

TONGA E-COMMERCE STRATEGY AND ROADMAP



Ministry of Trade and Economic Development



tradeWorthy

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FOREWORD



The ongoing COVID-19 pandemic further accelerates the digital technology across the world. As more countries are embracing and progressing digital economies, it is evident that e-commerce is becoming a bigger part of the ‘new normal’ and it is the future.

Tonga needs to have in place the necessary frameworks that can harness optimum gains from the opportunities of e-commerce, in particularly trade. E-commerce presents vast economic opportunities and at the same time, challenges for Tongan businesses and consumers. The narrow connectivity distances and trade costs between Tonga and the rest of the world can potentially propel access to bigger and more affluent markets. There is still a long way to go however, to get Tonga digital-ready for these opportunities.

The National E-commerce assessment report for Tonga that was launched in August 2020, measured Tonga’s e-readiness and current e-commerce environment and provided key recommendations for actions in terms of legislation and policy framework changes, institutional reforms, and capacity development. A shared vision for E-Commerce, was one of the key recommendations identified in the action matrix for which this Tonga E-commerce Strategy and Roadmap has been developed to accomplish.

This Tonga E-commerce Strategy and Roadmap (TESR) is considered one of the most important outcome of the “Strengthening an Inclusive Enabling Environment for e-Commerce” project, delivered by TradeWorthy and funded by the Government of Australia under the e-Commerce Aid for Trade Fund. The TESR is a result of expert analysis and stakeholder consultations. It is also aligned with our Tonga Strategic Development Framework II (TSDFII) and the Tonga Digital Government Strategic Framework (TDGSF). It is set out to be predominately in harmony with the vision of “a more progressive Tonga supporting a higher quality of life for all.”

Many of the TESR measures will require interaction and collaboration amongst leaders in both government, non-government agencies and the private sector. Government is investing in e-commerce readiness projects, engaging in regulatory reform programs, and working more closely with the private sector to meet business continuity targets and improve resilience using digitization and e-commerce platforms. It is now time to look ahead and collaboratively translate this national e-commerce strategy and roadmap into development outcomes geared towards a prosperous and progressive Kingdom of Tonga.

I commend this Tonga E-Commerce Strategy and Roadmap to all our stakeholders for their valuable contribution throughout this project and the Government of Australia for their continuous support in this key priority area for Tonga.

Respectfully,

A handwritten signature in blue ink, appearing to read 'V. Uasike Latu', written over a horizontal line.

Hon. Viliami Uasike Latu

Minister for Trade and Economic Development



ACKNOWLEDGMENTS

The National E-Commerce Strategy and Roadmap for Tonga was prepared by a team composed of Sven Callebaut (Team Leader) from TradeWorthy Ltd., Kathleen Walters (National Coordinator), Tony Siamomua (Trade Facilitation and Payment expert) and Akanesi Katoa (Legal expert)

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ABBREVIATIONS

ADB	Asian Development Bank
AGO	Attorney General's Office
ASYCUDA	UNCTAD Automated System for Customs Data
ATM	Automated Teller Machine
AUD	Australian Dollars
AW	ASYCUDA World
B2B	Business to Business
B2C	Business to Consumer
BSP	Bank of South Pacific
C2C	Consumer to Consumer
DFAT	Department of Foreign Affairs and Trade
DFS	Digital Financial Services
DP	Development Partner
EFT/POS	Electronic Funds Transfer at Point of Sale
G2B	Government to Business
G2C	Government to Consumer
GB	Gigabyte
GBPS	Gigabits per second
GDP	Gross Domestic Product
GEO	Geostationary Earth Orbit
ICT	Information and Communications Technology
ISP	Internet Service Provider
IT	Information Technology
MDAs	Ministries, Departments and Agencies
MEIDECC	Ministry of Meteorology, Environment, Information, Disaster Management, Energy, Climate Change and Communications
MET	Ministry of Education and Training
MIA	Ministry of Internal Affairs
MIC	Ministry of Information and Communications
MOF	Ministry of Finance
MOI	Ministry of Infrastructure
MORDI TT	Mainstreaming of Rural Development Innovation Tonga Trust
MPE	Ministry of Public Enterprises
MORC	Ministry of Revenue and Customs
MSMEs	Micro Small and Medium Enterprises
MTED	Ministry of Trade and Economic Development
NFC	Near-Field Communication
NICT	National ICT
NIIP	National Infrastructure Investment Plan
NRBT	National Reserve Bank of Tonga
NTFC	National Trade Facilitation Committee
NZ	New Zealand
PACER+	Pacific Agreement on Closer Economic Relations Plus
PEs	Public Enterprises
PFIP	Pacific Financial Inclusion Programme
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
PMO	Prime Minister's Office

POS	Point of Sale
PPP	Public-Private Partnership
PSDI	Pacific Private Sector Development Initiative
PSP	Payment Service Provider
TA	Technical Assistance
TBEC	Tonga Business Enterprise Centre
TCC	Tonga Communications Corporation
TCCI	Tonga Chamber of Commerce and Industry
TCL	Tonga Cable Limited
TDB	Tonga Development Bank
TDGSF	Tonga Digital Government Strategic Framework
TDoS	Tonga Department of Statistics
TFA	Trade Facilitation Agreement
TNQAB	Tonga National Qualifications and Accreditation Board
TOP	Tonga Pa'anga
TP	Tonga Post
TSDF	Tonga Strategic Development Framework (I= first; II = second)
TTPF	Tonga Trade Policy Framework
TVET	Technical and Vocational Education and Training
TYEE	Tonga Youth Employment & Entrepreneurship Inc.
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia Pacific
UPU	Universal Postal Union
US	United States of America
US\$	United States Dollar
USP	University of the South Pacific
VOIP	Voice Over Internet Protocol
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization

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EXECUTIVE SUMMARY

Context

In a post-COVID-19 situation, E-commerce is set to become an integral part of the new normal. E-commerce presents an unprecedented opportunity to narrow connectivity distances and trade costs among Pacific nations, and between the Pacific region and the rest of the world. If conditions are right, e-commerce presents opportunities to explore new ways of producing and trading and increases the diversification of economies towards becoming services economies.

