



Pacific E-commerce Initiative

National E-commerce Assessment

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Fiji

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This publication was commissioned as an independent consultancy report at the initiative of the Government of Fiji, the Pacific Islands Forum Secretariat (PIFS), and the Melanesian Spearhead Group (MSG) Secretariat. The publication is supported by the TradeCom II Programme Management Unit (TCII PMU) an OACPS managed and European Union (EU) funded Programme. While this assessment draws on the United Nations Conference on Trade and Development (UNCTAD) eTrade Readiness Assessment methodology, UNCTAD has not been involved in conducting this report.

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Foreword by Dame Meg Taylor, Secretary General, Pacific Islands Forum Secretariat

E-Commerce features as a key regional priority in the Pacific Aid-for-Trade Strategy 2020-2025. As part of this mandate, the Pacific Islands Forum Secretariat has taken the lead in supporting Forum Islands Countries in their efforts to take an active part in the global digital revolution.

Indeed, E-Commerce presents an unprecedented opportunity to increase trade of the FICs, narrow distances and reduce trade costs among Forum Members, and between the Blue Pacific and the rest of the world. If conditions are right, E-Commerce can provide the impetus for Members to explore new ways of doing business and trading and to increase the diversification of their economies towards emerging sectors. Importantly, strengthening E-commerce readiness has become essential particularly as the world continues to grapple with what a post-COVID economy work look like and operate as.

Major investments in fiber-optic submarine cables across the region has made the internet faster, more reliable and affordable, but the extra capacity has not yet been fully utilised.

From its beginning in 2017, the Pacific E-commerce Initiative promoted by the Secretariat has progressively strengthened, thanks to the steadfast commitment of our Members and the support of like-minded technical agencies and donor partners. The direction provided by our Members, for all Forum Island Countries to benefit from national assessments as the first step towards developing a Regional E-Commerce Strategy, has been progressed significantly.

Following UNCTAD's methodology, the report focuses on seven key areas of critical importance for cross-border and domestic E-Commerce development:

- E-Commerce policies and strategies;
- Legal and regulatory frameworks;
- ICT infrastructure and E-Commerce support services ecosystem;
- Trade facilitation and logistics ecosystem;
- Payment solutions for E-Commerce;
- Access to financing initiatives in E-Commerce; and
- E-Commerce skills development.

We trust that the report will guide the uptake of E-Commerce in Fiji in the coming years. PIFS is bound to support its Members in prioritising the digitalisation of government and businesses in their national development and seek the needed resources to fully benefit from their participation in the internet revolution.

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Meg Taylor, DBE

Secretary General of the Pacific Islands Forum

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Abbreviations

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
APTC	Australia-Pacific Technical College
ATM	Automated Teller Machine
BPO	Business Process Outsourcing
CCA	Consumer Commission Act
CCF	Consumer Council of Fiji
DWDM	Dense Wavelength Division Multiplexing
EFTPOS	Electronic Funds Transfer at Point of Sale
EGDI	E-Government Development Index
EU	European Union
FCCC	Fiji Competition and Consumer Commission
FCOSS	Fiji Council of Social Services
FDB	Fiji Development Bank
FDI	Foreign Direct Income
FEC	Fiji Export Council
FHEC	Fiji Higher Education Commission
FIMSA	Fiji Maritime Safety Administration
FJ\$	Fijian Dollar
FNFP	Fiji National Provident Fund
FNU	Fiji National University
FPCL	Fiji Ports Corporation Limited
FQF	Fiji Qualifications Framework
FRCA	Fiji Revenue and Customs Authority
FSCL	Fiji Shipping Corporation Limited
FTPF	Fijian Trade Policy Framework
FVTTCPD	Fiji Vocational Technical Training Centre for Persons with Disabilities
G2B	Government to Business
G2C	Government to Consumer
G2P	Government to Person
GB	Gigabyte
GDP	Gross Domestic Product
GSS	Government Shipping Services
HCI	Human Capital Index
ICT	Information and Communications Technology
IPR	Intellectual Property Right
ITA	Information Technology Agreement
ITC	International Trade Centre
ITU	International Telecommunication Union
LCI	Licensed Credit Institutions
MBPS	Megabyte Per Second
MCTTT	Ministry of Commerce, Trade, Tourism and Transport (formerly MITT)
MDF	Market Development Facility
MFEF	MDF Fiji Enterprise Engine
MITT	Ministry of Industry, Trade and Tourism
MoA	Ministry of Agriculture
MoFF	Ministry of Forests and Fisheries
MoiTA	Ministry of iTaukei Affairs
MoLIRE	Ministry of Labour, Industrial Relations and Employment
MoWSWPA	Ministry of Women, Social Welfare and Poverty Alleviation
MoYS	Ministry of Youth and Sports
MSBG	Micro and Small Business Grant
MSD	Market Systems Development
MFTA	Melanesian Free Trade Agreement
MSG	Melanesian Spearhead Group

MSGs	Melanesian Spearhead Group Secretariat
MSME	Micro Small and Medium Enterprise
NBFI	Non-Bank Financial Institution
NCSMED	National Centre for Small and Micro Enterprise Development
NDP	National Development Plan
NEC	National Employment Centre
NES	National Export Strategy
NII	National Information Infrastructure
NTPC	National Training and Productivity Centre
OACPS	Organisation of the African Caribbean Pacific States
OECD	Organisation for Economic Co-operation and Development
OSI	Online Service Index
PIDF	Pacific Island Development Forum
PIF	Pacific Islands Forum
PIFS	Pacific Islands Forum Secretariat
PPP	Public-Private Partnership
PRIF	Pacific Region Infrastructure Facility
R&D	Research and Development
RFS	Ready for Service
RISE	Research and Innovation Scheme for Enterprises
SAD	Single Administrative Document
SCCN	Southern Cross Cable Network
SCGF	Sugar Cane Growers Fund
SDGs	Sustainable Development Goals
SME	Small and Medium-Sized Enterprise
SMECGS	SME Credit Guarantee Scheme
SPBD	South Pacific Business Development
SPEC	Skilled Professionals Evaluation Committee
SPS	Sanitary and Phytosanitary
SPSE	South Pacific Stock Exchange
TBT	Technical Barriers to Trade
TELS	Tertiary Education Loan Scheme
TEST	Technology & Employment Skills Training
TFA	Trade Facilitation Agreement
TFL	Telecom Fiji Limited
TII	Telecommunication Infrastructure Index
TIN	Tax Identification Number
TVET	Technical and Vocational Education Training
UPU	Universal Postal Union
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNCITRAL	United Nations Commission on International Trade Law
USA	United States of America
USD	United States Dollar
USP	University of the South Pacific
WB	World Bank
WEBC	Women Entrepreneurs and Business Council
WTO	World Trade Organisation
YEC	Young Entrepreneurs Council
YES	Young Entrepreneurship Scheme

Main Findings and Recommendations

Main Findings	Main Recommendations
E-commerce Policies and Strategies	
<p>Notwithstanding that Fiji's e-Government policies have been ambitious and extensive, Fiji does not have a comprehensive and integrated policy or strategy to promote E-Commerce adoption. Nevertheless, the Fijian government has adopted several policies and strategies, which leverage the benefits of Information and Communications Technology (ICT) for growth. Fiji has an ICT Policy, Broadband Policy, and several development policies relating to ICT. In recent years, Fiji has seen results in its 20-year development plan, that amongst others also focuses on universal access to ICT services through the country. As relevant as these are, most of Fiji's policies on ICT development date back to the 2000s and early 2010s, thus, not sufficient to address recent E-Commerce developments. Also, the key set of policies being implemented by Fiji in the digital arena relate more towards the ICT industry but do not address the key issues facing E-Commerce for businesses more generally.</p>	<ol style="list-style-type: none"> 1. Update the development plans by adding E-Commerce as a major driver for economic growth. 2. Amend the existing ICT Policy, Broadband Policy in accordance with the recent developments in ICT and with proper action plans for E-Commerce development. 3. Formulate a national E-Commerce strategy with effective public-private dialogue. 4. Establish an E-Commerce public-private partnership committee with the representation of the relevant line ministries and private sector entities to monitor developments and report on progress. 5. Identify a champion and formulate a public-private dialogue (PPD) mechanism to ensure that domestic E-Commerce challenges are regularly and effectively addressed. 6. Improve the collection of statistics on trends, usage, and sectors using E-Commerce.
ICT Infrastructure and E-commerce Support Services Ecosystem	
<p>Telecommunications infrastructure in Fiji remains the best and most developed among the Pacific Island countries, thanks in part to Fiji being well-served by three international submarine cable systems and continued investments being made to link up to other Pacific Islands and major markets in the US, Australia and New Zealand. Fiji is also a leading market in terms of both 4G, LTE, and 5G development in the region. Mobile and internet access are affordable and far cheaper than other islands. As a result, Fiji records the highest mobile and internet penetration in the Pacific Islands. However, there is a sharp difference in rural and urban accessibility to the internet, particularly due to the lack of development of infrastructure in rural areas due to their remoteness.</p>	<ol style="list-style-type: none"> 1. Expand the network coverage across rural areas, and across islands where possible. 2. Map the existing access and coverage to the internet in, the country, and improve the collection of statistics on E-Commerce platforms and transactions. 3. Encourage the use of Application Programming Interface (APIs) for easy data capture. 4. While building on the work already initiated for the new submarine cable, and the World Bank's Pacific connectivity programme, identify possible PPP opportunities to invest in overall ICT infrastructure.
Trade Logistics and Trade Facilitation Ecosystem	
<p>Fiji's trade infrastructure is relatively well developed. The country is the main regional transit point for freight throughout the Pacific, with a substantial amount of freight shipping passing through the port of Suva.</p>	<ol style="list-style-type: none"> 1. Increase the number of Authorized Economic Operators (only 7 in 2020) by undertaking SME-targeted courses and workshops.

With an economy highly dependent on international trade, the country's international transport and logistics ecosystem is critical to ensure that its domestic industries are able to be competitive in the world market. However, customs clearance is a major issue for Fiji. While better than the regional average, the costs and time taken for border compliance and documentary compliance are high and lengthy, compared to international best practices. Similarly, international connectivity is low by international standards. Roadways are the main inland transport mode in Fiji. However, poor road conditions and lack of maintenance result in high transport costs and delays on the island. Postal services in Fiji are weak, although that appears to be common in the Pacific region.

2. Introduce electronic payments for taxes, fees, and charges.
3. Improve the pre-clearance of shipments (from around 50% in 2020) and reduce the number of documents required at the border.
4. Introduce de-minimis thresholds for commercial imports so that parcels under a particular de-minimis value are exempted from duty/taxes.
5. Consider eliminating the FJ\$ 10 fees on airway bill for exports, which affects MSMEs disproportionately more.
6. Review fees and charges of border agencies to be in line with the cost of administering the service.
7. Expedite implementation of the WTO TFA, and especially the implementation of the national single window system.
8. Consolidate information on how to export and import, which is currently scattered across platforms.
9. Extend opening hours of ports, or reduce fees for clearance outside of office hours.
10. Carry out a time-release study on exports.
11. Improve the efficiency of transshipment trade by easing biosecurity norms for neighbouring/preferential treatment countries.

Payment Solutions for E-commerce

A large percentage of the population has bank accounts, but 23.2% of the population has no access to formal financial services. Despite this, few have access to credit cards, as an up to 5% surcharge is applied for all credit card transactions. Mobile money has the potential to bridge a significant gap by enabling the population to use online payments for E-Commerce transactions. However, there has been a very slow uptake from businesses which have only shown interest in the last five years. Online payment gateways have not taken off. Each commercial bank carries out its own bilateral switches. Foreign exchange controls remain in place, making it more cumbersome for MSMEs to be engaged in international trade.

1. Promote the use of digital financial services, such as mobile money especially in rural areas.
2. Encourage arrangement to foster interoperability amongst all payment service providers, either via encourage bilateral agreements, implementation of Interchange Networks Act, which was adopted in Parliament in 2017, or the substituting National Payments Systems Bill.
3. Promote the Fintech regulatory sandbox launched in December 2019 to improve affordability and accessibility of payment solutions.
4. Continue rolling out nation-wide campaigns to raise awareness about existing digital payment solutions and their benefits. Accelerate the implementation of the Interchange Networks Act to facilitate online payment. Promote the Fintech regulatory sandbox launched in December 2019 to promote the adoption of more affordable and easily accessible payment solutions.
5. Incentivise banks to review credit card policies and consider reviewing the surcharge on credit card payments.

6. Continue to promote the use of cards, internet banking and mobile money for E-Commerce transactions.
7. Achieve full implementation of the National Switch bill to ensure interoperability between commercial banks.
8. Encourage banks to ease the requirements for opening merchant accounts to facilitate the setting up of payment solutions for E-Commerce businesses and mobile money operators.
9. Consider the relaxation of foreign exchange controls, which add a layer of complexity to MSMEs.

Legal and Regulatory Framework

The Ministry of Communications is responsible for all of Fiji's ICT regulatory framework. Currently, Fiji has legislation relating to electronic transactions, online safety from cybercrime, cyber-bullying and consumer protection. Cybercrime legislation is weak and outdated in Fiji. It is covered in some form by virtue of the Crime Decree and the Posts and Telecommunications Decree (2009). A new draft Cybercrime bill has been deliberated in Parliament, but has not yet been adopted. The Fijian Government introduced the Online Safety Act in 2018 with a view to protecting the online environment from harmful content, especially for minors. At present, the Ministry of Communications, Ministry of Defence and the Online Safety Agency form a committee that looks after cybercrime. No particular policy regarding data privacy and data protection is in place yet, except those pertaining to telecoms operators and suppliers.

1. Carry out a regulatory gap analysis on E-Commerce to serve as a basis for the necessary update of the existing laws and/or enactment of the relevant legislations to enhance E-Commerce development.
2. Finalise and adopt the missing laws (Online Consumer Protection, Data protection and privacy law, draft Cybercrime law) to create an enabling legal framework for E-Commerce development.
3. Ensure the resources for the law enforcement authorities (e.g., the Telecommunications Authority, the Fiji Competition and Consumer Commission (FCCC), the Online Safety Commission, etc) to effectively monitor and implement in their respective field of responsibilities.
4. Consider reviewing, updating and then official adoption of the draft self-regulating guidelines to E-Commerce Business, and ensure effective monitoring and enforcement.
5. Consider signing up to the Information Technology Agreement (ITA) to facilitate access to technology for businesses.

E-commerce Skills Development

Fiji has a moderately-developed education system and a reasonably well-educated, English-speaking population. However, it faces the challenge of inadequate ICT adoption, skill gaps with the workforce migrating and the problem of a lack of a specialised workforce. A number of MSME accelerators, innovation labs and incubators have emerged through the different telecommunication operators and universities. Also, TVET training institutions and more general awareness building courses have been developed to address Fiji's skills gap. However, the existing TVET programs need to be upgraded.

1. Upgrade the existing TVET programs to include relevant ICT skill training for E-Commerce, engaging the private sector in its design.
2. Expand the capacity of MSMEs with E-Commerce training, as well as business skills, and trade skills.
3. Increase support to incubators, accelerators and innovation hubs.
4. Create linkages between local MSMEs and big corporations, encouraging the transfer of knowledge.
5. Encourage online training for remote regions.

Access to Financing Initiatives for E-commerce

Lending services from commercial banks are generally focused on large infrastructure and low-risk projects, with SMEs representing a tiny proportion of loans granted. This situation exists despite the different incentives and schemes implemented by the Government and the international development community to bridge the finance gap. Low access to financing limits the ability of SMEs to invest in E-Commerce-related ventures and upgrades. Fiji's National Financial Inclusion Taskforce and the Reserve Bank of Fiji have made efforts to improve access to financial services particularly for women, youth, and those living in rural areas.

1. Review the effectiveness of the Micro, Small and Medium Enterprise Credit Guarantee Scheme.
2. Introduce factoring services as an additional mechanism for business finance from own receivables; collateral in support of the legal and operational improvements brought about by the secured transactions reform.
3. Improve risk management techniques of banks and sensitise banks on the characteristics of E-Commerce.
4. Carry out a feasibility study for establishing a credit rating agency.
5. Provide training to MSMEs to build business proposals.
6. Introduce specific segments in the existing guarantee schemes for E-Commerce related to MSMEs.
7. Addressing the outstanding issues to improve Fiji's ranking in Doing Business surveys for 'Getting Credit'.

Methodology

A six-phased approach was used for the national E-Commerce assessment of Fiji. The methodology has been based in part on the eTrade for all methodology developed and owned by UNCTAD, as well as valuable resources and approaches from other agencies engaged in E-Commerce assessments, such as the methodology of ITC, UNCDF, UNESCAP, the World Bank, and others. Nevertheless, while this assessment draws on the methodologies of other agencies, these agencies have not been involved in conducting this report. The duration of the assessment and each phase has been affected by the interruptions caused by COVID-19 and some contracting authority delays.

The phases were as follows:

✓	Phase 1 Stakeholder engagement and literature review, January – February 2020.
	This included official communications between TCII-OACPS, PIFS, MSG Secretariat, Fiji's Ministry of Commerce, Trade, Tourism and Transport (MCTTT), formerly the Ministry of Industry, Trade and Tourism (MITT), and the Permanent Mission of the Pacific Islands Forum to the WTO in Geneva. Literature review and data analysis were made possible through access to up-to-date statistics provided by ITU, UPU, and the World Bank, with support from the MCTTT.
✓	Phase 2 Online survey customisation and dissemination and preparation of baseline indicators, February – May 2020.
	Two (2) customised questionnaires for the most relevant public and private sector stakeholders were distributed by MCTTT to stakeholders in Fiji. Due to limited responses, the results of the questionnaires were only used as a source of reference for qualitative information and not for quantitative purposes.
✓	Phase 3 Focused group discussions and in-country interviews, March 2020.
	during the consultant's mission to Suva (8-13 March). Six focus group meetings were held at the MCTTT's facilities. A briefing on early findings and suggestions was presented to the Management Team of the MCTTT. Due to COVID-19, the consultant had to cut the mission short in Fiji and carry out some consultations and drafting remotely for the assessment.
✓	Phase 4 Report writing of the draft national E-Commerce assessment and stakeholder review, April – May 2020.
	This phase was performed remotely and due to the COVID-19 pandemic lockdown, when possible, some stakeholders were contacted remotely for discussions. Due to the lockdown, the responses from stakeholders were limited. A draft assessment was provided to MCTTT mid-May for circulation to stakeholders.
✓	Phase 5 Virtual consultations and completion of the assessment, June – July 2020.
	This phase was conducted remotely. The national stakeholders, the PIFS and the MSG Secretariat provided comments on different areas of the assessment via emails.
✓	Phase 6 Finalisation of the assessment, September – October 2020.
	During this phase, the Consultant delivered a final draft of the complete national E-Commerce assessment.

The seven policy areas in UNCTAD's eTrade Readiness Assessment for all initiatives were used as entry points for this assessment.

1. E-Commerce policies and strategies
2. ICT infrastructure and E-Commerce support services ecosystem
3. Trade facilitation and logistics ecosystem
4. Payment solutions for E-Commerce
5. Legal and regulatory frameworks
6. E-Commerce skills development
7. Access to financing initiatives in E-Commerce

Note that the report is based in US dollars. Fiji's national currency is the Fijian dollar (FJ\$). For the purpose of this report: US\$1 = FJ\$ 2.25 and FJ\$ 1 = US\$0.45 (January 1, 2020 exchange rate from the Reserve Bank of Fiji).

1

E-COMMERCE POLICIES AND STRATEGIES



Fiji lacks a comprehensive set of policies and strategies to guide the country on exploiting the full potential of E-Commerce. Nevertheless, the Fijian Government has been adopting several policies and strategies, which leverage the benefits of Information and Communications Technology (ICT) for growth. Fiji has an ICT Policy, Broadband Policy and several development policies relating to ICT. In recent years, Fiji has seen results in its 20-year development plan, that amongst other strategies also focuses on universal access to ICT services through the country. Despite their relevance, most of Fiji's policies on ICT development date back to the 2000s and early 2010s, and therefore do not take into consideration the E-Commerce needs.

Recognising E-Commerce as a major driver for economic growth, Fiji will need to ensure that future development plans and strategies keep up with the recent developments and tackle E-Commerce-related aspects. A national E-Commerce strategy should be drafted, and an E-Commerce sub-committee be established under the ICT Development Unit as a public-private dialogue mechanism to ensure that domestic E-commerce challenges are regularly and effectively addressed.

1.1 National policies related to ICT, e-government, and E-Commerce

Fiji has adopted several policies and e-government initiatives to drive the usage of ICT services. The 2004 ICT Policy, for example, was established to provide the necessary impetus for the development of the information economy in Fiji, by implementing a key set of ICT applications and services for government, business and the community. The ICT Policy is set over three key pillars. In the first one, 'government online', the policy calls for the delivery of online services and the greater use of ICT to improve internal processes, particularly online procurement. Efforts in e-government focused, for example, on encouraging the delivery of government-to-consumer (G2C) services, leveraging online platforms to improve government productivity, and creating a secure National Information Infrastructure (NII) to stoke confidence in e-transactions. In the second one, 'business e-enabled', the document aims to establish partnerships with countries that are advanced in business ICT applications. In the third one, 'community empowered', the policy identifies initiatives for getting more citizens online, raising awareness and providing training.¹ The ICT Development Unit was tasked with implementing the aforementioned pillars.

Following the steps of the ICT Policy, the National Broadband Policy was adopted in 2011 to improve the supply and demand of broadband service. The policy introduced a framework for the provision of quality and affordable broadband access in Fiji. It also introduced initiatives to stimulate the creation of demand for broadband for supporting business activities in both the private and public sectors. A Broadband Policy and Programme Committee was set up to oversee the implementation of the Policy and the Action Plan, as well as to ensure active engagement of all Ministries, Departments, and Agencies responsible for each goal.² Despite all these, the country lacks a specific E-Commerce specific policy or strategy guiding the development of digital trade in the country.

In the wider development scenario, the Fijian Government has implemented a number of policies to strengthen the country's development scenario, starting with the **Twenty-Year Development Plan (2017-2036)**. Through "Transforming Fiji", the Plan aims to towards more progressive, vibrant, and inclusive development of the island nation. Amongst others, the plan is set to achieve **"universal access to information and competitive telecommunication services delivered on a secure platform"** as a platform towards further economic development. This is expected to be achieved through:

¹ See ICB4PAC (2013). National ICT Policy: Knowledge-based Report. Capacity Building and ICT Policy, Regulatory and Legislative Frameworks ICB4PAC for Pacific Island Countries.
² Government of Fiji (2020). National Broadband Action Plan, ICT Development, Department of Communication. Available at: <http://www.communications.gov.fj/index.php/ict-development>

- (i) **Improving the existing telecommunications infrastructure** by prioritizing Digital Government, particularly online Disaster, Recovery and Rehabilitation services by 2020, promoting Public-Private Partnerships (PPPs) in the construction of communications infrastructure (particularly for telecommunications towers) and landing station infrastructure for connection to the Southern Cross Cable fibre optic Network (SCCN), and by fully implementing the Fiji Information Technology Development Policy 2004 and National Broadband Policy 2011;
- (ii) **Providing equal access to ICT services** by expanding the outreach of the Government's Community Telecentre Project, improving access to computers and assistive devices for community centres, especially for the visually impaired and the hearing impaired, and reviewing the National ICT Policy to incorporate relevant aspects of the National Gender Policy 2014 and the National Disability Policy 2008-2018;
- (iii) **Strengthening the regulatory framework**, by evaluating and upgrading the existing legal framework, developing a cyber-security policy and legal framework, and consolidating existing fees and levies; and
- (iv) **Strengthening the capabilities in the workforce**, focusing on building the skills and the workforce needed for ICT-based services through incentives and adoption of technologies.³

1.2 National policies related to trade

Fiji's Government, through the Ministry of Commerce, Trade, Tourism & Transport (MCTTT), has adopted a comprehensive set of policies governing the country's international trade relations. However, none of them address E-Commerce.

One of the early efforts was the development of the country's National Export Strategy (NES, 2007). The Strategy's main objective was achieving sustainable growth by encouraging exports, competitiveness, value-adding, and export diversification. The key priority sectors were agro-business; forestry; marine products; mineral water; information and communication technologies (ICT); and audio-visual services. The Strategy aims to tap into regional and global value chains, generating market opportunities and economic growth to the national industry, improve the inflow of foreign revenue, create employment, and boost productivity in the Fijian economy.⁴ Micro, Small and Medium Enterprises (MSMEs) also receive particular support through the NES.

Through the NES, Fiji has supported 110 projects, with a total value of more than FJ\$ 14 million during 2007-2019, leading to a significant increase in export earnings, diversification of destination markets, and employment creation in the country.⁵ Specifically, the Fijian Government provides assistance to its exporters to overcome barriers to trade, maximize production, diversify products and secure new markets through an annual call for projects.⁶ The NES is currently under consideration to be updated.

Box 1: Information Technology Agreement

The Information Technology Agreement (ITA) is a plurilateral agreement concluded by 29 participants at the Singapore Ministerial Conference in December 1996. Since then, the number of participants has grown to 82, representing about 97 percent of world trade in IT products. Participants are committed to completely eliminate tariffs on IT products covered by the Agreement. At the Nairobi Ministerial Conference in December 2015, over 50 members concluded the expansion of the Agreement, which now covers an additional 201 products valued at over \$1.3 trillion per year.

