



REVIEW OF E-TRADE READINESS ASSESSMENT REPORT



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EXECUTIVE SUMMARY

Tuvalu is one of the least connected countries in the world, with high-cost and limited internet services. Its economic potential is constrained by the lack of natural resources, a small domestic and underdeveloped private sector.

Electronic commerce is one of the main drivers of growth and innovation in the world today. It has significant potential for developing countries and for micro, small and medium-sized enterprises (MSMEs). If applied properly, e-commerce can make them more competitive and allow them to grow and thrive in the global market. Indeed, **the digitalization of economic activities could facilitate Tuvalu's participation in international trade**, especially by helping to overcome traditional trade barriers and to move more commerce online. To do so, governments need to adapt their policies and improve the coordination across ministries around the range of policies related to e-commerce and the digital economy. They also need to engage with the private sector, as well as civil society, to prepare the policy and legal frameworks needed, ensure the roll out of affordable ICT infrastructure, and adapt the education system to develop the workforce needed for the digital economy.

Due to this, a Rapid e-Trade Readiness Assessment was conducted by the UN Conference on Trade and Development (UNCTAD) to identify opportunities and barriers for Tuvalu to engage in and benefit from e-Commerce and the digital economy.

This report endeavours to review the progress of the recommendations provided in the Rapid eTrade Readiness Assessment, carry out consultations with key stakeholders, and provide recommendations to be considered by the Tuvalu Government.

E-commerce readiness assessment and strategy formulation

The goal of this section is to have a central body that coordinates and provides oversight to e-commerce activities in the country, in addition to providing a regulatory framework for e-Commerce in Tuvalu. As a result, a National E-Commerce Committee has been established, a Trade Portal has been established, the ICT Policy is in its final stages of approval, and the National Tourism Office has launched the Tuvalu Sustainable Tourism Policy. E-Commerce is supported in the Tourism Policy and ICT Policy, however an e-commerce strategy has also been developed, to provide a stand-alone strategy solely focused on e-Commerce. The Department of Trade and its stakeholders have completed 3/6 indicative actions under the action matrix. DOT as the NEC's secretariat is recommended to provide innovative solutions to encourage active participation in NEC meetings as well as e-Commerce related activities.

ICT infrastructure and services

The cost of ICT services in Tuvalu is relatively high, thus affecting communications, the cost of doing and delivery of services. There has been some progress under this section encouraged by the Government's commitment to provide an enabling environment across all sectors. The ICT Policy in its final stages of approval with much focus on ICT infrastructure and access. The

much-anticipated submarine cable project is expected to be implemented in 2024. Additionally, Tuvalu Telecom has also made some progress on providing mobile broadband connection for the whole of Tuvalu, with Funafuti having 100% mobile penetration, and the next four islands to be completed in 2022. It is recommended that ICT submits the draft ICT Policy for Cabinet's approval, in addition to seeking technical support for the ICT Department for the establishment of the Government's portal.

Trade logistics and trade facilitation

Despite the lack of infrastructure to enhance trade in Tuvalu, there has been some progress to improve Tuvalu's trade environment. Prior to 2019, the TPL faced challenges in accessing technical assistance from UPU due to its outstanding membership fees. TPL is also progressing with its work on Post code and has envisaged the completion of this activity in June 2023. This issue has been resolved with the Government providing payment in instalments. In addition, the Department of Trade has validated the Cross-Border Paperless Trade Readiness Assessment and Tuvalu has also acceded to the Framework Agreement and Electronic Communications Contract Convention. Furthermore, the Ministry of Finance has been in regular dialogues with the private sector to provide a more conducive business environment in addition to lowering the cost of doing business. There is opportunity for DOT to support TPL in building its e-Commerce capabilities in addition to supporting its physical address system. DOT is also recommended to lead the implementation of the recommendations under the Cross-Border Paperless Trade Readiness Assessment Study.

Payment Solution

While cash is the main medium of exchange in Tuvalu, national priorities have pushed for the introduction of ATM/EFTPOS systems at the National Bank of Tuvalu. A trial of this system was done in the 2019 PIFS Leaders meeting in Tuvalu, but was discontinued after 12 months due to issues with the system. NBT has envisaged that the ATM/EFTPOS/Credit Card systems will be operational in 2023, with online banking to follow thereafter. TTC has also made some headway with the mobile money payment system and is expected to be operationalized by 2023. DOT is recommended to support NBT and TTC in its awareness raising activities, as well as support NTO and THAT in the integration of the payment system for hotel, lodges, and guesthouses.

Legal and Regulatory Framework

The 2019 eTrade Readiness Assessment called for a legal framework for electronic transactions, data protection and online consumer protection. As a result, the DOT has made significant progress through a regulatory gap analysis on e-Commerce to assess the need to update and/or upgrade key laws. The gap analysis and benchmarking exercise were based on international standards and best practices are applied in the Asia-Pacific region and in countries with a similar context to Tuvalu. DOT is recommended to seek technical assistance from UNCITRAL to assist the Department and the Office of the Attorney General with the drafting of the eCommerce laws.

Skills Development for e-Commerce

Digital skills and literacy are crucial to progress e-Commerce in Tuvalu. With the lack of e-Commerce facilities and limited connectivity, there is general mistrust among the population and business community about the use of digital services. Although at this point, e-Commerce has not been incorporated into the school curricula, there is an opportunity for DOT, ICT, and other e-Commerce stakeholders to actively participate in consultations for the development of the Curriculum Integration Framework to e-Commerce is incorporated into the national curricula. Furthermore, business training organised in Tuvalu by the various stakeholders must include a digital/e-Commerce related training.

Access to Financing

NBT and DBT have stated that they have significant loan portfolios, but most businesses do not meet the requirements to access loans in their respective institutions. As a result, DOT is encouraged to work with other stakeholders such as DOB and TNPSO to facilitate financial literacy training, build the capacity of private sector to access funding, and provide additional support through the reintroduction of the Credit Guarantee Program that was facilitated by the Ministry of Finance and the Development Bank of Tuvalu in 2017 - 2022.

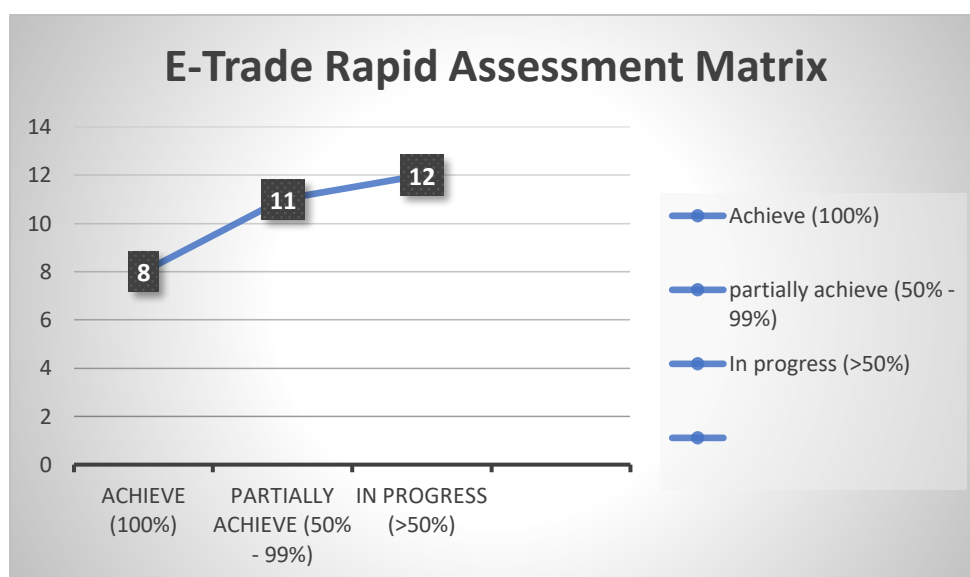


Figure 1: Overall Implementation as of 2022

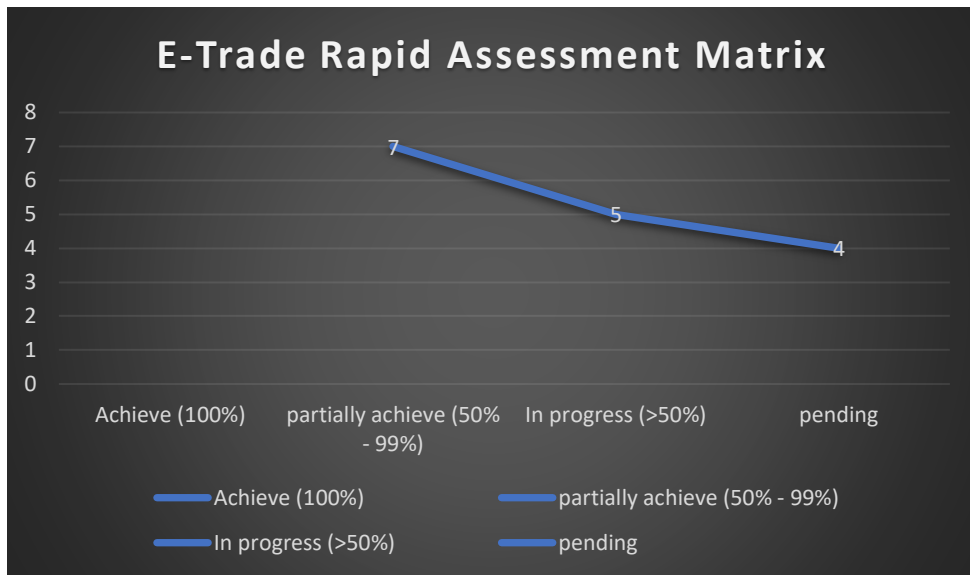


Figure 2: Overall Implementation as of 2021

Glossary

ATM	Automated Teller Machine
AWS	Amazon Web Service
B2B	Business to Business
CEDAW Women	Convention on the Elimination of all forms of Discrimination Against Women
DBT	Development Bank of Tuvalu
DICT	Department of Information, Communications and Technology
DOB	Department of Business
DOT	Department of Trade
DRA	Digital Readiness Assessment
EFTPOS	Electronic Funds Transfer at Point of Sale
EIF	Enhanced Integrated Framework
ICT	Information, Communications and Technology
LDC	Least Developed Countries
MCT/MJCFA	Ministry of Justice, Communications and Foreign Affairs
MFATTEL/MFT	Ministry of Fisheries and Trade
MFED/MOF	Ministry of Finance
MSME	Micro-Small-Medium Enterprises
NBT	National Bank of Tuvalu
NEC	National E-Commerce Committee
NTO	National Tourism Office
PIFS	Pacific Islands Forum
PMU	Project Management Unit
PPIU	PACER Plus Implementation Unit
PPP	Public Private Partnership
SOE	State-Owned Entity
SPTO	South Pacific Tourism Organization
TCCI	Tuvalu Chamber of Commerce and Industries
THAT	Tourism and Hospitality Association of Tuvalu

TNPSO	Tuvalu National Private Sector Organization
TNTDS	Tuvalu National Trade Development Strategy
TPL	Tuvalu Post Limited
TTC	Tuvalu Telecommunications Corporation
TTPF	Tuvalu Trade Policy Framework
Tuvalu TIPS	Tuvalu Trade Integrated Private Sector Development Project
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNESCAP Pacific	United Nations Economic and Social Commission for Asia and the Pacific
UNCITRAL	United Nations Commission on International Trade Law
UPU	Universal Postal Union

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CHAPTER ONE: SETTING THE SCENE

1.1 Digital Tuvalu

Tuvalu faces challenges in terms of limited resources and small domestic markets. In recent years, the Government of Tuvalu has focused on leveraging the potential of digital technology to drive economic growth and development. This has included efforts to improve internet connectivity, encourage the use of digital financial services and promote e-commerce.

Tuvalu's National Strategy for Sustainable Development (Te Kete) 2021-2030 focuses on optimising the returns from Tuvalu's endowments and most of their human resources to provide sustainable livelihoods. The government national outcome 1 is harnessing the digital transformation to improve the lives of Tuvalu Citizens. This will be achieved by digitization of most services for example, issuing passports, payment and licensing. The key outcome results are as follow;

- Internet connectivity reliable and digital development activities
- Appropriate legal framework for our protection from cybercrime is established

Moreover, the national outcome will allow and ensure accessibility to affordable and reliable telecommunication services, develop inclusive digital economy by fostering virtual activities such as e-commerce, e-learning, e-government etc., develop reliable, secure, and safe digital environment and the development of a legal, regulatory and standard framework to promote investment is the use of digital technology.

The Government of Tuvalu's goal is to transform the public sector into a more efficient, effective and accountable one, through the use of digital technologies. The plan includes a number of initiatives such as the development of an e-government portal, the implementation of an electronic document management system and the promotion of digital financial services.

Tuvalu's Future Now Project combines a series of activities developed that will future proof Tuvalu against the most severe impacts of sea level rise and climate change. The project's 3rd initiative is a digital archive of Tuvalu's history and cultural practices to create a digital nation. The initiative agenda reflects efforts to "save its own existence" because Tuvalu is at risk of losing its geographical sovereignty.