The 2020 National E-commerce assessment report for Tonga commissioned by the Ministry of Trade and Economic Development (MTED) and prepared with the support of the Pacific Islands Forum Secretariat (PIFS) measured Tonga's readiness for e-commerce, comparing it with that of other Pacific Islands Nations. The report provides a basic analysis of Tonga's current e-commerce environment, identifies key constraints both internal and external, assesses current strengths, weaknesses, gaps and opportunities and provides recommendations on key actions in terms of legislation and policy framework changes, institutional reforms and capacity development to address seven relevant areas. One of the key recommendations contained in the report action matrix was the development of a shared vision for e-commerce, through the formulation of a multi-year national e-commerce strategy.

The Tonga E-commerce Strategy and Roadmap is poised to become a game-changing force, as e-readiness of Tongan consumers and businesses increased dramatically during the COVID-19 pandemic. The Strategy predominantly focuses on the Business-to-Consumer (B2C) and Business-to-Business (B2B) models. It is aligned with the Pacific Regional E-commerce Strategy (2021-2025) adopted during the Forum Trade Ministers Meeting in September 2021. It is also aligned with Tonga's Strategic Development Framework (TSDF) and the Digital Government Strategic Framework.

Given its comprehensive approach to digital trade, many of the strategy's measures will require interaction with and leadership by ministries and agencies whose core mandate is not necessarily focussing on trade matters as well as with the private sector and its representative organizations.

However, Tonga's remote location, small size and dispersed islands pose many challenges, such as high transaction costs and low level of formalisation of businesses, for e-commerce development. Building the enabling platform and associated institutional capacity to support a new model for digital service has become an engine for development and inclusiveness in Tonga. Further developing the private sector, by supporting access to finance of Micro, Small and Medium Enterprises (MSMEs), could raise Tonga's growth potential in the long run.

The Strategic Framework

The Strategy proposes a vision of a transformative economy where most Tongan businesses and consumers actively engage in domestic and cross-border electronic commerce. Its mission is to accelerate Tonga's Digital Transformation through accelerated economic growth that is inclusive and equitable. To achieve its vision, the Strategy targets four Overarching Outcomes, namely (1) more online consumers; (2) more online businesses; (3) an increasingly banked population and its corollary the reduction of cash handling; and (4) a digital literate population. Seven intermediate or Thematic Outcomes are conducive to achieving the four Overarching Outcomes, one for. Direct impacts are captured through 21 Strategic Outputs, which are delivered through 61 Measures. At the core of the Strategic Framework lies the important cross-cutting dimension of adopting a transformative

approach towards women's empowerment in E-commerce to promote the objective of inclusive, sustainable development in the region.

E-commerce Strategy Measures

The on-going COVID-19 crisis has had a strong negative impact on the local economy. Market vendors, SMEs, as well as vulnerable groups of populations have acutely felt the impact of COVID-19 due to contraction in customers, supply chain complications, loss of livelihoods, disruptions of food supplies, increasing expenses, and other factors. As most of the existing businesses or new start-ups are struggling in this pandemic due to all restrictions, it is important to bridge some of the current capacity gaps. Most bottlenecks are known and were described extensively in the 2020 e-commerce readiness report: These hurdles are access to smartphones, e-literacy, knowledge of how E-commerce platforms operate, a method of getting payment quickly and easily, access to a delivery network, accurate location delivery, as well as the expense for some small to mid-size business. Although some well established businesses in Tonga have the necessary resources to build their websites and access to bank accounts in New Zealand and Australia to enable the receipt of online payments, the average business will not have the necessary resources to digitize its products and services online for local and global access by Buyers With the online e-commerce platform, all segments of the business will benefit. Consumers will have variety of choices to purchase products and most of the start-up/existing businesses can operate from home or be in any part of the market to introduce their products. Delivery logistics will be handled by product delivery logistic team. Consumers can track their product until delivered.

The market has a lot of potential to bring up young minds for new start-ups. However, the initial cost to setup a business is high. Specifically, if new start-ups are looking to base the business at fixed physical operations. The cost is very high, therefore most of the entrepreneurs fail to start up a business. When it comes to online trading, majority of market vendors and MSMEs are not ready or have no solutions to increase sales online. Some have been using Facebook marketplace to promote its products online with a manual & unsecure payment process. Small and Medium Enterprises (SMEs) are reluctant to invest on e-Commerce platform as no payment gateway exist to support the solutions. As most of the market vendors are predominantly women it is critical to enable a lot of women to have their products listed on existing and future e-commerce platforms and reduce or eliminate long travelling distance to reach their business locations. For instance, women-led businesses should be given the opportunity to rent shop space digitally rather than renting a physical shop.

With this background, the strategy identified 5 drivers of e-commerce growth in Tonga:

- 1. Adoption of electronic payment solutions for domestic and international trade transactions to reduce the costs of doing business, increase transparency and improve introduction of remittances in the productive sector.*
- 2. A robust legal and regulatory framework for e-commerce making private sector investments into the Tongan economy safer and predictable, increasing confidence of both consumers and merchants.*
- 3. Continued development of ICT infrastructure for Tonga will assist in digitizing and fostering an environment for innovation and sustainable development. Similarly, improved digital skills will enhance the digital transition of small and medium businesses while encouraging formalization of micro businesses, digitalization of retailers and increased participation of women, youth and vulnerable communities, both in Tongatapu and in Outer Islands.*
- 4. Lower costs of trade following the introduction of Automated System for Customs Data (ASYCUDA) and of cross-border paperless trade in line with international best practices (World Trade Organization (WTO) Trade Facilitation Agreement).*

5. *Enhanced participation of Tonga in Pacific-wide initiatives as the national e-commerce strategy creates foundations for improved cross-border e-commerce, in line with the Pacific Regional E-commerce strategy adopted during the 2021 PIFS Forum Trade Minister Meeting in September 2021.*

Governance

The ambitious development goals proposed by the Tonga E-commerce Strategy will be challenging to accomplish without the support of a sound governance mechanism. At the core of this mechanism lies the national E-commerce committee suggested by this strategy, to be established under the auspices of the MTED. Members of the Committee will comprise line ministry representatives, leading business partners. It would report to relevant Economic Transformation authorities in Tonga. MTED will provide secretarial support to the Committee. It is recommended that sub-committees for the private sector and development partners are also established. The committee should also liaise with the PIFS who coordinate the implementation of the Pacific Region E-commerce Strategy.

Roadmap

It is likely that some of the strategy measures may inevitably overlap with and complement the actions specified in other national strategies and policies. Against that backdrop, looking at E-commerce in isolation may lack the critical mass needed to deliver the much-anticipated impact. E-commerce has finite resource needs. Therefore, it would be wise to look at E-commerce in conjunction with the other national initiatives, i.e., on digital literacy, digital financial literacy, SME development, business and SME development, access to finance, among others.