Developing countries can benefit from participating in the ITA via lowering costs related to ICT and in-turn increasing productivity and competitive capacity of domestic enterprises and industries, increasing participation in global value chains, and encouraging exports of ICT goods and ICT services.

At present, Fiji is not a signatory to the Information Technology Agreement. Being a signatory would boost Fiji's ICT services sector, especially Business Processing Outsourcing services. It would also make E-Commerce related procurement easier for MSMEs in the country.

Source: WTO

3 Ministry of Economy (2017). 5-Year and 20-Year National Development Plan, Transforming Fiji, Republic of Fiji, November 2017. Available at <https://www.fiji.gov.fj/getattachment/15b0ba03-825e-4777-bf69-094ad33004dd/5-Year-20-Year-NATIONAL-DEVELOPMENT-PLAN.aspx>

4 Prakash, A. (2018). An Analysis of National Export Strategy in Fiji, School of Economics, The University of South Pacific, September 2018. Available at <http://digi.lib.library.usp.ac.fj/gsd/collect/usp/ibr/1/index/assoc/HASH0153.dir/doc.pdf>

5 MCTTT (2019). Economic Unit, Programmed, National Export Strategy, Available at <https://www.mcttt.gov.fj/divisions/economic-unit/programmes/national-export-strategy/>

6 Ministry of Commerce, Trade, Tourism & Transport – National Export Strategy. Available at [https://www.mcttt.gov.fj/divisions/economic-unit/programmes/national-export-strategy/#:~:text=The%20National%20Export%20Strategy%20\(NES.growth%20in%20targeted%20markets%20overseas](https://www.mcttt.gov.fj/divisions/economic-unit/programmes/national-export-strategy/#:~:text=The%20National%20Export%20Strategy%20(NES.growth%20in%20targeted%20markets%20overseas)

Following the steps of the NES, in July 2015, the MCTTT launched the Fijian Trade Policy Framework (FTPF) 2015–2025, which sets out a structure to improve the country's trade performance and enhance Fiji's position as the hub of the Pacific. In this context, the FTFP aims to secure alternative markets for sugar; expand the eligibility of domestic goods under the United States' Generalised Scheme of Preferences; sign a free trade agreement with the US, etc. The trade policy framework also identifies ICT Infrastructure as a crucial area for governance, regulation, as well as for the promotion of international trade and general trade policy of the country. The framework recognises the importance of Fiji's ICT development as a significant area for enhancing the attractiveness of Fiji as an investment destination.⁷

Box 2: Fiji in the Multilateral Arena

Fiji is an active member at the WTO, supporting the multilateral trading system and endorsing the Doha Development Agenda, with the country's main priorities consisting in the liberalisation of agricultural products, reducing and eliminating non-tariff barriers, etc.

In 2016, the country also ratified the Trade Facilitation Agreement (TFA), which was adopted with the aim to improve efficiency, predictability, and transparency in cross-border trade through collaboration and better-defined roles amongst the relevant border agencies. The TFA contributes to the efficiency at the borders and reduces the cost, uncertainty, and time taken to clear goods.

In terms of trade in goods, Fiji's simple average applied MFN rate is 11.2%, with tariffs ranging from 0 to 1,257%, this last one applicable to certain beverages, spirits and tobacco through specific tariffs. With regards to trade in services, the scope of Fiji's commitments under the GATS is limited, covering only hotels, motels, other tourist accommodation and restaurants, for which Fiji noted no limitations on market access and national treatment in modes 1, 2 and 3, except for the requirements of normal government approval and registration for all foreign investors.

Source: WTO (2016). Trade Policy Review: Fiji, Report by the Secretariat. World Trade Organisation, Geneva

While enjoys secure and predictable market access to more than 153 Members through its membership of the WTO, Fiji is a party to a number of Free Trade Agreements (FTAs) which provide preferential access to Fiji's firms. These include⁸:

- The **Melanesian Spearhead Group (MSG) Trade Agreement** which is a free trade agreement that allows trade to take place freely between Fiji, Papua New Guinea, Vanuatu and Solomon Islands.
- The **Pacific Island Countries Trade Agreement (PICTA)**, which seeks to establish a free trade area among the fourteen Forum Island Countries (FICs) in 2001. Seven Countries (Cook Islands, Fiji, Niue, Samoa, Solomon Islands, Tuvalu and Vanuatu) have completed the necessary domestic requirements and have announced their readiness to trade. Four countries (Kiribati, Nauru, PNG and Tonga) have announced that they are in the process of completing their domestic requirements soon in order to trade under PICTA. The Federated States of Micronesia (FSM), Republic of Palau and the Republic of Marshall Islands are yet to accede to PICTA. The PICTA Trade in Services (TIS) Protocol was concluded in 2012 and ratified by four signatories (Samoa, Tuvalu, Republic of the Marshall Islands and Nauru) however, is yet to enter into force.
- The **South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)**, which is a non-reciprocal agreement that allows Fiji and other Forum Island Countries (FICs) to export almost all of their products to Australia and New Zealand duty free. Fiji also benefits from the SPARTECA-TCF Scheme which allows its textiles, clothing and footwear (except wool and wool blend fabrics) to be exported to Australia duty free under more favourable rules of origin. The **Pacific Agreement on Closer Economic Relations (PACER)**, which is a framework agreement for cooperation on trade and economic integration between the fourteen FICs and Australia and New Zealand, with a view towards the development of a single regional market. It also provides for assistance to FICs including Fiji, to enable them to address customs matters, standards and conformance and quarantine issues.
- The **Interim Economic Partnership Agreement with the EU (EPA)**, which Fiji negotiated together with a number of Pacific Island Countries. The interim agreement was ratified by the EU in January 2011, and by Papua New Guinea in May 2011. The government of Fiji started applying the agreement provisionally since July 2014, pending ratification. Samoa acceded to the EPA on 21 December 2018 and Solomon Islands on 17 May 2020 and are applying it since then. The EPA is a development-oriented free-trade agreement that provides duty-free, quota-free access for the four EPA Pacific countries' exports to the EU. The EPA with the Pacific states does not cover trade in services, E-Commerce nor include any provisions on investment. For their part, the EPA Pacific countries are progressively

⁷ MCTTT (2015). Fijian Trade Policy Framework (2015 - 2025). Available at <https://www.mitt.gov.fj/wp-content/uploads/2018/10/Fijian-Trade-Policy-Framework-min.pdf>
⁸ <https://www.investmentfiji.org.fj/pages.cfm/for-exporters/trade-agreements/>

reducing their tariffs on EU imports to zero⁹. Fiji's exports to the EU reached €31 million, while imports from the EU reached €291 million in 2019¹⁰. EU FDI stocks in Fiji were €169 million, in 2017 of which there is significant French investment, mostly in banking and retail services, as well as fuel supply, storage and distribution.

1.3 National Coordination of E-Commerce Framework

Overall, Fiji adopts a participatory approach to the negotiation and drafting of its laws and policies. As highlighted by the WTO (2016), the private sector and civil society interact both formally and informally with the Government during the legislative and policy-making process. In this context, the National Economic Development Council (NEDC) is the main formal consultative mechanism, which has representatives from the main national associations, such as the Fiji Chamber of Commerce and Industry, Fiji Indigenous Business Council, Fiji Manufacturers Association, and numerous trade union and Non-Governmental Organisations (NGOs) representatives. The NEDC meets quarterly, and it has five sub-committees, covering Trade and Investment Facilitation, Agriculture, Services, Manufacturing, and Sustainable Development and nine working groups, including macroeconomic management and state institutions; structural reforms; rural development; poverty and social justice; infrastructure; and natural resources.¹¹

A Trade Development Committee chaired by the Minister for Commerce, Trade, Tourism and Transport (MCTTT) is also in place. Five sub-committees exist which include services. At the time of writing this assessment, the services sub-committee, which is co-chaired by the public and private sectors, had not yet met and still needed to be operationalized. As there is no E-Commerce sub-committee, E-Commerce could in principle be integrated into this subcommittee.

Currently, none of the aforementioned platforms cover E-Commerce. However, E-Commerce could be tabled by NEDC's subcommittee on Trade and Investment Facilitation.

1.4 Access to relevant statistics

The availability of data in Fiji is relatively strong, and one of the best amongst the Pacific islands. The Fiji Bureau of Statistics has a large set of social and economic statistics data. However, the latest data found is nearly three years old (2017). ICT related data, such as internet penetration rates, number of internet servers, connectivity information, postal development index; was found mainly through international databases, such as the UN-ITU, World Bank, UNESCAP, Pacific Region Infrastructure Facility (PRIF), and UNCTAD.¹²

Apart from the above-mentioned sources, a digital statistical overview of Fiji was conducted by Hootsuite in February 2020, giving abundant information on Fiji's ICT usage.¹³ Fiji's National Financial Inclusion Taskforce and Reserve Bank also keep track of a strong data set on the performance of Fiji's related to banking, payments, remittances and mobile money.

Notwithstanding the above, Fiji's national statistics needs to be strengthened. Collecting a robust and comprehensive set of data on the ICT sector in general, and on E-Commerce specifically, will be critical to informing reliable policy reforms. Such data will support the planning, monitoring, and evaluation of various ICT and E-Commerce initiatives. Therefore, it is necessary for Fiji to expand the capacity of the Fiji Bureau of Statistics, both on the human and technical level, to regularly update, measure and release ICT datasets and relevant E-Commerce indicators (platform uses, on-line transactions, trade in goods and services occurring through E-Commerce, sales values B2B, B2C and G2B).

9 EC (2020). EU-Pacific States Economic Partnership Agreement (EPA): Creating Opportunities for EU and Pacific Businesses. European Commission. Available at https://trade.ec.europa.eu/doclib/docs/2020/october/tradoc_158988.pdf

10 EC (2020). European Union, Trade in goods with Fiji. Accessed on 3 December 2020. Available at https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_fiji_en.pdf

11 World Trade Organization (2016). Trade Policy Review: Fiji, Report by the Secretariat. World Trade Organisation, Geneva. https://www.wto.org/english/tratop_e/tpr_e/s330_e.pdf

12 List of Websites with used datasets are given in Annex III.

13 Kemp, S. (2020). Digital 2020: Fiji, We are Social, Hootsuite. Available at <https://datareportal.com/reports/digital-2020-fiji>

2

ICT INFRASTRUCTURE AND E-COMMERCE SUPPORT SERVICES ECOSYSTEM



Fiji, despite its challenging geographic environment, has one of the most developed tele-communications infrastructures amongst all the Pacific Island Countries. This is due to the competitive telecommunications market - Fiji counts on five different ICT service providers - to the continued investments being made to link up Pacific Islands and major markets in the US, Australia, and New Zealand.

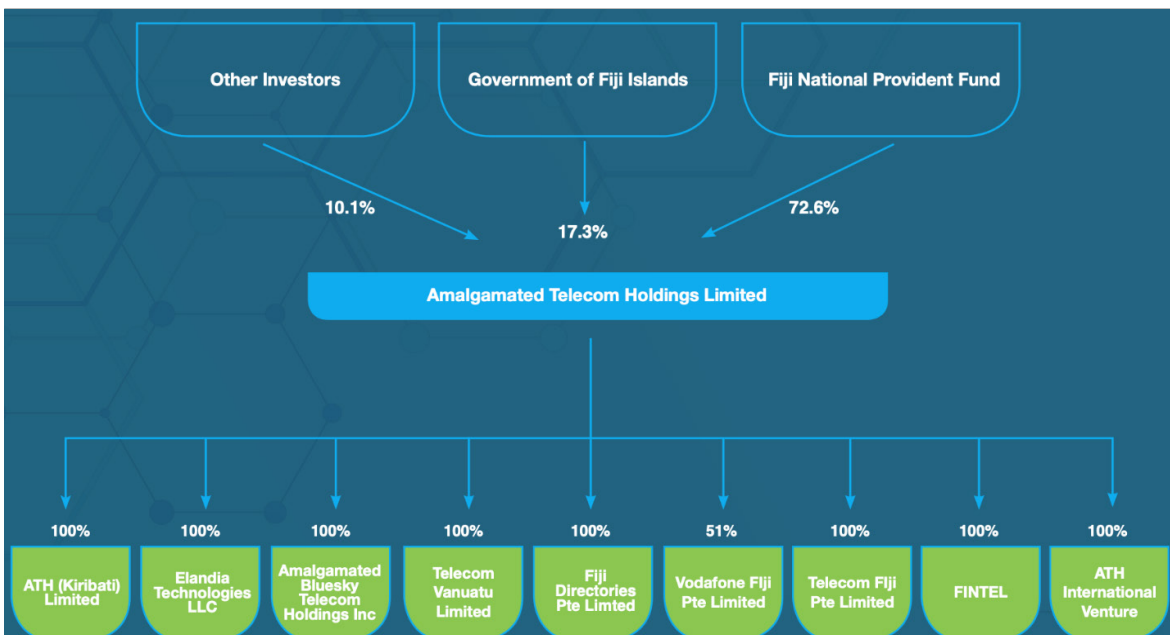
Specifically, the liberalisation of the market in 2008 contributed to the country's affordability and accessibility of telephone and internet services. In 2019, mobile subscriptions in Fiji stood at 1.24 million (139% of the population) with over 586 thousand internet users (66% of the population). Fiji is also a leading market in terms of both 4G LTE and 5G development in the region.

However, there is a significant gap in rural and urban accessibility to the internet due to the lack of development of infrastructure in rural areas. Therefore, it is necessary for the country to expand the network coverage to those unserved areas by mapping the existing access to the internet in rural Fiji, and mobilise the private sector through PPP to cover the existing infrastructure gap.

2.1 Main telecoms players in Fiji

Fiji enjoys a competitive telecommunication market, which contributes to its accessibility and affordability. In 2008, the Government adopted the Telecommunications Promulgation, which liberalised the telecommunications market.

Figure 1: Telecom market structure of Amalgamated Telecom Holdings Limited (ATH)



Source: ATH Limited

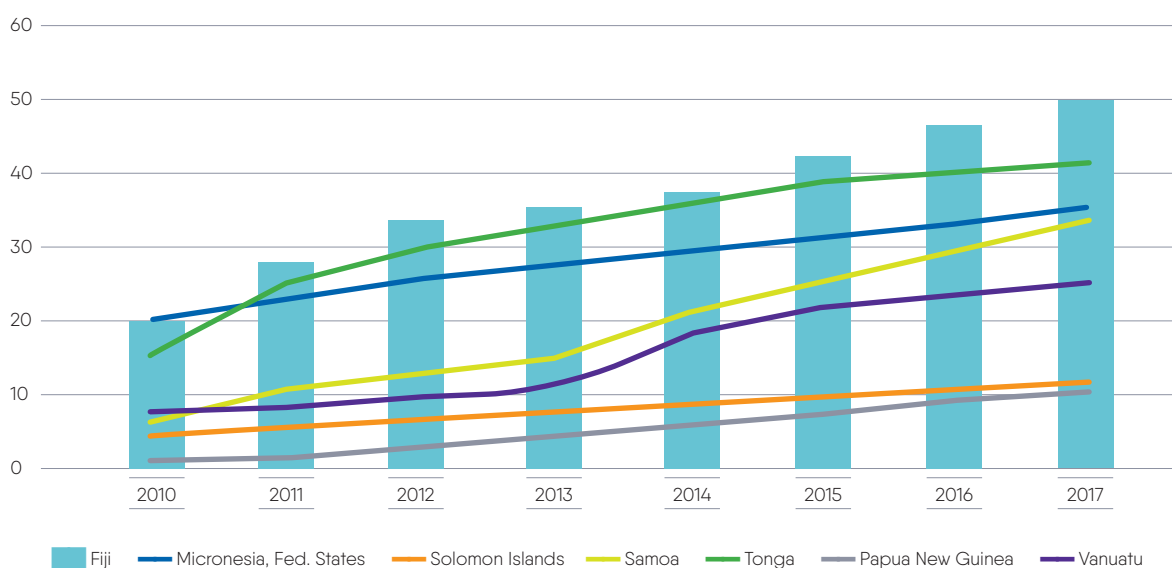
The principal telecommunication operators and internet service providers in Fiji are Digicel, Vodafone, Telecom Fiji Ltd, Fiji International Telecommunications Ltd (FINTEL), and Unwired Fiji. Currently, Vodafone is the main player in Fiji. For example, considering the mobile cellular market only, Vodafone Fiji accounted for 70 percent of the Fijian subscribers in 2017.¹⁴ The majority of telecom operators, including Vodafone, are owned by Amalgamated Telecom Holdings Ltd (ATH) (see Figure 1).¹⁵ The other major player in the Irish-owned Digicel, which entered the mobile market in 2008.

2.2 Broadband, mobile, and smartphone penetration

Fiji has a challenging geographic characteristic for ICT infrastructure developments due to the 330 scattering inhabited islands. In 2019, mobile phone connections in the country stood at 139% of the population, with over a million connections, which indicates a high percentage of the population have, at least, two or more phones. In 2019, the total number of people using the internet in Fiji was over 580,000, representing a penetration rate of 66 percent.¹⁶ In comparison to the high mobile uptake, fixed broadband penetration in Fiji is low, with just 1.4 subscriptions per 100 people in 2017.

Overall, Fiji remains the most developed Pacific Island in terms of ICT infrastructure, with a global ranking of 107th place out of 176 nations in the ITU ICT Development Index.¹⁷ Fiji also had 187 secure internet servers, which was the second-highest number in the region, after Papua New Guinea (498 secure internet servers).¹⁸

Figure 2: Individuals using the internet (% of population) 2010-2017



Source: World Bank WDI

14 According to the World Bank latest data, Mobile cellular subscriptions in 2017 in Fiji is 1,033,915; according to the ATH Group 2019 Annual Report, Vodafone Fiji subscribers in 2017 is around 700,000. See <https://data.worldbank.org/indicator/IT.CEL.SETS?locations=FJ> and <http://www.ath.com.fj/images/athannualreport2019.pdf>.

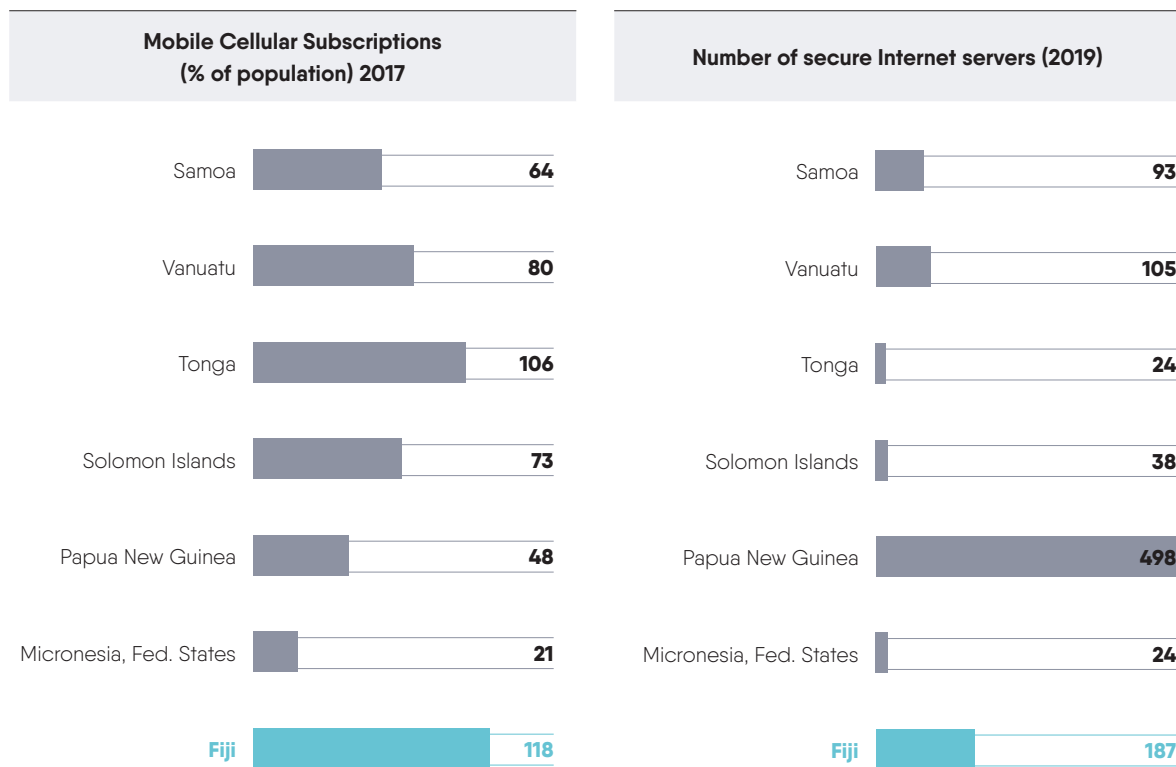
15 Pacific Region Infrastructure Facility (2015). Economic and Social Impact of ICT in the Pacific, Pacific Region Infrastructure Facility (PRIF), June 2015. Available at https://www.theprif.org/sites/default/files/documents/prif_pacific_ict_report.pdf.

16 Kemp, S. (2020). Digital 2020: Fiji, We are Social, Hootsuite. Available at <https://datareportal.com/reports/digital-2020-fiji>.

17 ICT Development Index 2017. Available at <https://www.itu.int/net4/ITU-D/idi/2017/index.html>.

18 According to the World Bank's World Development Indicators.

Figure 3: Mobile cellular subscriptions and secure internet servers



Source: World Bank WDI

However, there is an important digital divide between Fiji’s urban and remote rural areas. The digital evolution is not as evident in the rural areas as it is in the urban. Urban Fijians have started adopting technology as a part of their day to day activities, but the same cannot be said about Fijians living in rural areas. One of the main challenges to accessibility to the internet is the lack of sufficient infrastructure, as rural areas being hard to reach (and therefore challenging to install the necessary infrastructure and maintain it), or due to certain natural constraints blocking accessibility to these areas. To bridge this digital divide, the Fijian Government has started to install community and village telecentres in rural and maritime areas, leading to an increase in access to the internet in certain areas. Exact statistics on access to the internet or coverage in rural Fiji are not available, and hence it is increasingly necessary for the Government to take measures in mapping the infrastructure and collecting statistics for these areas.¹⁹

2.3 Reliability, affordability, latency, speed, and coverage

Fiji is the country where mobile data is more affordable, with an average cost of USD 0.59 per gigabyte (GB). This ranks the country 11th out of 228 countries/regions in Cable UK’s Worldwide Mobile Data Pricing ranking. In comparison, Nauru is the most expensive country in the region, with the price per GB being USD 30.47. Fiji’s low prices can be attributed to the fact that the internet infrastructure in Fiji was developed well before the other countries in the region, as well as the introduction of competition amongst operators. Fiji’s average price for one GB mobile data is also amongst the lowest by international standards.

19 Fiji Sun (2019). The Fijian Digital Divide; Where Do You Stand?, Fiji Sun. Available at <https://fijisun.com.fj/2019/04/29/the-fijian-digital-divide-where-do-you-stand/>

Table 1: Worldwide mobile data pricing rankings, Oceania, 2020

Rank	Country	Average price of 1GB (USD)
11	Fiji	0.59
16	Australia	0.68
100	Palau	2.50
125	Tonga	3.41
147	Vanuatu	4.25
151	Niue	4.50
161	New Caledonia	4.81
173	Papua New Guinea	5.40
180	New Zealand	6.06
184	Micronesia (the Federated States of)	7.20
192	Solomon Islands	8.53
200	Kiribati	10.50
201	Samoa	10.86
226	Nauru	30.47

Source: Cable.co.uk

This situation contrasts with the analysis of fixed broadband prices, in which Fiji is one of the most expensive countries in the world. According to Cable UK, Fiji ranks 128th out of 206 countries/regions for broadband prices, and fifth in Oceania, with the average cost of a fixed-line broadband package being USD 55.42 per month. This limits the competitiveness of the private sector, which has to bear high costs whenever they aim to operate a business on-line.

Table 2: Worldwide broadband price rankings, Oceania, 2020

Rank	Name	Average cost of a fixed-line broadband package
79	New Caledonia	39.02
113	Australia	48.35
121	Papua New Guinea	51.06
125	New Zealand	54.00
128	Fiji	55.42
165	French Polynesia	80.14
168	Micronesia (the Federated States of)	81.00
175	Marshall Islands	86.20
177	Palau	89.98
178	Cook Islands	92.12
181	Vanuatu	95.25

Source: Cable.co.uk

According to the GSMA Mobile Connectivity Index, Fiji has an overall score of 57.5 out of 100²⁰ in mobile connectivity. It scored 66.8 out of 100 in mobile network infrastructure, 55.4 out of 100 in affordability of devices and services, and 36.9 out of 100 in the availability of relevant content and services.²¹ The topics covered under the index are mentioned in Figure 4.

Presently, the average download speed of broadband connections in Fiji is 4.6 Mbps, ranking Fiji 115th out of 207 countries/regions in the world according to the Worldwide Broadband Speed League of 2019. The broadband speed in Fiji is low when compared to the global average of 11.3 Mbps. Therefore, the state of mobile connectivity of Fiji is mainly driven by the high level of network coverage, and high level of mobile ownership.