The National E-Commerce Strategy for Tuvalu is currently underway, and this will serve as a roadmap for how e-commerce can be used to support national development goals in the trade, services and industry sectors. It will identify priority areas with the potential for economic growth, job creation and increase trade, and propose activities to undertake in the short, medium and long term. A governance structure will be established to monitor implementation and impact of the strategy.

Tuvalu has received assistance from international organisation such as the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the United Nations Commission on International Trade Law (UNCITRAL), United Nations Conference on Trade and

Development (UNCTAD), Pacific Island Forum Secretariat (PIFS) to support its efforts in the area of e-commerce and digital development.

Tuvalu has no laws for e-commerce, however, a gap analysis and benchmarking exercise was carried out using four selected countries and international best practices with similar legal context to Tuvalu to assess and update key laws for e-commerce. The United National Commission on International Trade Law (UNCITRAL) is assisting Tuvalu with drafting of the electronic transaction bill, consumer protection laws, data protection and privacy laws and cybercrime law.

Furthermore, Tuvalu has also completed an assessment of Tuvalu's readiness for cross-border paperless trade, that is, the conduct of domestic and international trade in the form of electronic data and documents using electronic systems. This assessment has been completed with assistance and support from UNESCAP. The readiness assessment serves as a foundation to elaborate more detailed activities at the national and agency level which will contribute to Tuvalu's need to accelerate towards cross-border paperless trade.

1.2 E-commerce in Tuvalu

The Government of Tuvalu has recognized e-commerce as a priority. This has been made evident in the "Te Kakeega III: National Strategy for Sustainable 2016 - 2020 and Tuvalu's National Strategy for Sustainable Development (Te Kete) 2021 – 2030. This is a positive sign for the emergence of a national digital landscape that encourages reforms, innovation, and investment.

The Tuvalu Rapid e-Trade Readiness Assessment is the nineteenth assessment conducted by UNCTAD under the e-Trade for all Initiative. The assessment has provided concrete diagnosis of the digital landscape of Tuvalu as well as policy recommendation for targeted intervention by the government, private sector, and development partners. The assessment addressed seven relevant policies which includes;

- 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 and
- Access to financing

The assessment's main finding and main recommendation was submitted in the report to the Government of Tuvalu for implementation. The Department of Trade who is working on this

initiative sourced assistance from other government departments, the private sector and development partners to implement the above recommendations.

1. E-commerce readiness assessment and strategy formulation

The main goal is to facilitate the development of a national e-commerce strategy in Tuvalu by coordinating the efforts of multiple stakeholders including government agencies and state-owned enterprises (SOEs). This will involve conducting a capacity assessment exercise to define the mandates of individual agencies and SOEs and ICT and e-commerce and ensuring that their efforts do not overlap with each other.

The project aims to increase the capacity of the Business Centre, the TNPSO, and the Chambers of Commerce to provide advice to the business community on e-commerce adoption and the use of ICT services.

In addition, the project aims to identify sectors that could benefit from e-commerce development and to raise awareness and educate the public about e-commerce. Risks and challenges include the lack of capacity and coordination as well as cybersecurity concerns. This project is supported by multiple agencies, including MOF (formerly MFED), MFT (formerly MFATTEL), MJCFA (formerly MCT), TTC, TNSPO, UNCTAD and the World Bank. The status of this project is currently at 60%

2. ICT infrastructure and Services

The national ICT strategy in Tuvalu is nearing completion and is ready for Cabinet submission. The strategy aims to support the development of the digital economy and related themes such as entrepreneurship and skills development, and to prioritise the allocation of resources in the ICT sector. The human resources department is expected to provide support for capacity building and training opportunities across the government. The government is also working on the implementation of the ICT policy, including the development of additional policies such as a cybersecurity strategy and an e-commerce strategy.

There are ongoing discussions on the establishment of a public-private partnership (PPP) for a submarine cable project, which aims to provide broadband access to businesses and citizens. The project is currently being revised by the new project management unit (PMU) after disagreements with the original progress and PPP design. The PMU is preparing to publish tenders for transaction consultants.

The government is also working on providing fast and reliable mobile broadband (3G and 4G) access to larger segments of the population outside of Funafuti. The 4G project, which is currently in phase 1, has been impacted by delays due to the COVID-19 pandemic. Preparation works for the project are underway, but coordination between stakeholders has been identified as an area for improvement.

Finally, the government is initiating e-government/digital government applications as pilots, with the goal of shifting data and services to cloud platforms for easier accessibility and availability. However, there is currently a lack of capacity and interest in coding and programming among the youth in Tuvalu. The education system may need to include a computer programming syllabus and initiatives like "coding for kids" may be helpful in building these skills. The Department of Trade and the Department of Information and Communication Technology will collaborate on the development of upcoming cloud-based applications.

3. Trade Logistics and Trade Facilitation

Tuvalu Post is working to address issues with its membership in the Universal Postal Union (UPU) to reinstate bilateral assistance and improve the operational efficiency of the postal network to facilitate e-commerce inclusion. The organisation has paid its outstanding membership fees, but this has affected its resources for accessing assistance from the UPU. Negotiations with the UPU on consistent payment of membership fees and the implementation of online payment are ongoing. Tuvalu Post has also launched a Facebook page.

The Department of Trade recently concluded the validation of the Cross-Border Readiness Assessment Study funded by UNESCAP and in December 2022 also acceded to the Framework Agreement. In addition, more collaboration is needed to facilitate the implementation of Tuvalu's commitments under the Framework Agreement and the recommendations outlined in the CPTA Readiness Study.

The Department of Business is working with relevant stakeholders to address the costs of doing business in Tuvalu, including the removal of commercial tariffs on electricity, review of charges for wharfage, harbour dues, and port charges, increasing the price control mark-up ceiling, review of customs regulations, assessment of options for reviewing international freight charges, and review of waste management regulations. These efforts are ongoing.

There are no current plans to develop an open national physical address system to facilitate trade and logistical support for a modern postal system. This initiative has not been started and there is no progress to report.

4. Payment Solutions

The National Bank of Tuvalu (NBT) is negotiating with an Australian bank to update its platform in order to support credit cards, EFTPOS and ATM facilities. The feasibility of implementing ATMs in Tuvalu, with its small population, is being considered, and details of the selection of a contractor to upgrade the NBTs platform is expected to be finalised by the fourth quarter of 2021. The Tuvalu Communication Corporation (TCC) is working with **Faia**, a firm specialising in blockchain technology, to introduce mobile banking and payment options, starting with basic services such as TCC and TTC payments. However, wider consultation and an upgrade of the NBTs systems are needed before these initiatives can progress.

There are currently no plans to launch a countrywide awareness campaign to educate citizens and businesses about the risks and benefits of using ATM, debit cards, mobile money, and online banking options. Similarly, there are no plans to support the integrating of payment systems for hotels, lodges and guesthouses to accept booking from overseas, or to promote the acceptance of electronic payments by merchants beyond the Pacific Island Forum Leaders' Summit pilot. These initiatives have not been started.

A feasibility study on Payment Solutions will commence for Tuvalu in 2023. The study will support the development of an E-Commerce Payments ecosystem in Tuvalu, this may include banking and non-banking payment solutions. The activating Stage 1 and 2 will be funded and supported by PPIU, however, the consulting team will identify some preliminary sources of funding for future stages, and possible payment ecosystem providers and partners.

5. Legal and regulatory framework

A regulatory gap analysis on e-commerce has been carried out in Tuvalu to assess the need to update and/or upgrade key laws such as e-transaction and consumer protection. The analysis used four selected countries (New Zealand, Singapore, Fiji and Trinidad and Tobago) and international best practices as benchmarks, and an options paper has been formulated to provide recommendations on the way forward for the development of e-commerce laws in Tuvalu. The option paper is currently undergoing validation through consultation with relevant stakeholders, and will be submitted to Cabinet for policy approval. The Department of Trade is expected to be involved in steering committees to ensure that e-commerce is reflected in all relevant laws' reviews.

The gap analysis and benchmarking exercise were based on international standards and best practices as applied in the Asia-Pacific region and in countries with a similar legal context to Tuvalu. The aim is to ensure that international best practices are used to develop e-commerce-friendly laws and regulations in Tuvalu by participating in regional initiatives and seeking assistance from relevant United Nations agencies. The goal is for Tuvalu businesses and government entities to be able to transact and trade with foreign companies and governments through electronic means. Tuvalu has no legal framework specifically aimed at a national Single Window, cross-border paperless trade and information security. The legal landscape is at its infant stage of development. Tuvalu's trade relation with the international market is still not active and therefore minimal agreements have been made at that level except for; the Revised Kyoto Protocol on the Harmonization of Customs Procedures; the recently acceded Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA) and the United Nations Convention on the Use of Electronic Communications in International Contracts (2005). It is hoped that domestic law will soon be enhanced to accommodate domestic needs as well as international obligations associated with a transition to cross-border paperless procedures. Reform efforts should take into consideration regional or global best practices in e-communications that will help harmonise Tuvalu's legal regime with that of its trading partners.

6. E-Commerce Skills and development

Basic digital skills have not been incorporated into the national curriculum beginning in secondary schools in Tuvalu. There are no plans to disseminate information on the Tuvalu Trade portal or prepare the next phase of the portal to include options for online registration and listing of main businesses in Tuvalu. The Ministry of Finance does not have the funding to establish an online business registration portal.

The Department of Business in Tuvalu has organised basic computer training for construction companies, targeting 23 companies, but there is a lack of resources such as computers and venues for training, and professional trainers on construction. There is also a language barrier in training and development. A training needs assessment was conducted to gather the training needs of the targeted construction companies, but there is a need for more training on computers to deliver e-commerce business online. The rapid change in technology also makes it difficult to adequately prepare training materials and deliver training to small and micro-medium-sized enterprises (MSMEs)

There is currently an assessment of current e-commerce and ICT skill gaps to accelerate the development of ICT-related curricula in line with private sector needs. The goal is for the Tuvalu government and donor supported programs to be targeted at individuals needing to enhance their skills, making them more employable by ICT-enabled firms and organisations.

7. Access to financing

There are several initiatives related to improving financial regulation and access to loans in Tuvalu. These include improving credit risk management of the Development Bank of Tuvalu (DBT) and the National Bank of Tuvalu (DBT), establishing a central business registry, and encouraging the use of simple financial services, including digital financial services. The feasibility of establishing a credit loan guarantee scheme is also being explored.

Additionally, there are plans to put in place business training courses and having mentoring schemes for entrepreneurs as a requirement for securing loans from banks.

The progress of these initiative varies, with some having made progress and others having not yet been implemented or having no updates.

1.3 The Policy Context (Regional and International Level)

As nations grapple with how to protect the health of their citizens from the COVID-19 pandemic, its impact on livelihoods and the slowing down of economic activities cannot be overlooked, especially in developing countries like Tuvalu. While COVID-19 has undoubtedly resulted in negative impacts across sectors, market segments and businesses, it has also opened opportunities for Tuvalu to accelerate its development. One way this can be done is by dedicating resources to establishing a digital economy ecosystem that promotes the

integration of a variety of digital solutions across the nation's priority sectors. In addition to catalysing digitalization, Tuvalu can commence its transition to the Digital Industrial Revolution, with the objective of strengthening its e-trade capacities as well as exploring e-commerce solutions, to expand national and international trade capacities given the country's LDC nature.

Tuvalu's business sector is dominated by micro, small and medium-sized enterprises (MSMEs). Smaller firms make up 95 percent of the total number of businesses.

Digitalization opens opportunities for businesses, including MSMEs. These include:

- Access to international markets through the dematerialization of borders: MSMEs can participate in international activities from a distance, integrate democratisation of consumption and access multiple markets with activities facilitated by their network capacities rather than relying solely on international relations.
- Access to alternative revenue streams through digital platforms and the implementation of new digital infrastructures: Through digital solutions, the use of open innovation, creating linkages with new development partners and increased investments in qualified human capital, MSMEs are presented with opportunities to develop more collaborative modes of operation.
- Access to data and analytics on consumers' preferences and behaviour: Digital technologies can empower MSMEs with data and the use of data analytics to understand the needs of their consumers and international market requirements, allowing for increased participation in global value chains. Digitalization leads to a larger market, fast interactions between partners, consumers integrated into the ecosystem, faster internationalising speed and better access to network skills and knowledge.