Implementation

The E-commerce Roadmap (chapter 5) included in the document provides further details to support implementation of the Strategy's measures including their indicative budgets, recommended implementing agencies, baselines and targets. It is not written in stone and shall be reviewed periodically for relevance and currency, as appropriate.

The knowledge and technology revolution transforming the global economy offers unique opportunities to Tonga to engage in new development paths. To exploit these opportunities, Tonga continues to invest in appropriate Information and Communication Technology (ICT) infrastructure, seeks to upgrade its public service delivery, and is improving the business environment for e-commerce. These steps are necessary to ensure Tonga maximises benefits from job creation, activity expansion, and productivity improvements that are possible in many sectors, like ICT and e-commerce.

CHAPTER ONE: SETTING THE SCENE

1.1 Digital Tonga

The new political era that started in the last decade in Tonga has offered the opportunity of improved governance and public service delivery and, through strategic investment in ICT infrastructure, a path towards economic growth and diversification. The government's broader development strategy is to improve Internet and mobile connectivity in the outer islands to realize key development outcomes related to the digital economy and, in doing so, to trade and e-commerce.

Early liberalization of the telecommunications sector has resulted in impressive growth of coverage and adoption of voice services. Mobile-broadband availability and affordability have also improved thanks to the use of submarine cable. However, Tonga's remote location, small size and dispersed islands pose many challenges, such as high transaction costs and low level of formalisation of businesses, for e-commerce development. With COVID-19 driving countries to use more digital products to mitigate health risks, Tonga must accelerate its digital readiness. Digital readiness challenges raised by stakeholder and industry experts highlight the need to strengthen investment in infrastructure, develop legal and policy framework, facilitate safe and secure payment systems, implement more efficient logistics as well promote digital literacy and awareness for Tonga's population. Digital readiness is simply not about infrastructure but more importantly, the coordination and will to implement projects in a coordinated manner that suits Tonga. Hence, the need for a roadmap to guide and grow Tonga's digital readiness.

Tonga E-commerce Readiness

The National E-Commerce Readiness Assessment report for Tonga launched in 2020 and modelled on the United Nations Conference on Trade and Development (UNCTAD) e-Trade Readiness Assessment methodology provided a useful tool for Tonga to measure its readiness for e-commerce along seven policy areas:

1. Vision for E-commerce and the E-commerce Ecosystem
2. Trade Logistics and Trade Facilitation
3. ICT Infrastructure
4. Payment Solutions, Digital Financial Inclusion and Access to Financing
5. Legal and Regulatory Framework
6. Skills Development for E-commerce
7. Access to Financing

This readiness assessment provided a thorough overview of Tonga's readiness to engage in e-commerce platform and digital trade. Additionally, the assessment sought to raise national awareness of the importance of this initiative and how Tonga can maximise its benefit from e-commerce and digital trade. The assessment highlighted the main opportunities and challenges for e-commerce development in Tonga. Development of e-commerce in Tonga should not be treated as a goal in itself. Tonga faces several obstacles to the effective deployment of communications and other infrastructure, e-commerce skill and knowledge gaps, public-private dialogue on e-commerce, trust, protection of data, as well as local content and applications development. The Government has a strong interest in adopting economic and social policies that can facilitate the development of the Internet economy, of which e-commerce is only one segment. For this to materialize, public sector coordination is paramount. The call for greater coherence of policy actions through the formulation of an encompassing national e-commerce strategy is one of the key recommendations of this report.

The assessment suggested that Tonga still faced challenges of digital adoption, particularly in its businesses, and even more so in the very large informal sector. Similarly, constraints in payment

solutions, in digital financial literacy, and access to financing for SMEs needed to be addressed for Tonga to take part in the digital revolution and not just watching the revolution unfold without taking part in it.

Examples of sectors likely to benefit from an uptake of e-commerce in Tonga will be listed, such as tourism, agricultural products, pearl/seaweed farming, cultural items/handicraft (mats), music industry, call centres, labour mobility schemes, remittances, online education, e-health services, disaster management, etc.

Electronic commerce is an emerging business trend in Tonga, which is rapidly changing the traditional market system of the country into a digital one. It offers Tongan consumers and business substantial benefits, which has contributed to economic diversification, revenue generation and job creation. Electronic commerce also provides Tongan businesses with the opportunity to develop new markets and to create broader and deeper relationships with their customers than was previously possible. Ensuring a robust and secure e-Commerce ecosystem will bring consumer trust that is an essence of this development.

1.2 E-commerce in Tonga

This section describes the main features of Tonga's e-commerce ecosystem. It is based on the thorough readiness assessment carried out in late 2019 and includes latest progress and achievements made in terms of increased adoption of e-commerce by marketplaces and merchants, during and despite the COVID-19 pandemic.

E-commerce Policies and Strategies

The government's Strategic Development Framework (TSDf) addresses some structural issues, particularly the development of resilient infrastructure, enhancement of health and education to build human capital, and promotion of the diversification of domestic production. The vision of the TSDf is to promote "a more progressive Tonga supporting a higher quality of life for all." While the Tonga Trade Policy Framework (TTPF) does not specify the role a transition towards digital economy could play in accelerating economic development in the country, it does underscore the importance of e-government and ICT in trade and development.

The Tonga National ICT Policy was developed with the objective to harness the multiple opportunities that ICT contributes to global connectivity, to create a knowledge-based economy that will adapt to the changing demands of an ICT environment. The ICT programme for Tonga envisages to construct a "Connected Kingdom" also compared to as an "ICT fale (building)". To have a firm and functional ICT fale, there is the need for "pous" (pillars) that will help its physical establishment.

As the country's ICT capacity increases, the focus has turned to digital government and digital governance, as outlined in the recently launched Digital Government Strategic Framework (2019-2024). The e-commerce sector is still in the nascent stage and is not considered an engine of growth in the more recent trade and investment strategies, although local e-commerce platforms have been emerging in the last two years.

As other sectoral policies/strategies are slowly incorporating digital objectives, there is a need to ensure strategies and policies for E-Commerce are implemented and monitored. Developing a vision of what Digital Trade will look like in five to ten years from now will contribute to an increase of adoption of B2B, B2C, G2B and G2C services.

ICT Infrastructure and Services

Access to ICT has improved in Tonga since the submarine fiber optic cable system between Tonga and Fiji (connects to the Southern Cross Cable) went live in August 2013. The National ICT (NICT) project between Government and Tonga Communications Corporation Limited (TCC) to implement E-Government is well underway and civil servants have access to computers and email for the day-to-day operations in government.