Figure 4: GSMA Mobile Connectivity Index: Fiji



Source: GSMA Mobile Connectivity Index

2.4 Major infrastructure projects

The telecommunications infrastructure in Fiji benefits from an extensive submarine cable network connecting Fiji to neighbouring Pacific Island countries, as well as to the US and other major telecommunication hubs:

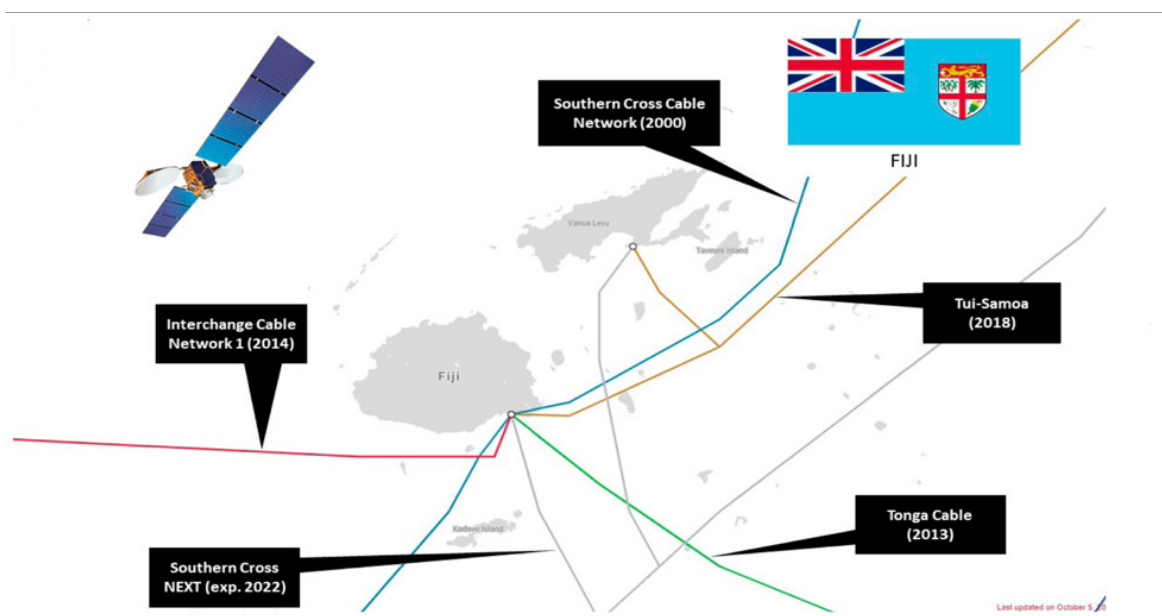
- **Southern Cross Cable Network (SCCN):** The SCCN is a protected ring network with nine cable landing stations, two each in **Australia, New Zealand, Hawaii**, and the **US mainland**, and one in **Fiji**. It has an access point in San Jose, California, USA. The SCCN contains three fibre cable pairs between Sydney and Hawaii, and four fibre pairs between Hawaii and the US West Coast, with almost 30,500 km in length, including 28,900 km of submarine cable and 1,600 km of terrestrial cable.
- **Interchange cable network 1:** The fibre optic submarine telecommunications cable system, Interchange Cable Network 1 (ICN1), started service in January 2014. The system has a length of 1,238 km, and is owned and operated by Interchange Ltd of Vanuatu. The cable's landing points are **in Vanuatu and Fiji**.

²⁰ The indicators have a value within a range of 0 to 100, with a higher score (closer to 100) representing stronger performance.

²¹ GSMA (2018). Fiji, GSMA Mobile Connectivity Index. Available at <https://www.mobileconnectivityindex.com/#year=2018&zonescode=FJI>

- **Tonga cable:** The Tonga Cable System is a submarine cable system linking **Fiji** and **Tonga** with 827 km of fibre optic cable. It has cable landing points at Sopo, Tonga and Suva, Fiji. The project was funded by the Asian Development Bank and the World Bank. It became operational in 2013.²²

Figure 5: Submarine cables in Fiji



Source: The Submarine Cable Map, online.

- **Southern Cross Next (expected in 2022):** Southern Cross NEXT is a private fibre-optic submarine cable network connecting **Australia, New Zealand, Fiji, Samoa, Tokelau, Kiribati**, and the **United States**. This project is a complement to the existing SCCN, which aims to form a stronger Southern Cross ecosystem, strengthening the resilience of connectivity on US–South Pacific routes. Southern Cross NEXT consists of four fibre pairs on the US–Australia route, with a design capacity of 18Tbps per fibre pair and a total design capacity of 72Tbps using the current 100 Gbit/s transmission technology.²³
- **Tui-Samoa:** The Tui-Samoa submarine cable links Apia, Samoa, and Suva, Fiji. It is a 1,470 km cable system with a capacity of at least 8 Terabits-per-second (Tbit/s) using 100 Gbit/s transmission technology. The cable was completed in 2018.

2.5 ICT Services

The Government is stepping up in its efforts to build a comprehensive set of e-government services. In June 2018, the Government launched a new platform and a mobile app called **digitalFIJI**. DigitalFIJI was launched in the context of “Digital Government Transformation Programme”, a 4-year programme that aims to enhance the overall ICT infrastructure and build capacity in digital transformation in the Government of Fiji.

The digitalFIJI platform operates as a directory service with contact information for government departments and entities, allowing users to submit feedback on government services. At present, the e-government structure in Fiji primarily consists of online information portals and applications for a limited number of services like registration of company names; foreign investors’ business applications; application for government scholarships; registration for exams and results publishing; application for forestry licenses; online services for marriage registration (special license) and requests for birth, death and marriage certificates, etc. The Government’s official website provides news, official press releases, information on various ministries, and links to other government agencies’ websites. The webpage covers 55 government ministries and agencies; other statutory and regulatory entities have their own websites.²⁴

22 Asian Development Bank (2013). High-Speed Broadband Goes Live in Tonga, August 2013. Available at <https://www.adb.org/news/high-speed-broadband-goes-live-tonga>

23 Qiu, W. (2020). Southern Cross NEXT Cable System Overview, Submarine Cable Networks. Available at <https://www.submarinenetworks.com/en/systems/trans-pacific/southern-cross-next/south-em-cross-next-cable-system-overview>

24 The Australian Strategic Policy Institute (2020). ICT For Development In The Pacific Islands. An Assessment of E-government Capabilities in Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu, February 2020. Available at https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2020-02/ICT%20for%20development%20in%20the%20Pacific%20islands.pdf?x_oS.r8OVVFT-lxxqNH158k_VL45KC83H

Overall, Fiji was ranked 90th among 193 countries by the UN's E-Government Development Index (EGDI).²⁵ It ranked third in the Oceania region after Australia and New Zealand with an EGDI score of 0.66 out of 1 and was further categorised as a high EGDI country. Fiji's Online Service Index (OSI) was scored at 0.51, Human Capital Index (HCI) at 0.82, and Telecommunication Infrastructure Index (TII) at 0.65, indicating a well-established E-government system in the region.²⁶

Table 3: E-government in Oceania, 2020

Rank	Country Name	EGDI score	OSI	HCI	TII	EGDI Level
5	Australia	0.94	0.95	1.00	0.88	Very High
8	New Zealand	0.93	0.93	0.95	0.92	Very High
90	Fiji	0.66	0.51	0.82	0.65	High
108	Tonga	0.56	0.38	0.83	0.48	High
125	Palau	0.51	0.28	0.88	0.37	High
142	Vanuatu	0.44	0.34	0.60	0.38	Middle
145	Kiribati	0.43	0.49	0.68	0.12	Middle
149	Samoa	0.42	0.26	0.74	0.26	Middle
151	Tuvalu	0.42	0.30	0.68	0.28	Middle
154	Nauru	0.42	0.17	0.60	0.47	Middle
156	Marshall Islands	0.41	0.34	0.75	0.12	Middle
161	Micronesia	0.38	0.35	0.67	0.11	Middle
166	Solomon Islands	0.34	0.32	0.50	0.21	Middle
175	Papua New Guinea	0.28	0.22	0.50	0.12	Middle

Source: United Nations E-Government Survey 2018 Notes: OSI- Online Service Index, HCI- Human Capital Index, TII- Telecommunication Infrastructure Index, EGDI- E-Government Development Index

From private sector, World Bank (2015)²⁷ pointed out that Fiji stood out as the sole country in the Pacific region with industry experience in global outsourcing services (GOS). Currently, ICT businesses in Fiji includes call centres, mail management, data/voucher processing, tele-hosting/warehousing, software development, audio visual, disaster recovery management systems.²⁸ Fiji has attracted renowned business process outsourcing (BPO) investors such as Mindpearl, ANZ Pacific Operations and Packer Pacific. The existing BPO-focused operations with 1,060 workers, could create up to 1,936 to 5,809 additional direct jobs in BPO operations. In 2019, the BPO industry employs nearly 3,000 Fijians and contributes to the Fijian economy USD 32 million. It is expected that this industry will employ a total of 7,000 in the next five years.²⁹

25 The E-Government Development Index (EGDI) is a weighted average of normalized scores on the three most important dimensions of e-government: the scope and quality of online services as indicated by the Online Service Index (OSI), the status of the development of telecommunication infrastructure rated through the Telecommunication Infrastructure Index (TII), and the inherent human capital scored through the Human Capital Index (HCI). Each of these indices is by itself a composite measure that can be extracted and analysed independently. The composite value of each component index is then normalized to fall between the range of 0 to 1 and the overall EGDI is derived by taking the arithmetic average of the three component indices. According to <https://publicadministration.un.org/en/Research/UN-e-Government-Surveys>

26 These scores are calculated out of 1, which is the highest score to indicate the best performance.

27 Beschmer, N. Chew Kuek, N. and Narimatsu, J. (2015). Information & Communication Technologies for Jobs in the Pacific, World Bank, Report No. 96218-EAP, November 2015

28 Australian Trade and Investment Commission (2020). ICT to Fiji. Trend and Opportunities. Accessed on 1 December 2020. Available at <https://www.austrade.gov.au/australian/export/export-markets/countries/fiji/industries/ICT>

29 Business Link Pacific (2019). Fiji: The New Offshoring Destination for the Global Market. 4 November 2019. Available at <https://about.businesslinkpacific.com/fiji-new-offshoring-destination-global-market/>

Box 3: E-Commerce marketplace landscape in Fiji

The E-Commerce landscape in Fiji has seen some flourishing development in the last few years, with the launch of marketplaces such as Multi Drua, Post Fiji e-Shop, Vitikart, etc.

Multi Drua, dubbed Fiji's first fully fledged multi-vendor e-commerce platform,³⁰ has been around since 2019 and have on boarded a number of merchants. The platform aims to connect vendors to prospective customers not only in Fiji but all over the world.³¹

In 2019, Post Fiji launched Post Fiji e-Shop, an E-Commerce online platform. This platform provides provide Fijians with the opportunity to purchase items available in any Post Fiji outlet around the country and the items will be delivered in real-time basis to customers.³² The MCTTT and Post Fiji also signed a memorandum of understanding that would allow MSMEs licensed under the Fijian Made – Buy Fijian Campaign to sell online.³³

Vitikart, an online market place hosted and managed fully by Vodafone Fiji, was launched in August 2020. This platform brings together a range of businesses on a single common online marketplace for consumers to buy online. It provides an end-to-end purchase to delivery service, including a mobile application to buy online and the option to pay via M-PAiSA mobile wallets.³⁴

30 MultiDrua (2019). Multidrua - Fiji's 1st Fully Fledged Multi-Vendor E-Commerce Platform. December 2019. Available at <https://www.multidrua.com/blog/post/multidrua-launch>

31 Fiji Plus (2020). MultiDrua: Fiji's new cybermall. January 2020. Available at <https://fijiplus.com.fj/multidrua-fijis-new-cybermall/>

32 Fiji Sun (2019). Post Fiji Launches E-Commerce Online Platform. Available at <https://fijisun.com.fj/2019/10/11/post-fiji-launches-e-commerce-online-platform/>

33 Fiji Broadcasting Corporation News (2020). Opportunity for MSME to Sell Online After MOU Signing, July 2020. Available at <https://www.fbcnews.com.fj/business/opportunity-for-msme-to-sell-online-after-mou-signing/>

34 Vodafone (2020). Vitikart – Fiji's Online Marketplace. August 2020. Available at <https://www.vodafone.com.fj/about/about-us/media-releases/media-release-2020/vitikart-fiji-s-online-marketplace>

3

TRADE LOGISTICS AND TRADE FACILITATION ECOSYSTEM



Fiji's trade infrastructure is relatively well developed, as recognised by the World Bank's Trading Across Border indicators. Fiji is the main regional transit point for freight throughout the Pacific region with a substantial amount of freight shipping through the port of Suva. With an economy dependent on international trade, the country's international connectivity is critical to ensure that its many domestic industries which are dependent on trade (sugar, tourism, Textile, Clothing and Footwear sector, etc.) are able to be competitive in the world's market. However, customs clearance is a major issue for Fiji. Whilst better than the regional average, the costs and time taken for border compliance and documentary compliance are high and lengthy compared to best international practices.

Internally, roadways are the main transport mode on the islands in Fiji, but despite this, poor road conditions and lack of maintenance have resulted in high transport costs and constant delays, which hamper the ability of the private sector to conduct business without major hurdles.

Whilst efforts are being undertaken to improve the country's customs and trade facilitation environment with the implementation of a single window and the adoption of ASYCUDA World, Fiji should also work towards the introduction of electronic payments of duties, improve the pre-clearance of shipments, and reduce the number of documents required at the border.

3.1 Mode of delivery, last-mile delivery, traffic and regulations

Fiji is one of the main regional transit points for freight throughout the Pacific region. There exists a solid flow of freight and shipping through the port of Suva, with a number of international companies based in Fiji to coordinate and manage international shipping movements throughout the Pacific and to the rest of the world. In 2018, the number of ships that arrived in Fiji was the second highest in the region. A total of 1974 ships arrived at Fiji's ports out of which 340 were container ships.

Table 4: Number of ship arrivals in the Pacific in 2018

Country	Number of ship arrivals
Papua New Guinea	2,944
Fiji	1,974
New Caledonia	1,498
Tonga	287
Vanuatu	273
Solomon Islands	206
Samoa	171
Micronesia (Federated States of)	136
Marshall Islands	118

Tuvalu	72
Kiribati	42

Source: UNCTAD STAT

Specifically, the Suva port is the largest in Fiji, equipped with pilotage, safe anchorage, deep berths capable of handling vessels of over 40,000 tons. Additional services include stevedoring, general cargo handling, cargo/container storage including freezer and cooler, loose cargo warehousing, fumigation, incineration and weighbridge facilities. The second-largest port is Lautoka, located in the northwest of the main island, which handles the bulk of the Fiji Islands' sugar and timber exports. Export and import shipping services cater to general cargo—carried mostly in containers—as well as bulk cargo. The aforementioned ports handle most of the country's liner container and breakbulk services. Domestic inter-island cargo shipping services are also handled from the two main ports of Suva and Lautoka.

The shipping rates for inter-island routes are determined by the Fiji Ports Council on an annual basis. In 2020, shipping rates varied from FJ\$ 0.11 to FJ\$ 0.33 per 1 kilogram (KG) of cargo.³⁵

Table 5: Inter-island shipping rate in Fiji, 2020

Route	Shipping Rates Per KG (\$ FJD)
Suva- Kadavu	0.11
Suva- Levuka	0.10
Natovi-Buresala	0.02
Natovi- Nabouwalu	0.08
Suva- Koro	0.15
Suva- Savusavu	0.21
Suva- Taveuni	0.25
Koro- Savusavu	0.07
Koro- Taveuni	0.11
Savusavu- Taveuni	0.09
Natovi-Savusavu	0.14
Lautoka-Malau	0.33

Source: Fiji Ports Council

In terms of connectivity, Fiji's connections to other markets is through international shipping lines with weekly direct service lines operating to Australia/New Zealand, the United States, Southeast and North Asia, and Europe. Shipping lines in Fiji are operated by Swire Shipping, Tasman Orient, Pacific Direct Line, Chief Container Line, Hamburg Sud, Greater Bali Hai, and Neptune Shipping. Neptune shipping is associated with Maersk, providing services within the region, to Asia and, by transshipment, to the United States and Europe. The country's international connectivity, measured by UNCTAD's Liner Shipping Connectivity Index, scored 11.2 in 2019, a decrease in comparison to the 13.33/100 achieved in 2018. This score puts Fiji as the second-best connected country in the region, after Papua New Guinea, although the score is low by international standards.³⁶

³⁵ Koopmann K. (2018). Fiji Country Profile, Logistics Capacity Assessment, May 2018, Available at https://dlca.logcluster.org/display/public/DL_CA/1+Fiji+Country+Profile.

³⁶ The Liner Shipping Connectivity Index (LSCI), generated by UNCTAD, aims at capturing the level of integration into the existing liner shipping network by measuring liner shipping connectivity across six components: the number of scheduled ship calls per week, total deployed capacity, the number of regular liner shipping service to and from the country, the number of liner shipping companies that provide services from and to the country, average size in TEU (Twenty-Foot-equivalent Units) of the ships deployed, and number of other countries that are connected to the country through direct liner shipping services. The higher the index, the easier it is to access a high capacity and frequency global maritime freight transport system and thus effectively participate in international trade. Therefore, LSCI can be jointly considered as a measure of connectivity to maritime shipping and as a measure of trade facilitation. See <https://unctadstat.unctad.org/wds/tableViewer/tableView.aspx?ReportId=92>.

Table 6: Liner Shipping Connectivity Index, 2015-19

	2015	2016	2017	2018	2019
Fiji	12.74	12.47	13.27	13.33	11.20
Kiribati	4.73	5.58	5.83	5.78	2.01
Micronesia	2.50	2.50	2.70	4.53	4.47
Nauru	2.45	2.12	1.88	2.20	2.20
Papua New Guinea	12.75	12.38	13.23	12.67	12.63
Samoa	6.45	6.95	6.66	6.83	8.07
Solomon Islands	11.15	10.75	10.73	10.54	10.66
Tonga	5.66	7.34	8.26	8.18	7.59
Tuvalu	2.96	3.17	2.03	1.98	2.01
Vanuatu	8.75	8.59	8.54	8.24	7.91

Source: UNCTAD STAT

The World Bank's Logistics Performance Indicators ranked Fiji 133rd out of 160 countries. The indicator ranks countries based on customs, infrastructure, international shipments, logistics capacity and timeliness. Fiji scored poorly on the indicators related to 'international shipments' and 'timeliness', whereas it fared relatively better in the infrastructure component. Fiji and Papua New Guinea were the only two countries from the Pacific that were included in the index.³⁷

Cargo shipping in Fiji is inefficient due to various challenges. Low trade volume has led to the need of transshipment through other ports before reaching targeting markets, according to stakeholder consultation. For example, Fiji cargo has to tranship through Hong Kong to get to Northern Pacific Islands, or through Australia or New Zealand to reach the Southern Pacific Islands markets. The quarantine conditions for all shipments is mandatory in New Zealand and Australia, which makes it hugely challenging to export³⁸. Also, vessels take longer to berth in Fiji than in other PIC ports, due in part to transshipment to other island countries, which is why port service charges are high in Fiji. These barriers disrupt the streamlined nature of trade.³⁹

Fiji Maritime Safety Administration (FIMSA) is the main shipping regulator, covering surveys, inspections, classification and certification of vessels, port state control, monitoring of shipping within national waters, and regulation of interisland shipping. The Government Shipping Services (GSS) uses vessels from 28 to 237 tons in size to ship government consignments (mainly for public work purposes), as well as government personnel. Finally, the Fiji Shipping Corporation Limited (FSCL) was set up in April 2004 to act as a "virtual" shipping line, responsible for administering the shipping franchises for the non-commercial routes to the outer islands of the country.

Roadway transportation in Fiji is disrupted by natural disasters. As Fiji is prone to tropical cyclones and resultant flooding, its roadways are restricted to the existing 11,000-kilometer road network, especially to the spine or circumferential main roads with feeder roads, with few route alternatives. These natural blockages make it difficult to expand road connectivity mainly by disrupting construction work. In addition to natural disasters, heavyweight container trucks further wear the road, thus posing another challenge to the roadways, as these are in need of continuous maintenance. Due to the scattering island system, inter-island freight transport relies on serviceable coastal and island jetties as compared to roadways.⁴⁰

Fiji has a well-connected air transportation system compared to other PICs. Fiji's international airports are located at Nadi and Nausori, with the Nadi International Airport being the major airport in the country. Fiji has regular air services to Australia, New Zealand, the United States of America, China (Hong Kong), South Korea, Samoa, American Samoa, Tonga, Vanuatu, Papua New Guinea, Solomon Islands, Kiribati, Tuvalu, and Nauru, along with daily domestic flights between Nadi and Suva. Other major domestic flights are from Nadi to Labasa, Taveuni, and Kadavu for residents returning home from abroad and tourism. Both international airports are equipped with modern passenger and cargo screening facilities and cargo clearance facilities.

37 World Bank (2018). Logistics Performance Indicators. Available at <https://lpi.worldbank.org>

38 Moreover, some of the reasons for the quarantine conditions should be reviewed in light of the fact that Fiji is free of Giant African Snails, but it is required to adhere to Australia and NZ's strict quarantine conditions requiring containers to go through sea containers hygiene system since it is a transshipment port. See <https://www.ippc.int/en/external-cooperation/regional-plant-protection-organizations/pacificplantprotectionorganisation/>

39 Koopmann K. (2018). Fiji Country Profile, Logistics Capacity Assessment, May 2018, Available at <https://dlca.logcluster.org/display/public/DLCA/1+Fiji+Country+Profile>

40 Karla Koopmann, *Ibid*.

Air Freight services in Fiji are available through Nadi Airport as air cargo and air courier.⁴¹ The limited frequency of flights from Fiji to other PICs causes some problems for operators. Moreover, the size of the aircraft causes difficulties to get cargoes on board and so some cargoes face a backlog.⁴² The situation has changed since COVID-19, but a strategy after COVID-19 recovery is needed on this matter⁴³.

At present, there is no operating commercial railroad in Fiji. However, a small gauge railway system is in place for sugar cane transportation predominantly around the Nadi/Lautoka area on the Viti Levu island.

In addition to the usual transport methods, parcel delivery is an important link of E-Commerce. While some of the E-Commerce giants can afford its own delivery services, most SMEs will need to rely on third-party service providers, such as the posts or third-party logistics providers (3PL). Specifically, postal sector development in Fiji is amongst the best in the Pacific region, although it can be considered quite low by international standards. Fiji's 2019 Integrated Index for Postal Development stood at 13.5 out of 100 with a rank of 136 out of 172 countries.

Table 7: Integrated Index for Postal Development (2IPD) in Pacific countries

Rank	Country	2IPD 2019	Change vs 2018
115	Tonga	20.91	-16.04
136	Fiji	13.52	-11.79
143	Vanuatu	11.78	-12.65
145	Kiribati	11.74	-0.97
156	Solomon Islands	7.93	-4.82
163	Papua New Guinea	7.01	-2.81
170	Tuvalu	2.42	2.42
172	Samoa	0	-4.41

Source: 2IPD by UPU (2019), GDP per capita by World Bank WDI (2018 data) ⁴⁴

Fiji has around 133 post offices providing services for a total area of 18,000 km square. One post office serves on average 6,842 people. The collections and deliveries are scanty in rural areas, where mails and packages can take up to 3.5 more days to be collected and delivered compared to urban areas. Home delivery is not widespread, with only 9% of the Fijian enjoying this service in 2018. Meanwhile, 28 percent of the population does not have postal services.

Table 8: Overview of Postal Services in Fiji

Indicator	Value in 2018
Area of territory (km ²)	18,274
Total number of permanent post offices	133
Average number of inhabitants served by a permanent office	6,842
Number of post office boxes	61,834
Average number of collections from boxes per working day in urban areas	1

41 Air cargo specifically deals with larger, heavier items whereas, air courier is associated with smaller and lighter items.