While MSMEs in Tuvalu have much to gain from their participation in the digital economy, they face challenges to take advantage of these opportunities, arising mainly from:

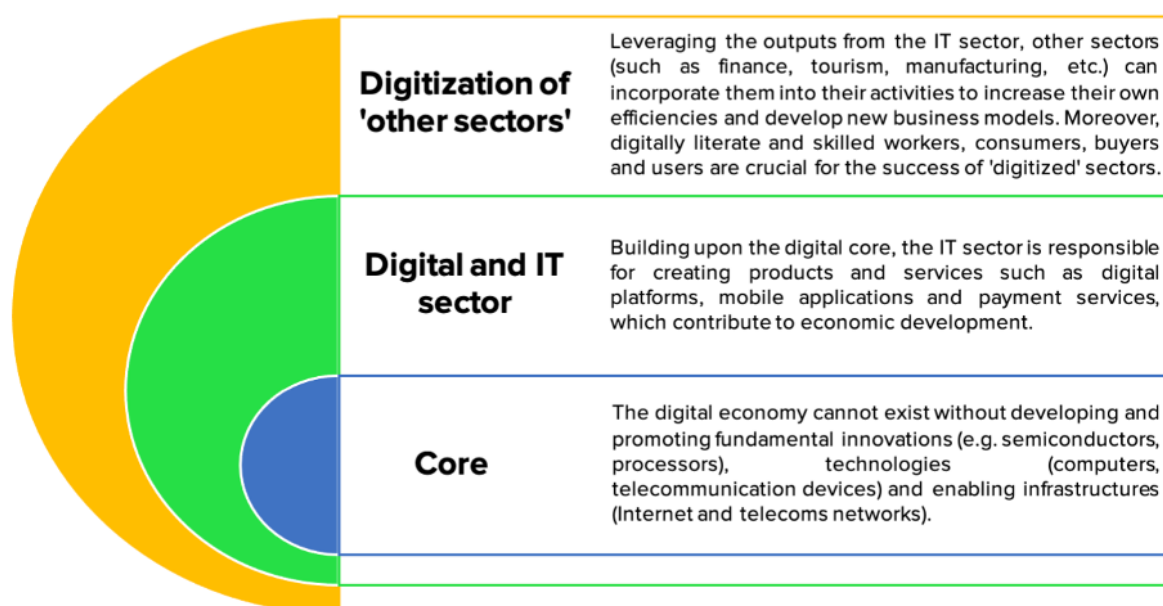
- **Lack of connectivity:** In discussions with the private sector, it was highlighted that the lack of access to appropriate ICT infrastructure (Internet connections, computers, etc.), especially in rural areas is the biggest challenge that private enterprises, most of which are informal, encounter. Due to this gap, enterprises lack the incentive to explore digital solutions and continue instead with their traditional ways of operation. In addition to ICT infrastructure gaps, the country faces important infrastructure deficits in areas such as roads and postal networks.
- **Lack of digital awareness and trust:** The concept of digitalization and its benefits is very new for Tuvalu and therefore, there is low awareness about the potential of digital technologies and a lack of trust in the use of digital solutions.
- **Inappropriate ICT skills:** MSMEs that are aware of and/or have access to digital solutions have made it very clear that their current skill sets are inadequate to maximise the advantages of digital technologies. Thus, MSMEs need support to develop the necessary

skills and knowledge that will enable them to take advantage of the opportunities that e-commerce and the adoption of digital solutions, more broadly, provides.

The COVID-19 pandemic has severely impacted Tuvalu's economic and social activity. MSMEs in Tuvalu (like in many other least developed countries) have been left in shock and limbo due to the negative implications.

Strengthening Tuvalu's Digital Economic Framework and promoting the mass digitization of MSMEs are crucial and essential to strengthen their resilience to future unforeseen and unprecedented situations. The Government of Tuvalu now has a unique opportunity and the impetus to catalyse national digitization activities. If MSMEs are given the opportunity to access digital technologies (such as computers, smart phones and applications) and skills, they can create digital storefronts to sell their products online; establish inventory management systems; augment their marketing potential; and access microfinance, among other benefits.

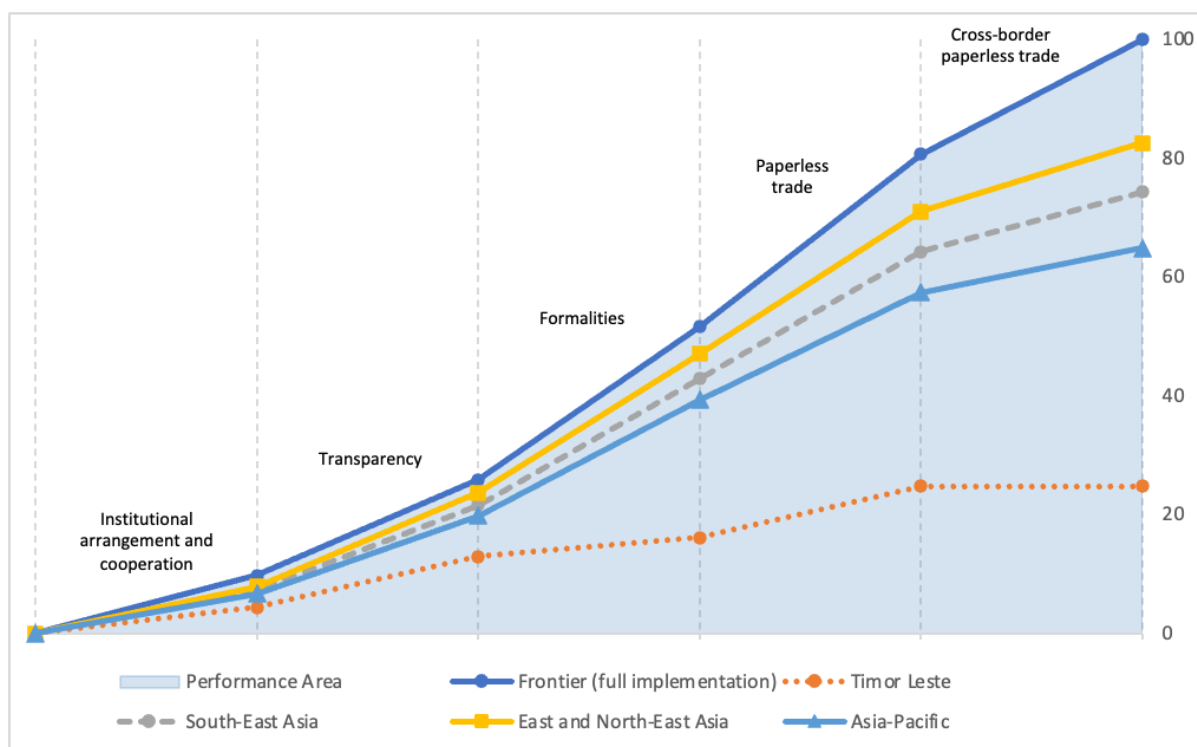
The purpose of this review thus is to present an overview of the current trends and status, challenges and opportunities of the digital economy and e-commerce in Tuvalu.



Source: UNCTAD 2019.

The growth of the digital economy can lead to many new economic opportunities and the associated impacts can be considered across several dimensions (e.g., productivity, value-added); different actors (e.g., workers, MSMEs, platforms and governments); and different components of the digital economy (e.g. the core digital sector, the IT sector and the digitised economy).

[Moving towards etrade: Cumulative implementation score of core groups of trade facilitation measures in Tuvalu, 2021](#)



Note: Maximum possible implementation score is 100. For each group of measures, a slope less steep than the frontier or the benchmark implies lower levels of implementation.

(source : https://unctad.org/system/files/official-document/dtlstict2019d13_en.pdf)

From the point of view of different actors, the value added of the digital economy is outlined below:

Governments

- To support COVID-19 recovery, the economic model promotes the utilisation of data analytics to determine relevant policy and containment measures.
- Catalyse the development of new solutions for reformation of taxation and revenue structures.
- Promotes efficiency in terms of service delivery through implementation of e-government.

Industry

- Digitalization facilitates production of more and better goods and services.
- Data and information can be used in enhancing efficiencies of processes and promoting access to markets.
- Utilisation of data will allow industry to offer on-demand goods and services as well as customised products.

Individuals

- Facilitate access to more variety and choices of goods and services at lower costs.
- Provide convenience as well as customised or personalised products and services.

- In terms of employment, an expanding digital economy in developing countries can generate new high-skilled jobs (requiring relatively advanced technical and analytical skills).

Enterprises

- Through digital platforms, firms can increase their access to new markets and drive down transaction costs.
- Increased digital fluency can lower the barriers to entrepreneurship and provide new sources of finance to small-scale start up.
- The poor can access new inclusive services by accessing mobile telephony platforms, which are affordable and extremely innovative.

Under the paradigm of the digital economy, it is important to recognize that a majority of least developing countries start from a challenging position as they encounter a combination of problems including, but not limited to: (a) extreme poverty; (b) low human capital; (c) ineffective institutions; and (d) non-conducive business environments.

This is further compounded by the fact that many communities in these countries do not have sufficient access to the required digital infrastructure to participate and contribute to this economic model. However, the spread of COVID-19 across the globe has necessitated all countries to heavily invest in a digital and technological future to accelerate their recovery efforts; increase their resilience to future crises; and promote the attainment of their national development agendas.

The key opportunities that e-commerce represents to enterprises include:

- Access to new markets and increased sales: E-commerce empowers enterprises to enter new territories and markets in a simple, digital, and cost-effective way. E-commerce grants businesses an increased reach and greater brand awareness, which can yield larger sales opportunities.
- Promoting efficient operations mechanisms: E-commerce can also inspire enterprises to explore the possibility of new technological integration to promote business optimization, for example, the utilisation of big data analytics to understand market trends and therefore tailor their offerings on e-commerce platforms.
- From a global perspective, the halting of global economic activities, lockdowns, and social distancing as a result of COVID-19 has led to spikes in business-to-consumers (B2C) and business-to-business (B2B) e-commerce. This surge can be ascribed to the increased demands and stockpiling of essential products such as hand sanitizers, disinfectants, surgical facemasks, toilet paper and non-perishable foodstuffs.
- The spill over effects on increased online shopping globally has resulted in an increased demand for a wide range of digital services, which has caused several brick-and-mortar businesses to migrate to e-commerce platforms. The increase in the number of consumers flocking to digital services has also spurred both suppliers of these services and

telecommunications operators to enhance their network capacity and to offer advantageously priced or free data and service packages.

Tuvalu, despite its late entry into the ICT sector, recognizes the potential opportunity in disseminating information and bringing efficiency, transparency, and accountability to delivering different services. It is important to stress that ICTs have increasingly emerged in every aspect of life and the dissemination, propagation and accessibility of these technologies are integral to a country's development strategy. Tuvalu recognizes that the development and growth of e-commerce and e-services are synergistic with the development and improvement of ICT facilities and technology.

E-commerce challenges

- Due to the nascent stage of Tuvalu's e-commerce sector, there are many priority areas that must be addressed by the different stakeholders to ensure that the country can benefit from the opportunities that are afforded by e-commerce.
- While Tuvalu has reflected on the importance of ICTs and e-commerce in its e-trade readiness assessment, there is no dedicated e-commerce strategy outlining the concrete steps to be taken to establish this ecosystem.
- As part of this assessment, PIFS circulated an E-commerce Questionnaire to gauge the level of understanding of e-commerce among the Tuvaluan community. This survey found that there is still a low level of trust in digital transactions, which mainly stems from the frequent Internet disruptions.
- Also, there is an ICT skills deficit in Tuvalu, which is preventing a large segment of the Tuvalu population from taking advantage of digital solutions. This situation has largely been attributed to a misalignment in ICT skills and lack of industry- relevant skills, resulting in heavy reliance on foreign outsourcing. This is also compounded by the lack of industry certification of ICT courses and the use of traditional pedagogies.
- Access to finance for MSMEs represents a challenge for them to participate in digital and e-commerce platforms. Banks in Tuvalu have a risk-averse approach and therefore do not offer credit only unless valid collateral (such as land and buildings) is available. There is also a high interest rate applied to loans and some financial institutions do not have the skills to accurately assess business plans.

The table below shows the state of play in the regional and international space in terms of support towards Tuvalu:

	Regional	International
Policies	PIFS funding Tuvalu's National E Commerce Strategy	
Laws		UNCITRAL and UNESCAP -

		development of Tuvalu's e commerce laws
Skills Training	PIFS Regional E Commerce Online platform https://pacificcommerce.org/training-materials/	
Governance	PIFS Regional E Commerce Committee and Regional ECommerce Website https://pacificcommerce.org/	
Statistics and Data		UNCTAD ET Ready Assessments

CHAPTER TWO: STRATEGIC FRAMEWORK –GOALS AND GUIDING PRINCIPLES

2.1 Policy area outcomes

- The Te Kete aspires to create an ICT-enabled knowledge society to contribute to the country's National Development Goals. The government acknowledges that a strong digital infrastructure that provides access to affordable and reliable high-speed Internet is fundamental to this vision. Such an approach can promote digital inclusion; help close gaps between socio-demographic groups; and open economic opportunities. Digital competencies and market-driven skills, from basic digital literacy to advanced IT skills are integral components for human capital development and a base for the economy of the future.
- By supporting the proliferation of digital technologies, Tuvalu, despite its LDC status, will be able to provide opportunities for individuals and businesses to create links with new markets and trade flows. These opportunities flow not only from the ICT sector itself but also from the use of ICT in sectors across the economy. This creates new sources of growth as transaction costs fall and markets expand.



The image shows the Te Kete logo, which consists of the word "TE" in small letters above the word "KETE" in large, bold, black letters, all on a yellow background. Below the logo are three identical baskets of traditional Tuvaluan food, including coconuts, breadfruit, and other local produce, arranged in a row.