Since the introduction of the submarine cable, Tonga has experienced rapid growth in Internet access and use. There are nearly universal mobile network coverage and Internet penetration stands at 50 percent of the population on the islands. 4G has been introduced in the market and there is growing demand for faster and affordable Internet connection. Businesses are beginning to use technology as an integral part of their operations and there are already other businesses that use technology in innovative ways to deliver products and services that would not be possible without ICT.

The clear progress cannot hide the facts that there are still connectivity, reliability and affordability issue. Existing network coverage, speed and latency could be improved to create the basic premises for more businesses to start their online journey. Recent investment in satellites technology will help remote communities embrace ICT and create new sources of employment and revenues. The issues could be explained by the relatively small size of the Tongan market, making it not profitable for networks and ISPs to invest in extra bandwidth and speed. Overall, most stakeholders see the need for a Digital Tonga, and are excited about the development of a digital economy for Tonga, because it means that more people in Tonga will be able to fully utilize the ICT infrastructure and skills that are already in place.

While there are still connectivity challenges ahead in terms of broadband access and affordability, which will require both investments and regulatory reforms, increased connectivity in Tonga is starting to offer new opportunities. Digital technologies are key enablers for economic diversification, creating new income generating opportunities, and improving service delivery. E-commerce and new digitally enabled businesses, such as those in the financial and services sectors, are beginning to emerge, and the Government of Tonga has taken bold steps to move its processes into the digital age and to roll out services online.

For a 'Connected Kingdom' having the right ICT infrastructure, policies/framework and legislation in place can contribute immensely to the development of Tonga supporting "A more progressive Tonga supporting higher quality of life for all".

Trade Logistics and Trade Facilitation

First and last mile logistics in Tonga remain bottlenecks for a smooth development of e-commerce. A critical component of any eCommerce ecosystem is the capacity to deliver orders placed by buyers on time, at the right location and with the possibility to return goods. That is the whole premise of buying online, i.e., the convenience of having delivery to your door. Owning a delivery fleet is capital intensive and to cover a large geographical area is extremely difficult because the delivery fleet will have to be based at multiple locations to be able to service a greater area for deliveries. In addition, and of greater difficulty in Tonga is that there are no numbered street addresses for homes and businesses and therefore it is time consuming and difficult to find the exact location for delivery of an order. This causes delay in delivery times because the driver is likely to go the wrong direction sometimes, the cost of the petrol and the time of the driver results in higher delivery fees that need to be applied and the dissatisfaction of the Buyer due to the late delivery times and high cost of delivery will not attract

repeat or new Buyers. The Tongan Government and Tonga Post have submitted a proposal for the National Home Addressing Project and this is highly likely to be implemented in early 2022.

Internationally, Tonga is highly dependent on the global economy as it imports goods and services, which it cannot produce, or produces at higher costs, and in turn exports goods and services that it can provide competitively. Tonga's geographical isolation is a key bottleneck and there is a need to position Tonga so that is competitive in the exports market. There is much potential for improved trade facilitation practices to help drive socioeconomic development within Tonga and with other Pacific Island Countries. This can help achieve economies of scale and improve the trade logistics and supply chain efficiencies.

As a signatory to the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) agreement, Tonga is poised to benefit from trade facilitation related support including the deployment of the UNCTAD-led Automated Systems for Customs Data (ASYCUDA) World and the establishment of trade portals with the assistance of UNCTAD and funding from Australia and New Zealand. Upon its entry into force, the agreement will further provide opportunities to address priorities in a regional context. While performance in cross-border paperless trade has been improving since 2015, key issues remain. First and last-mile delivery of cargo and parcels in Tonga, including through postal services, still face serious logistics challenges. As Tonga does not have a de minimis threshold and applies strict risk management procedures, cross-border e-commerce is not competitive and has remained mostly informal.

Legal and Regulatory Framework

The introduction of the submarine cable in Tonga drew attention to the enabling legal and regulatory environments to maximise consumer benefits that may be derived from the increased capacity. This is particularly important as Tonga Cable Limited, a State-owned Enterprise with its three shareholders -Government, TCC and Digicel- is responsible for international connectivity in Tonga, which differs from usual approaches in other Pacific Islands where public-private partnerships from the outset are preferred.

The Tonga E-Commerce Readiness report acknowledges the existence of a wide range of e-commerce legal and regulatory framework in Tonga. However, the report also identified that the existing framework are out of date. There is a need to update and upgrade the current framework to ensure that it reflects recent developments in e-commerce. The developments of a more robust legal framework will ensure that e-commerce related activities in Tonga are properly monitored.

Over the years, the Tongan Government has shown commitments to the development of upgraded e-commerce legal and regulatory framework . This commitment is reflected in the following Cabinet Directives –

- His Majesty's Cabinet Decision No. 1212 of 16/10/15 to process a new Consumer Protection Bill;
- His Majesty's Cabinet Decision No. 550 of 27/07/18 to process a new Electronic Transactions Bill and a Privacy Bill; and
- His Majesty's Cabinet Decision No. 352 of 24/04/20 to process a new Computer Crimes Bill with consequential amendments.

However, due to competing Government priorities, these Bills have not been processed through the Government legal process. The draft Bills were based on international models, for example the draft Electronic Transactions Bill was based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Electronic Commerce and Model Law on Electronic Signatures. The draft

Computer Crimes Bill was based on Tonga's commitments to the Budapest Convention. The draft Consumer Protection Bill will be reviewed to include online consumers protection. As a result of the impacts of COVID-19 on consumers, Tonga now realizes the need to urgently develop robust e-commerce regulatory framework . This work can be completed by reviewing the existing Bills for enactment.

Besides the lack of legal development in the area, the lack of regulation/oversight for cross-jurisdiction and service licensing of payments and mobile money is also a matter for concern. Given the fragmented nature of markets in the Pacific Islands, regional operability of Payment Service Providers (PSP) becomes important to reap the benefits of economies of scale. However, currently, cross-jurisdiction payments are widely unregulated and face a multiplicity of insular regulatory regimes. There is a need for more regional collaboration to incentivize PSPs to operate regionally and to facilitate cross-country payments. Further, Tonga does not issue specific mobile money license for PSPs, making the whole process unclear. This issue has also been identified by the IMF as one of the main challenges to overcome for a more efficient FinTech and payment regulation in Tonga and more broadly in the Pacific region.