42 Air Services and Airports, Investment Fiji, Government of Fiji, Available at: www.investmentfiji.org.fj/pages.cfm/for-investors/key-infrastructure-services/air-services-airports.html

43 Prior to COVID-19 pandemic (March 2020), the aircraft size had caused a backlog of cargoes which affected exports of perishable produce such as fresh fruits and vegetables, fish which need to reach overseas markets such as Australia, NZ and the US. Due to COVID-19 pandemic, Fiji had to explore other opportunities to use its aircrafts to ensure market access for its exportable products as well as imports of humanitarian goods and essential medical supplies. With the support of the Fijian government and other stakeholders, Fiji Airways converted AT72 planes for freight flight services operating between Nadi to Auckland, Sydney, Los Angeles, Hong Kong and Port Vila. The weekly freight flight services carry cargo consisting of fresh produce, garments, kava and seafood. Inbound freight consisted of consignments important to Fijian businesses as well as essential medical supplies including vaccines, test kits, medicine and humanitarian aid. This ensured continued market access for Fiji's products to reach overseas markets and essential services. See: www.fijairways.com

44 The Integrated Index for Postal Development (2IPD), as composed by the UPU, offers a benchmark (from 0 to 100) of the relative performance of postal operators along four dimensions of postal development: reliability, reach, relevance and resilience. A country's absolute progress on a specific dimension of the 2IPD will impact the final ranking if its peers have not made even greater gains in performance

Average number of collections from boxes per week in rural areas	2
Average number of deliveries per working day in urban areas	2
Average number of deliveries per week in rural areas	2
Percentage of items delivered through post office boxes	80
Percentage of the population having mail delivered at home	9
Percentage of the population having to collect mail from a postal establishment	63
Percentage of the population without postal services	28
Number of express items, domestic service	49,462
Number of express items, international service - dispatch	4,434
Number of parcels, domestic service	4,208
Number of parcels, international service - dispatch	5,537

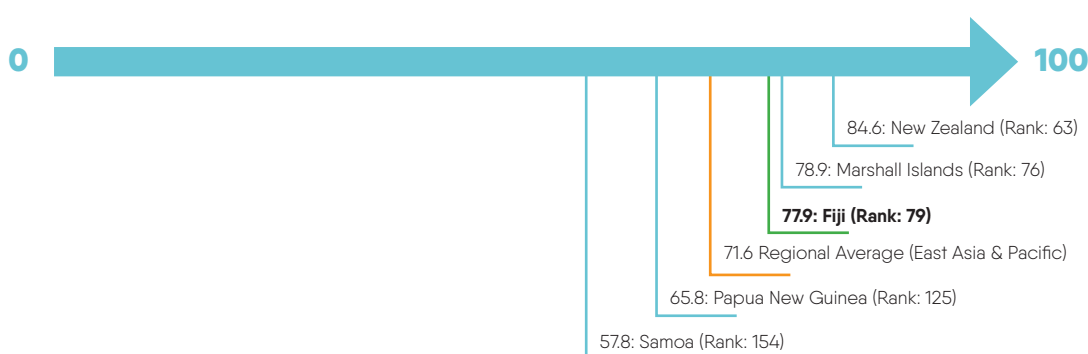
Source: ZIPD by UPU (2019)

3.2 Trade Facilitation

Overall, Fiji's trade facilitation environment is relatively good. The country performs relatively well compared to its regional peers in terms of trading across borders, according to World Bank data. It ranked 79th out of 190 countries in 'trading across borders' with a score of 77.9 in the Doing Business Indicators of 2020. However, Fiji's score was affected by its high port handling costs of USD 238 to USD 241 and a high port handling time of 24 to 32 hours.

Customs procedures in Fiji include all commercial importers and customs agents registering with the FRCS with a Tax Identification Number (TIN). A Single Administrative Document (SAD) is used to declare commercial goods above FJ\$ 100, and can be submitted electronically or manually. FRCS has the authority to stop any goods from entering Fiji if they do not comply with the country's SPS and TBT regulations, or if they infringe on IPR. Appeals on all customs matters are first handled by the Fiji Court of Appeal, whose decisions can be further appealed at the High Court.⁴⁵

Figure 6: Trading across Borders in Fiji and comparator economies – Ranking and Score



Source: World Bank, Doing Business 2020

45 World Trade Organization (2016). Trade Policy Review: Fiji, Report by the Secretariat. World Trade Organisation, Geneva. https://www.wto.org/english/tratop_e/tpr_e/s330_e.pdf

A personal *de-minimis* threshold of FJ\$ 400 is allowed. An individual can import goods (for personal use) through parcel post/airfreight in Fiji to a value not exceeding FJ\$400 duty-free under Concession Code 212 to Part 3 to Schedule 2 of the Customs Tariff Act. It is on the condition that the goods are not for re-sale or used for commercial purposes.⁴⁶ However, there is no commercial *de-minimis* threshold, such that many inputs to most manufacturing companies (such as garments, water, handicrafts) are faced with tariffs and customs agent fees. Additionally, an entry fee of FJ\$ 100 is charged by brokers which make trade more costly. There are high expectations from stakeholders that a National Single Window can reduce the costs of trading. The National Single Window is categorized as 'C' provision in the Trade Facilitation Agreement. As noted in Fiji's Trade Policy Review, the FRCS is moving towards the single window concept in stages, with the first stage consisting of the full automation of the customs clearance process in all border regulatory agencies, through the ASYCUDA World system. Fiji completed the integration of the ASYCUDA World System in 2017. However, some glitches persist, such as the requirement of stamp duty (FJ\$10)⁴⁷ on air waybill which must be paid physically, according to the stakeholder consultation. It is considered that this FJ\$10 stamp duty makes exports more expensive, especially for small businesses with small parcels. It is therefore recommended Fiji introduce electronic payments for stamp duty, and/or consider eliminating the FJ\$ 10 fees on airway bill for exports. As a member of the WTO, Fiji does not impose any customs duties or taxes on cross border transactions due to existing moratorium on E-Commerce.

It was also raised by stakeholders that the guide to export, available on the Government website, is very basic and contains information already known by traders. Currently, information is scattered across different agencies and platforms. There is a desire to consolidate information into one platform, and that information is updated and followed by all agencies regularly. Fiji is in discussion with UNCTAD to receive assistance to achieve this goal before 2025.

Table 9: Documents required for Importing to, and Exporting from, Fiji

Export	Import
Bill of lading	Bill of lading
Customs Export Declaration	Cargo release order
Packing list	Commercial invoice
Phytosanitary certificate	Customs import declaration
Commercial invoice	Foreign exchange authorisation
Inspection report and health certificate	Packing list
	Technical standard/health certificate Terminal handling receipts
Terminal handling receipt	Customs release note
	SOLAS certificate

Source: WB Doing Business 2020

Fiji's required time and costs for border compliance, whilst better than the regional (East Asia and Pacific) average, are high compared to international best practices. Importing a standard container of goods requires 10 documents, takes 34 hours, and costs USD 58. Border compliance for importing goods takes 35 hours and costs USD 320. On the other hand, it takes 7 documents to export from Fiji, with a total of 56 hours and costs USD 76 per container. When exporting, border compliance costs USD 317 and takes 56 hours. Discussion with stakeholders also revealed that the rate of pre-clearance of cargo is relatively low, at 50 percent, as compared to 90 percent in New Zealand. A time-release study on imports was carried out 5 years ago, while none has ever been conducted for exports.

Requirements on biosecurity also pose some challenges to cross-border trade in Fiji. According to Fiji Biosecurity Promulgation 2008, regulated articles in transit are liable to biosecurity import control and required biosecurity import clearance at a biosecurity holding area.⁴⁸ While this provision aims to promote compliance with the domestic regulation, it can arguably add layer to the customs procedures and streamlined processes would be encouraged.

46 Fiji Sun (2015). Fiji Revenue and Customs Authority: Tax and You. Available at <https://fijisun.com.fj/2015/08/01/fiji-revenue-and-customs-authority-tax-and-you-2/>

47 Fiji Revenue and Customs Service (2017). Stamp Duty on Air Way Bills. Available at <https://www.fracs.org.fj/news/2017-2/stamp-duty-air-way-bills/>

48 Biosecurity Authority of Fiji (2016). Special Notice on Transshipment Cargo. Amendments to Biosecurity Conditions for Transshipments. Available at http://baf.com.fj/images/Transshipment_Alert_230115.pdf

Table 10: Trading across borders

	Fiji		East Asia and Pacific		OECD	
	Hours	USD	Hours	USD	Hours	USD
Export: Border compliance	56	317	57.5	381.1	12.7	136.8
Export: Documentary compliance	56	76	55.6	109.4	2.3	33.4
Import: Border compliance	35	320	68.4	422.8	8.5	98.1
Import: Documentary compliance	34	58	53.7	108.4	3.4	23.5

Source: World Bank Doing Business 2020

According to the OECD, Fiji falls short of many of the key performance indicators in trade facilitation. A comparison of 2017 and 2019 scores show Fiji improved in certain key areas of procedures, automation and appeal procedures. However, the country did poorly in advance rulings and documents. Overall Fiji is strong in the key aspects of fees and charges, automation and appeal procedures, whereas it fares poorly in border agency cooperation, advance rulings and documents. Figure 7 highlights the trade facilitation indicators and the stakeholders expressed similar views during consultations for this assessment.

Figure 7: OECD Trade Facilitation indicators, Fiji



Source: OECD

Fiji has been a member of the World Customs Organisation since July 1997, when it acceded to the Convention on the Harmonised Commodity Description and Coding System, the Customs Convention on the Temporary Importation of Scientific Equipment, and in 2009 to the International Convention on the Simplification and Harmonisation of Customs Procedures, Kyoto Convention. The Fiji Revenue and Customs Service (FRCS) is responsible for all tax and customs matters. The main legislative framework governing customs administration in Fiji is The Fiji Revenue and Customs Service Act (1998).

Brokers are reported as being efficient at facilitating the shipment of exports. However, operators have complained at the time it takes to get all the necessary administrative documents to be submitted. With ASYCUDA, the efficiency of border agencies is reported to have improved according to operators.

4

PAYMENT SOLUTIONS FOR E-COMMERCE



Fiji's financial landscape is comprehensive, with six commercial banks, four credit institutions, and thirty credit unions. A large percentage of the population has bank accounts, and unlike many developing countries, private sector credit from financial intermediaries is quite significant in Fiji, with nearly 76.8% of the population using formal financial institution accounts. This leaves 23.2% of the population without access to such services.

Mobile money has the potential to bridge that gap, enabling the population to use on-line payments for E-Commerce transactions. However, there has been a very slow uptake: on-line payment gateways have not taken off, inter-operability between commercial banks has not been fully realised. The slow uptake is also noted from the demand side, hence digital literacy and building trust with customers could also be explored to drive use of E-Commerce. Additionally, foreign exchange controls remain in place.

To address the challenges related to payment solutions, it will be necessary for Fiji to promote the use of digital financial services, such as mobile money, especially in rural areas. Continue to promote the full implementation of the National Switch bill to ensure interoperability between banks. Encourage banks to ease the requirements for opening merchant account to facilitate the setting up of payment solution for E-Commerce businesses. Also, Fiji needs to continue rolling out nation-wide campaigns to raise awareness about existing digital payment solutions and their benefits.

4.1 Banking penetration

Fiji has a diversified financial ecosystem. As at 30 June 2019, Fiji's financial system consisted of six commercial banks; four credit institutions; one superannuation fund (FNPF); seven general insurers; two life insurers; five insurance brokers; 514 insurance agents; 10 foreign exchange dealers; one securities exchange; two Management Investment Schemes; 61 capital market intermediaries and participants; and a credit reporting agency.⁴⁹

Fiji's financial landscape includes six commercial banks: Australia and New Zealand Banking Corporation Group (ANZ), Westpac Banking Corporation (WBC), Bank of Baroda (BOB), Bank South Pacific (BSP), BRED Bank (Fiji) Limited and Home Finance Company Bank. ANZ, BSP and WBC have the most extensive operations in the country with a cumulative market share of around 70%.

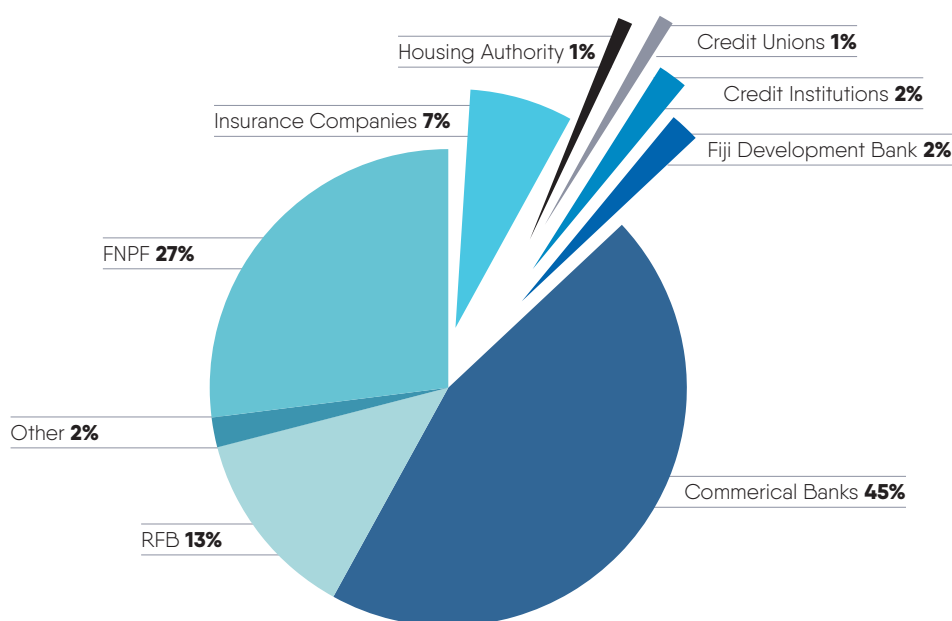
In addition to the commercial banks, there are four credit institutions: BSP Finance (- Fiji) Limited, Credit Corporation (Fiji) Ltd, Merchant Finance Limited and Kontiki Finance Limited and Merchant Finance Limited.⁵⁰ While all the credit institutions are locally incorporated entities, only two are Fiji owned, and one (KFL) is listed on the local stock exchange (SPX). Fiji also has around 30 credit unions with a total of over 10,000 members. The finance sector also comprises the Fiji Development Bank (FDB), insurance companies, foreign exchange dealers, as well as capital market intermediaries such as Managed Investment Schemes (Unit Trusts) and mobile money service providers. The Fiji National Provident Fund (FNPF) provides pension services to its members. Fiji is one of two Pacific Island countries with stock exchange (the other is Papua New Guinea). The Reserve Bank of Fiji is the central monetary authority and the primary regulator of financial institutions in the country.

49 Reserve Bank of Fiji (2019). Annual Report. August 2018 - July 2019 Report. Parliamentary Paper No. 86 of 2019. pp 28. Available at <https://www.rbf.gov.fj/wp-content/uploads/2020/03/RBF-2018-Annual-Report.pdf>.

50 According to Reserve Bank of Fiji. See <https://www.rbf.gov.fj/core-functions/financial-stability/financial-system-infrastructure/>.

Fiji also has in place a Real-Time Gross Settlement (RTGS) system – FIJICLEAR – which has been operational since 2007. FIJICLEAR enables payments to be made electronically within the country and provides real time settlement of the payments. The key elements of FIJICLEAR are speed, certainty, reliability, safety, convenience and cost. The RTGS system provides for same-day settlement of large-value interbank transactions that usually would take more than a day if done through other means 3-4 days if done by cheques. A FIJICLEAR transaction involves four parties: the payer, the payer's commercial bank, the payee, and the payee's commercial bank. This system requires a certain fee to be paid with each transaction. The fee ranges from FJ\$2 to FJ\$15, based on the value of the transaction. This is particularly helpful for immediate payment settlements in E-Commerce, as it facilitates the transmission of funds between the parties and ensures that payments are done in a relatively short period of time. However, inter-operability between banks has not been fully realised in Fiji, with only 2 banks having signed to adapt the new switch platform which aims to enable payment services of all banks at the same time.⁵¹ According to the stakeholder consultation, despite delays in implementation of national payment system, banks have been doing bilateral switches.

Figure 8: Financial System of Fiji



Source: IMF

A large percentage of Fiji's adult population uses financial products. In 2019, 41% of the adult population had bought insurances, 15.3% used credit products and 21.8% of the population used savings products. The number of adults using formal financial institution accounts increased from 68.4% in 2016 to 76.8% in 2019.⁵² According to the World Bank's Global Findex database, an average of 69% of adults around the world (2017) have a financial institution account.⁵³ Fiji's inclusion of 76.8% is well above the world's average, indicating a strong financial inclusion system.

Table 11: Financial Inclusion Indicators

Indicator (per 10,000 adults)	2019
Number of bank branches	1.03
Number of ATMs	5.40
Number of bank agents	2.01
Number of Credit Union access points	0.34

Source: Reserve Bank of Fiji⁵⁴

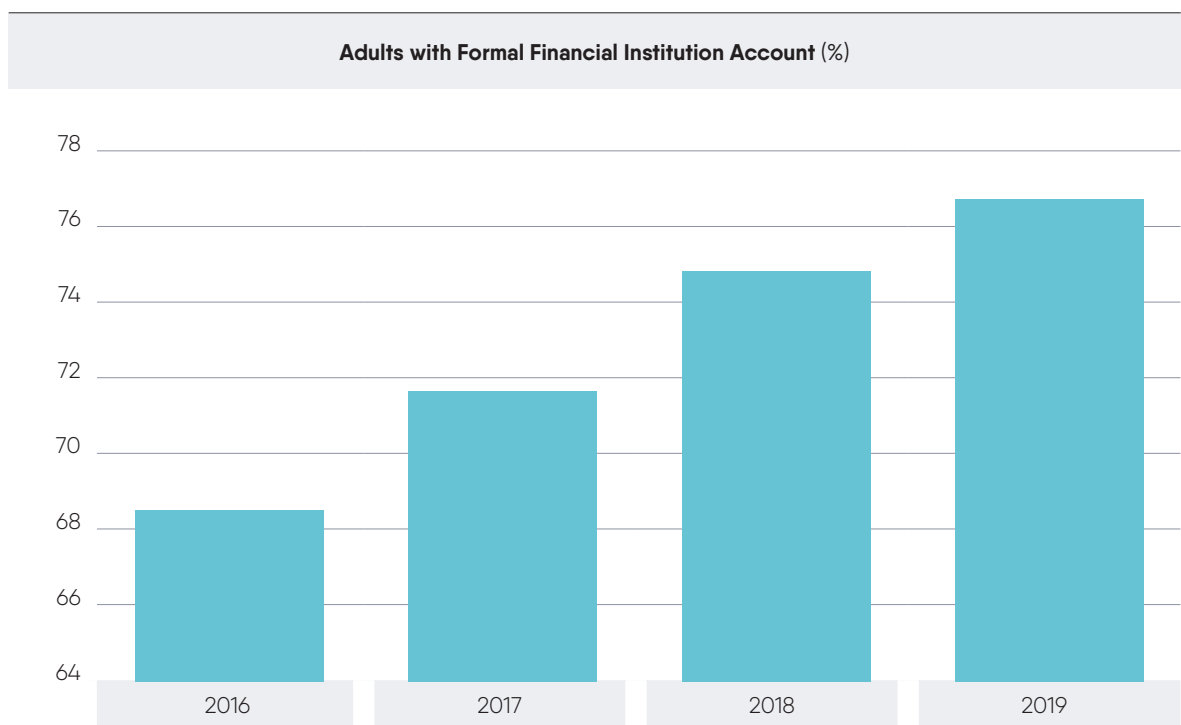
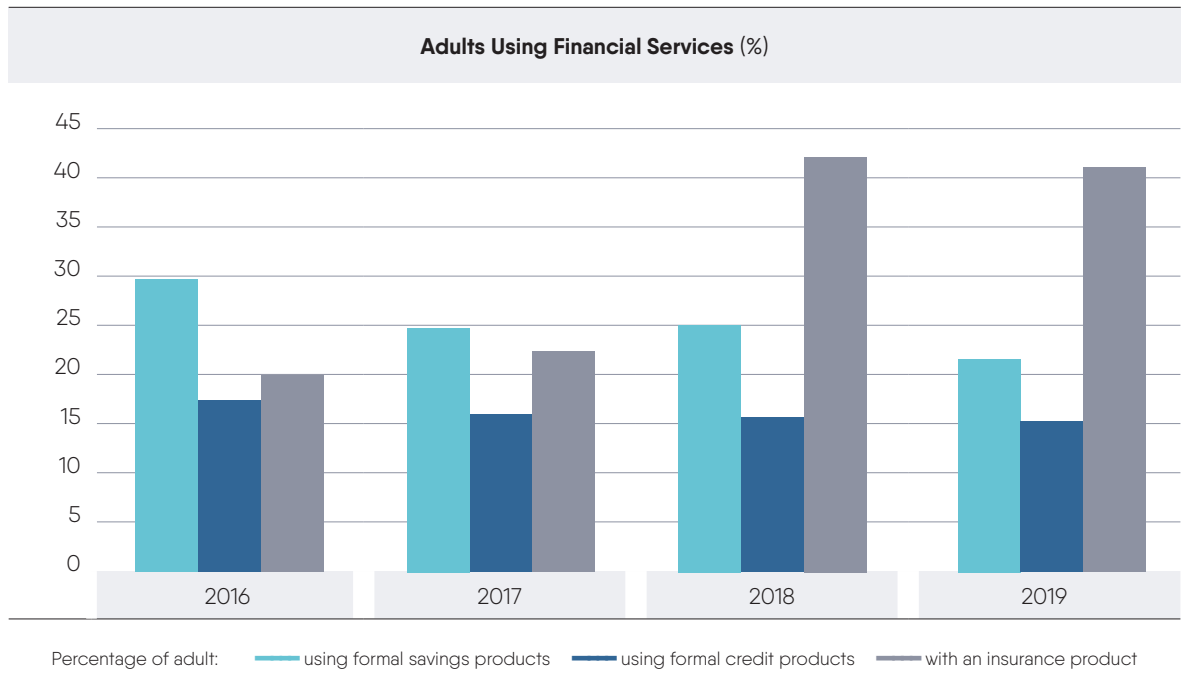
51 The Fiji Times (2018). National Switch, The Fiji Times. January, 2018. Accessed on 3 December 2020. Available at <https://www.fijitimes.com/national-switch/>

52 National Financial inclusion taskforce and Reserve Bank of Fiji (2020). 2019 Financial Inclusion Indicators Report. Available at http://www.nfiifiji.com/wp-content/uploads/Fiji-Financial-Inclusion-Annual-report-2019_final.pdf

53 World Bank (2017). Overview, Global Findex Database 2017, Measuring Financial Inclusion and the Fintech Revolution, World Bank Group.

54 Reserve Bank of Fiji (2020). Quarterly Review of the Economy & Financial Conditions. Available at <https://www.rbf.gov.fj/wp-content/uploads/2020/08/June2020-QR-260820.pdf>

Figure 9: Adults using financial services



Source: National Financial Inclusion Taskforce & Reserve Bank of Fiji (2019)

4.2 Financial regulations

In addition, the RBF supervises the FNPF, and the FDB. The authority to supervise the FNPF is provided under the FNPF Act 2011 while the mandate to supervise the FDB is provided under the directive of the Minister of Economy, in line with the relevant provisions of the Banking Act, 1995. In terms of the regulatory policy framework, the Reserve Bank formulates local policies in line with international best practices/standard setters such as: the Basle Committee on Banking Supervision, the International Association of Insurance Supervisors, FATF Recommendations on Combating Money Laundering and Terrorist Financing and the International Organization of Securities Commissions. Notwithstanding this, the RBF attempts to 'localise' these regulatory policies to suite the local environment.

The Banking Act is the main law governing Fiji's commercial banks. It gives the Reserve Bank the power to issue licenses, set prudential norms, and take remedial action as necessary. Microfinance institutions are regulated under the Microfinance Institutions (Examination and Assessment) Act 2010, as amended by the Revised Edition of the Laws (Consequential Amendment) Act 2016⁵⁵ and are authorised to take deposits. The insurance companies and brokerage firms in Fiji are licensed under the provisions of the Insurance Act of 1998 and are regulated by the Financial Institutions Group of the Reserve Bank of Fiji. The mandate to supervise Capital Markets participants are provided under the Companies Act 2015 and the Reserve Bank of Fiji (Capital Markets and Securities Industry) Regulation 2015.

Fiji has dedicated substantial resources for addressing money laundering and combating the financing of terrorism (AML/CFT), by the entry into force of various legislations including the Proceeds of Crime Act and the Financial Transactions Reporting Act (FTR Act) in 2004. Under the Financial Transactions Reporting Act 2004, the Reserve Bank is also responsible for supervising its licensed entities (banks, insurance companies and brokers, capital market intermediaries and money remitters) for compliance with anti-money laundering requirements.

Box 4: Credit Unions in Fiji

Fiji's credit unions include Fiji Public Service Credit Union (FPSCU), Fijian Teachers Association Credit Union (FTACU), Fiji Post and Telecom Employees Credit Union (PTEACU) and a number of smaller credit unions. Each of these credit unions have a range of savings and credit products and are mostly linked to a public sector employer. Credit unions follow a basic business model – members pool their money whereby they buy shares in the cooperative. This is done to ensure they are able to provide loans and other financial products and services to each other. Most times, income generated from credit unions is used to fund projects and services that will benefit the community and interests of its members. Unlike other financial savings institutions, these credit unions are regulated by the Credit Unions Act of 1954 and are not supervised by the Reserve Bank of Fiji.

Source: Pacific Financial Inclusion Programme (2009), Consumer Council of Fiji (2019)⁵⁶

The National Financial Inclusion Strategic Plan (2016–2020) is also expected to deliver a deep, competitive, and stable financial system.⁵⁷ This plan aims to provide an enabling environment where all Fijian adults, irrespective of their economic and social background have access to affordable and appropriate financial services. The overall target is to increase the formally served adult population with specific targets for women and youth. The plan also focuses on Digital Financial Services (DFS) such as mobile money, financial education and data measurement, as well as on the establishment a policy framework for SME development and grow SME contribution to GDP.

The main path of this plan to achieve its goals are:

- Expanding account ownership among the underserved;
- Ensuring the regular use of accounts with financial service providers including mobile money accounts;
- Enhancing the range and quality of financial services and products;
- Creating an enabling regulatory environment to support innovation;
- Continuing and building on the financial literacy programmes established in the first Plan and including entrepreneurial training; and
- Promoting the development of the MSME sector.