NATIONAL OUTCOME 1: HARNESSING THE DIGITAL TRANSFORMATION TO IMPROVE LIVES

Government services will be digitalized performing most services online for example, issuing passports, payments and licensing. There will also be private sector involvement through e-commerce, trade and banking.

Key Outcome Results (KORs)

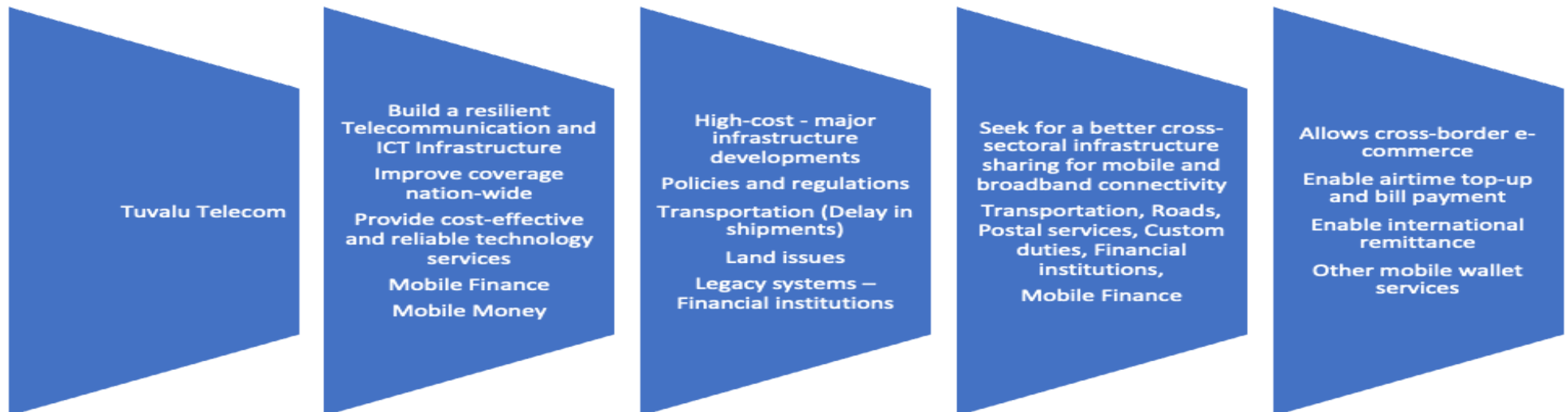
- Internet connectivity reliable and digital development activities increased.
- Appropriate legal framework for our protection from cybercrime is established.

Status of Tuvalu's digital economy since ET Ready Assessment 2019



The presence and integration of ICT across sectors represents a core requirement for any country to establish their digital economy. In Tuvalu, there is a clear recognition that ICTs, with an emphasis on IT-enabled Services, are a crucial business opportunity for the country's national development agenda. In the Box below, a snapshot of the country's current ICT infrastructure is presented:

Summary of main achievements and setbacks





Project Locations – fibre optic cable route



In addition to the development of relevant laws and policies, an institutional framework that guides all stakeholders (government, businesses, associations, consumers, etc.) to take advantage of the opportunities offered by the digital economy is essential. In the ET ready 2019, there was a recognition that the government must develop and implement government-wide enterprise technology plans and develop and maintain a government-wide enterprise view and governance model to oversee the e-government transformation. The report also stressed that an enterprise-wide IT plan will support the promotion and adoption of a common and consistent IT architecture based on currently accepted enterprise standards. To follow-up on this observation, the government initiated several initiatives to establish this digital economy framework. Summarised below are some of the key initiatives that the government has spearheaded to catalyse its digital transformation efforts:

- Tuvalu's Future Now Project
- Te Kete
- Tuvalu's Cross Border Paper Less Trade Readiness Assessment Study
- PPIU funded National e-commerce awareness campaigns/trainings
- Establishment of a National E Commerce Committee
- Accession to the UNCITRAL ECC Framework and UNESCAP CPTA Framework
- PIFS funded development of National E Commerce Strategy
- Online Banking by DBT

The Tuvalu Trade Policy Framework (TTPF) 2016 and the Tuvalu National Trade Development Strategy (TNTDS 2022) overall outcome is to enable Tuvalu to create an inclusive, sustainable, and competitive trading environment leading to better trade performance. While the TTPF does not specifically discuss the transition to the digital economy, the latter however mentions to some extent that the telecommunication infrastructure is essential, while e-commerce is



not yet developed but emphasises the importance of e-Government and ICT for the development of trade.

Tuvalu being a party to the PACER Plus Agreement is benefitting from the trade facilitation support such as establishment of the Tuvalu Trade Portal (<http://tuvalu.tradeportal.org>) and modernization of the Customs System to ASYCUDA World (<https://tuvalu.asycuda.org>) which will improve the delivery of customs processes at the border leading to streamlined processes to expedite the release of goods.

This in turn will assist in achieving the e-government and ICT perspective - sets out to automate processes which includes interconnecting and sharing data/information between Ministries and agencies. In the long run will lead to a better trade performance.

Government ministries and agencies in Tuvalu have the supporting information systems for their individual units, however there are challenges of readily available data and information for sound policy and decision making. Many of the government agencies still lack the capacity to effectively share information resulting in duplication of data, manual transfers, and sometimes loss of data.

Equally important are the efforts to harmonise the e-commerce related policies with other national policies that will effectively enable smooth operation of E-commerce usage in Tuvalu nationally as well as internationally. The soon to be developed e-commerce strategy for Tuvalu, if properly resourced and implemented, will contribute to building a stable, sustainable, effective, resilient, and user-friendly ecosystem, to enable the facilitation of E-commerce synergies, and availability in Tuvalu and for Tuvaluan businesses. By doing so, it can also help create opportunities to increase new domestic and cross-border trade opportunities, reduce trade costs and current barriers.

The vision will strengthen the Government's resolve to ensure sustainable, safe, fast, and well-maintained national ICT infrastructure, to enable inclusive access through Internet services in an acceptable and practical standard for the use of e-commerce businesses. This in turn will generate equitable sustainable growth of commerce to E-commerce to sustain jobs, boost COVID-19 economic recovery plans, create income earning opportunities, enhance economic self-reliance for people in rural and urban areas.

2.2 Cross-cutting dimension: Empowering women through e-commerce

The Government of Tuvalu has made a commitment to empower women and promote gender equality. The government has implemented several initiatives and policies to support and advance the rights of women in Tuvalu.

One of the main initiatives undertaken by the government is the establishment of the Gender Affairs Department, which is responsible for implementing policies and programs that support the empowerment of women in Tuvalu. The Department works to promote gender equality and the rights of women and girls through a range of programs including education, training, economic empowerment, and social protection.

In addition, the Government has also established a National Gender Policy, which outlines the government's commitment in promoting gender equality and the rights of women and girls. The policy provides a framework for the government to address issues such as violence against women and girls, reproductive health, and economic empowerment. This policy is the guiding framework to operationalise Government commitment to gender equality and women empowerment in Tuvalu.

Moreover, Tuvalu has also ratified several international conventions and agreements related to the rights of women and girls including the Convention on the Elimination of All forms of Discrimination against Women (CEDAW) and the Beijing Declaration and Platform for Action. These agreements obligate the government to take steps to promote gender equality and the rights of women in Tuvalu.

Women have historically been underrepresented in the financial industry and in investment activities. However, this is changing as more and more women become interested in and involved in personal finance and investing. Online trading platforms can provide a convenient and accessible way for women to participate in the financial markets and to take control over of their own financial well-being.

There are several ways that women empowerment can be mainstreamed through e-Commerce in Tuvalu. This includes the following.

1. ***Promote and support women-owned businesses:*** e-Commerce platforms can work to increase visibility and success of women-owned businesses by providing resources and support. This could be done through business coaching and access to funding opportunities.
2. ***Offer Training and Education:*** The Department of Trade can provide training and educational resources to help women learn the skills they need to succeed in the online business world.
3. ***Encourage diversity and inclusivity:*** The Government of Tuvalu has committed to supporting women under the Tuvalu National Strategy for Sustainable Development 2021-2030 (Te Kete). The National Outcome 12, key strategic action 3.12.3 calls for the "Creation of innovative platforms for greater participation of men, youth and women in development" This is ensuring that all socio-economic rights of all sectors of Tuvalu society is realised, and inclusivity will be the centre of growth and development. This would create an enabling environment for the full participation of women in economic development.

4. ***Using social media and other marketing channels to raise awareness:*** Utilising social media platforms like Facebook and Instagram to showcase products and engage with potential customers. Local businesses could collaborate with other women-owned businesses to cross promote each other's products and help reach new audience and build relationship with other business owners.
5. ***Participation in Local Events:*** Attending local events or trade shows to connect with potential customers in person. The Department of Trade and Business have assisted and supported women-owned businesses with the establishment of the monthly Tau-Maketi and the annual Trade Fair.

By taking the 5 steps outlined, the Department of Trade and e-Commerce stakeholders can help to mainstream women's economic empowerment and create a more inclusive and diverse industry.

2.3 E-Trade and Climate Change

E-Commerce can have both positive and negative impacts on the environment, particularly vulnerable nations like Tuvalu. A potential positive impact is that e-commerce can help reduce the need for transportation, particularly for long distances. This can help reduce greenhouse gas emissions from transportation, which is a major contributor to climate change. For example, if people in Tuvalu can purchase goods online rather than travelling to another country to purchase them in person, it can help reduce the carbon footprint of those purchases.

Another potential positive impact of e-commerce is that it can make it easier for the Government of Tuvalu or businesses to access markets and customers beyond their local areas, potentially increasing economic opportunities and reducing the need for people to migrate in search of work.

There are also ways that e-commerce can be formulated to specifically support climate change efforts in Tuvalu. For example, e-commerce platforms and businesses can prioritise working with suppliers who prioritise sustainable practices and use eco-friendly packaging materials. With Government's tax policies on environmentally friendly products, this can incentivize consumers to opt for more environmentally friendly options such as using reusable packaging or choosing slower but more energy-efficient delivery methods.

Overall, it is important that e-commerce be carefully managed and regulated to ensure that it has a net positive impact on the environment and helps to mitigate the impacts of climate change.

The Tuvalu Rapid e-Trade Readiness assessment 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. The Government of Tuvalu's commitment to addressing climate change and the Department of Trade has highlighted the importance of ensuring that climate change is reflected in the 7 policy areas below.

1. **E-Commerce Readiness and Strategy Formulation:** This policy could consider the potential environmental impacts of e-commerce and how to mitigate them, as well as the role of the private sector in supporting sustainable e-commerce practices. It could also consider the inclusion of climate-related provisions in trade agreements and the role of business associations in promoting sustainable e-commerce practices.
2. **ICT Infrastructure and Services:** This policy would prioritise the use of renewable energy source and energy efficient technologies in the development and operation of ICT infrastructure and services, as well as support the development of low-carbon ICT solutions.
3. **Trade Logistics and Trade Facilitation:** This policy could consider the environmental impacts of trade logistics and facilitate the adoption of low-carbon and sustainable trade practices, such as by promoting the use of digital technology for paperless trade and supporting the development of low-carbon transportation options.
4. **Legal and Institutional Framework:** This policy could include provisions to support the transition to a low-carbon economy and the implementation of climate-related policies and regulations.
5. **E-payment Solutions:** This policy could consider the environmental impacts of e-payment systems and prioritise the development of low-carbon payment solutions.
6. **E-commerce Skills Development:** This policy could include training on sustainable e-commerce practices and the use of low-carbon technology in e-commerce.
7. **Access to Finance:** This policy could prioritise financing for low-carbon and sustainable e-commerce initiatives and support the development of financial instruments that align with climate change priorities.

2.4 E-Trade and Linkage to SDGs

Tuvalu faces significant challenges in achieving the SDGs due to limited resources, vulnerability to climate change and limited access to modern technology including e-commerce.

However, e-commerce could potentially play a role in supporting the implementation of the SDGs in Tuvalu by providing access to a wider range of goods and services, promoting entrepreneurship and economic growth. It is important to note that e-Commerce is just one factor that can contribute to the achievement of the SDGs, and it is often necessary to address other challenges such as infrastructure and connectivity issues to successfully implement the SDGs.

e-Commerce has the potential to contribute to the implementation of SDGs in Tuvalu by:

1. Improving access to goods and services: e-Commerce can make it easier for people to access a wide range of goods and services, including those that are sustainably produced. This can support the achievement of SDGs related to reducing poverty and improving quality of life.
2. Promoting sustainability: e-Commerce platforms can use their reach and influence to promote sustainability. For example, they could feature products that are sustainably produced or have a lower environmental impact, or they could provide information to consumers about the sustainability of different products.
3. Reducing environmental impact: e-Commerce can also help to reduce the environmental impact of the supply chain by reducing the need for physical transportation of goods. This can support the achievement of SDGs related to climate action and sustainable consumption and production.

CHAPTER THREE: E-TRADE READINESS ASSESSMENT REVIEW

3.1 FINDINGS AND RECOMMENDATIONS

The following provides an update of the Tuvalu Rapid e-Trade Readiness Assessment Report Action Matrix, the risks identified with recommendation compiled through consultations with the stakeholders identified under the matrix. After analysis of the matrix, it can be inferred that activities in which the DOT has control over are well implemented, other activities beyond the control of the DOT are lagging.