Finally, apart from the lack of governance framework to ensure smooth functioning of digital payments, the protection systems such as cybersecurity and data privacy are also not present across all countries and are still at the nascent stage. Key regulatory reforms should receive attention in the near future including the establishment of an independent telecom regulator and financial regulations, allowing for better Internet-based payments and the entry of fintech¹ companies in the market.

Electronic payment Solutions

Because Tonga is generally a cash basis economy that is slowly increasing use of other payment means such as Electronic Funds Transfer at Point of Sale (EFTPOS), financial institutions have a significant role to play in enabling and promoting e-commerce. Physical branches do not cover all the outer islands, and some have only one ATM. With the declining investment in physical branches, there is also no clear move to enable e-commerce. At present, only one pathway has been created for BillPay of utilities such as Tonga Power Limited and Tonga Water Board. There is also a need to develop a system for reconciliation of online purchases daily. The Bank of the South Pacific (BSP) and Tonga Development Bank (TDB) have expressed interest in the strategy but indicated it may not be a priority for them as it is for customers.

In terms of cashless payment solutions for Tonga, the country is in a transition stage whereby the banks and financial institutions are in the process of educating the key stakeholders and general public on the products that financial institutions offer for people to uptake electronic payment solutions. Tonga was the second Pacific country to launch Digicel Mobile Money (in 2011). In May 2012, Digicel partnered with VeriFone to launch Beep and Go, the world's first fully inclusive mobile payment system that does not require the use of a bank account, credit card or smartphone. Digicel customers in Tonga are able to receive mobile remittances through Digicel's partnership with KlickEx Pacific. One of the two telecommunications company in Tonga, Digicel, provides mobile phone financial services which allows customers to use their mobile phones to pay bills and do shopping at select retail outlets. The number of Automated Teller Machines (ATMs) and Electronic funds transfer at point of sale

¹ *Fintech, short for financial technology refers to the technology and innovation that aims to compete with traditional financial methods in the delivery of financial services.*

(EFTPOS) branches tripled between 2015 and 2020, and agent penetration rose from three to every 10,000 adults to 52.²

One of the critical challenges that the banks and financial institutions in Tonga are working to resolve is the provision of a holistic payment gateway system so that local Tongan businesses can sell products online and receive their payment into their bank accounts in Tonga. What is happening in this space is most Tongan businesses that sell products to overseas markets either get their funds manually wired by the consumer via western union or a remittance service or the local Tonga business sets up a bank account overseas so they can receive direct payment to their overseas bank account.

The transition process will take up to two to three years from 2021 to reach its' full potential in terms of changing people's cultural and lifestyle habits so that at least seventy-five percent of Tonga's population utilizes electronic payment solutions (at the moment, it is restricted to mostly the CBD and urban areas so approximately twenty-percent of the population).

There is currently no law for a national payment system, nor a national switch, though there is a National Financial Inclusion Strategy. Payment gateways for E-commerce are only offered by international banks. The acceptance of debit and credit card payments requires merchants to install POS machines. However, the time, cost and deposit requirements (for merchants) are prohibitive. Therefore, the use of credit or debit cards in Tonga is limited; as a result, most transactions are cash-based. The Reserve Bank of Tonga is looking to fully launch a new National Payment System in the coming months. This system will modernize and automate Tonga's payment system which will allow for the Reserve Bank to transact and work online with the commercial banks and financial institutions in Tonga.

E-commerce Skills Development

The COVID-19 pandemic has allowed Tonga to make great improvements in increasing digital readiness of both businesses and consumers. However, the low level of awareness and digital literacy can hamper the Government's efforts to accelerate the country's digital transformation. Isolated initiatives have been made targeting different groups, but the relatively low adoption of ICT by businesses constitute another layer of complexity.

All businesses in Tonga are small and many suffer from weaknesses associated with size - weak organisational structures, entrepreneurial, managerial and technological skills deficits, and limited innovation capacity and internal capacity constraints, such as limited professional and managerial capacity, technological know-how. These, together with external constraints, further reduce their ability to compete. With MSMEs constituting majority of the businesses in the Kingdom, improving their ICT readiness can have a major impact. Programmes on ICT and entrepreneurship skills development will need to cover a wide range of activities.

Current curricula in higher education institutions and training programmes have not yet embraced modules that will make it suitable in the development of e-commerce skills. Worthwhile to note is the University of the South Pacific's (USP) regional e-learning platform accessible from its Tonga campus and plans to establish a business incubator. Further, the emerging support for digital entrepreneurship can potentially provide new opportunities for youth employment.

²PPIP demand side surveys, <http://www.pfip.org/our-work/work-streams/market-information/national-demand-side-surveys/>

The need to improve people's understanding and awareness of what e-commerce is and how it benefits all Tongans has been a common thread in the public-private dialogue. There is certainly some form of e-commerce happening in Tonga with the use of social media -also known as social commerce- (e.g. Facebook, Instagram), however, there are still key constraints that Tonga's government must tackle so that Tonga can engage in more formal digital trade, with the required knowledge and skillset to do so.

Access to Finance for E-Commerce

Access to financing for "digital SMEs" is very limited, due to the lack of formalisation of businesses, the nascent stage of the e-commerce scene, and the lack of opportunities. Alternative funding through remittances shows considerable potential. Ample scope to develop these services for other use-cases, such as for e-commerce, and Government to Consumer (G2C) and Consumer to Government (C2G) transactions, will soon be available, given the strong emerging focus on digital government and digital financial inclusion.

Tonga has a handful of partial and semi-E-commerce ventures with the majority of these small businesses utilizing Facebook for online discussions that lead to transactions which 99% of the time manually take place in terms of the goods and money trade. To date, there is no dedicated platform for e-commerce trade in Tonga. A few Tongans overseas have developed basic online transaction systems whereby Tongans overseas can purchase goods online from select Tongan stores which local Tongan families can pick-up once payment is done. The majority of local firms (small to medium sized enterprises) that can sell goods online face obstacles in terms of obtaining the necessary funds to set up online ventures. There is a lengthy process when it comes to commercial banks and interest costs are relatively high. Based on an interview with the Ministry of Internal Affairs Women's Division which work with women in traditional business activities such as handicraft and pearl farming; banks and the majority of financial institutions in Tonga do not provide incentives for these sorts of local businesses to sell goods online. There are however, a few microfinance organizations that provide limited financial assistance to local businesses such as the South Pacific Business Development organization, but there is no particular scheme to assist with getting firms to sell goods and services online. Despite being one of the highest per capita countries in the world in terms of remittances, much of Tonga's remittances is used for household consumption and family obligation matters such as church offerings, weddings and funerals.