55 Available at <https://www.laws.gov.fj/Acts/DisplayAct/2308>

56 Consumer Council of Fiji (2019). Credit Unions Under the Spotlight. Available at <http://www.consumersfiji.org/media/feature-articles/feature-articles-2019/credit-unions-under-the-spotlight>

57 Reserve Bank of Fiji (2016). National Financial Inclusion Strategic Plan 2016–2020, Reserve bank of Fiji. Available at <http://www.pfip.org/wp-content/uploads/2016/09/2016-2020-Fiji-FI-Strategy-Aug26.pdf>

In order to regulate the wider adoption of technology in financial sectors, the Reserve Bank of Fiji launched guidelines for a framework that encourages the responsible development of innovative solutions in Fiji's financial sector called the **FinTech Regulatory Sandbox** in late December 2020. The main objective of this regulatory sandbox is to provide an innovative space for financial product trials and services prior to launching them into the market. One of the main goals of this sandbox is to broaden access to essential financial services, especially through the use of services such as credit and debit cards, QR code-based payments, agent banking, online banking, mobile money, and other emerging digital financial services. These applications of Financial Technologies (FinTech) will enhance the convenience and have the ability to reach remote businesses and communities.⁵⁸

Another crucial legislation was the Fiji Interchange Network Bill, which was approved by the Fijian parliament in 2018 to form an Act. This Act has been put into place specifically for an Interchange that allows for the convenience of payments to pass through a single national platform or 'switch' for the entire country. Under this Act, the **Fiji Interchange Network Authority** is envisioned with the main functions to regulate, maintain and ensure the stability and efficiency of the Network in the country.

Through this act, it will be easier for Automated Teller Machines (ATM) and Electronic Funds Transfer at Point of Sale (EFTPOS) machines to communicate with banks directly under a single network. The Interchange aims to bring about total interoperability in due course, through which different bank credit and debit cards could be used through one EFTPOS machine without having to face additional charges from the bank connected to the EFTPOS machine. The Reserve Bank of Fiji is currently working on a National Payments Systems Bill to replace this Fiji Interchange Network Bill. Regardless of which bill will be adopted, it is important that the regulatory framework is in place to support E-Commerce by reducing costs associated with electronic transactions and facilitate a quality payment service through this legislation.⁵⁹

4.3 Main mobile, cashless payment solutions available

Box 5: E-Money and Mobile Money

E-money is a digital alternative to cash that allows users to make cashless payments with money stored on a card or a phone, or over the internet, according to the EU. E-money is stored value held in the accounts of users, agents, and the provider of the mobile money service. Typically, the total value of e-money is mirrored in bank account, such that even if the provider of the e-money service were to fail, users could recover 100 percent of the value stored in their accounts. E-money can refer to a wide range of cashless payment solutions, for example, pre-paid cards, electronic purses, such as M-PESA in Kenya, or web-based services, such as PayPal.

Meanwhile, **mobile money** is defined as a service in which the mobile phone is used to access financial services, according to GSMA. It can be seen as a subset of e-money, whereby users will be able to send and receive monetary value – or more simply put, to transfer money electronically from one person to another using a mobile phone. In 2018, GSMA revised its definition of mobile money to further expand the inclusion to the unbanked via a network of physical transaction points, while at the same time excluding services linked to a traditional banking product or credit cards, such as Apple Pay and Google Wallet.⁶⁰

Mobile money

Mobile money was introduced in Fiji in 2010, with the introduction of M-PAiSa in June, followed by Digicel Mobile Money in July. By partnering with Post Fiji and Westpac to create electronic wallets, Digicel offered its customers the ability to transfer funds, pay bills, and deposit or withdraw cash using their mobile phones.

Despite the slow uptake in the early years, mobile money has gained traction as a payment solution. . In December 2018, Vodafone Fiji launched a new remittance platform partnership with Ria Money Transfer, allowing Fijians to receive remittances from Australia and New Zealand. This arrangement has created positive impact by increasing remittances sent through mobile money platforms by FJD 4.4 million to a total of FJD 13.6 million in 2018.⁶¹

58 al Financial Inclusion Taskforce (2020). Reserve Bank Launches Regulatory Sandbox, Invites Innovative Solutions for Fiji's Financial Sector. January 17, 2020. Available at <http://www.nfifiji.com/media-releases/reserve-bank-launches-regulatory-sandbox-invites-innovative-solutions-for-fijis-financial-sector/>

59 Government of Fiji (2016). Fiji Interchange Network (Payments) Bill 2016 (Bill No. 15 of 2016)

60 GSMA (2020). State of the Industry Report on Mobile Money 2019. Available at <https://www.gsma.com/sotir/wp-content/uploads/2020/03/GSMA-State-of-the-Industry-Report-on-Mobile-Money-2019-Full-Report.pdf>

61 National Financial Inclusion Taskforce and Reserve Bank of Fiji (2019). Update of 2018 Financial Inclusion Indicators for Fiji. Available at <http://www.nfifiji.com/statistics/fijis-financial-inclusion-indicators-2/>

There appears to be a linkage between increasing mobile money platforms and remittances. Moreover, costs remain a barrier in the banking sector: When ANZ customers increased transfers of remittances to the Pacific, following the temporary waiver of the ANZ international transfer fee⁶². The Reserve Bank of Fiji set the target of increasing the percentage of adults using mobile money from 2% in 2016 to 15% by 2020, and increasing Government digital payments from 75% in 2016 to 90% by 2020.⁶³ As at 31 December 2019, 24.2 percent of Fijian adults have active mobile money accounts, increasing from 3.3% in 2018. The bulk of the payments made via mobile, except for the Government-to-person (G2P), are for bill payment (35%), person-to-person (P2P) transfers (21%), and airtime top-up (6%) in 2019.⁶⁴

The surge in the amount and value of cashless payment transactions can be attributed to the effort and commitment of the Government of Fiji in realising the country's financial inclusion goals under the Maya Declaration.⁶⁵ A number of Mobile Money Initiatives are also contributing to the cashless revolution of the country, including:^{66, 67}

- **Government to Person (G2P) initiatives:** Mobile money has evolved into one of the Government's leading payment platforms for reaching the marginalized and vulnerable groups in Fiji. Specifically, the government uses mobile money to facilitate G2P payments in assistance programmes, such as Tropical Cyclone Winston in 2016 and Tropical Cyclone Jose and Keni in 2018. In 2019, G2P payments accounted for 38% of total mobile payments.⁶⁸
- **Direct Salary Deductions to Mobile Wallets:** To drive usage of mobile money services, in 2018 the Reserve Bank introduced a 3-month pilot initiative where staff can opt to credit a portion of their salary directly to their mobile wallets. The pilot programme received satisfactory feedback with the majority requesting to increase their deductions going forward.
- **eTransport Card top-up via M-PAiSA:** eTransport is the nationwide mandatory electronic payments service for buses that was launched in 2017. eTransport uses electronic cards for payments across a network of 65 bus companies and over 1,800 buses. By the end of 2018, close to 1.4 million cards had been issued to users. The total value of card top-ups during the year amounted to FJ\$ 124.8 million with an average top-up of FJ\$8. Additionally, in 2018, G2P payments accounted for 49% of total mobile payments. As from June 2018, Vodafone M-PAiSA users can top-up either their eTransport cards or another person's card anywhere and anytime.
- **M-PAiSA integrated with National Airline:** In October 2018, Fiji Airways partnered with Vodafone Fiji offering a new payment option for customers to purchase tickets and other services through M-PAiSA via their mobile phones on a 24/7 basis.
- **PacFarmer App:** In October 2018, a mobile app for Fijian farmers was launched, allowing Fiji's farmers to access information on government support schemes, commodity prices and the weather, connect with potential buyers, make digital payments, provide credit opportunities and access to credit and other financial services such as cash flow and budget assessment. The app was piloted with the Sugar Cane Growers Fund (SCGF), Fiji Cooperative Dairy Company Limited, Copra Millers Fiji Limited and Fiji Rice Limited, and was made available to all Fijians in 2019.
- **New Remittance Platform:** In December 2018, Vodafone Fiji launched a new remittance platform partnership with Ria Money Transfer allowing Fijians to receive remittances from Australia and New Zealand directly onto their mobile phones.
- **QR Pay:** Vodafone enhanced its M-PAiSA services with the launch of a new smartphone application ('App') to provide an enhanced user-interface for existing customers. The App comes with a new "Scan to Pay" QR Code payment feature that allows consumers to use their mobile phones to scan and pay for their shopping bills and make other purchases such as movie tickets and coffee from selected outlets.

62 <https://news.anz.com/new-zealand/posts/2020/11/pacific-remittances-increase>

63 Reserve Bank of Fiji (2016). National Financial Inclusion Strategic Plan 2016–2020. Reserve bank of Fiji. Available at <http://www.pfip.org/wp-content/uploads/2016/09/2016-2020-Fiji-FI-Strategy-Aug26.pdf>.

64 National Financial Inclusion taskforce and Reserve Bank of Fiji (2020). 2019 Financial Inclusion Indicators Report. Available at http://www.nitfiji.com/wp-content/uploads/Fiji-Financial-Inclusion-Annual-report-2019_final.pdf.

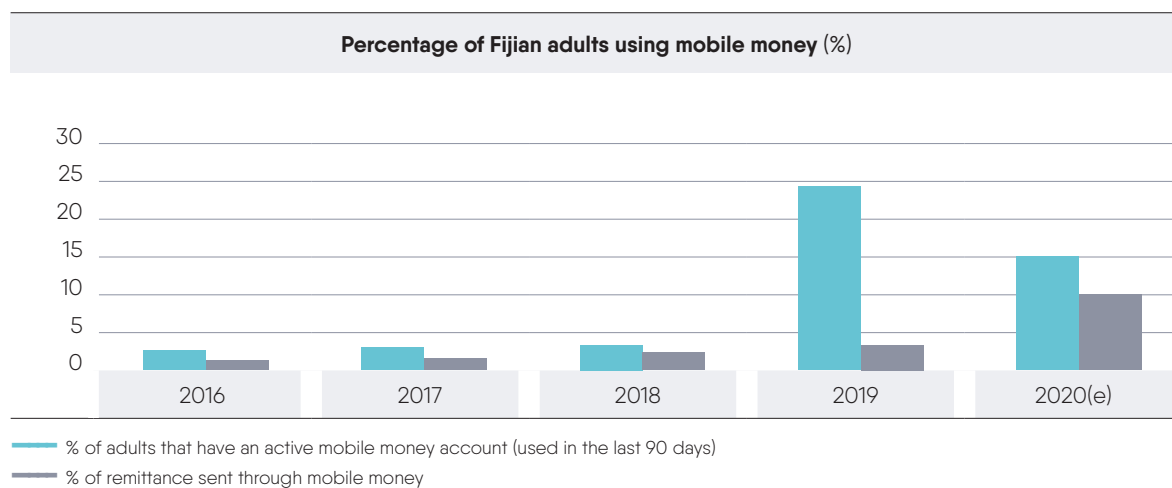
65 Alliance for Financial Inclusion (2012). A Quick Guide to the Maya Declaration on Financial Inclusion. Available at: https://www.afi-global.org/sites/default/files/publications/afi_maya_quick_guide_withoutannex_i_and_ii.pdf.

66 National Financial Inclusion Taskforce and Reserve Bank of Fiji (2019). Financial Inclusion Report 2018. Available at <http://www.nitfiji.com/wp-content/uploads/Annual-Report-2018.pdf>.

67 National Financial inclusion taskforce and Reserve Bank of Fiji (2020), *ibid*, pp13.

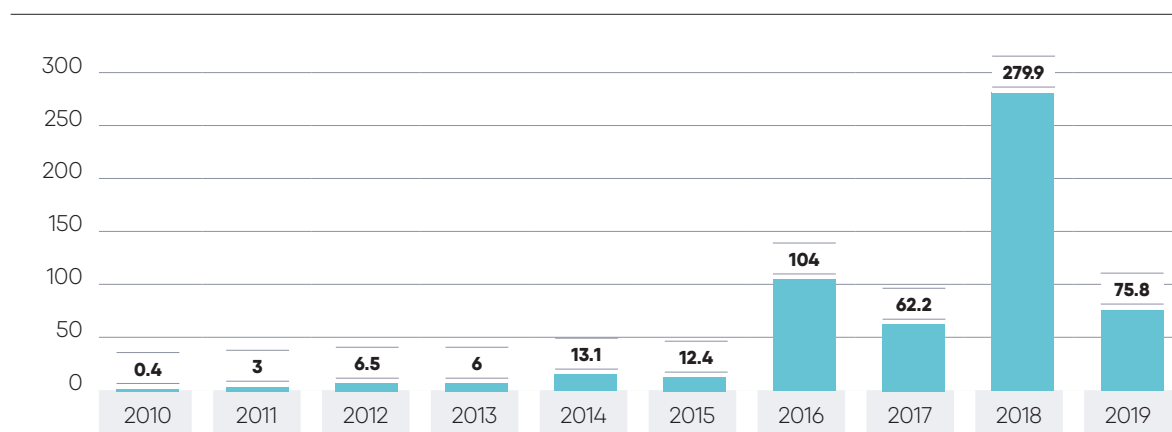
68 National Financial inclusion taskforce and Reserve Bank of Fiji (2020), *ibid*, pp14.

Figure 10: Percentage of Fijian adults using mobile money, 2016-2019



Source: National Financial Inclusion Taskforce & Reserve Bank of Fiji (2019)

Figure 11: Total e-money payment in Fiji, FJD million 2010-2019



Source: Reserve Bank of Fiji (2020)

The increased use of mobile money was considered to be the contributor to the decline in cash payments in Fiji.⁶⁹

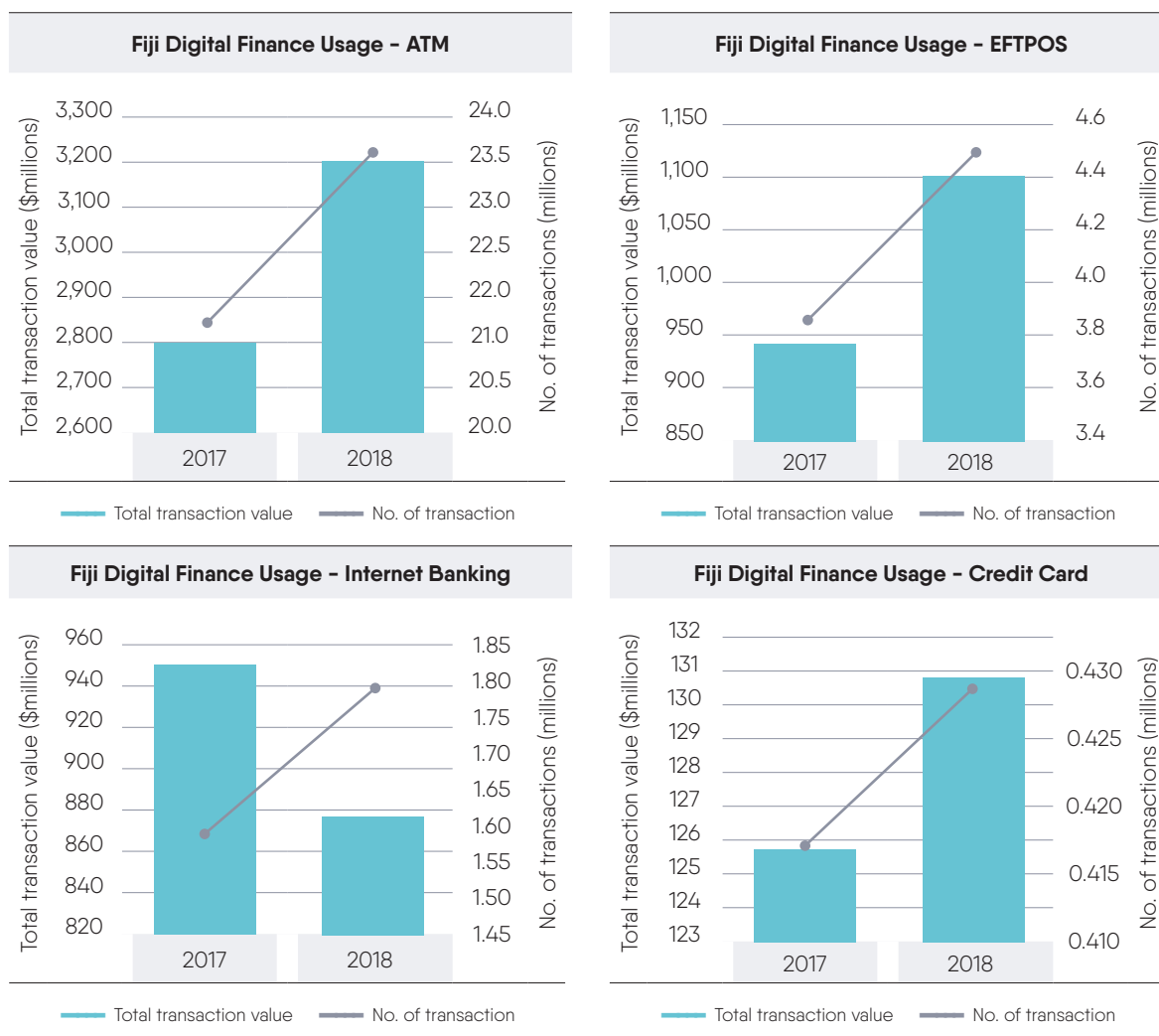
According to the Reserve Bank of Fiji, as of 31st December 2018, FJD 29.3 million worth of e-money was in circulation through 21,000 active mobile wallets. In 2018, the value of payment made via mobile money accounts was at a record high of FJD 279.9 million due to the surging G2P payment under government assistance programmes after Tropical Cyclone Jose and Keni in 2018.⁷⁰ The total value of payments however declined by 72.9 percent in 2019 following the completion of these government programmes.⁷¹

Other cashless payment solutions

A positive trend was also recorded across all four cashless payment platforms, i.e. ATM, EFTPOS, credit card, and internet banking, indicating a shift in preference from holding cash to electronic payments amongst Fijians. Overall, there was an 11% increase in the total number of transactions and a 10% increase in the total transaction value via the four platforms during the 2017-2018 period. Except for internet banking, the cashless payment platforms observed an increase in their respective total transaction values over the 2017-2018 period.

69 National Financial inclusion taskforce and Reserve Bank of Fiji (2020), pp30
 70 National Financial inclusion taskforce and Reserve Bank of Fiji (2020), ibid, pp11
 71 National Financial inclusion taskforce and Reserve Bank of Fiji (2020), pp14

Figure 12: Fiji's Digital Finance Usage, by payment platform



Source: National Financial Inclusion Taskforce & Reserve Bank of Fiji (2019)

Despite the above positive trend, Fiji remains a heavily cash-based economy, with cash remaining the main payment method used by individuals and businesses. Credit cards and debit cards are in relatively low use. According to the International Monetary Fund Financial Access Survey,⁷² less than 3 percent of the adult population in Fiji own a credit card in 2018, compared to 3.0 percent in lower-middle-income countries.⁷³ Debit cards, on the other hand, are more widely used, with around 97 percent of the adults in Fiji having a card. While the debit card use rate of Fiji is on par with high-income countries, the use rate of credit cards is well below the rate of lower-middle-income countries. During the consultation, the stakeholders raised the issue of a three-percent surcharge on credit cards while the same does not apply to debit cards, which arguably has resulted in the lower use of credit cards in the country.

Digital finance usage is largely supported by payment gateways that are quintessential for E-Commerce payments. A number of international payment providers are available in Fiji, such as Payment Express PxPay, PayPal Express Checkout,⁷⁴ SecurePay, Cybersource, etc.⁷⁵ However, challenges remain regarding the setting up of payment for E-Commerce websites. Stakeholder consultations in Fiji revealed that the cost for setting up a full-fledge E-Commerce site can be up to USD 15,000. The procedure for opening a Merchant Account (in addition to business account) at the bank for setting up payment for E-Commerce businesses is another challenge, especially for SMEs. The paperwork might take up to three months, in addition to high deposit requirements. Another challenge is on the awareness side: many merchants refuse electronic payments and only accept cash. The stakeholders also raised the concerns about fraud related to E-Commerce, as well as whether the existing mechanisms are strengthened enough to avoid being targeted. A secure framework to boost consumer confidence will therefore be needed before the country moved further to more novel solutions.

72 International Monetary Fund (2019). Financial Access Survey (FAS) Database. Available at <https://data.imf.org/>
 73 World Bank (2017). Global Financial Inclusion (Global Findex) Database. Available at <https://globalfindex.worldbank.org/>
 74 See <https://www.shopify.com/payment-gateways/fiji>
 75 See <https://www.westpac.com.au/business-banking/merchants-and-payments/online-payments/third-party-payment/>

5

LEGAL AND REGULATORY FRAMEWORK



Overall, the country's regulatory environment fails to adapt to the needs of E-Commerce. The most recent law introduced to tackle an E-Commerce related area is the 2018 Online Safety Act, which aims to protect internet users from harmful content, especially for minors. Fiji also has an Electronic Transactions Act with the objective of clarifying any uncertainty arising from the use of electronic methods to commercial transactions. The regulatory environment also covers electronic transactions, on-line safety, cyber-bullying, and consumer protection.

However, cybercrime legislation is weak and outdated, and although a new draft Cybercrime bill has been deliberated in Parliament, it has not yet been adopted. Similarly, no law regarding data privacy and data protection is in place yet. To address these issues, Fiji will have to review, update, and adopt the missing laws necessary to create a stable and improved E-Commerce business environment.

The ICT sector in Fiji started to flourish with the 2008 Telecommunications Promulgation, which led to the end of monopoly for one operator through this, the Fijian telecommunications market was opened to competition in October 2008.⁷⁶ The main purpose of the Telecommunications Promulgation was to provide rapid expansion of reliable and "as-affordable-as-possible" telecommunications services on an equitable basis, with a particular focus in rural areas; promote efficient investment and innovation in telecommunications networks and services; provide fair competition among service providers and allow market forces to operate, and provide and promote appropriate consumer protection and other safeguards in relation to telecommunications services where market forces are insufficient. The Telecommunications Authority of Fiji was established as an independent regulator. The regulation of competition aspects of the telecommunications markets is governed under the Commerce Act 1998. The independent statutory authority regulating competition and price control policies on monopolies is the Fijian Competition and Consumer Commission (FCCC).

Another milestone of 2008 was the adoption of the Electronic Transactions Act, which was introduced to promote the development of electronic communications in commercial, non-commercial, and in dealings with governmental entities. This Act aims to tackle uncertainties arising from the use of electronic methods to satisfy various legal requirements concerning documents and record-keeping, whilst creating an environment of greater legal certainty for electronic transactions, resulting in enhanced trade and commerce via the internet. The Act was later amended in 2017 to tackle the validity of electronic transactions, requirements for the original form, time of dispatch, time of receipt, originator or addressee with more than one or no place of business, e-signatures, use of automated message systems for contract formation, error in electronic communication, efficient delivery of ICT services by governmental entities, and rules governing electronic evidence.⁷⁷

76 Government of Fiji (2008). Telecommunications Act 2008. Available at <https://www.laws.gov.fj/Acts/DisplayAct/2314#>

77 Government of Fiji (2008). Electronic Transactions Act of 2008, The Laws of Fiji, Office of the Attorney General, Fiji, 2019. Available at <https://www.laws.gov.fj/Acts/DisplayAct/1036#>

In terms of cybercrime, a new draft Cybercrime bill has been deliberated in Parliament but has not yet been adopted.⁷⁸ The bill follows the Budapest Convention Framework for Cyber Crime.⁷⁹ At present, the Ministry of Communication Information, Ministry of Defence, and the Online Safety Commission form a committee that looks after cybercrime.⁸⁰ **Fiji's Crimes Decree (2009) also criminalises the wider range of computer-related offences.** The decree covers computer offences such as unauthorised modification of data to cause impairment; unauthorised impairment of electronic communication; unauthorised access to (or modification of) restricted data; unauthorised impairment of data held on a computer disk; and possession, control, production, supply or obtaining of data with the intent to commit a computer offence.

Additionally, Fiji introduced the Online Safety Act in 2018 to protect minors from offensive online behaviour, cybercrime, and cyberbullying. The objective of this Act is to promote responsible online behaviour and online safety, promote a safe online culture and environment that addresses cyberbullying, cyberstalking, internet trolling, and exposure to offensive or harmful content particularly in respect of children. The Online Safety Commission has been set up through this Act, with the aim to promote online safety, organise awareness-raising and education programmes, handle complaints in relation to electronic communication that causes or intends to cause harm, assess and provide advice, as well as investigate, in relation to any query or complaint submitted to the Commission, and consult and work with relevant agencies, organisations or governments for the purposes of the Act.

