployment of broadband Internet outside Apia and on Suvai'i based on an informed cost-benefit analysis.
 Trade Logistics and Trade Facilitation	
E-commerce expansion faces similar limitations as physical (foreign) trade due to geographic isolation, costly access to markets, lack of a physical postal addressing system, and unsupportive import procedures for parcels.	Measures to improve e-trade facilitation, guarantee competitive transaction costs, speed and predictability in the provision of logistics services include the streamlining of business processes through ASYCUDA, implementation of the WTO TFA, and promotion of investments in hard and soft logistics/transport infrastructure.
 Payment Solutions	
Lack of trust in cashless payment solutions, limited customized product offers by financial institutions, and cultural barriers have limited the development and uptake of e-payment solutions.	Increase trust and credibility of online payment solutions (e.g. e-wallets), taking advantage of the high penetration of mobile phones. Develop awareness programmes on digital banking, especially for receiving remittances and using them for productive investments. Enhance consultations of Government and banks on digital financial inclusion and mobile payments.
 Legal and Regulatory Framework	
Samoa has made advances in establishing a supporting legal and regulatory framework although several pieces of legislations are becoming obsolete or do not specifically cover e-commerce (e.g. consumer protection, financial regulations).	Conduct a comprehensive review of the current e-commerce legal framework, highlighting gaps in legislation and needs to upgrade laws and regulations to make them e-commerce compatible and e-commerce friendly and enhance security aspects.
 E-commerce Skills Development	
As e-commerce platforms are still at a nascent stage, e-commerce awareness, related skills, and knowledge are very limited among businesses and consumers. ICT-related topics have only been recently included in University curricula. ICT graduates are not staying in-country for lack of business and employment opportunities, including for e-commerce.	Invest massively in an awareness, training, and education programme on e-commerce, using the most prominent business associations (SCCI, WIBDI, SAME, SBEC) to reach out to SMEs and civil servants alike. Upgrade university curricula to include e-commerce topics complementing existing ICT education offerings. Increase awareness program of pros and cons (risks) of e-commerce, skills development for businesses to engage in e-commerce.
 Access to Financing	
There is no dedicated financial product for e-commerce ventures development and interest rates are high. Investors are either from overseas or getting access to finance through personal networks. Banks consider e-commerce ventures as risky due to lack of solid business plans, no captive market, and lack of collateral.	Facilitate cooperation between industry associations and banks to develop customized solutions for e-commerce ventures – existing and future ones; increase the number and improve the quality of e-commerce projects supported by donor- and development bank-sponsored programmes.



FINDINGS UNDER THE SEVEN eTRADE FOR ALL POLICY AREAS

1. E-COMMERCE READINESS ASSESSMENTS AND STRATEGY FORMULATION

ICTs are recognized as enablers of economic growth and development in Samoa. It is believed that reliable and affordable ICTs can help create new business opportunities and jobs. The Samoa Development Strategy 2016/2017 – 2019/2020 (SDS) identifies four (4) priority areas of development and fourteen (14) key outcomes to be achieved for Samoa over the next four fiscal years. The SDS highlights the importance of ICT in the sustainable economic and social development of the country.

Achieving SDS key outcome #11 on “Improved and Affordable Country Wide ICT Connectivity”, it is expected that reliable, innovative and affordable ICT services will lead Samoan communication and data management development to support all sectors of the economy. Further details are provided through three strategic outcomes:

1. Improved international connectivity
2. Increased Internet connectivity, access and speed
3. Application of information and communication technology

Key policies and strategies developed under Samoa's Communications Sector Plan complement Samoa's Development Strategy. These high-level strategic documents reflect the Government of Samoa's vision and its policy objectives and include:

- ✓ The Samoa National Cybersecurity Strategy 2016 – 2021
- ✓ National ICT Policy 2012 – 2017
- ✓ Samoa National Broadband Policy 2012
- ✓ Internet and Email Policy 2010
- ✓ International Telecommunication and Gateway Policy 2008
- ✓ Competition in the International Telecommunications Services Markets 2008

On the trade development side, the 2016 Diagnostic Trade Integration Study (DTIS) update includes several recommendations aimed at boosting the potential that e-commerce presents for Samoa's domestic and foreign trade:

CROSS-CUTTING ISSUES Business Enabling Environment and Investment Policy	#8 Undertake a full review to prepare a national e-business strategy and identify the policy and legislative reforms to position Samoa to become competitive with e-commerce for both the domestic and global markets.
SELECTED SECTORAL STUDIES Emerging Services	#4 Review regulatory framework for key services such as e-commerce and telecommunications to establish incentives to support and encourage the development of Samoan-based e-commerce businesses.
	#6 Strengthen the planning and policy capacity of the Ministry of Communications and Information Technology (MCIT) and the regulatory functions of the Office of the Regulator (OOTR).
	#7 Develop a national e-commerce strategy integrating e-Government, tourism and finance considerations to facilitate the improvement in the delivery of public services, support the private sector and improve the institutional linkages among and within government and private agencies (responsible agencies: MCIL/MCIT/OOTR/MOF)

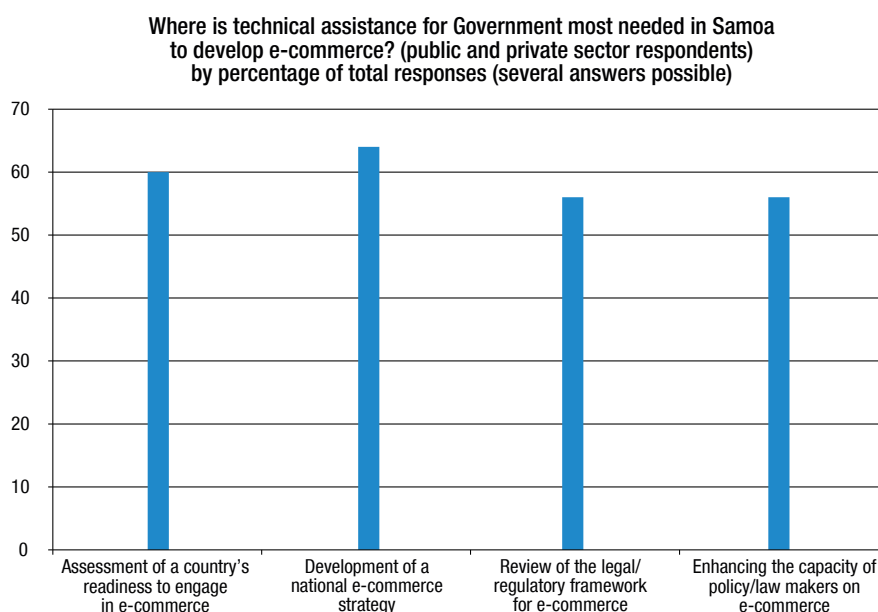
Source: Samoa DTISU 2016, EIF

The focus on ICT as a development enabler promoted by the Ministry of Communication and Information Technology (MCIT) and on e-commerce as a source of economic diversification promoted by the Ministry of Commerce, Industry and Labour (MCIL) as described above would benefit from greater synergies and hint at the need for a single encompassing e-commerce/digital economy strategy to better coordinate the efforts of the Government.

As the responses to the survey and the in-country interviews confirmed, the development of such a strategy has become a clear priority of the Samoan Government in the short-term. The Government plans to develop a separate national e-commerce strategy, with the MCIL acting as a coordinator. Interviews with MCIL officials confirmed that the planned strategy should cover issues related to e-trade in both goods and services. Likewise, line ministries will oversee aspects under their respective mandates.

The Government of Samoa is already contributing to the development of ICT throughout the country, with the stated intention of moving it towards the



Figure 2: Priority technical assistance needs under the e-commerce strategy policy area

Source: UNCTAD

knowledge economy and the information society. As such, the Government established an ICT Steering Committee to develop and manage ICT-focused policies and strategies. It also works closely with the Samoa Information Technology Society (SITS), an association for the ICT profession. SITS serves as a representative of the ICT profession and the guardian of professional ethics and standards in the ICT industry, with a commitment to the wider community to ensure the beneficial use of ICT.

The Government has initiated several measures and projects in different sectors, including the development of e-education; an online secure transactions registry, as well as an online company registration; and the implementation of an e-health strategy to improve service delivery and reduce the reliance on overseas medical care.

2. ICT INFRASTRUCTURE AND SERVICES

The majority of stakeholders interviewed confirmed that ICT infrastructure is available to the population of Samoa. Currently, Samoa is connected to the American Samoa-Hawaii cable system via the Samoa-American Samoa Cable, which is already operating at near capacity. The current system capacity of 1 Gbps is above Samoa's current bandwidth demand, but is significantly below projected bandwidth demand.

In the past decade, Samoa significantly reformed its telecommunications sector - it opened up for a

new competitor to enter the market, privatized the state-owned company SamoaTel, and established an independent regulator. These reforms have had a dramatic impact on mobile usage in Samoa. Mobile phones have become an everyday reality for a vast majority of the population. Samoa has experienced a sharp increase in Internet users in recent years. Internet user penetration has reached over 30% and the majority of users are accessing services via mobile broadband.

This contributed to the emergence of a "Samoa digital culture", a transformation that has only been possible due to the widespread uptake of mobile phones on 3G networks.

In 2014, the Government launched the Samoa National Broadband Highway, an Internet-ready fiber/mobile network linking all government offices, schools and hospitals. As of 2017, over 95 per cent of the population has been covered by mobile networks, while mobile penetration had reached 89 per cent of the network-covered population. In 2017, mobile broadband services are provided by the two mobile operators through 4G LTE services.