Although this can provide opportunities for large businesses, one thing that was voiced is to also consider smaller businesses, especially those at the grassroots level, to drive development for a digital economy for Tonga. Interest in this initiative is good because of the benefits and potential at an individual, organizational, national, and international level.

1.3 The policy context

The present strategy is aimed at supporting Tonga's efforts to address e-commerce challenges identified in the last two years and leverage additional resources from the Government and development partners to accelerate e-commerce adoption, increase digital readiness and, in fine, support Tonga's economic transformation. Tonga has yet to take advantage of the potential of e-commerce. The country could benefit substantially from e-commerce if it is able to accelerate the adoption of key measures aimed at supporting the development of an e-commerce ecosystem (e.g., digital economy strategy, enhanced regulatory framework) and private sector investments (in skills and access to finance). Among other benefits, e-commerce can fuel development of the tourism and professional services sectors, attract Foreign Direct Investment (FDI), and increase employment in Tonga, thus limiting the structural brain drain.

The Tonga Strategic Development Framework (TSDF) 2015-2025 vision is for “a more progressive Tonga supporting higher quality of life for all” which reflects the importance of having a safe, reliable, and affordable ICT that improves connectivity and delivery of services throughout the Kingdom but also at the global level. The onset of the global pandemic has given Tonga and its people the opportunity to reflect on how to better utilize existing policies and platforms to broaden the scope of the conduct of communications and daily operations of businesses as the normal way of doing things have changed drastically.

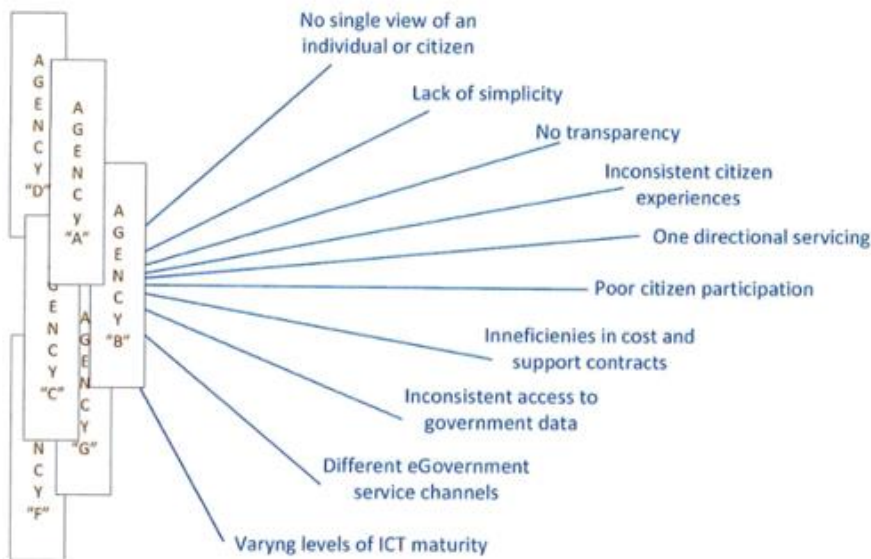
Over the years Tonga has witnessed the evolution of ICT, the use of technology and the shift from traditional to modern way of communication and delivery of services. Some of the advancement that is evident in homes and communities in which the use of ICT has expanded, almost everyone has a smart phone and the youth have quickly adapted to its use. Schools have adopted more ICT courses / trainings for students via virtual means, there is still potential for more growth. Tonga is more aware of the technology available; they are learning to utilize the technical infrastructure that is in place. A major accomplishment is the ready availability of legislation online by the Attorney General’s Office for anyone who wishes to refer to any legislation in Tonga. With all these advancements to the pillars (pous) we see that the ‘ICT fale’ is eventually reaching that stable and functional ‘fale’.

The Tonga Trade Policy Framework (TTPF) 2017-2025 overall outcome is to “enable Tonga to create an inclusive, sustainable and competitive trading environment leading to better trade performance.” While the TTPF does not specifically discuss the transition to the digital economy, it however mentions that the telecommunication infrastructure is well developed while e-commerce is not yet developed but emphasizes the importance of e-Government and ICT for the development of trade.

Tonga being a party to the PACER Plus Agreement is benefitting from the trade facilitation support such as establishment of the Tonga Trade Portal and modernization of the Customs System to ASYCUDA World which will improve the delivery of customs processes at the border leading to streamlined processes to expedite the release of goods. This in turn will assist in achieving the e-government and ICT perspective - sets out to automate processes which includes interconnecting and sharing data/information between Ministries and agencies. In the long run will ‘lead to a better trade performance’.

Government ministries and agencies in Tonga have the supporting information systems for their individual units, however there are challenges of readily available data and information for sound policy and decision making. Many of the government agencies still lack the capacity to effectively share information resulting in duplication of data, manual transfers, and sometimes loss of data. Some of the issues are clearly shown in the figure 2 below.

Figure 2 The Issues with the Existing Decision Making Processes and Service Delivery



Source: *Digital Government Strategic Framework 2019 – 2024*

The Tonga Digital Government Strategic Framework 2019 – 2024 (TDGSF), provides a vision for a sustainable and efficient digital Government, accomplishing objectives in the Tonga Strategic Development Framework (TSDf). The TDGSF will be a guide to address existing issues and streamline government's delivery of services and workflow. As stated in the DGSF Vision: "Digital Government in Tonga is dedicated to creating a responsive and robust Government's decision making through change management focused on improving the efficiency and effectiveness of Government services thus enabling a competitive business environment and to create sustainable development opportunities for the people of Tonga". Developing Digital Government combines ICT hardware and software, data, skills, policies/framework etc. for delivery of services. This includes improving workflow, process mapping and decision making by automating processes. There are multiple benefits of having a Digital Government in place, enables timely access of decision makers to key data and information, facilitating appropriate access to Government data for the general public, business, or government agencies.

CHAPTER TWO: STRATEGIC FRAMEWORK - VISION, GOALS AND GUIDING PRINCIPLES

The strategy and roadmap, taken together, will be building blocks to accelerate Tonga's digital transformation by creating an enabling environment for government, businesses, and consumers to benefit from trade conducted online, domestically and internationally.