Box 6: Core E-Commerce Legislation

UNCTAD considers that four (4) different cyber laws are needed for E-Commerce to develop harmoniously:

- **E-transactions:** E-transaction laws that recognise the legal equivalence between paper-based and electronic forms of exchange are considered a prerequisite for conducting commercial transactions online. Such laws have been adopted by 158 countries (81 percent), of which 68 are developing or transition economies and 30 are Least Developing Countries (LDCs).
- **Data Protection and Privacy:** Data protection and privacy laws regulate the collection, use, and sharing of personal information with third parties without notice or consent of such individuals (Data Subjects). 132 out of 194 countries (68 percent) have put in place legislation to secure the protection of data and privacy.
- **Cybercrime:** This area of law aims to address all forms of illegal acts, violations, and infringements committed online or through the internet. 154 countries (79 percent) have enacted cybercrime legislation, with the highest adoption rate in Europe (93 percent) and the lowest in Asia and the Pacific (55 percent).
- **Online Consumer Protection:** This area of law protects and safeguards the economic interests of online consumers and empowers them with free and informed choice, while also bestowing rights should any problems arise. Out of 134 countries for which data is available, 110 have adopted legislation on consumer protection related to E-Commerce. It is not possible to obtain data in 55 countries, suggesting that online consumer protection is not being fully addressed.

As E-Commerce expands to cover almost every aspect of trade and business, these laws will have increasing importance for countries to regulate cross-border transactions. Additional laws to consider are those governing Intellectual Property, Competition, and Taxation.

Source: UNCTAD Cyberlaw Tracker

Some regulations provide provision on consumer protection,⁸¹ however, there is no unified set of rules to regulate online consumer protection. The FCCC is the only enforcement body for consumer rights in Fiji, with authority for monitoring unfair trade practices. The FCCC was set up to promote competition in the Fijian market, regulate prices, protect consumer interest, and raise awareness of stakeholders on the best practices following the Consumer Commission Act (CCA) 2010 and other related laws in Fiji. The Commission's activities are centred around fair trade and the protection of consumers against unfair trade practices. In 2017, the FCCC introduced a **draft Self-Regulating Guideline to E-Commerce Business in Fiji** as a guide to all businesses and consumers buying and selling goods and services, or transmitting funds or data, over an electronic network, primarily the internet. The guidelines remain in draft format at the time of writing this report.⁸²

78 Fiji Government (2020). Cybercrime Bill 2020. Available at: <https://www.fiji.gov.fj/getattachment/19dba47d-64e0-4b55-97bc-68dc4cc77c77/Cybercrime-Bill-2020.aspx>

79 Council of Europe (2001). Convention on Cybercrime. European Treaty Series No.185. Budapest 23.XI.2001. Available at <https://rm.coe.int/1680081561>

80 Council of Europe (2020). Fiji. Cybercrime policies/strategies, Cybercrime legislation, Council of Europe. Available at: https://www.coe.int/en/web/octopus/country-wiki?p_p_id=82&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&_82_struts_action=%2Flanguage%2Fview&_82_redirect=%2Ffar_LY%2Fweb%2Foctopus%2F-%2Ffiji%3FinheritRedirect%3Dtrue%26desktop%3Dtrue&_82_languageId=fi_FI

81 Some can be named as the Consumer Council of Fiji Act 1985, the Commerce Commission Decree 2010, the Consumer Credit Act 1999, etc. According to <http://www.consumersfiji.org/our-work/legislations>

82 Fiji Commerce Commission (2017). Draft Self-Regulating Guideline E-Commerce Business in Fiji, Suva, March 2017. Available at <http://fccc.gov.fj/wp-content/uploads/2017/08/E-Commerce-SRG-draft-and-Amended-copy.pdf>

Fiji currently lacks a Data Protection Act. The existing provisions in this area, including the Information Act 2018, only protect the citizen's right of access to information held by the government and public agencies to correct or delete false or misleading information that directly affects a person. This legislation does not specifically regulate the wider spectrum of all personal data. In addition to providing the much needed legal framework for E-Commerce, it is not less important that the law enforcement authorities have sufficient resources for monitoring and policing their respective fields.

On the international front, Fiji acceded to the United Nations Convention on the Use of Electronic Communications in International Contracts (the Electronic Communications Convention) of UNCITRAL. By doing so, it became the eighth State Party to the Convention. Fiji's adoption of the Electronic Communications Convention entered into force on 1st January 2018. This Convention aims to remove legal obstacles to the use of electronic communications, foster the modernisation and harmonisation of existing E-Commerce legislation, and provide a modern set of rules for both domestic and international application of electronic transactions for the jurisdictions that have not yet adopted laws on electronic transactions. The rules for modern practices include digital signatures, defining dispatch of communication, defining time of receipt, automatic computer contracting, and human error rectification.⁸³

83 The United Nations Commission on International Trade Law (UNCITRAL, Convention) is the core international legal body under the UN dealing with the systemisation and modernisation of international trade law.

6

E-COMMERCE SKILLS DEVELOPMENT



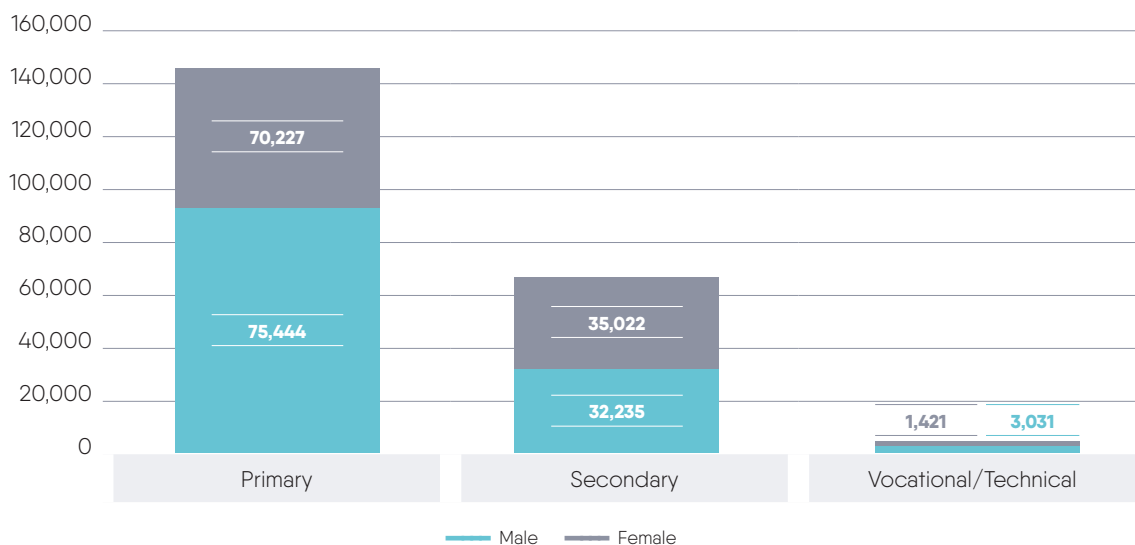
Fiji has made strides to improve its education system and has a reasonably well-educated, English-speaking, population. However, it faces the challenge of inadequate ICT adoption, a growing skill gaps due to workforce migrating, and lack of specialised workforce. To overcome these challenges, there needs to be an alignment in the education and training systems to meet the labour market demand. A number of MSME accelerators, innovation labs and incubators have emerged through the different telecommunication operators and universities. Also, TVET training institutions and more general awareness building courses have been developed to address Fiji's skills gap. However, the existing TVET programs need to be upgraded to include relevant ICT skill training for E-Commerce, ensuring that the private sector is engaged in the design of the curriculum, and expand the capacity of MSMEs with E-Commerce training, as well as business and trade skills.

6.1 Skills gap identification

Fiji has made strides to improve its education system. Several government initiatives have been taken to improve the quality of education in Fiji, including the establishment of the Higher Education Commission, the Fiji National Research Council (FNRC), the Fiji National University (FNU), and the Fiji Qualifications Framework.

Student enrolment has, in general, been increasing in recent years, with enrolment statistics showing a high number of enrolled students in primary schools compared to the total student population. In 2017, students enrolled in primary schools were around 150,000 whereas, students enrolled in secondary schools were around 70,000 and those enrolled in Technical Vocational Schools were only around 4,000. There is no data on Fijians attending university.⁸⁴

Figure 13: Students Enrolled in Fiji, 2017



Source: Fiji Statistics Bureau

Fiji is suffering a skills shortage and has been forced to access workers from overseas. In an initiative to address the skills shortage, Fiji is increasing training and apprenticeships for its youth. The main problem of Fiji's employment sector is that most skilled workers migrate to either New Zealand or Australia, thereby creating a skills gap in the country. There needs to be an alignment in the education and training systems to meet the labour market demand. There are also a number of students dropping out early therefore skills development through alternative career pathways is critical.

An evaluation committee for identifying skills development needs was set up in 2016. The Skilled Professionals Evaluation Committee (SPEC) of Fiji is responsible for evaluating the need for professionals in Fiji. It was formed from the Registration of Skilled Professionals Act, which commenced in March 2016. Through the Act, a system is in place to fast-track the intake of foreign workers to cover skills gaps for professionals.

To promote the acquisition of technological, entrepreneurial, adaptability, and employability skills amongst students, the Government adopted the Education Sector Strategic Plan. This Plan introduced the Technical College of Fiji, which aims to create career pathways with industry competencies to create a competent, motivated, and innovative workforce, and to contribute towards poverty alleviation, the labour market, and positive economic growth. This initiative is particularly important for skills development for facilitating better E-Commerce activities in the country.⁸⁵

The plan also emphasises access to ICT for all students, stating that *"All children will have equitable access to a progressive, inclusive and quality education that contributes to socio-economic advancement and open pathways to regional and international opportunities through improved access to technology and ICT in all schools."*

Strategies for achieving this objective are strengthening distance and e-learning channels of education, increasing the number of educational Electronic Learning Devices for teachers and students to enhance the learning and teaching process, increasing resources to support ICT education, and enhancing e-library resources to support learning and teaching.

Box 7: ICT in Fijian Schools

Fiji enjoys relatively high access to telecommunication services as compared to other Pacific Islands. The Fijian government recognises the importance of ICT adoption for education and has subsidized the costs of ICT for education (ICT4E) initiatives and introduced a levy on all telecommunication providers to support ICT4E initiatives at the school level. The Fiji government has also committed 15 percent of its school grant budget to ICT4E interventions. A review conducted by the ADB revealed that Fiji has the most advanced Education Management Information System (EMIS) in the region.

Fijian schools have rapidly started adopting ICT as a means of delivering education. Some of the factors responsible for the growth of ICT use in Fijian schools have been:

- The Tuition Fee Grant provided by the Government
- Gadgets such as laptops and desktops given by the government
- Ministry of Education in partnership with AusAID have established the Fiji-EMIS which is a cloud-based system providing information and data on students, teachers, finance, etc.
- Government tele-centre projects in selected schools

Source: ADB (2018), ICT for better education in the Pacific

6.2 Availability of tertiary education, professional training

The development of the tertiary education sector in Fiji is centred around the University of the South Pacific (USP), which has its main campus in Fiji and was established in 1968. USP is an advanced university with well-established post-graduate and research programmes in many areas, studying issues of concern across its 12 member countries⁸⁶.

85 Ministry of Education, Heritage and Arts (2015), 2015 – 2018 Education Sector Strategic Development Plan. Available at https://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/fiji-2015-2018_essdp_education_sector_strategic_devt-plan.pdf

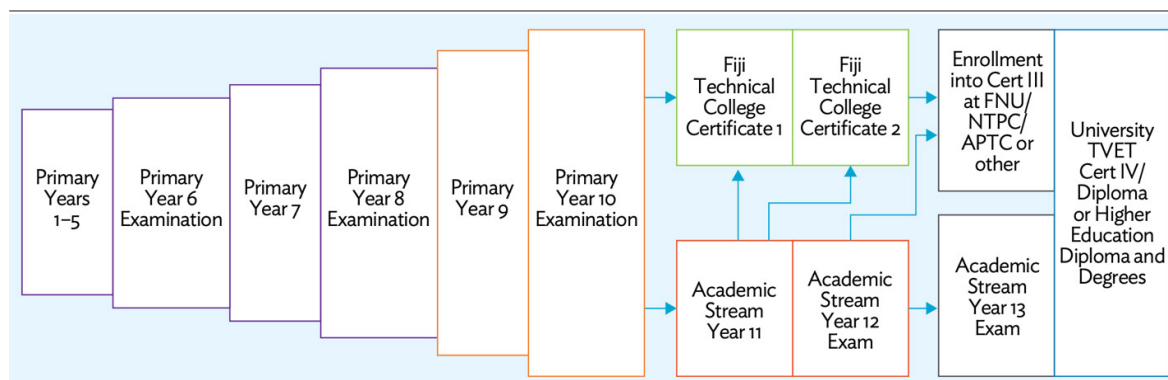
86 Members of USP are Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu and Samoa.

Fiji also has the Fiji National University (FNU), established in 2010 from the combination of the Fiji Institute of Technology, the Fiji College of Agriculture, Fiji School of Medicine, Fiji School of Nursing, Fiji College of Advanced Education, and Lautoka Teachers College along with the establishment of the University of Fiji, in 2006. By merging these tertiary training institutions, FNU became the hub of Technical and Vocational Education and Training (TVET) in Fiji.⁸⁷

TVET became an actionable priority in Fiji following the recommendations of the Fiji Islands Education Commission Report of 2001. A number of reforms were instituted by the government for mainstreaming TVET, for example, TVET subjects were made compulsory core units of the secondary school curriculum.

The education system in Fiji has several TVET pathways for students looking for alternative career solutions. Students enrolled in TVET have access to degree programs with university accreditation.

Figure 14: Fiji's Education Journey



Notes: APTC = Australia-Pacific Technical College, Cert = Certificate, FNU = Fiji National University, NTPC = National Training and Productivity Centre, TVET = technical and vocational education and training. Source: ADB

The education sector of Fiji is an integral part of the Government agenda which aims to make Fiji a knowledge-based society. Specifically, TVET is given particular attention and is acknowledged as a cornerstone of reform in the educational sector and as a means of supporting sustainable development. Key TVET providers in Fiji include:⁸⁸

- Fiji Technical College;
- FNU - National Training and Productivity Centre (NTPC), has a dedicated Information Technology department and provides a number of courses in ICT skills development areas;
- Ministry of iTaukei Affairs (MoITA) - Centre for Appropriate Technology Development (CATD); and
- Ministry of Labour, Industrial Relations and Employment (MoLIRE) - National Employment Centres (NEC) short-course training programmes.

There are 80 privately-owned vocational schools and centres administered by the Ministry of Education, Heritage and Arts, and 26 providers which are recognised and/or registered private training providers under the Fiji Higher Education Commission (FHEC). Additionally, there are a number of regional TVET service providers. The Australia-Pacific Technical College (APTC) is a regional TVET provider. It is headquartered in Nadi, and has campuses across the region including in Fiji. The college offers a range of programmes in business studies, leadership, education and engineering. Also, the University of the South Pacific (USP), Workforce Development Training Unit, provides courses on ICT and computing, Leadership, Business Analytics, Finance and many others relevant to the development of E-Commerce.

87 Asian Development Bank (2015). Fiji: Building Inclusive Institutions for Sustained Growth, Country Diagnostic Study, Economic Research and Regional Cooperation Department November 2015. Available at <https://www.adb.org/sites/default/files/publication/172688/fiji-building-inclusive-institutions-sustained-growth.pdf>

88 Australian Department of Foreign Affairs and Trade (2015). Research into the Financing of TVET in the Pacific, Fiji Country Report. Available at <https://www.dfat.gov.au/sites/default/files/financing-of-tvet-in-fiji.pdf>

Box 8: Recent E-Commerce Training

In November 2018, an E-Commerce training was organised for the first time for Fiji as a four-day training event titled "Belt and Road (Fiji) Cross Border E-Commerce Advanced Training", which was attended by Fijian students pursuing their studies at reputable universities in the People's Republic of China. The training equipped 21 Fijian students with practical skills and knowledge to help them maximise the use of E-Commerce in their area of expertise, thereby developing their potential to venture into businesses and economic opportunities that China offers with its booming digital and technological economy.

In November 2018, the Pacific Trade Invest Australia's E-Commerce Workshop took place. A total of 42 participants attended the workshops held in Suva, with the focus on the E-Commerce platform, Amazon Australia. The session was conducted by an Amazon expert specialised in helping businesses and entrepreneurs to launch on Amazon Australia. The workshop was partnered with the Fiji Export Council.

In June 2019, a workshop on the benefits of ICT for governance was conducted for the Members of Parliament of Fiji. The workshop aimed at capitalising on the benefits of ICT to enhance efficiency and effectiveness in performing their constitutional functions. The training covered key areas such as WI-FI connections, use of new ICT gadgets, security settings, cloud storage, chat systems and use of online apps or online tools.

6.3 Business incubators and business accelerators

Fiji has a comprehensive range of business incubators and accelerators. The Market Development Facility (MDF) Fiji Enterprise Engine (MFEE),⁸⁹ for example, was set up by the MDF, jointly with the Fiji Commerce and Employers Federation (FCEF), to become Fiji's first private sector partnership for a business accelerator. The MFEE works with MSMEs to help them move towards a sustainable and scalable business model that improves their chances of success in the Fijian economy and the region.

The initial sectors covered, with ten MSMEs selected, were tourism, horticulture, and export processing. The MDF created customised, hands-on learning programmes in accordance with the specificities and peculiarities of MSMEs in the local context to allow them to build on their current knowledge and to provide new insights on business growth.

This accelerator has been successful, according to results in 2019, having generated an additional FJ\$1.2 million revenue for the eight MSMEs participating in the programme and employing 32 individuals.⁹⁰

Another initiative is the Innovation Hub and co-working space launched by the University of the South Pacific (USP) and the United Nations Development Programme (UNDP) at the Laucala Campus in February 2019. Recognising the talents and contributions of the youth in the Pacific regional development, the initiative encourages youth to take proactive measures on various issues relating to youth development. Another interest of the hub is to connect businesses with R&D centres to help Fiji achieve Sustainable Development Goals (SDGs).⁹¹

Fiji is also a member of the Pacific Trade Invest (PTI) Digital Tourism and Digital Trade programmes, which work to build access to platforms that allow Pacific businesses to participate in E-Commerce. Since its establishment in 2012, the PTI Digital Tourism Program has supported over 300 tourism operators in the Pacific, evolving to the changing needs of both technology and the sector. Partnerships with platforms such Booking.com, TripAdvisor and Airbnb have added further value in the programme and commercial outcomes for participants. In 2019, the PTI Digital Tourism Programme alone helped Pacific tourism operators facilitate over AU\$13 million in online bookings. Despite this success, it is acknowledged that there is more to do to empower Pacific businesses to leverage the full E-Commerce capabilities of digital channels and support their participation in the digital economy.

89 The Market Development Facility is an Australian Government funded multi-country initiative which promotes sustainable economic development, through higher incomes for women and men in five countries: Fiji, Pakistan, Papua New Guinea, Sri Lanka, and Timor-Leste. The MFEE was created to provide a more effective way of supporting micro, small and medium enterprises (MSMEs) through an outcome-oriented program that can be managed and sustained by the private sector. MFEE was designed to help businesses focus on growth and develop their business skills and internal processes, it would work with MSMEs to move towards a sustainable and scalable business model that improves their chances of success in the Fijian economy and the region. According to <https://marketdevelopmentfacility.org/what-we-do/>

90 Market Development Facility (2020). Creation of MDF Fiji Enterprise Engine Helps Fijian MSMEs Generate FJ\$1.2 Million in Additional Revenue, MDF Fiji Enterprise Engine. Accessed on 1 December 2020. Available at <http://marketdevelopmentfacility.org/wp-content/uploads/2019/07/SoSC-MFEE.pdf>

91 United Nations Development Programme (2019). Innovation Hub to Support Shipping Container Homes for Vulnerable Groups, Pacific Office in Fiji, UNDP. Available at <https://www.pacific.undp.org/content/pacific/en/home/presscenter/pressreleases/2019/innovation-hub-to-support-shipping-container-homes-for-vulnerable-groups.html>

The PTI Pacific Islands Export Survey findings demonstrate a significant digital literacy gap that is limiting the ability of Pacific SMEs to effectively generate sales through digital channels.⁹² A myriad of training courses is available online and accessible to businesses in the Pacific. Nevertheless, PTI highlights that there is currently no accessible, practical, tailored course for businesses, entrepreneurs, and professionals in the Pacific to learn how to use social media and digital channels as business tools to drive their E-Commerce sales. Working with one of only seven Facebook trainers in Australasia, the PTI has designed a bespoke six-week professional development tailored to the needs of the Pacific. It will be delivered through online sessions as well as self-paced material where businesses can work directly on their business. The course is limited to ten people per cohort and the PTI will be working with local partners to promote and identify suitable businesses for the program. By closing the critical digital literacy and skills gap for SMEs in the Pacific, PTI Australia's Social Media Business Accelerator Program will support the growth of local economies through increased inter-regional and international export sales of Pacific goods and services.

The Government has also established a series of initiatives in this area. The Research and Innovation Scheme for Enterprises (RISE) programme is an MCTTT initiative encouraging established and successful Fijian businesses to invest in Research and Development (R&D), science and innovation. Under this programme, accepted enterprises are eligible for funding of up to a maximum grant of FJ\$100,000. SMEs can apply for a grant of up to FJ\$50,000.⁹³

The Young Entrepreneurship Scheme (YES) is another initiative by the government targeting the development of young business entrepreneurs with innovative ideas. The main aim of this scheme is to promote and harness the talents of young Fijians, to enable them to create their own enterprises and increasing employment in the country. YES provides immediate assistance in the form of grants to young and budding entrepreneurs with innovative and bankable ideas/projects which financial institutions are unwilling to support due to lack of collateral. Grants are provided up to FJ\$30,000 for Fijian entrepreneurs between the ages of 18 and 40 years. Additional mentorship and support are provided through the programme.⁹⁴

Finally, to streamline Government efforts and resources, the formerly known NCSMED has now been brought under the MSME Fiji division of the MCTTT to promote and build the capacity of SMEs to generate income, reduce poverty, improve livelihoods, create employment and contribute to Fiji's economic growth. The development initiatives include providing business incubators, business training, business mentoring, business cluster development, and market linkages.⁹⁵

Box 9: Barter for better Fiji

Barter for Better Fiji is a non-cash trading space where people trade what they have for what they need. This barter system operates out of a Facebook group, with over 170 thousand members. The group was created as a means to survive the COVID-19 pandemic. Almost everything is open for trading, including, food, plants, crops, appliances, services, art, craft and also services, teachers, data analysts, photographers, tattoo artists, DJs, architects, doctors, chefs, interior designers and accountants. This initiative shows how Fijians used the internet infrastructure to their advantage in trying times of a global pandemic.

Source: Fiji Sun (date & year) or in its various issues

92 Pacific Trade Invest Australia (2018). Pacific Islands Export Survey 2020. Export Dynamics in The Pacific Islands. Available at <https://pacifictradeinvest.com/media/1573/2020-pti-australia-full-pacific-islands-export-survey-report.pdf>

93 Ministry of Commerce, Trade, Tourism and Transport (2020). Research and Innovation Scheme for Enterprises (RISE). Accessed on 1 December 2020. Available at https://www.mcttt.gov.fj/divisions/msme_fiji/programmes/riase/

94 Ministry of Industry, Trade and Tourism (2020). About YES, Government of Fiji. Accessed on 3 December 2020. Available at <https://yes.gov.fj>

95 National Financial Inclusion Task Force (2020). Micro, Small and Medium Enterprise. Accessed on 3 December 2020. Available at <http://www.nfifiji.com/for-smes/micro-small-and-medium-enterprise/>

7

ACCESS TO FINANCING INITIATIVES FOR E-COMMERCE



While Fiji's banking sector is relatively well established in comparison to other Pacific Island Countries, access to credit remains limited, particularly with regards to SMEs. In this context, a number of financing schemes and incentives have been put in place to tackle this gap, such as the National Centre for Small and Micro Enterprise Development, the Micro Small Business Grant or the SME Credit Guarantee Scheme.

This financial exclusion limits the ability of SMEs to invest in E-Commerce-related ventures and upgrades. To tackle such issues, specific lending instruments for E-Commerce should be built. Despite the SME Credit Guarantee Scheme put in place, lending to SME remains minimal. A review of the effectiveness of the scheme should be done.

7.1 Financing by banks and Microfinance Institutions

Fiji's finance sector is expanding, with private sector credit growing an average of 8.3% per year through 2011–2017.