However, Internet use is lagging significantly, due to high access costs (in particular, high wholesale Internet bandwidth costs) relative to income levels. According to ADB recent data, tariffs have dropped significantly since 2008, when an entry-level fixed broadband



(ADSL) subscription was USD 69 per month. In 2015, a monthly 2GB ADSL subscription was USD43. For prepaid mobile broadband users, a 3GB data plan was about USD40.

Projected demand, if prices are lowered, is expected to grow from the current level of about 420 megabits per second to 6 gigabits (Gbps) per second by 2021, and to 30 Gbps by 2028.

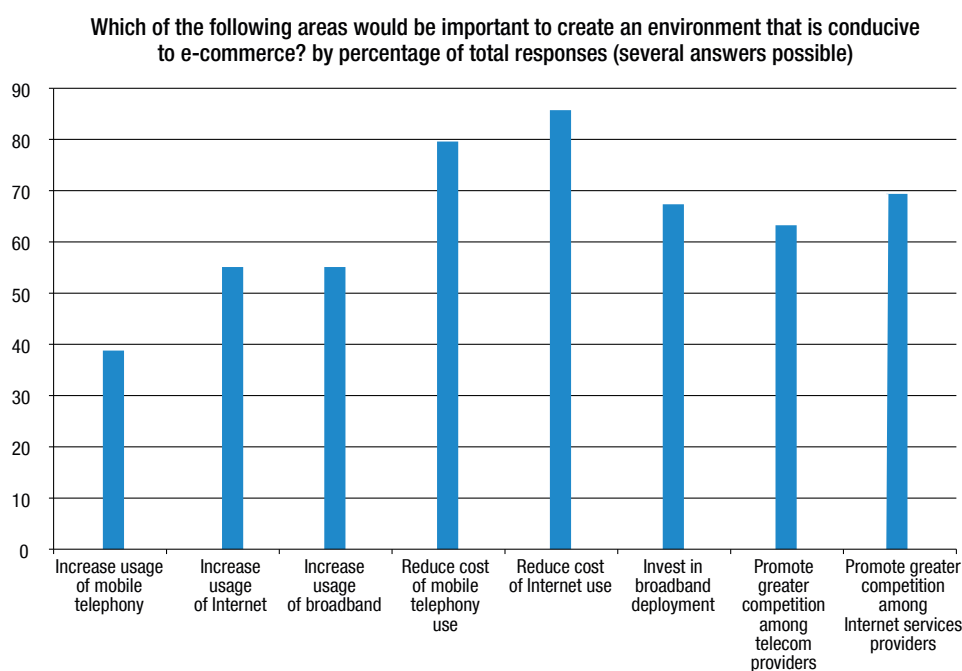
The assessment revealed that issues associated with infrastructure are affordability – e.g. costs of mobile telephony or of broadband Internet – and accessibility issues outside urban areas. The lack of broadband penetration is perceived as an obstacle to leverage development of other industries.

A major development in ICT infrastructure in Samoa will be the arrival of the submarine cable system in early 2018. With affordable international connectivity, the proposed submarine cable system (SCS) will enhance the domestic network's delivery of improved public services. The SCS, with a minimum capacity of 1 terabits per second and a regulated bandwidth price below current price levels, will facilitate broader Internet access and meet Samoa's growing demand for ICT services.

The current ICT service providers are interested in investing in the SCS as a long-term solution to meet their capacity needs. Most individuals interviewed for this assessment expect that the cable will create new economic opportunities, both domestically and regionally, and boost the delivery of public, social and private commercial services.

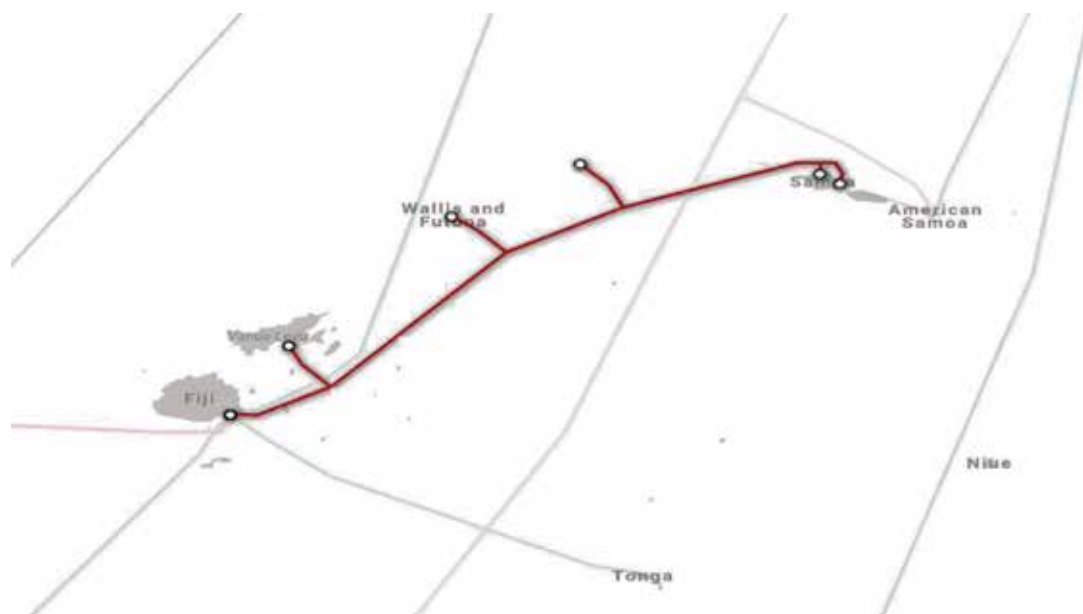
Given the significant costs of such an investment, a consortium was created in the form of a Public Private Partnership (PPP) to distribute investment costs between the public and private sectors. The Government expects that high-quality connectivity via state-of-the-art fiber optic cable technology will stimulate Samoa's ICT growth and economy, achieve the lowest possible unit cost per Mbps and will help deliver supply of raw wholesale capacity to telecommunications operators as well as improved telecommunications services to end-user customers. The SCS will enable broader Internet access to meet Samoa's growing demand. The new system will link both Upolu (the main island) and Savai'i (the larger island on the west) to Suva in Fiji.

Figure 3: ICT Infrastructure priorities



Source: UNCTAD



Figure 4: Samoa Submarine Cable, Samoa's leap into the digital revolution

Source: Enipedia

Box 2: Samoa's Submarine Cable System

The SCS project cost is estimated at USD 57.4 million. ADB's grant sourced from its concessional Asian Development contribution amounts to USD 25 million, complemented by a USD 16 million contribution from the World Bank and USD 1.5 million from the Australian Government. The Samoa Submarine Cable Company will provide USD 8.18 million in equity and the Government of Samoa will cover taxes and duties of USD 6.73 million.

The Samoa Submarine Cable Company (SSCC) is a private company registered in Apia, Samoa, which will build, manage and operate the Tui-Samoa submarine cable between Apia, Samoa and Suva, Fiji on behalf of the Government of Samoa. It is a partnership between the Government and local stakeholders.

The project aims to deliver low-cost broadband services to Samoa and strengthen the regulatory and legal environment for ICTs. The submarine cable project is expected to enable the Samoan Government to enhance its provision of a wide range of improvements in public services, including an e-health patient information system, significant benefits to education, business, tourism, agriculture, as well as disaster planning and response. The cable is expected to reach land in Apia and Savai'i in early 2018.

Source: ADB website, SSCC website (ssccsamoa.com)

Looking beyond the forthcoming arrival of the Tui-Samoa cable, leaders of Samoa and other Polynesian nations have already concretized plans to further their regional cooperation to enhance ICT access in the region. The Manatua Polynesian Connectivity Project signed in April 2017 aims to develop a submarine cable system connecting Samoa and French Polynesia, with branching units to Niue, and the islands of Rarotonga and Aitutaki in Cook Islands. It is the first significant project to date involving Polynesian cooperation in the field of ICT.

With these promising developments, the Government wants to project Samoa as a regional hub. The Ministry of Communication and Information Technology is currently working on a plan to build a data centre, to,

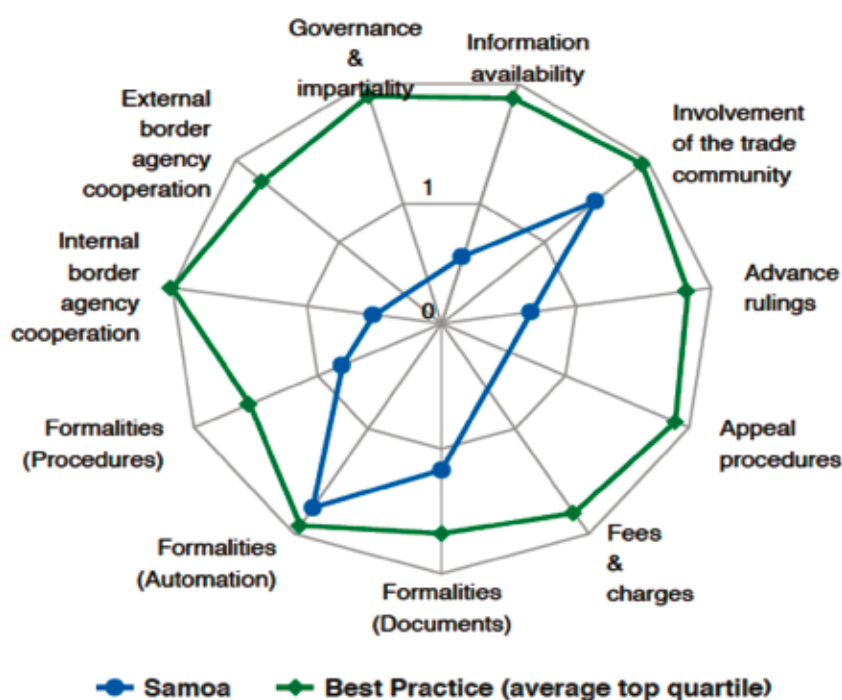
inter alia, host applications like e-health, e-government, e-education that could be offered to other islands as well.