The strategy and roadmap will contribute to creating positive impact for businesses, such as:

- Supply chain optimization and better access to markets in general, including domestic and with Pacific markets, in a manner that is less constrained by geography.
- Improved access to supplies, with greater product variety at more competitive prices and from a wider range of suppliers.
- Reduced business administration costs since many buying and selling functions, inbound and outbound logistics and payments may be undertaken electronically with much reduced manual intervention.
- Potentially greater product quality enforced by a need for such quality when buying or selling at a distance; this will benefit buyers since they will have greater confidence in the product, and the sellers since they will ultimately be able to charge higher prices for the better quality or compete with businesses elsewhere.

2.1 Vision

This Strategy envisages that by 2026, businesses of all sizes, across all sectors and in all Islands are increasingly trading electronically and using electronic payments, giving rise to significant benefits for each business and for the economy.

2.2 Impact

This strategy will help ensure that the whole economy benefits from the development of e-commerce, including through growth in the distribution and communication sectors (transport, storage, and telecommunications, wholesale, and retail trade). In addition, enhanced growth in agriculture, fisheries, manufacturing, transport, and tourism is expected from greater use of e-commerce in these sectors. The three sectors key to e-commerce, ICT, logistics and financial services could see increased activity from investment in and use of e-commerce. This will lead to substantial sector growth enabling ICT and logistics firms to reach a sustainable scale of operations and financial services firms to generate new income streams from low-cost digital services. The Government wants to see the financial sector provide the system for online transaction for all of Tonga. There is a drive by various Government entities to educate communities on the use of the internet and utilizing the internet for business transaction. With the impact of COVID-19, Tonga like many other developing countries have learnt to be resilient in terms of working and getting things done online.

E-commerce leads to disruptions in the market. While this creates space for new business models, it produces both winners and losers, including by taking away some of the advantages that incumbent firms have. While difficult to quantify, innovations must provide some advantage to survive. If they do, they should lead to a more efficient allocation of resources in the wholesale and retail sectors.

Finally, e-commerce growth as envisaged in the Vision 2026 might lead to increased formalization of many currently informal businesses, leading to greater opportunities for the businesses to growth, to higher tax revenue and better consumer protection.

2.3 Outcomes

2.3.1 Overarching Outcomes

The aims of this strategy are therefore:

- Overarching Outcome 1: Increased use of e-commerce (by consumers)*
By 2026, the number of Tongan consumers transacting on E-commerce websites, and the value of their online transactions would have at least tripled compared to 2021.
- Overarching Outcome 2: Increased business adoption of e-commerce*
By 2026, the number of Tongan businesses selling on E-commerce websites and the value of their online sales would have at least doubled compared to 2021.
- Overarching Outcome 3: Digital readiness to every present and future stakeholders*
By 2026, the number of students and businesses having been introduced to digital skills and knowledge have been multiplied by 4 as compared to 2021.
- Overarching Outcome 4: Payment solutions for businesses and consumers made easier and cheaper*
By 2026, half the adult population and 75% of all registered businesses have access to digital payment means.

2.3.2 Priority area outcomes

VISION: 2026, businesses of all sizes, across all sectors and in all islands are increasingly trading electronically and using electronic payments, giving rise to significant benefits for each business and for the economy.	OVERARCHING OUTCOMES	POLICY AREA	THEMATIC OUTCOMES
	Increased business adoption of e-commerce	PA 1: E-commerce Readiness and Strategy Formulation	Digital trade is mainstreamed into future national development policies and budgets.
	Increased use of e-commerce (by consumers)	PA 2: ICT Infrastructure and Services	Increased reliability, speed and affordability of broadband access nationwide have accelerated digital inclusion for all Tongans.
	Increased business adoption of e-commerce	PA 3: Trade Logistics and Trade Facilitation	Fast, reliable, affordable, and predictable delivery of online purchases is achieved nationwide and across borders.
	Increased use of e-commerce (by consumers)	PA 4: Legal and Regulatory Framework	Predictable laws and regulations have encouraged business and consumers to trust marketplaces and engage in E-commerce.
	Payment solutions for businesses and consumers made easier and cheaper	PA 5: Electronic-Payment Solutions	Digital financial services including payment solutions for E-commerce are widely adopted by businesses and consumers.
	Digital readiness to every present and future stakeholders	PA 6: E-commerce Skill Development	Digital skills and knowledge are available in all levels of education and training institutions
	Increased business adoption of e-commerce	PA 7: Access to Finance for E-commerce	Funding and financing for digital start-ups and vendors is provided by both traditional and non-traditional ("fintech") financial actors

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

The strategy aims to ensure that women empowerment could be mainstreamed in all policy areas described in this strategy. This strategy will contribute to achieving the third National Outcome of the Tonga Strategic Development Framework 2015-2025 (TSDFI) “a more inclusive, sustainable and empowering human development with gender equality”.

Women in Tonga face some constraints according to the “Tonga Gender and Investment Climate Reform Assessment” for female professionals and entrepreneurs. It is especially difficult due to cultural and family obligations, limited access to land and representation in government.

Empowering women to participate in E-Commerce is imperative to help build a growing economy - improve quality of life for families and the community. Women’s participation is essential in e-commerce platforms whether informally or formally. Several initiatives exist and must be enhanced and upscaled: for instance, Tonga Garage Sale – selling on Facebook has been the main e-commerce platform even though it is still cash-on-delivery, where local women are a tremendous part of. Handicraft production is a primary employer of women (up to 80% of women outer islands), along with agriculture and subsistence fishing. However, there is a Áve Paánga Pau remittance platform where TDB and the Pacific Financial Inclusion Programme (PFIP) have been working together on. Majority of the users are men who are seasonal workers overseas, they use this platform to send money to their wives and children. This platform contributes to increasing access to financial service for women and children especially. The Ministry of Trade and Economic Development had just recently launched the “Buy Tonga Made” Facebook page, where local women can sell their handicrafts online. Accelerating formalising businesses, increasing awareness of the different types of payment solutions will move businesses from informal to formal. Despite this, there is a significant salary and income gap under which Tonga women earn on average only 47 per cent of what men earn (United Nations Women UNW – Asia and the Pacific).

Accordingly, mainstreaming the participation of women in formal e-commerce platforms is a central cross-cutting dimension of this strategy implementation. Women typically have lower access to digital skills, finance, and e-payments. The strategy therefore aims to ensure that such gender disparity is effectively addressed and the gaps narrowed through gender-focused recommendations supporting women-led informal businesses (MSMEs) operating from home through social commerce (the use of social media such as Facebook and Instagram to buy and sell online), as well as empowering e-their transition from the informal sector into the formal e-commerce platforms over time.