This strong credit growth is attributed to accommodating monetary conditions adopted by the Reserve Bank of Fiji (RBF), which kept the reference interest rates at 0.5% since November 2011 and moved it to 0.25% in 2020.^{96,97} In 2017, domestic credit provided by the banking sector in Fiji was at 120.9 percent of GDP and in 2018, financial system assets were 175 percent of GDP. Non-performing loans of banks are extremely low, at around 3% in 2018, indicating, in part, low appetite for risk by the banking sector.⁹⁸

Despite the direction and level of credit in the economy, and although the financial sector is more competitive in Fiji than most of the Pacific Island countries, access to credit remains limited for many operators. Fiji was ranked 165th out of 190 countries in the 'Getting Credit' parameter by the World Bank's Doing Business indicators of 2020. Fiji scored 25 out of 100, compared to the regional average of the Asia Pacific of 58. This low score was a reflection of the lack of rules and practices enhancing the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. According to the World Bank Doing Business Survey 2020, there does not exist a portal where banks and financial institutions can access borrowers' credit information online; neither are there bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers.⁹⁹

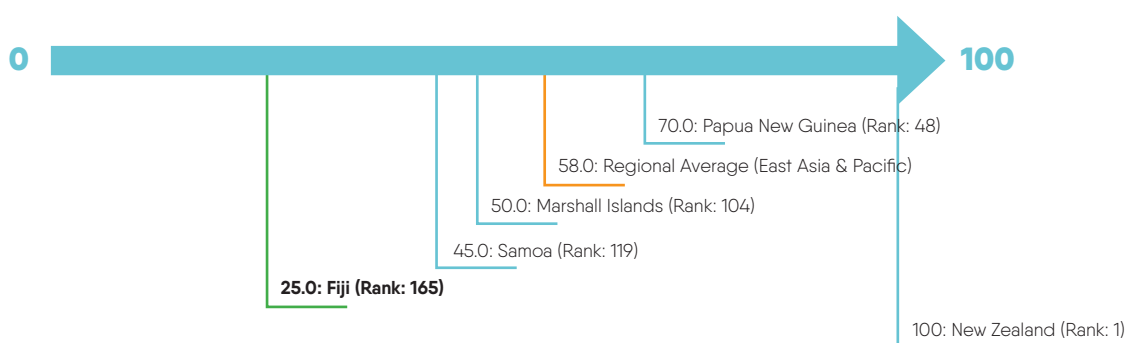
96 Asian Development Bank (2019). Fiji at a Glance, Pacific Finance Sector Briefs, ADB Pacific Liaison and Coordination Office, October 2019. Available at <https://www.adb.org/sites/default/files/publication/529841/pacific-finance-sector-fiji.pdf>

97 According to Overnight Policy Rate published on the website of Reserve Bank of Fiji at <https://www.rbf.gov.fj/>. Accessed on 13 November 2020

98 International Monetary Fund (2020). 2019 Article IV Consultation, Staff Report. Available at <https://www.imf.org/-/media/Files/Publications/CR/2020/English/1FJIEA2020001.ashx>

99 World Bank (2019). Economy Profile: Fiji, Doing Business 2020. Available at <https://www.doingbusiness.org/content/dam/doingBusiness/country/f/fiji/FJI.pdf>

Figure 15: Getting Credit in Fiji and comparator economies – Ranking and Score



Source: WB Doing Business 2020

The overall use of credit by Fijians is low, with Fijians still preferring to save outside the formal sector. A survey conducted by RBF in 2015 revealed that only 32% of respondents took a loan the previous year, compared to 37.7% in peer countries.¹⁰⁰ A majority of Fijians rely on informal sources of credit, in particular, family, friends, and storekeepers. As revealed in Fiji's 2014 National Demand Side Survey, 60% of Fijians had a bank account, of which 38% use their accounts for savings, while 40% of Fijians still keep their savings at home.¹⁰¹

Table 12: Commercial banks' lending rates (March 2020)

Sectors	Lending rates (percent per annum)
Agriculture	7.3
Manufacturing	5.9
Building & Construction	5.7
Real Estate	5.8
Wholesale & Retail	5.6
Transport & Storage	7.3
Non-Bank Financial Institutions (NBFi)	9.4
Professional & Business Services	7.1
Private Individuals	7.2

Source: Reserve Bank of Fiji

SME's involvement in the financial sector has been growing rapidly, although the weight of SMEs is still minimal. In 2017, the number of commercial bank accounts that belonged to SMEs was 4% (4,204 accounts) of all commercial accounts in Fiji (106,000 accounts). This number has increased by around a third between 2015 and 2017, from 3,141 to 4,204.

100 Reserve Bank of Fiji (2016). National Financial Inclusion Strategic Plan 2016–2020, Reserve bank of Fiji. Available at <http://www.pfip.org/wp-content/uploads/2016/09/2016-2020-Fiji-FI-Strategy-Aug26.pdf>.

101 Asian Development Bank (2019). Fiji at a Glance, Pacific Finance Sector Briefs, ADB Pacific Liaison and Coordination Office, October 2019. Available at <https://www.adb.org/sites/default/files/publication/529841/pacific-finance-sector-fiji.pdf>.

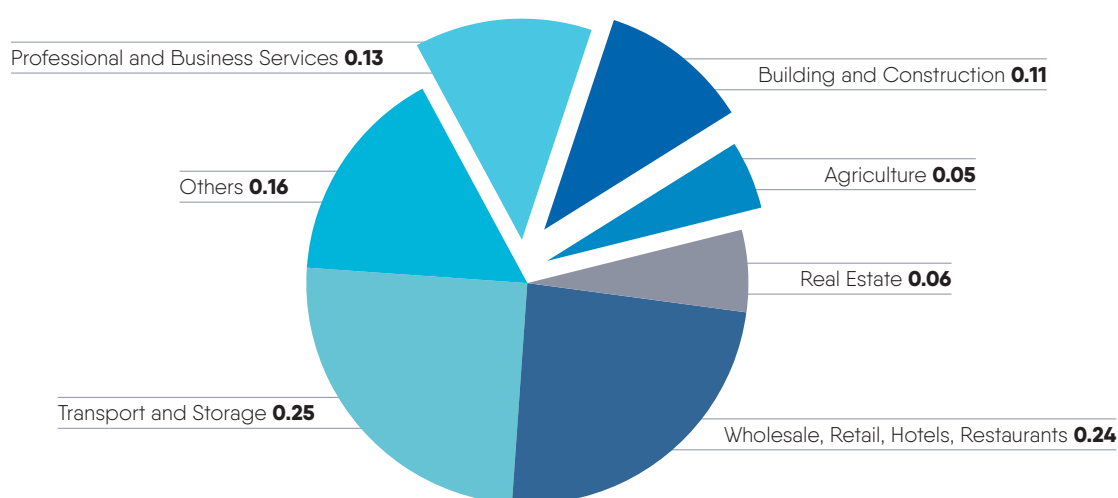
Table 13: Financial intermediaries and SMEs

	2015	2016	2017
Number of accounts:			
Commercial Banks	113,118	119,764	106,247
<i>Of which: SME accounts</i>	3,141	3,921	4,204
Other Deposit Takers	25,587	30,725	35,073
<i>Of which: SME accounts</i>	6,974	8,289	9,269
Value of Loan Accounts FJ\$ Millions:			
Commercial Banks	5,713	6,243	6,693
<i>Of which: Loans to SMEs</i>	415	646	822
Other Deposit Takers	713	842	991
<i>Of which: Loans to SMEs</i>	218	250	299

Source: Reserve Bank of Fiji

The value of loans given to SMEs has been increasing. In 2015, the value of loans to SMEs stood at FJ\$415 million, which doubled to FJ\$ 822 million by 2017. The data on the sector-wise composition of lending to SMEs shows the highest lending in the Transport and Storage sector (one-quarter of all SME loans), followed by, wholesale, retail, and hospitality at 24 percent.

Figure 16: Sector-wise lending to SMEs as of 2017



Source: Reserve Bank of Fiji

Box 10: SME Facility of the Fiji Development Bank

The SME facility of the Fiji Development Bank (FDB) is designed for SME entrepreneurs starting or expanding their business. Sectors that are given priority include mining and quarrying, manufacturing, transport, communication and storage, wholesale, retail, hotels and restaurants, and professional and business services. SME loans are available for a business purchase or establishment, contractual transport, or plant operations. The eligibility criteria for these loans include (i) private individuals and businesses that are 100% locally owned; (ii) joint ventures with a minimum 51% local shareholding; or (iii) overseas joint venture companies which must satisfy Investment Fiji and Reserve Bank of Fiji requirements.

Source: Fiji Development Bank, Fiji, 2020



The Government has emphasised the need to enhance SMEs' access to finance, along with other training, mentoring, and advisory services. The country's National Development Program (see Chapter 1.1) foresees that MSMEs can utilise the secured transactions framework for registering movable property as collateral. A series of measures have been implemented to enhance MSME's financing and growth, such as the Micro and Small Business Grant (MSBG) scheme, an SME credit guarantee, and various subsidies provided through the Fiji Development Bank (FDB). The Government also launched the Young Entrepreneurship Scheme (YES) to provide immediate assistance in the form of grants to qualified young entrepreneurs with ideas/projects which financial institutions are not willing to support due to their lack of collaterals.

To better adapt to the needs of SMEs, the Government set up the Microfinance Working Group. The Microfinance Working Group was set up by National Financial Inclusion Taskforce (NFIT) as a measure for improving public and private sector participation, the legal framework, infrastructure, governance, and skills transfer and training in microfinance sector. In reforming the MSME business regulatory environment, the Central Coordinating Agency (the MSME Fiji Division) was established in December 2019 to guide the development of our MSMEs and coordinate the efforts of the various stakeholders.¹⁰² In addition to financing from governments, incentives in the form of grants and soft loans such as the Northern Development Programme (NDP), Micro-Finance Unit-South Pacific Business Development (SPBD)/Fiji Council of Social Services (FCOSS) and Ministry of Women are provided by various Ministries and their agencies. Such incentives are channelled through commercial financial institutions to assist SMEs to tackle the gap in access to finance.¹⁰³

7.2 Financing through other initiatives

In addition to the traditional financing, the Government has put in place a series of instruments and mechanisms to bridge the access to financing gap. Despite the general availability of these financing mechanisms, there is no indication of whether there exist any special schemes earmarked for E-Commerce development.

- **National Centre for Small and Micro Enterprise Development:** The National Centre for Small and Micro Enterprise Development (NCSMED), now under the MSME Fiji division of MCTTT, supports, promotes and builds the capacity of SMEs to generate income, reduce poverty, improve livelihoods, create employment and contribute to Fiji's economic growth (see section 7.3). NCSMED also supervises the Northern Development Programme (NDP) by providing equity grant assistance¹⁰⁴ and training to new and existing enterprises in Vanua Levu, the second largest island in Fiji.¹⁰⁵
- **Micro Small Business Grant:** launched in 2015, the Micro Small Business Grant (MSBG) Scheme is an initiative designed to provide grants for start-up and assistance to new and existing micro and small businesses, of up to FJD 1,000. The grant is centred around individuals who have particular skill sets and innovative ideas. Under this scheme, all beneficiaries will be able to use the funds to overcome barriers in starting a new business or to boost their existing businesses. The scheme also acts as a platform for businesses to secure funding from mainstream financial institutions, like the Fiji Development Bank (FDB) and other commercial banks.¹⁰⁶
- **Micro, Small and Medium Enterprises Credit Guarantee Scheme:** The Fiji Government has allocated funds for the establishment of an SME Credit Guarantee Scheme (SMECGS) to promote and develop the local business industry, improve private sector lending to SMEs, and stimulate growth. The Government has provided an initial allocation of FJD 4 million to fund the Scheme.¹⁰⁷ During COVID-19 response budget, the Government has also allocated an additional \$5 million towards the scheme, increasing the total funding support to FJD 9 million.¹⁰⁸

102 Ministry of Commerce, Trade, Tourism and Transport (2020). Micro, Small, and Medium Enterprise Fiji – Policy Framework. Available at <https://www.mcttt.gov.fj/wp-content/uploads/2020/07/MSME-Fiji-Policy-Framework-26-June-2020-amendments.pdf>

103 National Financial Inclusion Taskforce (2020). Microfinance Working Group. Accessed on 3 December 2020. Available at <http://www.nfitfiji.com/micro-finance/microfinance-working-group/>

104 According to NCSMED Business Support Programme, Northern Development Program's grant equity assistance program provide grants up to 60 per cent of the total project cost to selected ventures on the basis of their viability; while the balance has to be sourced from a lending institution by way of a loan. In this sense, the 'grant equity assistance' is a grant equivalent to a certain percentage of a venture's equity. See <https://www.fijitimes.com.fj/developing-smes/>

105 National Financial Inclusion Taskforce (2020). Micro, Small and Medium Enterprise. Accessed on 3 December 2020. Available at <http://www.nfitfiji.com/for-smes/micro-small-and-medium-enterprise/>

106 Ministry of Commerce, Trade, Tourism and Transport (2020). Micro and Small Business Grant, MSME Fiji, Programmes, MITT, Available at https://www.mitt.gov.fj/divisions/msme_fiji/programmes/micro-small-business-grants/

107 Reserve Bank of Fiji (2013). Small And Medium Enterprises Credit Guarantee Scheme Guidelines, Reserve Bank of Fiji, January 2013. Available at http://www.rbf.gov.fj/docs2/SMECGS%20Guidelines_Jan2013_final.pdf

108 Reserve Bank of Fiji (2020). Fijian Government Enhances MSME Credit Guarantee Scheme to Empower Women and the Primary Sector. Available at <https://www.rbf.gov.fj/wp-content/uploads/2020/08/Press-Release-No-15-RBF-Media-Note-Micro-Small-Medium-Enterprise-Credit-Guarantee-Scheme.pdf>

Additionally, FRCS has introduced a combination of tax incentives and duty exemptions to promote the growth of the ICT sector. The stakeholders pointed out that while access to finance has improved, some other options for financial instruments, such as factoring services, are still missing. Such services, if allowed, will provide businesses with additional tools to finance operations from their own receivables.

Box 11: Selection of tax incentives to the ICT sector

For ICT operators/service providers:

- The income of an ICT operator in the Kalabu Tax-Free Zone from 1 January 2007 to 31 December 2016 is exempt from paying tax during a 10-year period starting from 2016.¹⁰⁹
- The income of any new ICT operator who is granted a license after 1 January 2009 has been exempted from paying tax for 13 years.
- The income of any new operator setting up ICT businesses involved in application designing and software development who is granted a license from 1 January 2015 is exempt from tax for 13 years.

For ICT Accredited Training Institutions: The income of any new operator setting up an ICT accredited training institution, who has been granted a license from 1st January 2015 is exempted from paying tax for 13 years.

For Small ICT start-ups: For small ICT start-ups, a 150% deduction on all start-up costs has been made available with no employment conditions/requirements attached by the government.

For Accredited Schools: A 150% and 200% tax exemption for the donation of new computers, laptops, and tablets for schools registered with the Ministry of Education from 1 January to 31 December 2016.¹¹⁰

Source: Investment Fiji (n.d.),¹¹¹ Fiji Revenue & Customs Authority (2016)

7.3 Financing by development partners

In parallel to the national initiatives, development partners have been active in providing access to finance to Fiji's population. The Pacific Financial Inclusion Joint Programme (PFIP), executed by the United Nations Capital Development Fund (UNCDF) and the UNDP with a total budget of USD 33.8 million, was created to support the expansion of greater financial inclusion in the Pacific Islands. In Fiji, the programme worked on designing and testing financial services and delivery models (e.g. village agents) to increase the user base and transaction activity on the Vodafone M-PAiSA mobile money platform to a commercially scalable level. It also worked on FijiCare bundled insurance products, aimed at piloting an insurance product that offers the benefits of having both life and non-life insurance. It has also worked on revising policies and regulations in the ICT sector, as well as empowering consumers. The Programme is supported by the Government of Australia, the Government of New Zealand, the UNCDF, the UNDP, and the EU-Africa, Caribbean and Pacific Microfinance Framework Programme (EU/ACP), the first phase of PFIP became active in August 2008, with a second phase started in 2014.

The World Bank, together with the ADB and other donors, is implementing the Pacific Regional Connectivity Programme. The objective of the Programme is to reduce the cost and increase the availability of international bandwidth for participating countries, including Fiji, and thereby facilitate the development of a wide range of ICT applications to support social and economic development in the Pacific region. In Fiji, the programme provides domestic providers with a connection point to international networks via the new fibre-optic link that extends to Fiji. A new cable station located in Sopo, Fiji, was built with facilities for downstream service providers to connect their domestic networks to the cable. The project includes a new fibre-optic submarine cable terminating in Suva, Fiji to enable it to join the western arm of the Southern Cross network.¹¹²

109 Fiji Revenue and Customs Service (2016). Fiji Tax and Customs Incentives 2016/2017. pp.8. Available at <https://www.frsc.org.fj/wp-content/uploads/2016/10/2016-2017-Incentives13OCT2016.pdf>

110 Fiji Revenue and Customs Service (2016). Fiji Tax and Customs Incentives 2016/2017. pp.8. Available at <https://www.frsc.org.fj/wp-content/uploads/2016/10/2016-2017-Incentives13OCT2016.pdf>

111 Investment Fiji (2020). Information, Communication and Technology (ICT), Sector Profiles, Investment Fiji. Accessed on 01 December 2020. Available at https://www.investmentfiji.org.fj/pages_cfm/for-investors/sector-industry-profiles/information-communication-technology-ict.html

112 Southern Cross is a telecommunication loop that links Australia and New Zealand with the continental USA via Fiji and Hawaii

A number of ICT development programmes have been funded by various international organisations and also through aids by various countries. These grants/aids expedite the development of infrastructure necessary for enabling ICT activities in the country. The ripple effect of these ICT-related programmes can be seen for E-Commerce, where the operating environment is enhanced. The total amount of international aid (from different countries) that included an ICT and/or e-government component received between 2007 and 2019 in Fiji was approximately USD 37 million. The main international donors are:

- **China: USD 22.5 million (2 projects).** China extended a USD 21.6 million loan to finance Fiji's e-government project, which was officially completed in 2011.
- **Australia: USD 6.8 million (18 projects).** A multi-year bilateral governance programme was funded by Australia for enhancing good governance in Fiji, some of which will go towards e-government.
- **New Zealand: USD 3.3 million (4 projects).** New Zealand's support to Fiji's elections, the establishment of the Fiji Land Information System, and funding for the Ministry of Finance to procure auditing software and IT hardware and set up a centralised database.
- **Singapore: USD N/A (1 project).** Provision of technical assistance and administrative support for the digitalFJI project through Singapore Cooperation Enterprise.
- **Republic of Korea: USD 395,000 (18 projects).** Special training programmes on ICT and a master's degree programme in global e-policy and e-government.



Conclusions

Fiji enjoyed a head start in comparison to many other Pacific Islands, benefiting from over two decades of investment in ICT infrastructure, a location which is a hub for transport routes within the Pacific, and business environment reforms that have promoted competition amongst telecoms operators.

E-Commerce can promote greater international trade, and improve the ability of Fiji to position itself into global supply chains. Additionally, with around 330 islands dispersed across the Pacific, E-Commerce can unlock many opportunities for reducing natural barriers and improve access to markets and communities that would be otherwise inaccessible. Owing to its position on the Southern Cross (fibre optic) cable network, Fiji enjoys some of the lowest costs and best performance for internet usage amongst the Pacific Islands. In 2019, mobile subscriptions in Fiji stood at 139% of the population, with an internet penetration rate of 66% of the population. Fiji is also a leading market in terms of both 4G LTE and 5G development in the region. Fiji benefits from the World Bank's Pacific Regional Connectivity Programme which extends the Fiji submarine cable network to Tonga. The country's remarkable ICT infrastructure is likely to improve further with the upcoming Southern Cross Next private fibre optic submarine cable network linking Fiji and other Pacific islands to Australia, New Zealand, and the United States.

Most significantly, E-Commerce offers an opportunity for MSMEs to access markets that would otherwise require significant start-up capital and the deployment of large investments. In order to support this, Fiji has introduced several initiatives aimed at supporting MSMEs, whether through grant schemes, incubators, accelerators, innovation labs, mentoring, entrepreneurship promotion, training programmes, and tax incentives.

At the same time, Fiji has brought improvements to its legal and regulatory framework, as well as enhanced its tax and border management framework, spurring yet more opportunities for E-Commerce. Currently, Fiji has regulations relating to electronic transactions, online safety, cyber-bullying, and consumer protection. Cybercrime legislation is outdated in Fiji, and a new draft Cybercrime Bill is expected to be adopted in 2020. Consumer protection regime has been in place for decades might not be able to keep up with the recent change of the online environment, which in turn affects consumer confidence in E-Commerce. There is a need to better protect consumer rights and raise confidence through better regulations and policing in this field.

Nevertheless, strategies and regulations to promote E-Commerce adoption have not always kept up with advances in the economy and new modes of service delivery. Businesses are adopting E-Commerce, but the drive is mostly coming from G2B and G2C. DigitalFIJI is the flagship programme of the government, started in 2018, aimed at increasing public service delivery through online platforms, and has been increasing its scope over recent years. Fiji possesses advantages for global outsourcing services, with three business process outsourcing centres currently in operations. However, much potential has yet to be explored and an enabling environment will be crucial to the realisation of such opportunities and beyond.

Payment solutions for E-Commerce have been in place, however, the coverage is still limited and room for improvement exists. Relatively new payment instrument such as mobile money has made significant in-roads in Fiji. However, traditional banking institutions, credit cards, and other important channels for payment transactions remain inaccessible to a large percentage of the population, and MSMEs in particular. Access to financing remains also quite inaccessible to MSMEs, despite efforts made.

Success in E-Commerce in Fiji will require adopting a series of fundamental overhauls of the business and trade environment. The country's business environment, while quite well ranked in the Pacific, lags behind the rest of the world. The government should ensure that an overarching E-Commerce policy and strategy is drafted, adopted, and implemented. An E-Commerce committee, composed of policymakers, businesses, civil society, and regulators, is needed to guide, formulate, and monitor the strategy. None of which yet exists. While public-private sector communication platforms have been introduced with some success in Fiji, particularly in the area of trade facilitation, most such PPPs are needed in other key areas of importance to E-Commerce.

The Way Forward: Action Matrix

E-commerce readiness assessment and strategy formulation

Indicative action	Expected outputs	Priority Level	Potential support by
Amend the existing ICT Policy and Broadband Policy following the recent developments in ICT and with proper action plans for E-Commerce development. Mainstream E-Commerce in development policies.	E-Commerce is recognised as a vehicle for economic growth. Strategies and policies are kept up-to-date with global digital evolution, enabling an E-Commerce friendly environment.	High	Ministry of Communications, ITC Steering committee
Formulate a national E-Commerce strategy with effective public-private dialogue. Establish a public-private dialogue (PPD) mechanism to ensure that domestic E-commerce challenges are regularly and effectively addressed through the policy.	E-Commerce-related needs are adequately addressed, and the E-Commerce policy is rolled out throughout government development actions.	High	Ministry of Communications, ITC Steering committee, MCTTT
Establish an E-Commerce inter-ministerial committee, with the participation of the Prime Minister, the MCTTT, line ministries, operators, industry representatives, Ministry of Communication, Reserve Bank of Fiji, to monitor developments and report on progress.	Improved policy decision-making process and stronger coordination between different stakeholders working on E-Commerce.	Medium	MCTTT, FCCC, RBF, etc.
Expand the capacity (human and technical) of the Fiji Bureau of Statistics to regularly update and measure ICT-related and other sets of relevant indicators (platform uses, on-line transactions, trade in goods and services occurring through E-Commerce, sales values B2B, B2C and G2B).	Better reporting on the sector and thus, a better appreciation of the challenges faced by E-Commerce operators is obtained, improving the decision-making process.	Medium	Fiji Bureau of Statistics, UNCTAD

ICT Infrastructure and Services Ecosystem

Indicative action	Expected outputs	Priority Level	Potential support by
Expand the network coverage across rural areas, and across islands where possible.	Improved network coverage, reliability, and affordability across the island. Rural areas are adequately covered.	High	Ministry of Communications, Ministry of Infrastructure, MCTTT
Map the existing access to the internet or coverage in rural Fiji, and improve the collection of statistics on E-Commerce platforms and transactions.	An accurate idea on the ICT needs is available for further strengthening ICT infrastructure in determining which are the key areas for improvement.	High	MCTTT, FCCC, ICT development unit, PIFS, MSG Secretariat
While building on the work already initiated for the new submarine cable, identify possible Public-Private Partnership opportunities to invest in overall ICT infrastructure.	Improved scope of infrastructure development.	Medium	MCTTT
Expand the automation of e-government services through the digitalFIJI portal, particularly those related to licensing, fee collection, taxes, etc.	Improved governmental procedures and overall business environment.	Medium	Government of Fiji, FRCS, MCTTT

Trade Logistics and Trade Facilitation

Indicative action	Expected outputs	Priority Level	Potential support by
Improve the pre-clearance of shipments (from around 50% in 2020) and possibly reduce the number of documents required at the border.	Better and faster trade facilitation at customs.	High	RBF, FRCS, MCTTT
Introduce de-minimis thresholds for commercial imports so that parcels under a particular de-minimis value are exempted from duty/taxes.	Enhanced E-Commerce environment, and improvement of the overall trading environment concerning E-Commerce parcels.	Medium	FRCS, Post Fiji
Introduce electronic payments for duties and fees at the border, and/or consider eliminating the FJ\$ 10 fees on airway bill for exports, which affects MSMEs disproportionately more.	To make cross border E-Commerce inexpensive.	Medium	FRCS

Undertake a time-release study with a set of recommendations to streamline the procedure, and reduce time and cost necessary for cross-border trade; Put in place a mechanism for implementing the recommendations by the Time-Release Study to streamline the procedure and reduce the time and cost necessary for import/export	Improved time and reduced cost to cross-border trade	Medium	FRCS, MCTTT
Expedite implementation of the WTO TFA, and especially the implementation of the national single window system.	Reduced shipping time and costs leading to more frequent and larger trade flows of cross-border transactions via E-Commerce channels.	High	MCTTT, WTO, FRCS
Ensure a strong physical addressing system combined with technology adoption for tracking, such as GPS and IoT, to improve safety and efficiency of delivery.	Safe and efficient delivery of parcels, allowing customers to order and track shipments (inbound, outbound) online and to arrange for pick-up and delivery.	High	MCTTT, Ministry of Communications, Post Fiji, UPU
Consider easing biosecurity norms for neighbouring/favoured countries.	Improve the efficiency of transshipment trade.	Medium	PIFS, MCTTT, Biosecurity Authority