3. TRADE LOGISTICS AND TRADE FACILITATION

As is the case of most small islands developing states (SIDS) and especially in the Pacific, trade logistics constraints remain a key bottleneck for Samoa. The geographical isolation of Samoa from the main trading markets makes the challenges to trade facilitation acute, particularly in positioning Samoa to be competitive in the export markets it aims to achieve. In addition, cumbersome import procedures for small parcels dent the margins of the few, small-sized e-commerce operators.



Figure 5: Samoa's Trade Facilitation Indicators (2016)



Source: Trade Facilitation Indicators, OECD, 2016

Analysis of logistics readiness for e-commerce in Samoa can be broken down in three parts:

a. At the infrastructure level

Samoa consists of two large islands, Upolu and Savai'i and eight (8) smaller islands located about halfway between Hawaii and New Zealand. The island of Upolu is home to nearly three-quarters of Samoa's population. Most traders are based in the capital, Apia.

The port of Apia and Faleolo International Airport are the two main cargo processing points in Samoa. Currently, most goods bought and sold online are small parcels, making the international airport the main entry and exit points. While the volume of cargo is increasing, the continued lack of dedicated facilities for perishable goods and medical supplies put a toll on the price of shipped goods to the country.

It is expected that the on-going upgrading of the Faleolo Airport will not only significantly improve the capacity to handle increase in cargo and passengers, but also enhance the efficiency of cargo processing facilities. Yet, presently, recurring issues with airlines mishandling mail and small parcels have led to goods arriving damaged at their destination.

Recent analysis of storage and handling capacity in the Port of Apia conducted for the preparation of the DTIS 2016 indicates that there are currently physical constraints in terms of capacity for container storage. This is attributed to the huge imbalance between imports and exports. The Port has reached its full capacity in terms of expansion and plans are underway to explore the possibility of building a new port.

Better port facilities and increased transportation options would also benefit the inter-island trade (e.g. to Fiji and Papua New Guinea), which have been limited so far. Internally, beyond the capital city, there appear to be no postal addressing system in place in Samoa, although post codes exist. Most online shopping are being shipped to the Samoa Post Office for customers to uplift. This limits the capacity of courier services and transport providers to deliver goods to homes, therefore adding obstacles for potential consumers to participate in e-trade.

b. At the regulatory level

Samoa has been a member of the WTO since 10 May 2012. Samoa's 2015 Trade Facilitation Needs Assessment (TFNA) indicated that 41 Sub Articles of the WTO Trade Facilitation Agreement (WTO-TFA) were

Table I: Samoa's trade facilitation ranking, Doing Business Indicators (2016)

Indicator	Samoa	East Asia & Pacific	OECD high income
Time to export: Border compliance (hours) ^①	51	57	12
Cost to export: Border compliance (USD) ^①	1,400	402	150
Time to export: Documentary compliance (hours) ^①	24	73	3
Cost to export: Documentary compliance (USD) ^①	180	132	36
Time to import: Border compliance (hours) ^①	84	71	9
Cost to import: Border compliance (USD) ^①	900	436	115
Time to import: Documentary compliance (hours) ^①	25	71	4
Cost to import: Documentary compliance (USD) ^①	230	128	26

Source: *Doing Business in Samoa 2016 Report*

considered (seven Sub Articles are not applicable in the context of Samoa). Out of the remainder, Samoa is fully compliant with eleven Sub Articles (Category A), substantially- or partially-compliant with eighteen Sub Articles (Category B), and not compliant with five Sub Articles (Category C). Following the assessment, in April 2016, Samoa became the 75th WTO member and the first small island Pacific member to ratify the TFA.¹

Interviews with traders and shippers confirmed that there have been steady improvements over the past eight (8) years, but these were still insufficient for Samoa to be at par with best practices from the region and beyond, as confirmed in the Table I above:

Reforms have been on-going at the MFR (Customs) to facilitate trade, which might have an impact in coming years, due to the implementation of the ASYCUDA World system for customs management. However, it was perceived that cumbersome procedures that are still in place limit the impact of these reforms. In addition, firms have been slow in adapting their IT system to the ASYCUDA World system. Among the bottlenecks found during the assessment, several could be tackled relatively quickly. These are:

- Entry processing for all cargo is done only at the Customs head office, located near the port. Its office hours are 8.30 a.m. to 4.30 p.m., while air cargo office is serviced 24/7, depending on the flight schedules. After 4.30 p.m., Customs apply an "after-hour" surcharge. This practice is not in line with best regional practices and can hamper trade and e-commerce development in the country.

- Cumbersome processes and procedures are in place for imports, while there have been no major concerns with exports, based on interviews. Review of import documents is slow and the verification process at MFR (Customs) continue to delay the clearing of goods. This is exacerbated by the high costs of clearance and the limited shipping options available to businesses.
- Manifests are available a day after the cargo has arrived (ASYCUDA World), while they could be made available the day before, so transport companies could clear payment before the goods reach Samoa. This could be made through online payments, one of the most desirable measures according to companies interviewed for this assessment, as shown in Figure 6.

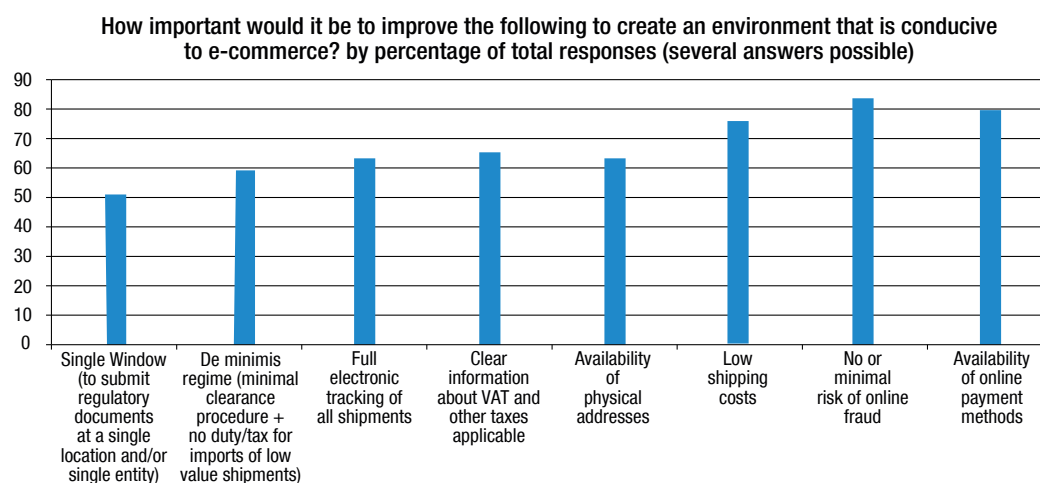
c. At the trade costs level

In a remote region like the Pacific, connecting to overseas buyers is a challenge. While there is potential to use e-commerce to develop businesses and grow exports, most local businesses are not able to send their products overseas as they do not have established distributors in these markets. If these businesses could sell directly from Samoa to the world using online means, this would reduce the needs to establish distributor partnerships in foreign markets, thus reducing the overall costs of doing business.

Moving transactions online can provide new opportunities to manage trade costs. Yet, one of the key impediments to the development of e-commerce in Samoa is the high costs of transport, be it by air or

¹ For more information, see DTIS Update 2016



Figure 6: Trade Logistics and Trade Facilitation Solutions

Source: UNCTAD

sea, despite the growing number of transport services offered. MSMEs are reluctant to invest in e-commerce solutions primarily due to the prohibitive shipping costs associated.

This is partly explained by relatively low trade volumes as trade costs incurred per transaction are distributed over smaller trade volumes, resulting in steep per unit costs. Reducing trade costs could therefore allow, particularly, smaller producers to enter e-commerce. Discussions are under way at several industry levels and with the Samoa Chamber of Commerce to aggregate demands for shipping so MSMEs, collectively, are in a better position to negotiate transport rates, benefiting from larger trade volumes.

4. PAYMENT SOLUTIONS

Samoa remains largely unbanked. According to the Alliance for Financial Inclusion (AFI)², only around 39 per cent of Samoan adults currently have a bank account and only 12 per cent have access to other formal services such as credit unions, microfinance, insurance, or finance companies. The remaining 49 per cent of the country's adult population are not included in the formal financial sector at all.

Breaking down this information according to gender, 40 per cent of women have a bank account compared to 38 per cent of men. Similarly, 13 per cent of women use other formal financial services compared to 11 per

cent of men, and 17 per cent of women access informal financial services - shop credit, friends and family - compared to 12 per cent of men. The survey also highlighted that 70 per cent of adults aged 15-20 and 30 per cent of adults aged 21-30 are excluded from financial services entirely.

The lack of money, lack of trust in the banking system, cultural beliefs in the value of cash, distance to financial access points, minimum balance required to open an account and the average waiting time to process a transaction are among the main factors that account for the high level of unbanked people mentioned during interviews.

For businesses, stringent control of foreign exchange and other restrictions were mentioned as key obstacles to shifting to mobile and digital payments. The Central Bank of Samoa (CBS) controls all foreign exchange transactions, as well as matters relating to monetary stability and supply of money within the country. This includes international transactions, overseas transfer of funds, funding of imports and registration of insurance companies.