I. E-Commerce Readiness Assessment and Strategy Formulation

No.	Indicative Action	Expected Outputs	Findings	Risks/ Challenges
1.1	Facilitate a sustained multi-stakeholder dialogue regarding national ICT and e-commerce issues by developing a single sector coordination mechanism preceded by a capacity assessment exercise aimed at defining individual agencies' and SOE's mandates on ICT and e-commerce	The development of e-commerce and efforts to diversify the economy and foreign trade are done in concert and reinforce each other, avoiding unnecessary overlaps.	E-commerce strategy currently being developed. The National E-Commerce Committee was established in July 2022. E-Commerce is strongly supported by the National ICT Policy, though currently, local uses of e-Commerce services are limited to online banking and top-up of prepaid data allowances. Establishment of the National eCommerce Committee.	Lack of capacity, lack of coordination
1.2	Develop a national strategy and policy for e-commerce development as part of the current efforts to take advantage of the ICT sector growth and needs. Identify sectors that could benefit	A vision for a Digital Tuvalu is adhered by all segments of population in favour of an uptake of domestic and cross-border e-commerce, in line with the GOT TK III and TPSDP.	Te Kete Outcome 1 states that Government services will be digitalized, and that there will be private sector involvement through e-commerce, trade and banking. National ICT Policy refers to e-commerce development. In addition, the Department of Trade through the PIFS is currently finalising the development of the Tuvalu National E Commerce Strategy. Moreover, the Department of Trade has conducted a Cross border Paper Less Trade Readiness Assessment Study with UNESCAP on identifying gaps on going paper less. In	Cybersecurity will be a challenge for both customers and businesses.

	from e-commerce development. Ensure the formulation is inclusive and paired with awareness raising and education on e-commerce		addition, the MJCFA is implementing the Future Now Project - The Future Now Project, known in Tuvaluan as Te Ataeao Nei, combines a series of activities developed or overseen through the Ministry of Justice, Communication and Foreign Affairs under the Government of Tuvalu that will future proof Tuvalu against the most severe impacts of sea level rise and climate change. The Project involves four major future-proofing initiatives: Initiative 1 envisages promoting the ethical and moral principles reflected in Tuvaluan cultural values so that these values will influence other nations and peoples. Initiative 2 comprises efforts to secure international recognition of Tuvalu's Statehood as permanent and its existing maritime boundaries as fixed despite the effects of sea level rise and climate change on Tuvalu's land territory. Initiative 3 encompasses efforts to digitise all Government administrative services and establish digital archives of Tuvalu's history and cultural practices to create a digital nation. Initiative 4 entails efforts to undertake a more strategic, consistent, and coordinated approach toward advocacy on climate change and sea level rise both in Tuvalu and throughout the Blue Pacific region. Under the Future Now Project, Tuvalu seeks to prepare today to secure the nation's future under any scenario for a better tomorrow.	
1.3	Identify a "champion" agency in the GOT to lead the Government's e-commerce agenda, in partnership with business associations	The development of e-commerce and efforts to diversify the economy and foreign trade are done in concert and reinforce each other, avoiding unnecessary overlaps.	Trade can take lead on this while ICT supports as best possible. This will also compliment the work currently being done by the National E Commerce Committee which is being chaired by the Dept of Trade and Co-Chaired by the Dept of ICT	Competing priorities for NEC members affects the effectiveness of the committee overseeing e-Commerce.
1.4	Increase the capacity of the Business Centre, the TNPSO and the Chamber of Commerce to play an advisory role in the business community to	The business community has a single easily accessible reference point for every question and needs related to	Tuvalu Trade Portal is up and running. Various other Ministry portals are already online.	Official Government portal is yet to be launched.

	promote e-commerce adoption and use of ICT service.	digitization and e-commerce		
1.5	Tuvalu to participate in the World Bank's Doing Business assessment and to consider membership in the IFC to broaden private sector growth	The business environment is improved and access to pertinent data on doing business becomes available. Private sector development bottlenecks become visible for informed policy making.	ICT will assist in shifting all business data and related information or services to the cloud, with deliberations already underway with AWS and Google Workspace. Tuvalu became the 189th member of IFC in 2019 and has access to funding from IFC. A priority identified under the MOF Corporate Plan. Tuvalu, through the World Bank focal point (Ministry of Finance), can submit a request to the World Bank to participate in the Doing Business Survey.	* lack of capacity and expertise on cloud services * funding from IFC directed to regional partners due to Tuvalu's small economy instead of directly to Tuvalu
1.6	Update of the national tourism strategy 2015-19 to include an ambitious e-tourism campaign, to develop new sources of revenue (e.g. cruise ships for eco-tourism, tour guides, etc.) The PACER Plus that is to be ratified by the government can support export product development and make funding available for this purpose.	Boost ICT and data-hungry tourism, increase employment in service sectors, increase visibility and differentiation of Tuvalu as a tourism destination.	With the support of the Tuvalu TIPS (EIF) Project, the National Tourism Office (NTO) launched the Tuvalu Sustainable Tourism Policy (2022-2032) on the 9th of December 2022. Goal 2: Inclusive Economic Prosperity of the Policy touch base on the need to consider facilitation of digital payments to increase visitor spending within the local economy. The NTO maintains its own website providing information ranging from travelling to Tuvalu, accommodations, bookings, etc. https://www.timelesstuvalu.com/ PACER Plus has been ratified and implementation is ongoing. PACER Plus is working together with Tuvalu National Health Food Security Strategy to identify what products has export potential for Tuvalu in coming years.	* Lack of ATM/Credit facilities to enable digital payments.

Recommendation:

i) National E-Commerce Committee (NEC)

- Secretariat to ensure meetings are convened as per the TOR or on a need basis.
- Review the NEC's TOR and demarcate roles of co-chairs so that they are properly defined.
- Ensure level of commitment and ownership on e-Trade activities is high.
- DOT and DICT to share the role of championing the e-Commerce agenda.
- Allocate action items under the Matrix to respective NEC members, and task them with providing updates on the matrix in NEC meetings.

ii) National E-Commerce Strategy

- Finalise and validate strategy.
- NEC to play an oversight and coordination role in the implementation of the Strategy.
- Like the Rapid e-Trade Readiness Assessment Report Action Matrix, responsibilities for the implementation of the National E-Commerce Strategy to be allocated to NEC members.

iii) ICT Policy:

- DICT to prioritise submitting the ICT Policy for Cabinet approval.

iv) Enabling Business Environment

- DOB through the Ministry of Finance submitted a request to the World Bank for Tuvalu to take part in the World Bank Doing Survey.
- DOT and DOB and stakeholders to work together in collecting data for the World Bank.

v) Capacity Building

- NTO to request SPTO to provide training opportunities in marketing for NTO staff and THAT.
- DOT and DICT to identify training opportunities for NEC members.
- DOT and ICT to provide training opportunities for the DOB, TNPSO and TCCI

vi) Single Accessible Reference Point for Businesses

- Raise awareness on utilising the Tuvalu Trade Portal
- Link the Trade Portal to the respective websites and vice versa.

II. ICT Infrastructure and Service

No.	Indicative Action	Expected Outputs	Findings	Risk/ Challenges
2.1	Finalize the development of a national ICT strategy that should include the broader digital economy and linked cross-functional themes including entrepreneurship and skills development	Help to galvanise national focus on ICT and allocation of precious resources where they are needed.	The ICT Policy is completed pending final approval from Cabinet. The draft policy has 5 focus area: i) Enabling ICT infrastructure and access (which includes the adoption of e-Commerce platforms) ii) Government services iii) Universal Access - iv (Digital Transformation v) Value-based ICT Human Capacity Building vi) Enabling regulatory and legal frameworks	HR needs to support these capacity building requirements and boost training opportunities across Government.
2.2	Broaden and accelerate discussions on the setup of the PPP. Benefits from the submarine cable investments for GOT, businesses, and citizens.	Population is aware of the investment being made by the Government and the proposed PPP. Businesses are able to influence the business case for the cable and pricing structure of the access to broadband in order for the private sector to use the extra bandwidth when available.	*The submarine cable project is about to go to tender. *The GOT has appointed a Transactional Advisor who will advise the government on the Public-Private Partnership model. * Recruitment of a Project Manager under the PMU is currently underway * The work done by the transactional advisor with PMU is expected to be completed by the end of 2023 and the project will commence in 2024	GOT and WB had disagreements with original progress and PPP design. New PMU now revising PPP design and progressing with next phases.

2.3	Ensure that larger segments of population outside Funafuti have access to fast, reliable mobile broadband (3G and then 4G)	Stable mobile broadband connection is available for all populated areas in Tuvalu, business use of ICT applications increases.	TTC is currently implementing Phase 1 of the Project. The second mobile site for Funafuti is completed, with the project for Vaitupu to be completed in Jan of 2023. Nanumea will be installed in February and the last project site for Phase 1 which is Niutao has no electricity, thus, TTC is looking at solar options. Phase II of the project which will cover the remaining 4 islands will be implemented in 2024.	Covid-19 impacted the project timelines and milestones by delaying the manufacturing of equipment, procurement and logistics. MJCFA as the project owner has agreed to be flexible on some of the timelines and milestones.
2.4	Initiate e-government/digital Government applications as pilots.	Government is taking the lead in the adoption of ICT tools by providing G2B or G2C applications, to be enhanced and scaled up with the capacity provided by the submarine cable.	ICT is beginning to shift data and services to cloud platforms like AWS and Google Workspace for easier accessibility and availability.	Lack of capacity across board. Not much interest in coding or programming from youth.

Recommendation:

i. Submarine Cable Project:

- The World Bank in-country liaison officer has recommended for DICT to negotiate the extension of the project end date with the World Bank.
- Ensure timely recruitment of project staff to avoid further delays.

ii. TTC Mobile Broadband connection:

- TTC representative to NEC to provide updates on the status of the project

iii. eGovernment/ Digital Government

- DOT to assist DICT to seek technical assistance in developing the Government's online portal. Use lessons learned from Trade Portal work.
 - Technical assistance to also provide capacity building for DICT staff, other Government stakeholders to utilise the Government portal.
- DICT to work together with the Department of Education to introduce computer programming into the school syllabus.

III. Trade Logistics and Trade Facilitation

No.	Indicative Action	Expected Outputs	Findings	Risk/ Challenge
3.1	Address membership issues with UPU to reinitiate bilateral assistance to Tuvalu Post and progress in the review of ORE implementation	The operational capability of Tuvalu Post to support e-commerce and ensure operational efficiency of the postal network to facilitate e-commerce inclusion is strengthened.	Tuvalu Post has negotiated with UPU to allow the Ministry of Finance to pay all outstanding fees in instalments from 2022 to 2024. As of 2022, Tuvalu Post has managed to source technical support from UPU.	Government's commitment to payment of outstanding fees.
3.2	Accelerate readiness of Tuvalu officials on cross-border paperless trade through the country's participation in the UNESCAP Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific.	Relevant agencies obtain support to accelerate implementation of cross-border paperless trade measures.	The Department of Trade has validated the work on the Cross-Border Paper Less Trade Readiness Assessment that was funded by UNESCAP on 10-11 November 2022. In addition, Tuvalu has also acceded to the Framework Agreement on 15 December 2022.	Need to collaborate more with the Dept of ICT; division of labour is required in the DoT to assign officers responsible to pursue this proposal to UNESCAP. Currently UNESCAP is funding the consultants that developed the study of the CPTA Readiness Assessment. Nonetheless it is being proposed to contract an officer to oversee the implementation of Tuvalu's commitments under the recently acceded CPTA Framework that Tuvalu acceded to, noting the lack of human capacity within the DoT.
3.3	Review cost structure, laws and practices of doing business in Tuvalu. Submit findings of costs of doing business to the Government.	Government is able to assign much needed resources to reform areas on the basis of evidence-based research.	As a result of consultation with the Private Sector. The Department of Business has been working with relevant stakeholders to address the following costs to doing business in Tuvalu : i) removal of commercial tariffs on electricity (Progress) ii) Review charges under the Wharfage, Harbour Dues and Port Charges Regulation	The lack of commitment from stakeholders.