Payment Solutions For E-commerce

Indicative action	Expected outputs	Priority Level	Potential support by
Promote the use of digital financial services, such as mobile money especially in rural areas by facilitating payment points and undertaking sensitization exercises.	Increased use of digital payments.	High	RBF, FDB, MoE
Continue to promote the full implementation of the National Switch bill to ensure interoperability between banks. Establish full interoperability between banks and payment gateways. Achieve full interoperability between banks and mobile money operators through bilateral arrangement, and the implementation of the Interchange Networks Act or the substituting National Payment System Bill.	An easier and quicker solution to make and receive payments on E-Commerce websites.	High	RBF, FDB, Commercial Banks

Encourage banks to ease the requirements for opening merchant account to facilitate the setting up of payment solution for E-Commerce businesses.	An easier and quicker solution to make and receive payments on E-Commerce websites.	High	RBF, FDB, Commercial Banks
Promote the usability FINTECH regulatory sandbox.	Improved affordability and accessibility of payment solutions.	Medium	RBF
Continue rolling out nation-wide campaigns to raise awareness about existing digital payment solutions and their benefits.	Greater use of E-Commerce products.	High	RBF, PIFS, ADB, MSG Secretariat
Incentivise banks to review credit card policies, and consider reviewing the 3% surcharge on credit card payments.	To attract a larger consumer base and increased E-Commerce use.	High	Commercial Banks, RBF

Legal and Regulatory Framework

Indicative action	Expected outputs	Priority Level	Potential support by
Carry out a regulatory gap analysis on E-Commerce to serve as a basis for the necessary update of the existing laws and/or enactment of the missing laws.	Increased trust by consumers and businesses to transact online and to digitalise their operations. Validation of electronic documents and transactions. Enhanced understanding of the regulatory gap to provide as inputs for the update and/or upgrade of E-Commerce related regulations	High	FCCC, CCF, Ministry of Communications, Legal Aid Commission, ICT Development Unit
Finalise and/or adopt the missing laws (Online Consumer Protection, Data protection and privacy law, draft Cybercrime law) to create an enabling legal framework for E-Commerce development.		High	FCCC, CCF, Ministry of Communications, Legal Aid Commission, ICT Development Unit.
Ensure the resources for the law enforcement authorities (e.g., the Telecommunications Authority, the Fijian Competition and Consumer Commission (FCCC), the Online Safety Commission, etc) for effectively monitoring and policing their respective fields.	Strengthening the regulatory framework for covering crimes related regulations	High	FCCC, CCF, Ministry of Communications, Legal Aid Commission, ICT Development Unit
Move self-regulating guidelines on E-Commerce from draft to the adopted legal instrument and ensure effective monitoring and enforcement.	Strengthening the regulatory framework for E-Commerce activity.	High	ICT Development Unit, FCCC

E-commerce Skills Development

Indicative action	Expected outputs	Priority Level	Potential support by
Upgrade the existing TVET programs to include relevant ICT skill training for E-Commerce, engaging the private sector in its design.	Enhance overall ICT literacy; Enhance the capacity of the labour force to meet the industry's needs	Medium	Ministry of Education, Private sector representative, Universities.
Develop more capacity building programmes on ICT skills, E-Commerce skills, business skills, trade skills, etc. for the public and private sectors.	Enhanced capacity of enterprises to create business opportunities increased. A decrease in the migration of labour. Increased opportunities for Fijians.	High	Ministry of Education, Private sector representative, Universities.
Increase support to incubators, accelerators and innovation hubs.	Encouraging local talents and employment generation.	High	Ministry of Education, RBF
Create linkages between local MSMEs and big corporations, encouraging the transfer of knowledge.	Acquiring better know-how of running businesses. Capacity of businesses expanded.	Medium	Business organisations, MSMEs, Universities.

Access to Financing

Indicative action	Expected outputs	Priority Level	Potential support by
Introduce factoring services (a kind of trade finance service that helps businesses convert their bill receivables into cash)	Access to financing increased.	Medium	RBF, Commercial Banks
Expand knowledge of existing programs, such as incubators, business accelerators and venture capitalists, both locally and internationally, able to provide access to financing to MSMEs, through business associations and targeted information campaigns.	Increased awareness of non-traditional types of financing. Access to financing increased.	Medium	Business associations, MCTTT
Introduce specific segments in the existing guarantee schemes for E-Commerce related MSMEs and SMEs.	Improved understanding of credit sources and increased access to finance, allowing businesses to invest in innovative areas to increase added-value and create jobs	High	MCTTT, FCCC
Carry out a feasibility study for establishing a credit rating agency.	Improved transparency and overall performance of the business credit sector	High	RBF, Government of Fiji

Annex I: Stakeholders Consulted and Survey Respondents

Name	Organisation	Position	Email
Fiji Stakeholders Consulted			
George Mow	Fiji Revenue and Customs Services	Manager International Relations	gmow@frcs.org.fj
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Ronald Dass	Fiji Customs Agents and Freight Forwarders Council	Chairman	Ronald.dass@bollore.com
Joep Tawake	Fiji Ports Terminal	Team Leader Planning	joep@fijiports.com.fj
Nilesh Chand	Biosecurity Authority of Fiji	CPPO	nachand@baf.com.fj
Dr. Bhaheerathan Kanagasapapathy	Biosecurity Authority of Fiji	A/CVO	bkanagasapapathy@baf.com.fj
Sandeep Chauhan	Fiji Commerce and Employers Federation	President	sandeep@starprintery.net.fj

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Etuate Tabakucoro	ANZ Bank	Digital Transformation	Etuate.tabakucoro@anz.com
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Christina Rokoua	Reserve Bank of Fiji	Financial System Development	christina@rbf.gov.fj
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Survey Respondents

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Kisione W. Finau	The University of the South Pacific	Director IT Services	finau_k@usp.ac.fj
Seema Shandil	Consumer Council of Fiji	Chief Executive	Manager_rpa@consumersfiji.org
Timoci	HFC Bank	GMIT	timocit@hfc.com.fj
Public Sector			
Bram Peters	UNCDF - PFIP	Programme Manager	bram.peters@uncdf.org
Surend Pratap	Biosecurity Authority of Fiji (BAF)	Acting Chief Executive Officer	spratap@baf.com.fj

Annex II: Fiji country profile

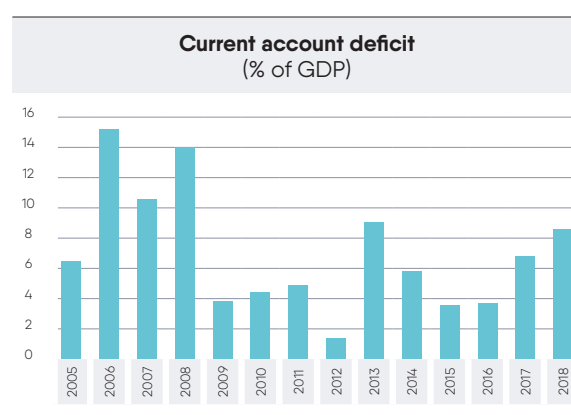
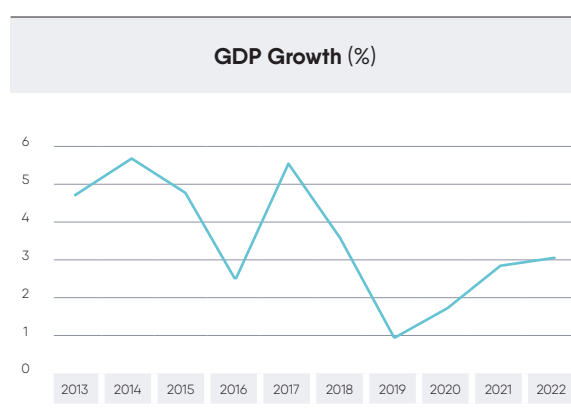
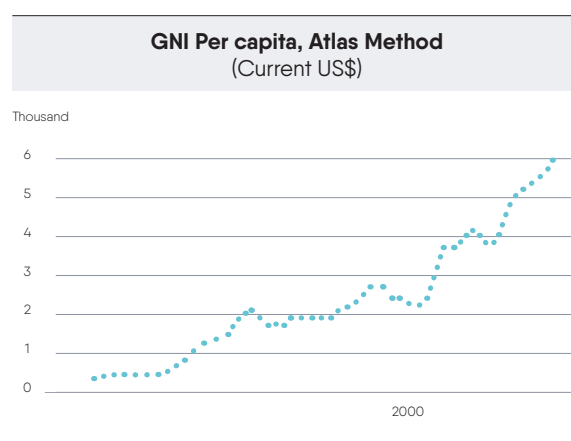
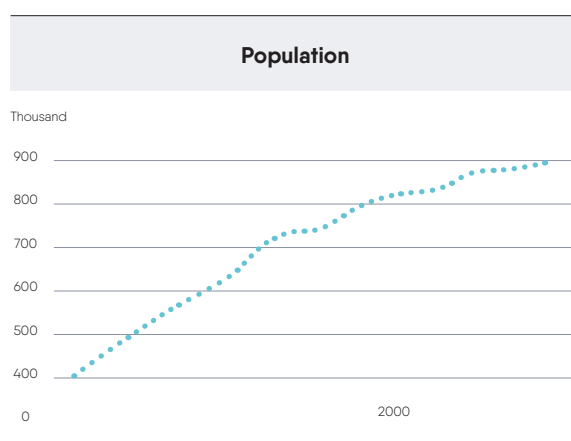
Overview of Fiji

Fiji is an archipelagic nation constituting 332 islands with a population of 883,000 people. The majority of the population resides on the two main islands of Viti Levu and Vanua Levu. Half of Fiji's population lives in urban areas and the other half in rural areas.

Fiji is one of seven upper-middle-income countries in the Pacific. Fiji's economic performance has been improving over the years, with GDP growth increasing from 1.5 percent to 3.3 percent, inflation decreasing from 4.8 percent to 2.1 percent as well as unemployment decreasing from 7.7 percent to 5.4 percent.¹ Given the recent developments in the economy, Fiji has successfully recovered from its frequent natural disasters.

The economy is however vulnerable to both internal and external shocks of political instability, natural disasters, high oil prices, low sugar prices (sugar being the main export good) and weak growth of Fiji's major trading partners. Australia is Fiji's largest trade partner and a major investment partner. Trade between the nations has been increasing, totalling USD 2.4 billion in 2018.

The services sector accounts for over 54 percent of GDP in 2018,² with the tourism sector being Fiji's principal economic driver, attracting foreign exchange along with an industry contribution of an estimated 35 percent of GDP.³ However, the recent outbreak of the COVID-19 pandemic has challenged Fiji's service-oriented economy, with ADB growth projections for Fiji at -4.9 percent for 2020 and a recovery to 3 percent by 2021.

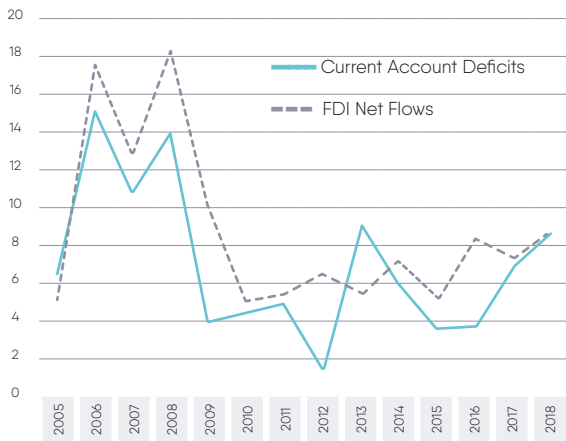


1 Period: From 2007-13 to 2014-17

2 World Bank (2020). World Development Indicator Database. Available at <https://data.worldbank.org/>

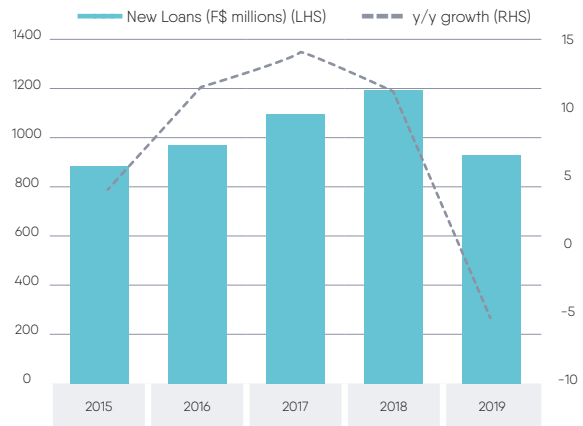
3 Reserve Bank of Fiji (2020). Press Release No 18 – Revised Growth Projections for Fijian Economy

FDI flows and Current Account Deficits (% of GDP)



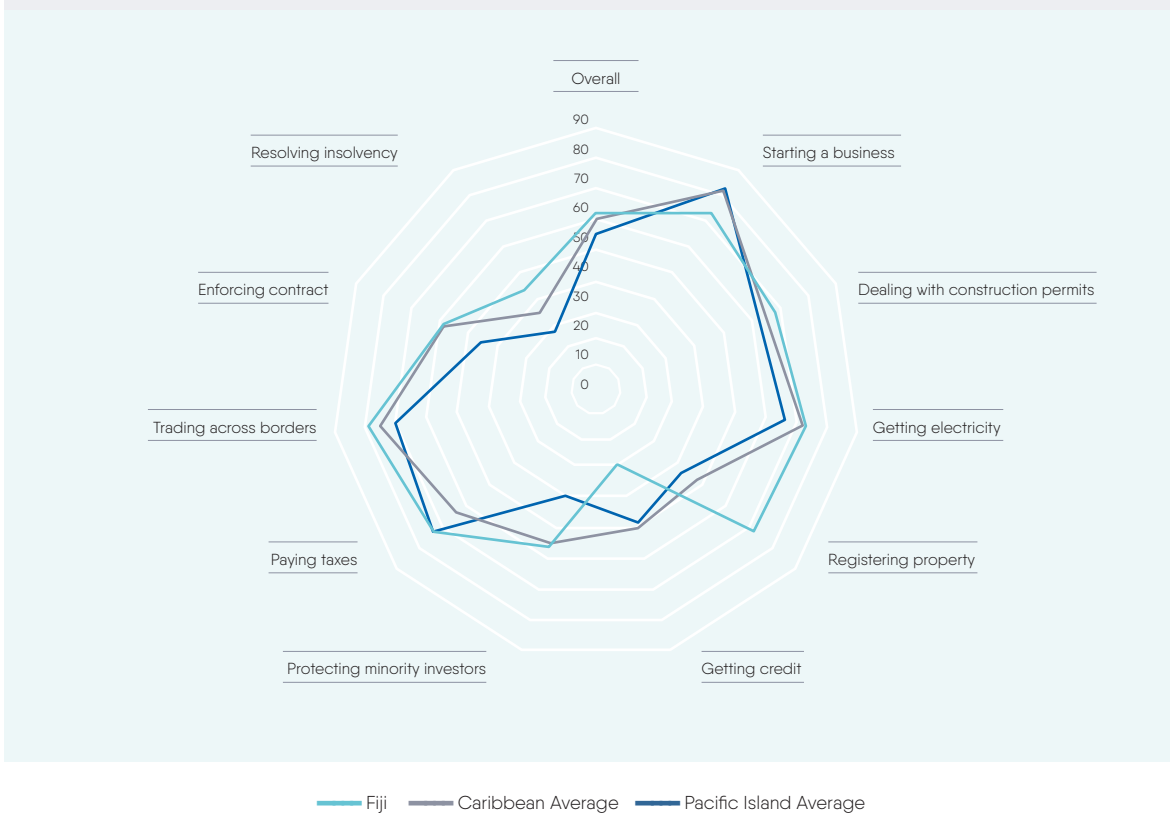
Source: RBF and FBoS

Banks New Consumption Loans (% of GDP)



Source: RBF

Doing Business Indicators (Distance to Frontier)

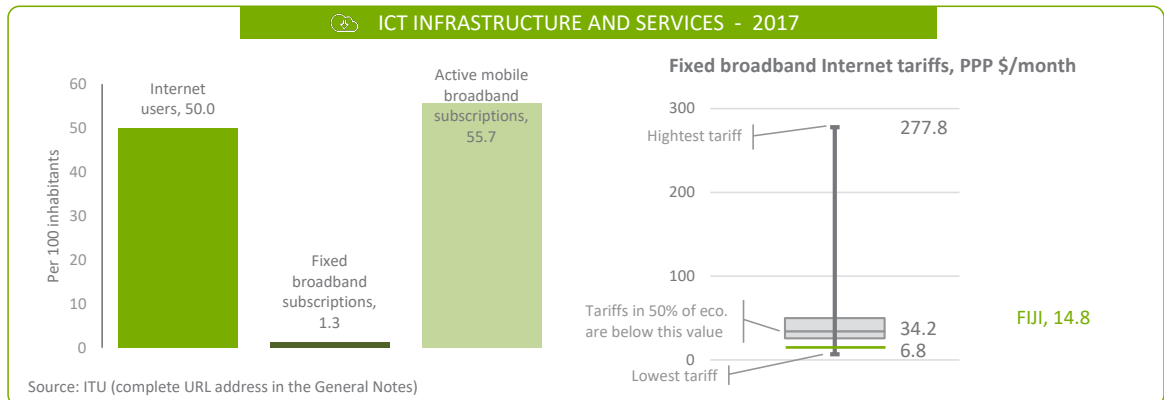


Sources: IMF Country Report No20/80, March 2020; and World Bank World Development Indicators; accessed 20 May 2020

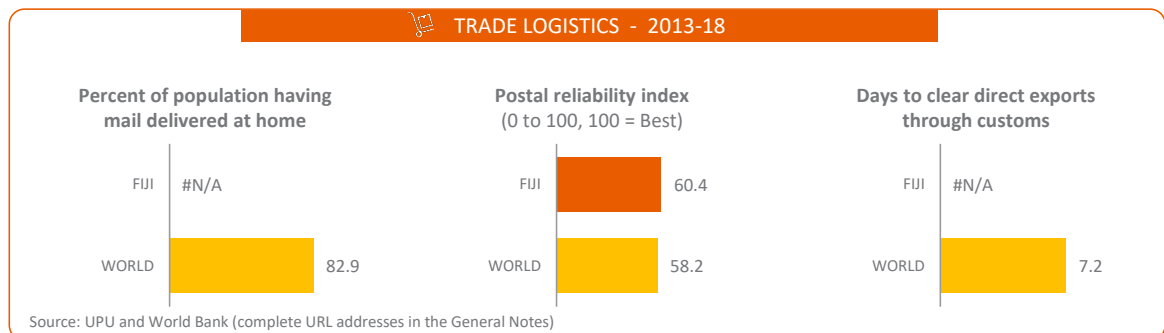
E-Commerce Indices, Latest Available Years

E-COMMERCE ASSESSMENT - 2016-18		
Rank in UNCTAD B2C E-commerce Index	Rank in ITU ICT Development Index	Rank in WEF Networked Readiness Index
-/151	107/176	-/139
Source: UNCTAD, ITU and WEF (complete URL address in the General Notes)		Note: 1 = Best

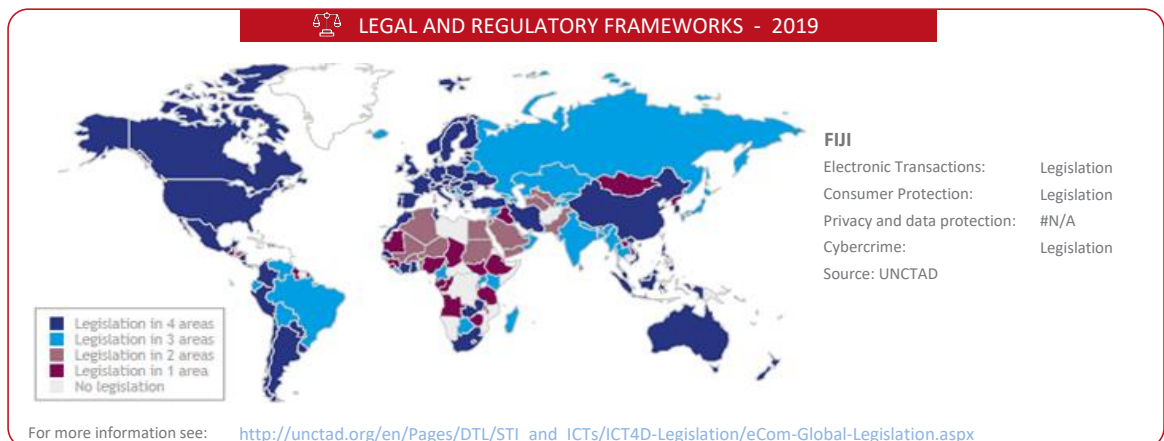
ICT Infrastructure and Services, 2017



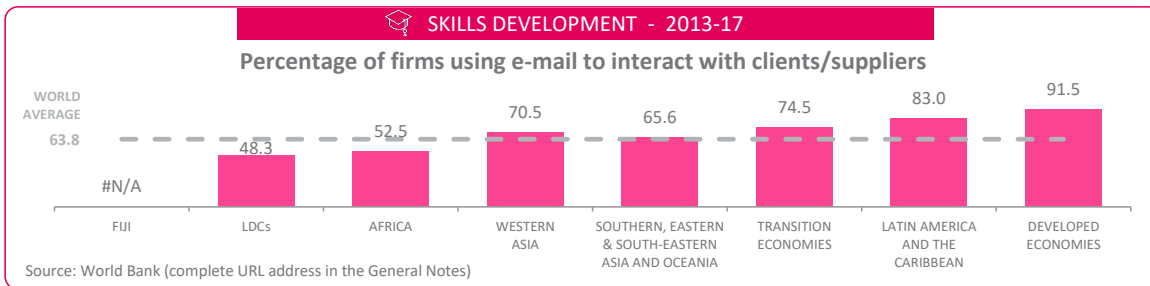
Trade Logistics, 2013-18



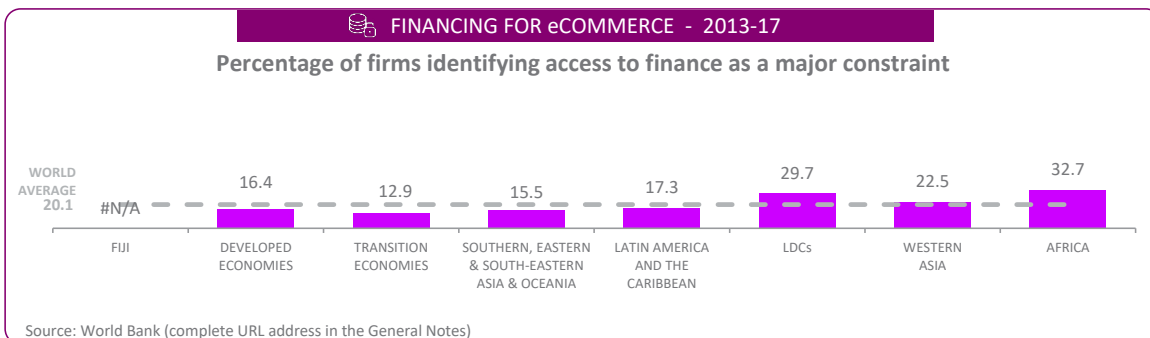
Legal and Regulatory Frameworks, 2019



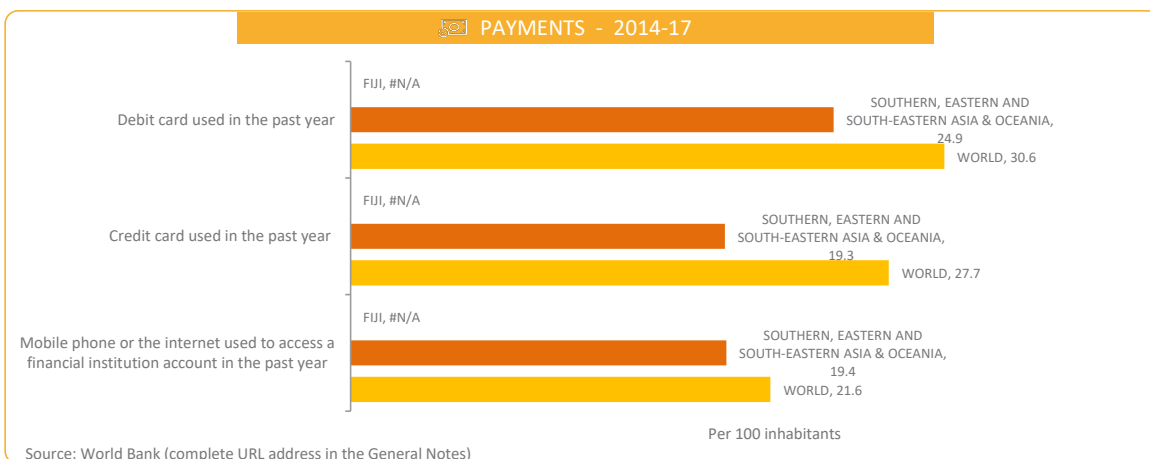
Skills Development, 2013-17



Financing for E-Commerce, 2013-17



Payments, 2014-2017



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