Samoa also has a very low uptake of mobile financial services. While 89 per cent of the Samoan adult population owned a mobile phone in 2016, only 3.7 per cent of mobile phone owners have a mobile money account. ANZ Bank offers 'Go Money', a mobile banking service, which allows users to deposit and withdraw cash, check balances, and transfer

² Financial Services Demand Side Survey (2015)

funds among ANZ registered users. Bank of the South Pacific (BSP) runs an agent network, known as in-store merchants, where customers can deposit and withdraw cash, and can also do Person-2-Person (P2P) transfers. One of two mobile operators, Digicel, offers mobile financial services through a mobile money wallet, allowing customers to pay bills to registered billers, do P2P transfer, and make deposits and withdrawals. It has partnerships with several other agencies, including a low-cost international remittance company.

Further, neither does the banked population use other digital banking facilities offered in the country, as indicated in Table II.

Table II: Samoa and other Pacific Economies mobile banking penetration

	Percentage of banks offering mobile financial services (excluding mobile money)	Percentage of bank accounts linked to mobile banking services	Percentage of population with debit card
Samoa	50	7.8	20.8
Fiji	40	9.4	21.2
Solomon Islands	0	40.1	47.2

Source: World Bank, *Benchmarking Financial Inclusion Survey 2016*

As a result, whilst a growing number of online businesses like Samoamarket, Makeki Online, and e-Trade Pacific have been relatively successful in generating traffic to their sites, the lack of scale, weak use of debit/credit cards and the absence of online secure payment systems have hindered their respective growth prospects.

An interesting feature of Samoa's financial system is that the amount of annual remittances to the country amounts to 20 per cent of real GDP³. Total remittances recorded in 2014/15 were SAT\$ 393.5 million or nearly USD160 Million. Main market sources are New Zealand, Australia, USA, and American Samoa, with growth in all markets since 2010, except for the US. The main fund channels are primarily through non-banks, e.g. family links, family traveling to Samoa (average of 76 percent)

³ Samoa is one of the two Pacific Island economies in the list of top 10 remittance recipients as a percentage of GDP (See Migration and Remittances Factbook 2016, Third Edition, World Bank)

and banks (average of 24 per cent) with banks reducing from 29 per cent in 2010 to 16 percent in 2015. To a great extent, it can be inferred that there is a positive correlation between receiving remittances and having a bank account.

Despite this regular inflow of cash and a significant proportion of the population that receives remittances on a daily basis, the majority of which are used to cover daily expenses, with very little channeled into productive investments. Of the adults who receive remittance income, 42 per cent are currently banked and 22 per cent have also been previously banked at one point in time. It is also interesting to note that, while the cost of sending international remittances through a mobile phone is competitive in terms of cost and duration of transfer, most Samoans prefer to use expensive alternatives (e.g. family links⁴).

Private sector respondents - excluding banking and insurance representatives - provided a range of reasons for not using digital and mobile payments, and, consequently, not investing in similar facilities for their business operations (see Figure 7).

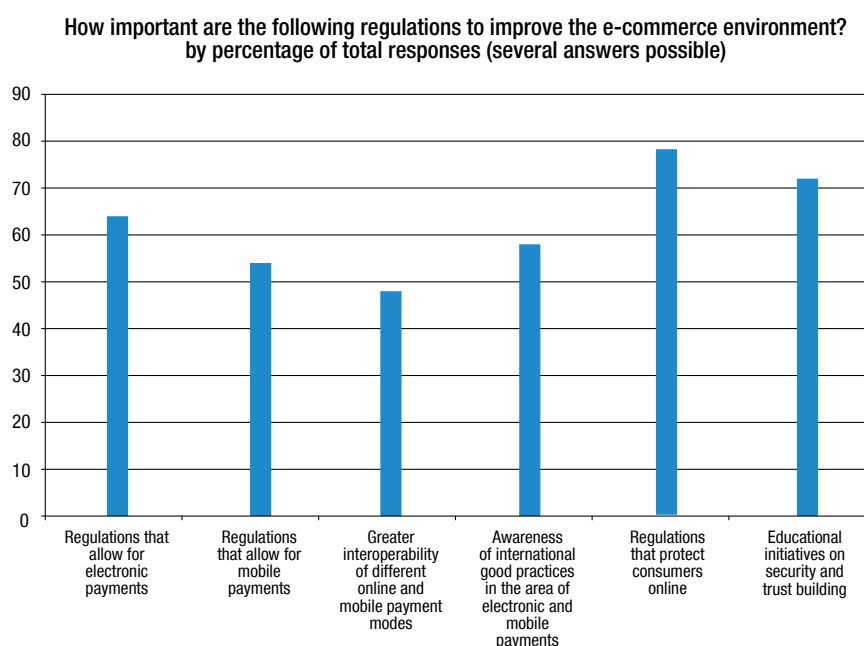
Apart from the obstacles cited above, other barriers to e-payment, mobile, and digital transactions include:

- Lack of trust in the banking system and the cultural trust in cash transactions
- Minimum balance requirements for debit and credit cards
- Irregular income streams
- Lack of market segmentation and product diversification by banks
- Absence of a payment gateway that the whole industry can use, e.g. a common platform among banks with supporting regulations easing interconnections
- Lack of banking points outside urban areas
- Lack of coordinated efforts at the national level to increase digital financial literacy, ease of access and supportive regulations

The commercial banks comprise two subsidiaries of foreign banks and two local banks. Subsidiaries of Australian banks, ANZ and Bank of the South Pacific

⁴ For more information, see: "Assessing the key takeaways from Samoa's financial services demand side survey", Sameer Chand and Lanna Lorne-Ileremia, Alliance for Financial Inclusion, 2015



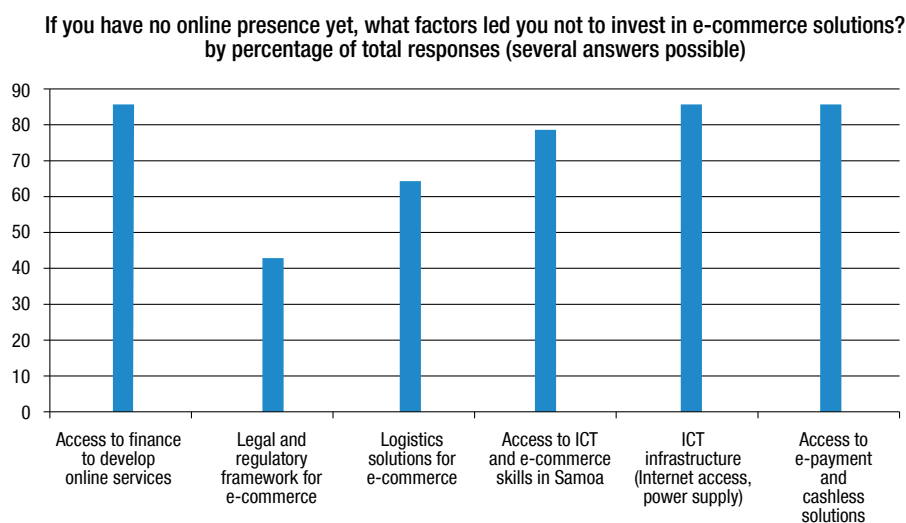
Figure 7: E-payment regulation priorities

Source: UNCTAD

(that bought Westpac and started operations in Samoa in 2015), hold 45 and 21 per cent of total banking assets, respectively. Two locally owned banks, Samoa Commercial Bank and National Bank of Samoa, have shares of 18 and 16 per cent, respectively.

The two international banks interviewed for the assessment cited the very small market and the

proportion of unbanked individuals and businesses as the main reasons for the absence of dedicated e-commerce solutions. Only international banks in Samoa propose digital banking solutions, with payment gateways for e-commerce borrowed from overseas ones. This calls for a trustworthy payment processor based in Samoa, as the systems offered by international

Figure 8: Key factors preventing investments in e-commerce

Source: UNCTAD



banks currently are difficult to integrate with locally-developed marketplaces. Having a local e-payment gateway would mean that vendors' and merchants' accounts could use Samoa's currency in transactions.

Recently, the Government has taken measures to increase both financial inclusion and use of digital financial products. The National Financial Inclusion Strategy for Samoa (NFIS 2017-2020) focuses on "next mile financial services" in the country.

The NFIS Strategic Objective 3 seeks to "promote digital financial services and institutional innovations". Expected results are aimed to boost uptake of e-commerce by Samoans. When attained, these will have:

- ✓ Implemented payment system reforms, including necessary legislation and guidelines enabling service providers to expand digital financial services using alternative delivery channels
- ✓ Developed cost-effective, convenient, and safe payments solutions for domestic and international payments
- ✓ Expanded adoption and usage of digital financial services, including mobile financial services
- ✓ Promoted institutional innovations, such as branchless banking and mobile money to increase access points, especially in rural areas

Box 3: The experience of a pioneer SME: Interview with Mr. Etuale Scanlan, Founder and CEO, SamoaMarket

"The concept of an online marketplace for Samoan companies was first discussed 10 years ago during a job interview that I had with a successful local businessman.

On November 4, 2016, we launched Samoa Market – Samoa's Online Shopping Marketplace. We started with eight (8) Vendors: we now have 26. Convincing companies to join is always difficult as old school thinking is sometimes very difficult to change. All our sales are done online via our marketplace. Since the launch 10 months ago in November 2016, we have received close to 1,500 orders and close to 220,000 NZD in sales.

The main bottlenecks we face are (1) the cost of Internet access, (2) the reliability of Internet connection, (3) high prices of international shipping and (4) the lack of a suitable payment processor in Samoa. We had to register a branch office in NZ and open as a NZ merchant to be able to process payments for our sales.

In the short term, our objective is to convince more vendors to join our platform, add more products to the site, entice more users to shop online with us, create and upload videos to our Social Media of families receiving their orders, automate order management process and establish exports.

In the medium to long term, we want to develop an app for Android and iOS, grow exports, establish hubs in delivery areas, e.g. village stores and customer pickups from there, and expand service to American Samoa.