			(including the removal of freight to outer islands). Trial Removal of freight to be subsidized by the Import Levy has been approved by Cabinet. Trial will commence in Feb-June of 2022. iii) Increasing the Price Control Markup Ceiling from 15% to 20% and 25% iv) Review Customs regulation so that Customs Department can revert from CIF to FOB as basis of its Customs duty charges v) working with PSDI to assess options on international freight charges, vi) review of Waste (Levy) Management Regulation for the deferred payment of Waste Levy..	
3.4	Develop an open national physical address system to homes, institutions and businesses to facilitate trade and logistical support for a modern postal system. This could also take the form of better communication on the What3Word mapping service Tuvalu Post is benefiting from.	The increased and improved 'findability' of addresses in Tuvalu lead to more suitable delivery services being developed, including for e-commerce parcels drop-off and pick-up.	TPL has started working on the Post Code for Tuvalu and this work is still ongoing. The work is scheduled to be completed by June 2023	The main challenge is the lack of funding as well as internet connectivity

Recommendation:

i. **Tuvalu Post Limited:**

- Aid TPL to secure funding to purchase computer software to improve the operational efficiency of the postal network and support e-Commerce activities.
- More marketing efforts needed for TPL products, benefits of those products, and how to use them to increase awareness and adoption among businesses and individuals.
- Technical assistance required by TPL in the development of its physical address system.

ii. **Cross-Border Paperless Trade Readiness Assessment Study**

- DOT to garner support of NEC and other stakeholders in the implementation of recommendations identified in the study.
- Provide support on the operationalization of ASYCUDA.

iii. **Cost of Doing Business**

- DOB to continue dialogue with the private sector on the cost of doing business.
- Provide an innovative approach to address rising cost as a result of inflation and COVID-19.

IV. **Payment Solutions**

No.	Indicative Action	Expected Outputs	Findings	Risk/ Challenge
4.1	Detailed study/ies to be undertaken on possible introduction of credit cards/ATM facilities as well as e-commerce arrangements based on the experience gathered	Potential for further investment in ICT capacity, training and awareness and risk management is detailed and led to better	* NBT is currently working with a government-appointed TA, who has recommended that NBT adopt the ULTRACS system which is provided by Ultradata. * Klick-Ex Group provided the EFTPOS system used during the PIFS Trial. The trial ended after 12 months due to issues with reimbursement processes of the PayPal Account overseas.	* The EFTPOS System introduced during PIFS had a surcharge of 5% which raised a lot of concerns from customers.

	during the PIFS Leader Summit in August 2019	decision-making by GOT and NBT		* The feasibility of having ATM is costly for a small population of Tuvalu * Delays due to Covid 19
4.2	Promote enabling regulatory environments by encouraging cross-regulatory cooperation on payment, Payment System Act, interoperability between NBT and TTC for users	Interoperability of electronic payment platforms between providers is possible and generates savings for NBT, TTC and users	MJCFA work on the blockchain will continue and is expected to progress from Feb 2023 onwards, this was confirmed by Minister Simon Kofe and is being implemented/overseen by TTC. Moreover, TTC will be introducing mobile money next month (Feb 2023) which has cross border payment and MJCFA have an additional solution as well that they are exploring, it uses a visa platform. Nonetheless the Department of Trade is also now working with the PACER PLUS Implementation Unit (PPIU) and Ernst and Young (E&Y) to undertake a feasibility study on a payment gateway solution practical for Tuvalu. In addition, this study between Trade Worthy-PPIU- Ernst & Young (E&Y) will be focused first to conduct the study then develop to Build an E-commerce Payments ecosystem for Tuvalu. The project will support the development of an E-commerce Payments ecosystem in Tuvalu (that is readily adaptable for other Small Island Developing States in the Pacific), which may include bank and non-bank (A non-bank payment solution might be easier for now given the NBT's core banking system is still behind) payment solutions.	Wider consultants required and NBT needs an upgrade of its system
4.3	In collaboration with banks, launch a countrywide awareness building campaign to make citizens and businesses aware of the risks, benefits of using ATM, debit cards, mobile money, as well as online banking options	Increased awareness of the population about the benefits and dangers of using mobile money leads to increased trust and confidence in products provided by NBT and TTC in the future.	Mobile money system will be launched by the TTC in 2023. NBT confirmed that its products including ATM & EFTPOS card system will be operational in 2023. Online banking will follow thereafter. TTC & NBT have also planned for awareness raising programs on the new systems.	* Current capacity of TTC & NBT staff to maintain new systems.
4.4	Dedicated awareness raising programmes,	Increased confidence of merchants to accept	Mobile money system will be launched by the TTC in 2023.	* Internet Connectivity * Expensive Internet

	moving from a cost approach to an investment approach, with a special focus on the tourism and retail sector.	electronic payments beyond the PIFS Leaders' Summit pilot.	NBT confirmed that its products including ATM & EFTPOS card system will be operational in 2023. Online banking will follow thereafter. TTC & NBT have also planned for awareness raising programs on the new systems.	services may discourage retailers from adopting electronic payments/EFTPOS systems
4.5	Support integration of payment systems for hotel, lodges, and guesthouses to accept bookings from overseas.	increased revenue streams for local accommodation providers and increased visibility of lodging options for visitors.	This activity has been included in the National Tourism Sustainable Policy (2022-2032). Once ATM/Credit card infrastructure are operational, the National Tourism Office will work closely with the National Bank of Tuvalu to enable activity as per 4.5, whilst encouraging all accommodation providers to migrate to online booking and payments for all overseas guests.	Lack of capacity of staff at hotels and lodges to enable online payment. There is a need for training. There is mistrust amongst local hotel/lodge providers on the use of online banking.

Recommendations:

i) **NBT's ATM & EFTPOS System:**

- NBT representative to NEC to provide updates on the system.
- Assist NBT where required in awareness and training for the new system.

ii) **E-Commerce Payment Ecosystem**

- Continue to communicate with PPIU and E&Y, TradeWorthy on the scoping mission for the payment gateway solutions.
- TTC rep to NEC to provide updates on the progress of the mobile money system.

- DICT rep to NEC to provide updates on the progress of the work on blockchain.

iii) Awareness Raising Programs on new payment systems.

- TTC and NBT reps to NEC to provide updates on awareness raising programs for new payment system.
- NTO to work together with NBT and TTC on payment options for accommodation providers.
- DOT/NEC to identify areas of assistance.

V. Legal and Regulatory Framework

No.	Indicative Action	Expected Output	Findings	Risk/Challenges
5.1	Carry out a regulatory gap analysis on e-commerce in order to assess needs to update and/or upgrade key laws (e-transactions, consumer protection as priorities, cybercrime and privacy).	Prioritize acts and regulations (formulation or update) needed for creating a robust e-commerce ecosystem (possibly focusing on consumer protection).	Gaps Analysis and Benchmarking exercise carried out using four selected countries and International best practices. An options paper formulated to provide options and recommendations on the way forward for the development of each area of e-commerce law. Options include the type of approach to take for reform, donor partner support for review and drafting.	E-Commerce is still underdeveloped in the Pacific region. Comparative analysis used NZ, Singapore, Fiji, Trinidad & Tobago. Challenges in obtaining information and draft laws from government stakeholders.
5.2	Ensure international best practices are used to develop e-commerce friendly laws and/or regulations, by participating in regional initiatives and seeking assistance from relevant UN agencies	Tuvalu businesses and Government entities can transact and trade with foreign companies and Government through electronic means.	Gaps Analysis and Benchmarking exercises were based on international standards and best practices as applied in the Asia/Pacific region and in countries with similar legal context to Tuvalu.	Many different international best practices. Need more time to develop expert lenses for analysis.

Recommendation:

i) Drafting new e-Commerce Laws

- DOT to seek technical assistance from development partners such as UNCITRAL to assist with drafting of E-Commerce legislation.

VI. E-Commerce Skills Development

No.	Indicative Action	Expected Output	Findings	Risk/ Challenges
6.1	Incorporate basic digital skills into the national curriculum beginning in secondary school	Better preparation for future citizens, consumers and users about the benefits and pitfalls of the digital economy, better inclusion in professional life	The Ministry of Education currently has no basic digital skills in their current curriculum. However, the department is currently developing a Curriculum Integration Framework and their team are currently engaging with stakeholders to determine the content and scope of the framework.	Lack of infrastructure, limited resources, outdated curricula, lack of capacity, digital divide, lack of government support.
6.2	Disseminate information on the Tuvalu Trade portal, prepare next phase of the portal to include options for online registration and listing of main businesses in Tuvalu	Business and potential investors have easy access to information on doing business in Tuvalu, especially for foreign trade and FDI	Business registration is paper based. However, in 2022, the Department of Business has move forward in availing all information pertaining to registering a business in Tuvalu to the Ministry of Finance Website. The Department has also produced two videos on process for registration and uploaded it to the Ministry's website (https://finance.gov.tv/business) as well its Social Media platform. The Department of Business has further advised the Department of Trade to provide navigation links on the Trade Portal to link visitors from the Trade Portal to the	* The Ministry of Finance does not have the funding to establish an online business registration portal.

			Ministry of Finance's website to access Business Registry information.	
6.3	Organize a series of training and coaching sessions on internet for businesses, e.g., hands-on-training for small businesses on how to move online, step-by-step guide to setting up your own e-commerce business, building connections with online marketplaces, with a focus on tourism in Tuvalu	Training of employees and government officials to be computer literate.	DOB has organized basic computer training including MS Word, MS Excel, opening an email account, sending & receiving emails among others targeting 23 Construction Companies. DOB organizes trainings that are open to all MSMEs and aspiring entrepreneurs.	Need more training on basic IT skills to deliver e-commerce business online. Lack of training resources for e.g., computer and venue. Rapid change in technology make it difficult to adequately prepare training materials and deliver training to SMEs.
6.4	Assess current e-commerce and ICT skill gaps to accelerate the development of ICT-related curricula in line with private sector needs.	Government-and donor supported programmes are targeted to those individuals needing to enhance their skills, making them more employable by ICT-enabled firms and organizations	The training organized as per 6.3, was a result of a training needs assessment carried out by the Department of Business to garner training needs of the targeted construction companies. In addition, the Department of Business under its TAU-MAKETI imitative organized a week-long social media training in 2022 to assist TAU-MAKETI vendors to utilize social media as a marketing platform. This training will continue to 2023 as well. Through the Tuvalu TIPS (EIF) Project, the Department of Business will be carrying out a Training and Learning Needs Assessment to identify training needs of targeted sectors and other sectors in general. The assessment will be carried out in February of 2023.	Lack of training resources such as computers, venue for training, professional trainers on construction, language problem in training and development etc. Trainings organized are not properly structured, and not supported by formal training institutions.

Recommendation:

- DOT and DICT to actively participate in consultations for the development of the Curriculum Integration Framework (with the Department of Education) to ensure basic digital skills and e-Commerce related topic such as online marketing, are incorporated into the Framework.
- Support the Department of Business to source funding to enable online business registration capabilities.
- Develop training modules linked to 6.2 for the Business Incubator that will be developed by TNPSO with EIF funding support.
- TNPSO, DOT, DOB to collaborate with DICT to run e-Commerce training on a regular basis.

VII. Access to Finance

No.	Indicative Action	Expected Output	Findings	Risk/Challenges
7.1	Install a financial supervisory framework improving enforcement of existing financial regulations and developing bankruptcy legislation	Access to loans by businesses, especially for domestic investment in services increases	Financial Supervisory framework has been developed under the Banking commission supervisory led by PERMU with the support of PFTAC. The new supervisory framework will be implemented from 2023 onwards.	The supervisory actions started in 2020 Using the Basel II framework- (No report has been published yet) However 2020 it is where Basel II comes to it final stage where Basel III need to be adopted thus the supervisory framework abandoned. In 2021 adopted the Basel III financial supervisory framework introduced with the assistance from PFTAC-training conducted btw PERMU & PFTAC from May 2022-December 2022

7.2	Install a financial supervisory framework improving enforcement of existing financial regulations and developing bankruptcy legislation	NBT to be able to gradually expand its lending capacity. Improved financial intermediation and risk management	Improving DBT credit risk management has to be implemented and monitored by its Management and Board of Directors to impose credit risk management process-identifying of possible risk factors, evaluating and monitoring activities exposed to the identifies risk factors. (PERMU/MOF) Additionally, the Ministry of Finance worked closely with the Pacific Private Sector Development Initiative (PSDI) to develop a roadmap to all Tuvalu's credit lending facilities to improve businesses access to finance, as well as to address the issue of Non-Performing Loans. The roadmap has been approved by Minister of Finance, and the Ministry has further sought the assistance of PSDI to provide technical support in the implementation of the roadmap. (DOB/ MOF)	One of the challenges in managing credit risks within DBT is the reducing of the rising quantum of the non-performing assets from the customers and to recover the same in due time with appropriate decisions-this due to flexibility of enforcing legislations and policies and lack of capabilities (expertise in this field)
7.3	Develop a central business registry with the MFATTEL (registration + operationalization). The registry should be updated on a regular basis and made compatible with town council registries.	The assessment and the monitoring of the MSME-related development initiatives is improved and actions to support their development are better targeted.	The Business registry is currently maintained by the Office of the Registrar of Companies and Business under the Ministry of Finance as required by the law. The Business Registry is stored and organized on the Google Sheet application and is frequently updated on a need basis by the Registry staff. The current registry however, does not capture which businesses are active and which are not. The registry staff are currently updating the registry every January and June each year based on the number of operational licenses shared by the respective Island Councils.	High Cost of procuring a business registry software. Unreliable internet connection in the outer islands makes it difficult for Kaupule (Island Councils) to provide semi-annual reports to the Business Registry Office. Lack of Capacity at the Kaupule Level to update information to an online application such as Google Sheet.
7.4	Encourage a suite of simple financial services, including digital financial services,	Reduced share of the population and MSMEs currently excluded from	* DBT has implemented Phase 1 of their Online Banking Plan. DBT customers can register online, view their balances online as well as viewing the status of their loan applications.	Technical Issues and inadequate infrastructure and lack of technical support.