Improving the e-commerce ecosystem in Samoa requires having simple, user-friendly, trustworthy e-payment solutions; reduced logistics costs – already happening as our main courier service has just reduced their rates, and for the Government to support and build a conducive environment for e-commerce".

Source: Interview with Etuale Scanlan during the UNCTAD mission to Samoa, July 6, 2017

5. LEGAL AND REGULATORY FRAMEWORKS

Samoa has a robust set of laws and regulations on e-commerce in place. Some of the laws and regulations enacted over the past 10 years have a bearing on the development of e-commerce in Samoa, although not all of them include e-commerce-related provisions. Samoa is among the most advanced countries in the region when it comes to e-commerce related regulations as shown in Table III.

In addition to e-commerce specific legal frameworks, the Government of Samoa has a number of acts and regulations in place providing guidance for e-commerce as per Table IV.

Samoa has a liberalized financial sector regulated by the Central Bank. CBS has implemented several progressive

and enabling policies supporting the expansion of financial services, including making financial inclusion part of the official mandate of the bank.

Key regulations that are in place include the Payments System Act 2014, Insurance Act 2007, Money Laundering Prevention Act 2007, and the Financial Institutions Act 1996. CBS is supportive of technology-driven services and has issued a No-Objection Certificate to Digicel to offer Mobile Money through an electronic wallet. Despite these efforts, the regulatory regime needs continuous improvement to keep up with the rapidly-evolving financial services industry. For example, even though CBS is supportive of digital financial services, there are no specific regulations on branchless banking and mobile money.



Table III: Cyberlaw adoption in the Pacific Region (PIFS), 2017

	Electronic Transactions				Consumer Protection				Privacy and Data Protection				Cybercrime			
	Legislation	Draft Legislation	No Legislation	No Data	Legislation	Draft Legislation	No Legislation	No Data	Legislation	Draft Legislation	No Legislation	No Data	Legislation	Draft Legislation	No Legislation	No Data
Cook Islands	X						X		X						X	
Fiji	X				X						X		X			
Kiribati			X					X			X		X			
Marshall Islands				X				X			X				X	
Micronesia (Federated States of)			X					X			X				X	
Nauru			X					X			X		X			
Niue	X							X			X				X	
Palau				X				X				X			X	
Papua New Guinea		X						X			X		X			
Samoa	X				X						X		X			
Solomon Islands	X							X			X				X	
Tonga		X						X			X		X			
Tuvalu			X				X				X			X		
Vanuatu	X							X			X				X	

Source: UNCTAD Cyberlawtracker

Table IV: E-commerce supportive acts

Economic Sector	✓	Competition and Consumer Act 2016
	✓	Electronic Transactions Act 2008
	✓	Sale of Goods Act 1975
	✓	Companies Act 2001
	✓	Personal Property and Securities Act 2013
	✓	Copyright Act 1998
	✓	Money Laundering Preventions Act 2007
Infrastructure Sector	✓	2005 Telecommunication Act
Judiciary Sector	✓	Crimes Act 2013
	✓	Reciprocal Enforcement of Judgements Act 1970

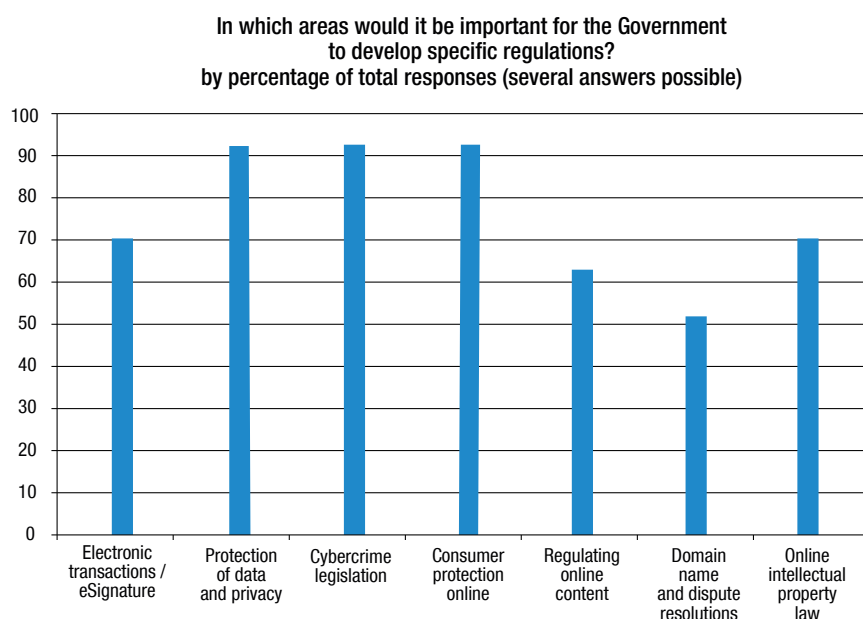
Despite the existing regulatory environment, most respondents to the online survey and individuals from both the public and private sectors met during the in-country mission, concurred that the regulatory framework was still incomplete and, in some cases,

outdated. Top concerns among the respondents were protection of data and privacy as well as consumer protection online (Figure 9). The 2016 *Competition and Consumer Act* does not include e-commerce-specific provisions.

Similarly, the top concerns of potential online traders regarding payment regulations, as shown above, are related to trust in online transactions, especially for businesses that only offer online services (i.e. companies could not be registered as a business as per the current definition used by MCIL).

The Government, aware of the current regulatory limitations, has already taken measures to make the policy environment more conducive for e-commerce. For instance, the Office of the Regulator was established in 2006 to regulate telecommunications, and has functioned as a multi-sector regulator since 2013. With the arrival of the SCS, the Government seeks to strengthen the legal and regulatory environment, and the capacity of the OOTR to regulate international connectivity services and to protect the long-term



Figure 9: Priority regulations for e-commerce development

Source: UNCTAD

interests of consumers. This will reduce the risk of, inter-alia, monopoly pricing or other anticompetitive behavior, since there have been repeated concerns that the SCS will not prompt a decrease in Internet access price before a few years.

Similarly, the DTIS 2016 recommended a thorough review of the regulatory framework for key services such as e-commerce and telecommunications to establish incentives to support and encourage the development of Samoan-based e-commerce businesses. As e-commerce is cross-cutting and involves several ministries and regulatory agencies, coordination is required to ensure that all relevant aspects are taken care of. These include, for instance, consultation mechanisms with e-commerce vendors, development of e-government services, and increasing the awareness of many stakeholders.

6. E-COMMERCE SKILLS DEVELOPMENT

The lack of understanding and awareness of what e-commerce is and how to benefit from it has been a common thread throughout the assessment period. With the forthcoming arrival of the SCS and the range of e-services that it could contribute in creating, both the government and private sector have started to realize the information, skills and knowledge gaps among all stakeholders, i.e. the

lack of preparedness for e-commerce in general. Figure 10 gives a snapshot of the main priorities to bridge the capacity gaps mentioned during the interviews.

There are many industry-related barriers to e-commerce that the Government and commerce associations are unaware of. This general lack of appreciation for these challenges has made it difficult to obtain support for measures to address them.

There is a clear need to raise the awareness in the community of the advantages and benefits of e-commerce. More assistance could be made available to small and medium women-owned businesses, since current e-commerce facilities are more accessible by well-established male-owned businesses who have been in the industry for years.

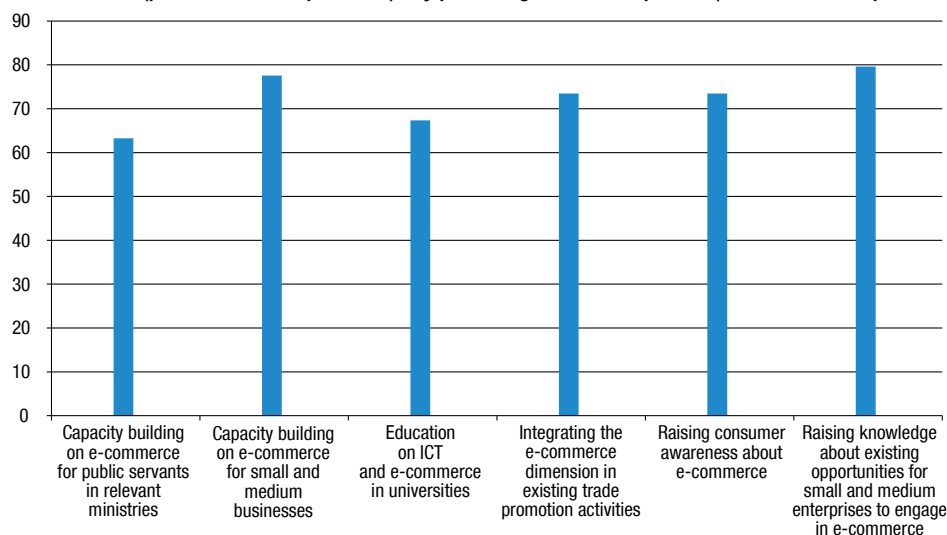
Survey respondents from the private sector came up with the following suggestions to facilitate their engagement in e-commerce:

1. Create a better understanding of the differences between e-trade, e-commerce, e-business, and the different forms they can take (B2B, B2C, G2C, etc.)
2. Develop e-commerce presence and join existing online marketplaces



Figure 10: Capacity building priorities for e-commerce development

How important would it be to improve the following elements to create an environment that is conducive to e-commerce (private sector respondents)? by percentage of total responses (several answers possible)



Source: UNCTAD

3. Develop and build on relationships with different industries to discuss ways to work together and benefit together from e-commerce, especially about lowering transport costs
4. Ensure quality of products and services offered online
5. Develop e-commerce related content in curriculum in tertiary education
6. Use existing platforms and solutions for a smoother, more functional, visually appealing online shopping experience
7. Optimize social media solutions to keep platforms updated with interesting information

8. Learn about different e-payment solutions and ensure the security of transactions
9. Offer tailor-made courses on web design, content, navigation, and usability of a website

The capacity gaps have been widely recognized by the Government, the private sector, and development partners alike. Several initiatives, such as this Rapid eTrade Readiness Assessment, have been launched in the past year to bridge the capacity gaps and encourage more users and businesses to move their purchases and sales online. The Samoa Chamber of Commerce (SCC) and the Women in Business Development Incorporated (WIBDI) have been mentioned as potential sources of education and training on e-commerce.

Box 4: Samoan firms' online visibility

ADB analyzed the online presence of 300 Samoan firms, assessing three issues among those with their own website: whether their websites were searchable, whether website performance was being tracked, and whether the right information was included in the websites. The analysis offers a glimpse into how Samoan SMEs operate in the digital space.

The sample consisted of 327 firms. Of these firms, only 11% had a website and 66% had a Facebook page. 23% had no online presence. The hotel/tourism sector represents the largest single category of website-enabled firms (35%). Others are classified as other services (35%), agriculture (17%), manufactured goods (5%), and information (5%). Only 30% of the websites enable transactions and in more than half of those, the actual transaction takes place offsite. The other 70% of sites are for information purposes only.

The results confirm the nascent nature of e-commerce development among Samoan firms. One critical finding is that many websites in the Samoan sample do not appear in searches related to the products or services that they offer. Without any visibility through search engines, firms' ability to capitalize on the digital economy is seriously hampered. Similarly, less than 3% of Samoan companies with websites are running paid search campaigns. The overall design standard of the Samoa corporate websites is basic. In-depth information relating to products and services, operating hours, and user reviews are often missing.

Source: *Going digital in the Pacific: Lessons from Samoa's online firms*, <https://blogs.adb.org/blog/going-digital-pacific-lessons-samoa-s-online-firms>, ADB, 2016

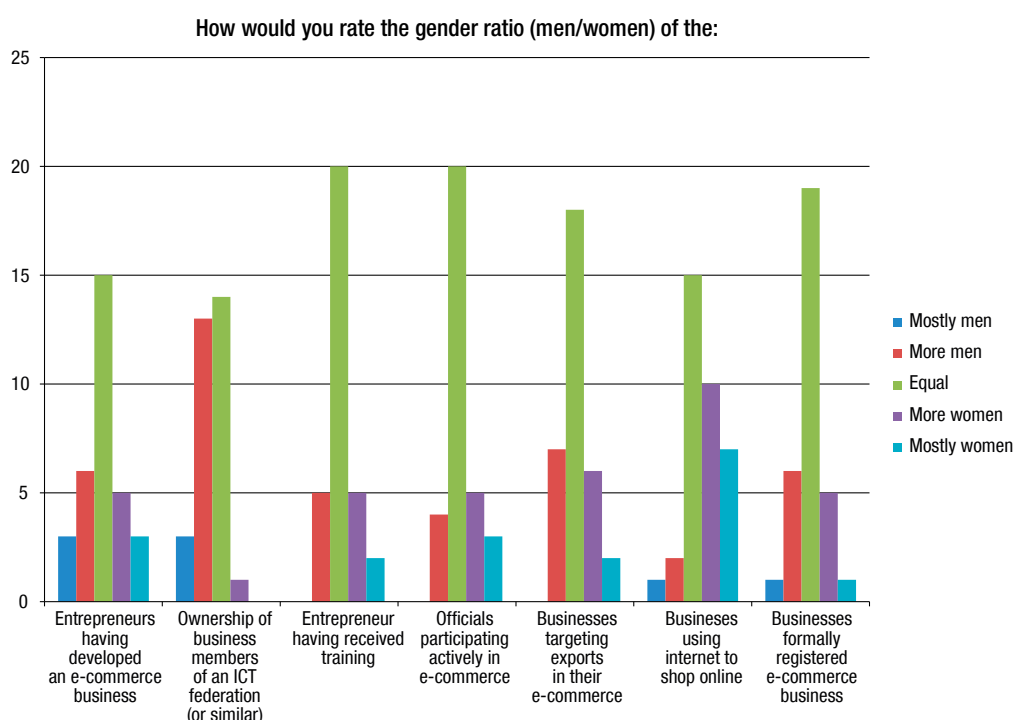


UNDP also initiated or joined several capacity-building projects, including *The Grow Project*⁵ e-commerce training, organized by Pacific Cooperation Foundation (PCF), Pacific Islands Private Sector Organization (P.I.P.S.O), and facilitated by Growth HQ. In an effort to support Pacific women in business, women from Samoa, Fiji, Tonga, Solomon Islands and Vanuatu were given the opportunity to undergo a 10-week training course. The training aims to help women

⁵ The GROW Project is helping Pacific businesses, and in particular women-owned, to break down barriers and build competitiveness throughout the region

in business candidates develop their website and on-line marketing presence and achieve successful online sales of their products. Empowering business women in Samoa is very important as there is an increasing number of women who are taking up businesses to support their families, children's education and the livelihoods of their people in the community. Responses to the online survey as shown in Figure 11 below confirms that women are as active in online and offline business as men in Samoa, which underscore the importance of giving women access to additional skills and knowledge.

Figure 11: E-commerce use and business ownership gender distribution



Source: UNCTAD

Box 5: Developing Samoa image through e-tourism with Samoa Direct, a Government-led initiative

Samoa is a fast-growing tourism destination in the South Pacific. With over 100 accommodation properties throughout the country, many tourism operators required assistance in setting an online presence and secure online booking system.

The Samoa Tourism Authority (STA) stepped in to produce an online accommodation booking platform to help local hotels to be visible (<http://www.samoa.travel/samoadirect/>). Samoa Direct helps visitors book accommodations, tours and activities packages directly with the operator, mostly women-owned small businesses.

Source: Samoa Tourism Authority

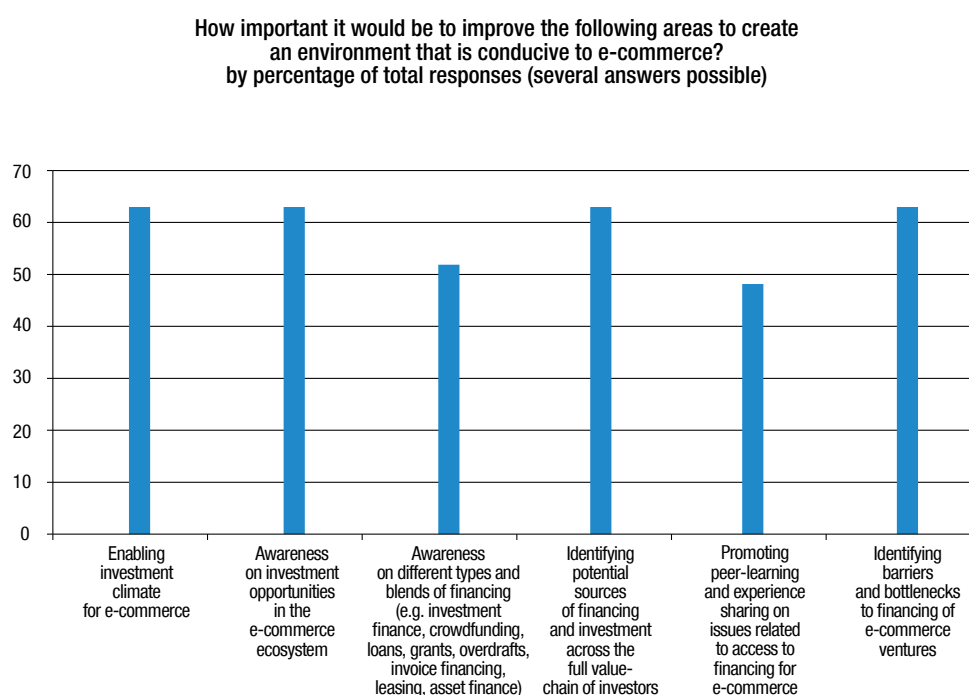


7. ACCESS TO FINANCING

While recent data on SME's access to finance are not available, access to credit has been identified as a major bottleneck for the growth of small- and medium-sized enterprises in Samoa. Access to finance from commercial banks remains an issue, particularly the lengthy process, high interest costs,

and security requirements. As a direct result, many Samoan importers pay for goods upfront, which can mean strained cash flows and a risk of not receiving goods. In addition to this, stakeholders also indicated that there is need for assistance to transition small businesses to online ventures and to ensure their sustainability in the long run.

Figure 12: Access to finance capacity development priorities



Source: UNCTAD

Participants in the interviews and focus group discussions, as shown in Figure 12 above indicated that while access to finance for SMEs is available, there are no incentives for banks to support SMEs planning to move online or already selling goods and services online. Therefore, it was considered critical to identify barriers to and bottlenecks in financing e-commerce ventures.

Given the risk aversion of banks and the succession of major exogenous shocks in recent years, the Government and its development partners provide incentives to banks to increase credit and extend financing to SMEs assuming part or the totality of the credit risk. For example:

- ✓ The Government, through the MCIL, provides support to the private sector through various schemes such as the Private Sector Support Fa-

cility (PSSF), under which about USD480,000 was spent supporting 200 private sector projects, mainly in the areas of value chains and tourism. The Small Business Loan Guarantee Scheme⁶ is intended to incentivize banks' lending to SMEs. It is supported by the Government of Samoa and a grant from NZAID.

⁶ The Samoa Small Business Loan Guarantee Scheme is administered and managed by the SBEC. It was established in 1995 with seed funding from the New Zealand Aid Programme and expanded in 2002 through an ADB loan to the Government of Samoa for the Small Business Development Project. Its objective is to facilitate access to finance for small businesses that lack the collateral required for loans. According to the evaluation carried out by ADB in 2012, the overall performance of this scheme in Samoa has not been encouraging and suggests that any proposals for further schemes be treated with great caution.