	that suit the needs of the excluded population	banking system, with a view to move them eventually to the formal sector.	DBT is also developing an app (with the assistance of TTC) that could be used for their online services. At the moment, access to their online services are done from an internet browser. The 2nd Phase will include the launching of the app as well as other features such as transferring between accounts. * DBT offers a wide range of products for businesses, including house, business, and clean energy loans. Additionally, DBT provides business advisory services to their clients. * NBT on the hand, also provides housing, business, and overdraft loans for their clients. NBT envision that by the of the year, they will operationalize their ATM, Credit Card, and EFTPOS system.	Security concern with online banking platforms. User adoption may be slow. Inadequate regulation will make it difficult for banks to provide secure and reliable online banking services.
7.5	Explore the feasibility of establishing a credit loan guarantee scheme that could address some of the issues concerning collateral and access to finance for small businesses	Increase the capacity of businesses to contract loans	* The Tier 1 of the Credit Guarantee Program (CGP) initiated by the Ministry of Finance (MOF) and the Development Bank of Tuvalu (DBT) was for a six-year period, which commenced in 2018 and ended in 2022. MOF and DBT are currently compiling a narrative report detailing the CGP capturing lessons learned, issues faced, status of all loans guaranteed under the program, and way forward.	DBT has no Credit Risk Policy but are in process of developing one.
7.6	Put in place proper business training courses and mentoring schemes for interested entrepreneurs as a precondition for securing loans from the banks	increase the capacity of businesses to contract loans with quality applications. Reduce the rate of NPLs	* Similar arrangements to Tier 1 of the CGP (as per 7.5) where attendance of the Start Your Business (SYB) training was a precondition for securing loan under the CGP. * DOB has secured the technical assistance of ILO to run an in-country Start & Improve Your Business (SIYB) Training of Trainers to be implemented in 2023. * DOB has also organized 2 trainings by DBT, 1 from NBT and 1 from TNPf for MSMEs in Funafuti on Accessing Finances. * Reducing the rate of NPLs in the 3 financial institutions was part of the reforms covered under the PSDI Roadmap for financial institutions in Tuvalu.	* Similar arrangements to Tier 1 of the CGP (as per 7.5) where attendance of the Start Your Business (SYB) training was a precondition for securing loan under the CGP. * DOB has secured the technical assistance of ILO to run an in-country Start & Improve Your Business (SIYB) Training of Trainers to be implemented in 2023.

				* DOB has also organized 2 trainings by DBT, 1 from NBT and 1 from TNPF for MSMEs in Funafuti on Accessing Finances. * Reducing the rate of NPLs in the 3 financial institutions was part of the reforms covered under the PSDI Roadmap for financial institutions in Tuvalu.
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Recommendation:

- Financial supervisory framework needs to be implemented asap in order to improve supervisory actions on financial institutions by monitoring, analysing and track recording of payment and financial conservatism.
- MOF to provide updates to NEC on progress on the implementation of the financial sector roadmap.
- There is an opportunity to support the Business Registry office and Island Councils to explore the use of a business registry software in addition to support capacity building for both the Business Registry staff and Kaupule (Island Councils) to enable frequent and reliable updates of the Business Registry.
- DOT to collaborate with DOB, TNPSO, TCCI, DBT and NBT to assist businesses in setting up bank accounts in their bank of choice, in addition to raising awareness on the various products and services that can be provided by the DBT and NBT.
- MOF and DBT to present the impact evaluation report for the Tier 1 of the Credit Guarantee Program (CGP).
- MOF and DBT to develop a proposal to implement Tier 2 of the scheme based on lessons learned from Tier 1.

CHAPTER FOUR– GOVERNANCE AND LEADERSHIP

The potential for e-commerce development is significant in Tuvalu, promising to diversify the economy, provide new jobs, and increase financial inclusion, as well as contributing to improved lives and livelihoods. Tuvalu is in a stage of development in which e-commerce is becoming visible, with an IT-hungry urban middle class that has emerged over the past years, and with a high percent of the population below the age of 35. Tuvalu has considerable advantages that could be leveraged to create ICT jobs and benefit the national economy. Yet E-commerce is relatively undeveloped compared to Tuvalu's neighbours. Impediments to e-commerce development include lack of widespread internet infrastructure, limited audiences, delivery system challenges, lack of standardised electronic payment solutions. Other impediments include the high cost of electricity and a lack of trained ICT professionals.

Increased interest among Government entities for coordination of efforts and development of a conducive framework for e-commerce, stemming from negotiations, commitments and increasing pressure from the private sector to regulate the sector and derive revenue from it. E-commerce in Tuvalu is not yet perceived as a potential source of exports – for agricultural commodities, handicrafts and garments, as it remains constrained to retail shopping, almost entirely for a small, domestic customer base.

Without implementing agencies, e-commerce is most likely to remain latent due to the lack of attention. Lessons learned so far with respect to the application of ICT show that strong partnerships between government implementing agencies, the private sector businesses and the community is the key to growing e-commerce. A three-pronged partnership between government, businesses and the community are deemed essential to pave the way for e-commerce use in the country.

4.1 Tuvalu National E-commerce Committee - Functions and Management

The outcomes of the E Trade ready assessment and review will be difficult to accomplish without a sound governance mechanism suitable to monitor, coordinate and provide strategic oversight over its implementation.

The National E-commerce Committee for Tuvalu would be chaired by the CEO of MFT and CEO of MJCFA. Members of the Committee will comprise key line ministries responsible for some of the key policy areas related to e-commerce, i.e., representatives of the implementing agencies. Funding partners would attend as observers whilst the Committee would meet at least twice a year and a report would be submitted to Cabinet. Members of the National E-commerce committee will be appointed to steer the delivery of the e-Trade activities and should be selected amongst the most senior officials of the ministry responsible for E-commerce - Permanent Secretary / Secretary Generals or equivalent.

Roles and Responsibilities

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

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

Functions of the Committee would include:

- Provide strategic oversight on implementation of Tuvalu E-Trade activities;
- Promote coordination between partners;
- Provide recommendations to Ministries, private sector, donor partners, and implementing agencies to facilitate implementation of the measures included in the Tuvalu E-commerce Strategy, E-Trade Readiness Assessment etc.

Representatives as follows:

- Department of Information, Communications and Technology
- Department of Business
- Office of the Attorney General
- National Bank of Tuvalu
- Development Bank of Tuvalu
- Tuvalu National Private Sector Organization
- Tuvalu Police Services
- Tuvalu Telecommunications Corporation
- Local experts who carried out the work of the analysis.

Members of the National E-commerce committee will be appointed to steer the delivery of the strategy and should be selected amongst the most senior officials of the ministry responsible for E-commerce - Permanent Secretary or equivalent. To ensure alignment and complementarity with regional measures, a national focal point should also be responsible for liaising with the regional e-commerce committee supported by the PIFS.

4.2 E-commerce Private Sector Sub-committee

The private sector has a leading role in the implementation of e-Trade activities. The E-Commerce Private Sector Sub-committee, whose establishment is optional but recommended, will act to ensure that the business perspective is fully integrated during implementation of the Tuvalu -commerce activities. It will forge productive relationships with governments and development partners by discussing and disseminating accurate information on E-commerce business activities, proposing practical solutions in areas such logistics, e-payments, and MSME capacity-building etc., and taking responsibility to co-deliver certain E-commerce reforms.

Secretarial support to the Sub-Committee will be provided by the Department of Trade.

4.3 E-commerce Development Partners Sub-committee

Development partners, including donor partners, regional and international development agencies, and banks, as well as managers of donor-funded E-commerce facilities, are the implementation powerhouse of the Tuvaluan E-commerce Activities. The E-commerce Development Partners Sub-committee, whose establishment is optional but recommended, can carefully review performance of existing national E-commerce projects, discuss future projects suitable to accommodate recommendations of the E-commerce Committee, and coordinate their action to maximise impact and value for money.

Secretarial support to the Sub-Committee will be provided by the Department of Trade.

4.4 Coordination with PIFS Regional E-commerce Committee

Efficient coordination with PIFS will help ensure Tuvalu is able to participate in and benefit from regional and sub-regional initiatives stemming from the implementation of the Pacific regional e-commerce strategy.

At the core of the regional e-commerce governance framework lies the Pacific E-commerce Committee, which will be established under the auspices of the Pacific Islands Forum Secretariat. As the regional agency duly mandated to lead on trade-related matters, the PIFS will coordinate implementation of the Pacific Region E-commerce Strategy on behalf of the PacifEcom Alliance.

Among its different functions, the Pacific E-commerce Committee will closely monitor implementation of the regional E-commerce Strategy and Roadmap at the national level. PIFS will be responsible to solicit/collect relevant national data and reports in a timely fashion to facilitate the measuring of performance indicators and disseminate regular reports to the Regional E-commerce Committee and to the Forum Trade Ministers. It will also support resource mobilisation on behalf of the PacifEcom Alliance, at both regional and national levels and lead engagement efforts on behalf of the including through the establishment of information repositories, Internet portals, newsletters, high-impact events, etc.

4.5 Tracking the progress of the E-Trade Readiness Assessment Action Matrix

Status reports on implementation of the National Regional E-Commerce Strategy and Roadmap will be submitted annually to the E-commerce national committee(s) overseeing digital development / Tuvalu's digital transition. This process will be preceded within a reasonable timeframe through the dissemination of questionnaires to the main implementing entities and a meeting of the relevant industry stakeholders to validate the findings. The review and validation processes at the technical level will involve the broader spectrum of stakeholders at the government, private sector, development partners and community representatives' levels.

The findings and recommendations will be sanctioned at the highest political level of the Government of Tuvalu, denoting the high level of priority placed on the national digital transformation agenda and the country's integration in a globalised digital economy.

Table below presents a non-exhaustive list of contributing partners who could assist with implementation of specific recommendations.

Policy Areas	Partners
E-Commerce Strategy	EIF, ITC, ITU, UNCTAD, UPU, WBG
ICT Infrastructure	EIF, ITC, ITU, UNESCAP, WBG
Payment Solutions	ITC, UNCDF, UNCITRAL, UNESCAP, UPU, WBG
Legal Frameworks	ITU, UNCITRAL, UNCTAD, WIPO, WBG
Trade Logistics and Facilitation	ITC, UNESCAP, UNCTAD, UNECE, UPU, WBG, WCO, WTO
Skills Development	ILO, ITC, ITU, ISOC, UNESCO, UNICEF, UN Women, WBG, WTO
Financing SMEs	ITC, UNCDF, WBG

Lesson Learned

The Covid-19 Pandemic crisis accentuated the need to accelerate digital transformation in Tuvalu. Tuvalu borders were completely shut as Tuvalu did not have the healthcare infrastructure to be able to cope with a pandemic. Isolated and vulnerable Tuvalu had to improve its internal trade to support its Citizens. E-Commerce can increase the resilience of local socioeconomic systems.

Weak Institutional capacities and policy coordination mechanism at the national level has led to high staff turnover, low-capacity retention, limited prioritisation of e-commerce between government departments, unclear institutional responsibilities and insufficient inter-ministerial coordination. The Government of Tuvalu is committed to translate the recommendation of the assessment into action, however, there is a lack of commitment from some government departments in comparison to the Department of Trade who has achieved most of the actions recommended by the Assessment. The DOT and NEC should encourage all government departments to engage in the process to improve and meet targets/outputs outlined in the assessment. Transparency between DOT, NEC and Stakeholders can maximise outputs.

CONCLUSION

To conclude, significant progress has been made on the Rapid e-Trade Readiness Assessment Report Action Matrix not only by the Department of Trade and the Department of ICT, but other stakeholders as well. Progress have been accelerated by the level of importance placed on e-Commerce at both the regional and national level,

Major infrastructure projects like the Submarine Cable Project funded by the World Bank are already in the pipeline, and with the Government of Tuvalu's financial backing, the NBT has envisioned the completion of its ATM/EFTPOS system by this year (2023), with online banking to follow. Consequently, these developments set the foundation to provide an enabling environment to progress e-Commerce in Tuvalu.

The Department of Trade on the other hand has complemented these activities by collaborating with UNESCAP to carry out a regulatory gap-analysis on e-Commerce in Tuvalu to assess the need to update and/or upgrade key laws such as e-transaction and consumer protection. With new developments in the ICT/e-Commerce sector, requires the need for an updated regulatory framework to protect consumers, maintain the integrity and security of data, and guide the development of e-Commerce.