A 100 percent guarantee is provided for loans up to USD4,000 and an 80 percent guarantee for loans between USD4,000 and USD20,000. Banks are responsible for the credit assessment and can determine interest rates freely. No additional collateral is required for the loans. When loans are considered as a loss for the bank, SBEC repays the bank and starts collecting directly from the enterprise.

- ✓ The Asian Development Bank's (ADB) Trade Finance Programme (TFP) was launched in Samoa in July 2016. The TFP expansion is supported and co-funded by the Government of Australia's Department of Foreign Affairs and Trade. The TFP provides guarantees and loans to over 200 partner banks to support trade, enabling more companies throughout Asia to engage in import and export activities.

CONCLUSION

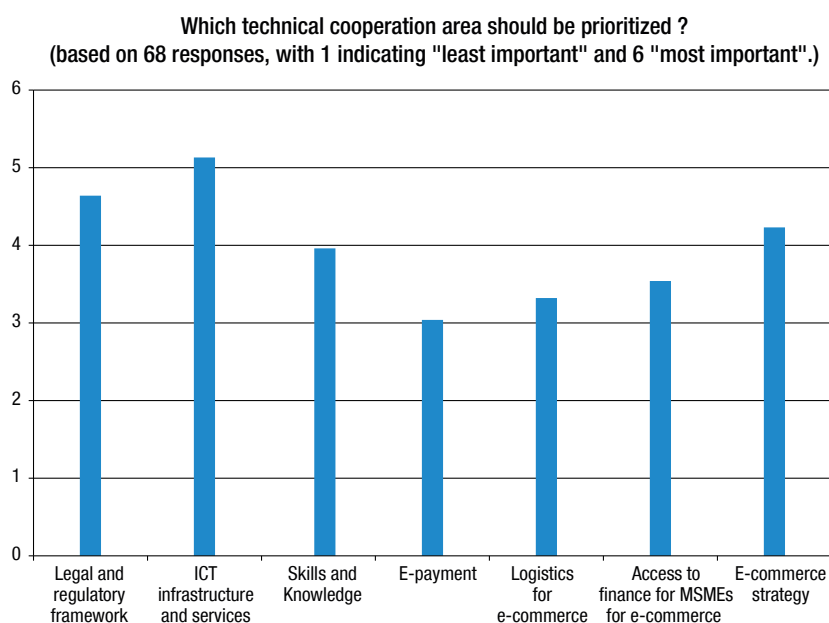
The geographical isolation, low investments in ICT infrastructure and lack of market opportunities have long been structural constraints that Samoa has had to face. Years of carefully planned progress, the development of a conducive legal and regulatory framework, and political will have enabled the country to catch up and make progress towards "becoming digital."

The interviews conducted in Apia enabled the team to have a solid view of the main technical assistance needs listed in the online survey. As shown in Figure 13,

that there are four priorities: ICT infrastructure and services, the legal framework, e-commerce strategy and skills.

The growth of e-commerce in Samoa will be further facilitated with improved Internet connectivity. Whilst a growing number of online businesses have been relatively successful in generating traffic to their sites, the lack of scale, lack of trust in online markets and the absence of online secure payment systems have hindered their growth prospects. The arrival of the Tui-Samoa submarine cable has boosted expectations

Figure 13: Technical assistance priorities



Source: UNCTAD



and interests of SMEs for e-commerce. The Government realized that e-commerce was more than infrastructure and transport, and that a thorough, encompassing national e-commerce strategy was needed for all actors to agree on a vision for Samoa's e-commerce and to invest in soft infrastructure too. A single institution should take the lead in that regard. The e-commerce strategy is an area where UNCTAD experience and expertise has been widely recognized (Box 6).

The survey confirmed the huge information and knowledge gaps on e-trade, the different forms it can take, the positive impact it can have on an isolated island country like Samoa as well as the potential risks associated with it. E-commerce adoption requires confidence and trust in the process/system, which is not yet prevalent in Samoa. A massive awareness raising and training effort will be needed

in coming months and years to increase knowledge and confidence in e-commerce. A multichannel nation-wide campaign is needed to boost uptake of e-commerce.

The Government and the private sector are gearing up to be ready for the arrival of the Tui-Samoa submarine cable that promises to be a "game-changer" for Samoa. This includes putting the right strategy in place, conducive laws and regulations and designing innovative solutions. This could contribute to removing some of the barriers identified in this report, in particular, secure e-payment solutions, trade logistics measures, and investment in skills and knowledge.

With the right vision and concerted efforts to remove persistent bottlenecks, Samoa could become a hub for other South Pacific Islands seeking to benefit from the digital trade revolution.

Box 6: UNCTAD ICT Policy Review Programme

The UNCTAD ICT Policy Review (ICTPR) Programme conducts national assessments, develops strategies and provides policy advice to countries requesting assistance in building and maintaining a dynamic and responsive ICT policy environment. In this context, it undertakes reviews, research, analysis, strategy development and technical cooperation in the following areas:

a) National ICT Planning

The reviews assess the implementation of ICT master plans, strategies, policies and programmes geared towards the development of the information economy. They provide action-oriented recommendations for policy improvements.

b) Electronic commerce

The e-commerce landscape is complex, dynamic, multi-faceted and rapidly evolving. Developing countries therefore need to conduct a thorough examination of e-commerce dynamics in their country, to identify their most effective leverage points into the e-commerce system and to formulate these into a national e-commerce strategy able to harness e-commerce's propulsion to drive economic growth.

The UNCTAD ICT Policy Review Programme can assist in undertaking an assessment of national needs, characteristics, strengths and weaknesses. Identifying the main challenges and barriers furthermore helps to ensure that policy measures adopted will be effective. For example, UNCTAD is currently assisting the Governments of Egypt and Rwanda in developing national e-commerce strategies.



THE WAY FORWARD: ACTION MATRIX

E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION			
Indicative action	Expected outputs	Priority Level	Potential support by:
Formulate a national demand-driven e-commerce strategy with a corresponding roadmap to rally all stakeholders behind a shared vision for Samoa's e-commerce.	All Samoans (government, businesses and communities) will be able to enjoy the benefits of its fast, reliable, affordable access to Internet soon, with a positive impact on Samoa's foreign trade diversification and volumes.	H	MCIL, MCIT, CBS, OOTR, UNCTAD
Review and update current Government agencies' responsibilities about an e-commerce drive and development in the country and appoint a lead agency for e-commerce development.	An identified agency takes the lead in developing and realizing the vision for e-commerce development in Samoa.	M	MCIL, MCIT, CBS, OOTR, SITS
Enhance the capacity of business associations and of the Samoa Chamber of Commerce to play a lead role in the business community to promote e-commerce adoption.	The Government has strong, well-equipped partners to echo the needs and concerns of the private sector Rationale: Limited awareness-raising activities and approach to facilitate public-private dialogue on e-commerce.	M	SCCI, MCIL, MFAT, MCIT
Develop an e-government strategy to improve government processes, especially with regard to e-procurement and the delivery of public services using ICT.	The Government leads the automation of trade-related services supporting their trade facilitation commitments.	M	MCIT, MCIL, MFR, SITS, UNDESA
ICT INFRASTRUCTURE AND SERVICES			
Indicative action	Expected outputs	Priority Level	Potential support by:
Commission a study on the impact of the arrival of the submarine cable on price, accessibility and services in the short and medium term; disseminate results of the study.	Better informed investment decisions by SMEs, predictability for service providers and clarity for the general population on expected benefits (and for who) of the arrival of the cable.	H	MCIL, MFAT, MCIT, SITS, ADB WB, ITU
Encourage public-private partnerships in the deployment of ICT networks, especially for last mile connectivity, and customer equipment.	Equal access to affordable ICT without discrimination by gender, income, level of literacy, locality (e.g. urban or rural).	M	MCIT, MFAT
Identify ways to lower the costs for businesses to utilize ICT to improve their productivity, marketing and selling their goods and services, and access to overseas markets.	Targeted actions reduce ICT costs and related soft infrastructure increases and accelerates investment decisions among SMEs.	M	MCIL, MCIT, SCCI
TRADE LOGISTICS AND TRADE FACILITATION			
Indicative action	Expected outputs	Priority Level	Potential support by:
Commission a study on all-inclusive trade costs (such as World Bank "Time Release Study" (TRS)). The study will assess procedures, processes and documentation required for streamlining and improve efficiency and inter-agencies coordination on trade facilitation.	A white book of recommendations the Government can take to address customs and other trade-related measures that impede e-commerce development (import/export). Stakeholders take informed decisions based on the results of the study.	H	MCIL, MFAT, MFR, UNCTAD, World Bank
Prioritize recommendations from 2015 Trade Facilitation Needs Assessment and implement key measures; seek assistance whenever relevant.	Clearance of goods is facilitated more efficiently, as a result of the implementation of key recommendations from the 2015 Trade Facilitation Needs Assessment.	M	MCIL, MFAT, MFR, UNCTAD, World Bank



TRADE LOGISTICS AND TRADE FACILITATION			
Indicative action	Expected outputs	Priority Level	Potential support by:
Assess the possibility of pre-clearance of goods a day before arrival for all shipments; i.e. making the manifest for pre-clearance available to facilitate payment of duties through online means and faster deliveries.	Faster clearance (and delivery) of small shipments generated by e-commerce.	H	MCIL, MFAT, MFR, ASYCUDA (UNCTAD) Samoa Ports Authority, Faleolo International Airport
Build stronger negotiating power with airlines by aggregating demands/needs from exporters and from courier companies (e.g. FedEx, DHL, etc.).	Reduced costs of airfreight to and from Samoa as a result of better negotiated deals with airlines.	M	SCCI
Develop system to increase findability of physical addresses in both islands.	Increased efficiency of postal services for the delivery and pick-up of goods sold/purchased online.	M	Samoa Post, UPU
PAYMENT SOLUTIONS			
Indicative action	Expected outputs	Priority Level	Potential support by:
Encourage the emergence of dedicated mobile financial services cashless payment tools such as credit, debit, and stored-value cards.	Dedicated solutions to attract MSME to digital financial services for different segments of the population are identified and implemented.	H	CBS, SCCI, Foreign and Local banks, OOTR
Improve digital financial literacy among businesses (MSMEs).	Businesses are capable of better-informed decisions; Increased number/percentage of businesses that move their transactions to digital/online	H	CBS, SCCI, Foreign and Local banks, ADB
Accelerate the implementation of regulations and guidelines for digital financial services, consumer protection, and agency banking.	Regulatory framework for digital financial services is on par with product and services development, including enabling interoperability among financial services providers.	H	Banks, CBS, MFR, PFIP
Support the development of local e-payment gateway solutions to reduce costs of current overseas solutions.	Increased security in, and number of e-commerce transactions conducted, using local currency. With the development of e-commerce, transactions in local currencies by new e-commerce operators will increase and be more secure (confidence building).	M	CBS, SCCI, Foreign and Local banks, SITS, ADB
Provide education on the value of cashless transactions, including the hidden costs and risks of handling cash.	Increased confidence in electronic means of payment and reduced costs associated with handling cash.	L	CBS, SCCI, Foreign and Local banks, ADB
LEGAL AND REGULATORY FRAMEWORK			
Indicative action	Expected outputs	Priority Level	Potential support by:
Carry out a thorough review and update existing legislations / regulations that currently do not cover e-commerce.	Updated robust and modern regulatory frameworks that encourage investment in ICT and e-commerce (Current legislations are either conflicting or obsolete; these have created loopholes and led to lost opportunities for e-commerce).	H	MCIL, MCIT, MFAT, CBS, OOTR, SITS, UNCTAD
Support promotion of online businesses to the private sector through improved public-private dialogue.	Enactment of new regulations that support e-commerce development; these (regulations) benefit from private sector inputs and are business-friendly.	M	MCIL, MCIT, MFAT, CBS, OOTR
Strengthen collaboration among Government institutions for e-governance to facilitate effective governance of ICT projects across the government.	An integrated ICT development approach that will ensure that major ICT projects, including those on digital finance, are analyzed comprehensively by all relevant entities.	M	MCIL, MCIT, MFAT, SCCI, SITS
Initiate drafting of a dedicated e-commerce law.	Newly-created businesses and innovative e-commerce ideas flourish in a conducive legal environment.	M	MCIL, MCIT, CBS, OOTR, UNCTAD



E-COMMERCE SKILLS DEVELOPMENT			
Indicative action	Expected outputs	Priority Level	Potential support by:
Launch a nation-wide communication campaign using radio / TV for awareness, in both English and Samoan, showing the ease with which people can buy goods and services online; include social media advertising.	Increased awareness and understanding of the concept of e-commerce and its benefits for the tourism sector/travel agents.	H	Business for e-Trade Development (B4ETD), Association of Manufacturers and Exporters, Women in Business, Samoa Tourism Authority, Small Business Association, TV and Radio operators, SITS
Include in University and higher education curricula ICT/e-commerce related subjects (e.g. computer application, systems development); link university curricula to the demand of the ICT industry.	Skill gaps between the ICT industry needs and current ICT-related curriculum providers are bridged.	M	B4ETD, USP, SCCI, SITS
Develop a dedicated training program for the Samoa tourism industry, as an example of sector-specific e-commerce capacity-building programme. The training activity shall involve operators - airlines, cruise shipping companies, IATA accredited agents and other relevant agencies to increase their awareness and understanding.	Improved e-commerce awareness among tourism operators coordinated in a tourism value chain, increased readiness of tourism SMEs to develop their e-commerce presence by joining existing marketplaces.	M	SCCI, STA, MCIL, ITC, UN/WTO, B4ETD, UNCTAD
Train entrepreneurs how to move their business online to sell handicrafts and other products online.	Made in Samoa products are marketed to and offered on global platforms through social enterprises; increased access to customers in overseas markets.	M	B4ETD, UNCTAD, SCCI, ITC
Train entrepreneurs to use existing platforms. Develop a user-friendly inventory of all the e-commerce solutions and platforms (SOE, Advertising, etc.) to inform SMEs' marketing and export strategy.	High-quality websites that drive both traffic and revenue and enhance online presence of SMEs are developed using existing design platforms.	L	MCIL, SCCI, ADB, ITC, UNESCAP

ACCESS TO FINANCING			
Indicative action	Expected outputs	Priority Level	Potential support by:
Introduce remittance-linked e-commerce products that encourages remittance recipients to invest a proportion of their income in other productive purposes through dedicated platforms.	Increased investment in the productive economy; safety of transactions for overseas Samoans who wish to invest in productive projects is ensured.	H	CBS, Banks, Diaspora associations, PFIP
Encourage FSP to provide segmentation based products for the large unbanked population that present a large untapped market for mobile money.	The use of mobile phone-based financial technology opens doors to new markets, with customized solutions to increase use of mobile payments, savings, based on successful examples from other countries.	H	CBS, Banks, Youth association, ADB, PFIP
Develop a dedicated training programme for the development of business plans for e-commerce ventures.	Increased approval of loan applications of ICT and e-commerce companies by commercial banks and other financial service providers.	M	SBEC, WIBDI, SCCI, ADB, NZAid, PFIP
Empower women-led associations to develop dedicated training on digital financial inclusion for their members.	Accelerated financial inclusions for MSMEs as a first step towards selling products and services to a bigger audience.	M	SBEC, WIBDI, ADB, NZAid, PFIP

H=High, M=Moderate, L=Low



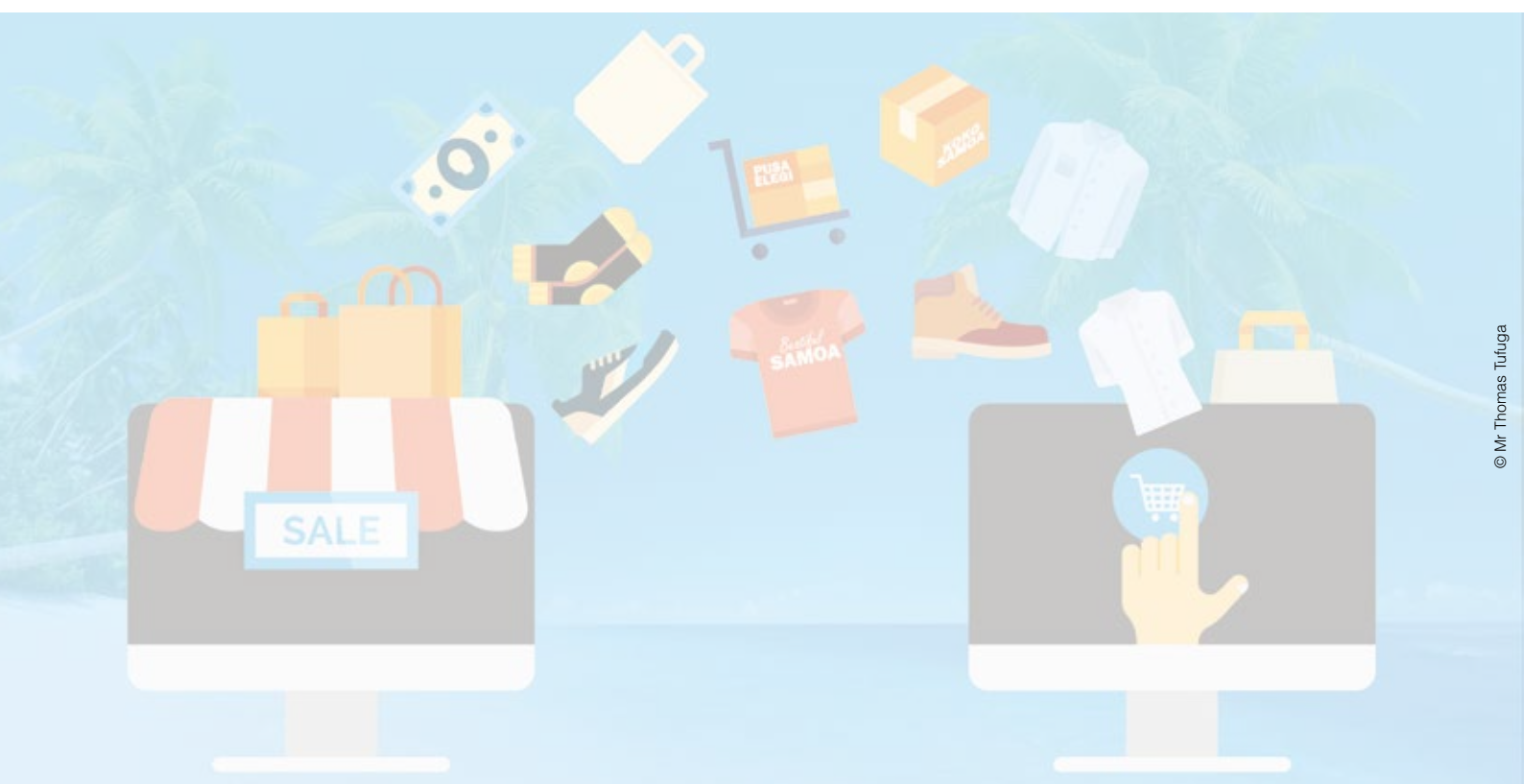
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