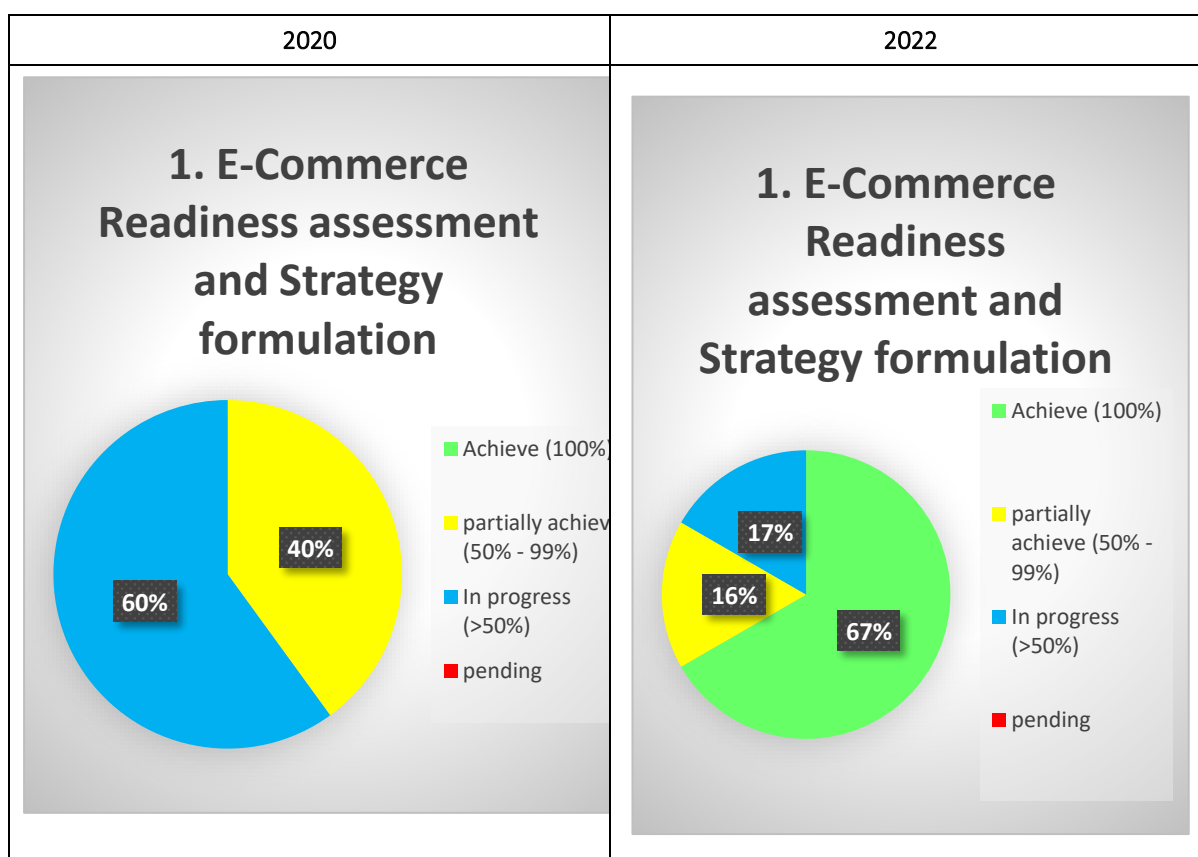
Moreover, recently developed policies such the Tuvalu Sustainable Tourism Policy and the ICT Policy have mainstreamed e-Commerce into the respective policies, thus, providing the necessary mechanism to prioritise and implement e-Commerce activities at the sectoral level.

While the Department of Trade, the National E-Commerce Committee and stakeholders are moving towards achieving their targets, it is important to keep in mind the need to incorporate cross-cutting issues such as gender and climate change to its policy decisions. Ensuring that the potential benefits of e-commerce reach MSMEs in LDCs such as Tuvalu, requires a **strong prioritisation from governments and a greater commitment from development partners** to enhance the digital readiness and to avoid the widening of inequalities.

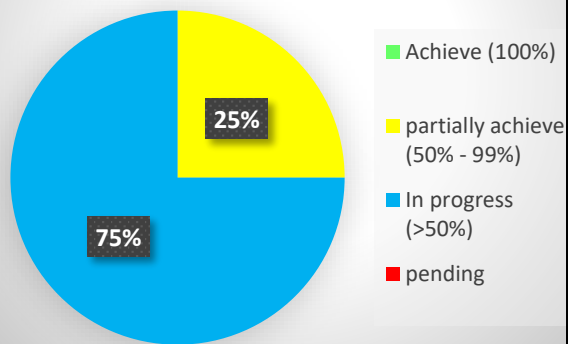
Based on the results of the consultations, it will be strategic for the Department of Trade to focus its priorities on areas that require further assistance. For example, DOT can focus its efforts on strengthening the NEC to be able to provide better oversight and coordination of all e-Commerce related activities. This avoids duplication of activities, and resources are better utilised where it is needed.

Annex

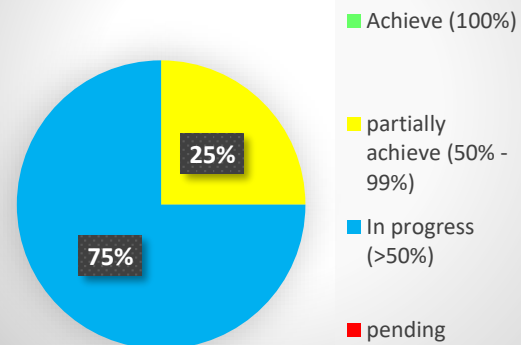
Annex I – Visual Comparison on the Progress of the Action Matrix



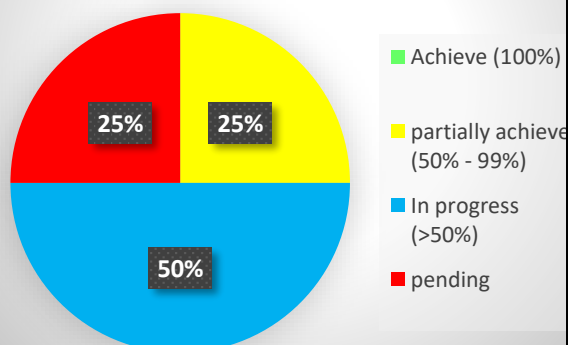
2. ICT INFRASTRUCUTURE AND SERVICES



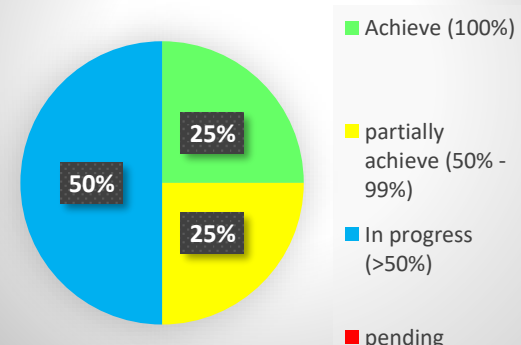
2. ICT INFRASTRUCUTURE AND SERVICES



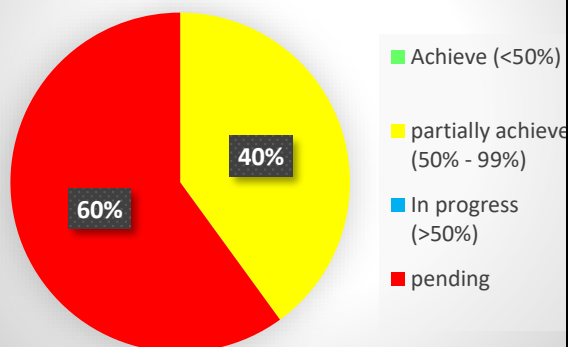
3. TRADE LOGISTICS AND TRADE FACILITATION



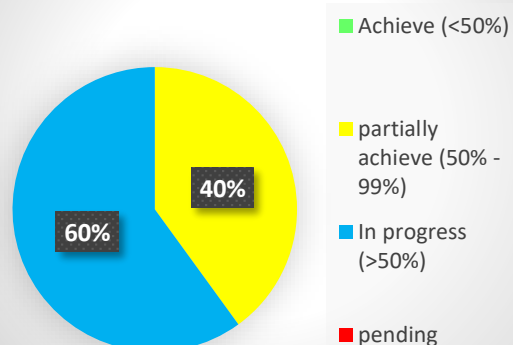
3. TRADE LOGISTICS AND TRADE FACILITATION



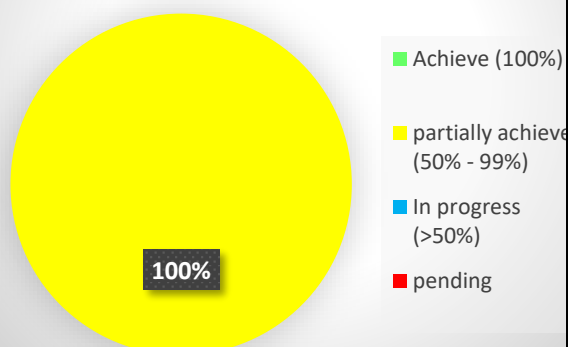
4. PAYMENT SOLUTIONS



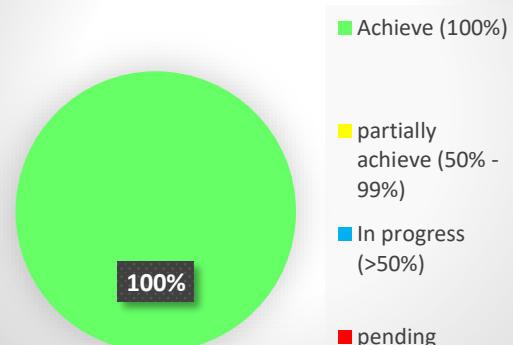
4. PAYMENT SOLUTIONS



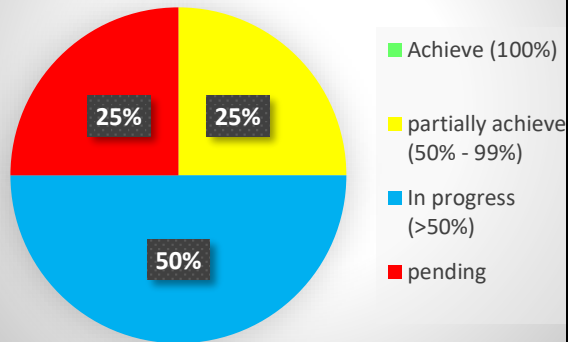
5. LEGAL AND REGULATORY FRAMEWORK



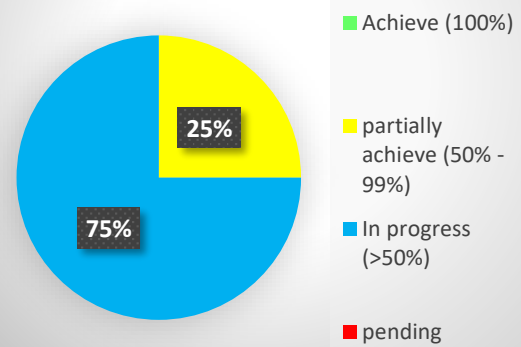
5. LEGAL AND REGULATORY FRAMEWORK



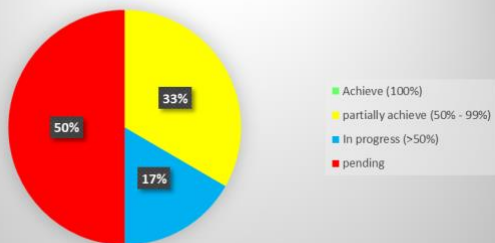
6. E-COMMERCE SKILLS DEVELOPMENT



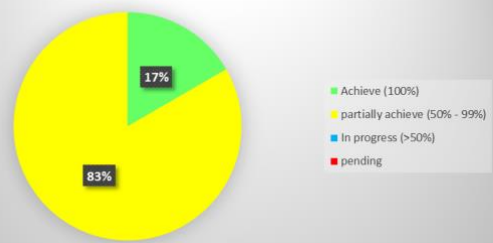
6. E-COMMERCE SKILLS DEVELOPMENT



7. ACCESS TO FINANCE



7. ACCESS TO FINANCE



Annex II: Stakeholders Interviewed

Name	Designation	Organization/ Department
Dr. Tauisi Taupo	Secretary	Ministry of Justice, Communications & Foreign Affairs (MJCFA)
Mr. Siose Teo	General Manager	National Bank of Tuvalu
Ms. Temukisa Pesega Siale	CEO	Development Bank of Tuvalu
Ms. Tenanoia Simona	General Manager	Tuvalu Telecommunication Corporation
Ms. Laigane Italeli Maina	Attorney General (Acting)	Office of the Attorney General
Ms. Sania Teisini	Director	Tuvalu Customs and Revenue Department
Ms. Pulaalofa Haulagi	General Manager	Tuvalu Post Limited
Ms. Tepola Esekia	Tourism Officer (Officer in Charge)	National Tourism Officer
Ms. Fenuatapu Peleti	Director	Public Enterprise Review and Monitoring Unit (PERMU)
Mr. Elikapepeuga	Senior Curriculum Officer	Department of Education
Ms. Petesa Finikaso	Director	Department of Business
Mr. Maho Homasi	Gender Policy Officer	Gender Affairs Department
Mr. Darryl Ikbal	Project Officer	Enhanced Integrated Framework (EIF) Project, Department of Trade

Mr Fakavae Taomia	Liaison Officer	World Bank - Tuvalu
Mr Andrea Ibba	E-Commerce Coordinator	Pacific Island Forum Secretariat
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