Most women in Tonga lack access and understanding of e-commerce and its benefits. There is a need to empower more women in e-commerce in Tonga. The Ministry of Trade and Economic Development as the lead agency in e-commerce trade has a responsibility to work with relevant stakeholders to ensure that more women are empowered in e-commerce.

The empowering of women in e-commerce can be conducted through extensive consultations and awareness programs through the following activities:

- **Outreach Programs:** MTED can work in consultation with the Women’s Affairs Division (Ministry of Internal Affairs), Civil Society Forum Tonga, relevant Non-Governmental Organizations (NGOs) to conduct an outreach program within Tongatapu, Vava’u, Ha’apai, ‘Eua and the two Niuas to educate women on the benefits of e-commerce, how to start an online business and sell online.
- **Social Media Platform:** MTED in consultation with relevant stakeholders can use different social media platforms that are widely used here in Tonga, mainly Facebook, Twitter and Instagram to create awareness on e-Commerce activities and its accessibility to women.

- **Billboards / Kava circles:** MTED in consultation with relevant stakeholders can create awareness by installing Billboards in the Tongan Language in rural areas and the outer islands. These Billboard will promote the benefits of e-commerce to women. In addition, MTED can also use the kava circles in churches to promote e-commerce and how women can contribute to it.

CHAPTER THREE: E-COMMERCE STRATEGY MEASURES

There are a total number of 21 Strategic Outputs (SO) to be delivered through the implementation of 60 Measures (M).

The area-level outcomes will be realised through the attainment of a number of strategic outputs in the seven key Priority Areas:

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

These outputs through measures taken by public and private sector stakeholders. This chapter outlines the Strategic Outputs (SO) and the related Measures in each Priority Area. Some of the measures proposed in this chapter will inevitably overlap with and complement the actions specified in other national strategies, plans and visions. This is necessary overlap as seeing E-commerce in isolation is insufficient to create the critical mass needed to usher Tonga in a digital transformation. E-commerce has finite resource needs, therefore seeing it as a part of a larger whole, incorporating other “digital” dimensions such as eGovernment; digital financial literacy, long term planning to attract and retain talent; associated legislation and policy to enable and nurture digital businesses are equally important.

Priority Area 1: E-commerce Readiness and Strategy Formulation

This area has three Strategic Outputs:

- **SO1.1 The private sector has access to information, mentoring and support on accessing e-commerce marketplaces and selling products and services online.** MSMEs have limited options to start selling their product and services online as e-commerce marketplaces are underdeveloped in Tonga and businesses use the Internet for static goals. The Government has been able to access information on digital trade through Tonga’s participation in different regional and global initiatives. The information on best practices, how-to and access to capital and platforms should circulate through dedicated public-private dialogue fora.
- **SO1.2 Up-to-date statistics on e-commerce are produced and disseminated on an annual basis.** In order to devise sound policies to support the digital transformation drive, Tonga must have access to reliable data and statistics. Similarly, as Tonga needs to notify different regional and global bodies on the states of its digital economy, improvement in data collection and dissemination will increase the visibility of Tonga’s digital economy. This SO is linked to the corresponding SO in the Pacific Regional E-commerce strategy as PIFS and SPC have initiated cooperation to produce and publish regional statistics.
- **SO1.3 Digital trade services and e-commerce, both domestic and cross-border are included in new sources of growth approach, in existing and future policies (TTPF, National Investment Policy, Digital Economy Roadmap).** For e-commerce to be considered an engine of growth and economic transformation, it needs to be featured prominently in national development plans and strategies, including but not limited to those prepared by MTED.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

#	DESCRIPTION	JUSTIFICATION
SO 1.1: The private sector has access to information, mentoring and support on accessing e-commerce marketplaces and selling products and services online.		
<u>Measure 1.1.1</u>	Promote Public – Private dialogue on E-commerce to strengthen dialogues, coordination and monitoring amongst the private sector.	An e-commerce consultative platform is imperative to have, to discuss any e-commerce related activities. The SME's and Ministries can converse and look for resources on how to move online. The group would comprise of different associations/agencies from the public and private sector. Support to digital tech, incubators and accelerators programmes will be core to the discussions.
<u>Measure 1.1.2</u>	Leveraging existing and future trade agreements, E-Commerce regional strategies to benefit the private sector.	Using existing trade agreements such as the WTO Joint Statement Initiative (JSI) agreement, PACER Plus and the PIFS E-Commerce Regional Strategy to harness the benefits therein for the private sector in relation to E-Commerce.
<u>Measure 1.1.3</u>	Private sector benefitting from e-commerce marketplaces.	The government and the Tonga Chamber of Commerce and Industry (TCCI) to support the development of local e-commerce marketplaces and platforms, leveraging existing or exploring new marketplaces for the private sector.
SO 1.2: Up-to-date statistics on e-commerce are produced and disseminated on an annual basis.		
<u>Measure 1.2.1</u>	Improve national statistics for measuring trade in services and the strength of the digital economy in Tonga.	Having accurate and readily available Trade in services data will contribute to effective policy decision making and participation in regional, multilateral agreements and organizations.
<u>Measure 1.2.2</u>	Improvement of timely dissemination of & access to statistical information - Inter-agency data sharing within sectors.	Statistics should be up to date, especially when it comes to Cross-Border E-commerce. With the ongoing implementation of e-government, this will allow sharing data within the different Ministries according to the specifics allowed by the e-government system. This will lead to the increase of transparency and give Ministries quicker decision making when data is retrieved. Also, with ASYCUDA, the Ministry of Revenue and Customs (MORC) is currently implementing will contribute to this inter sharing of data within the agencies.
<u>Measure 1.2.3</u>	Produce digital economy reports for Tonga.	The digital economy reports will support the access to timely/updated statistics for different stakeholders and Tonga.
SO 1.3: Digital trade services and e-commerce, both domestic and cross-border are included in new sources of growth approach, in existing and future policies (TTPF, National Investment Policy, Digital Economy Roadmap).		
<u>Measure 1.3.1</u>	Mainstream e-commerce digital economy into National development plans/policies.	During the revision phases of existing plans and policies, e-commerce can be incorporated. To enhance future implementation of ICT and E-Commerce related activities.

<p><u>Measure 1.3.2</u> Facilitate a multi-stakeholder dialogue platform for digital economy and E-Commerce.</p>	<p>Different stakeholders will be able to discuss ICT and E-Commerce gaps that need to be addressed and included into the National Plan/Policy/Framework.</p>
<p><u>Measure 1.3.3</u> E-Commerce Working Group to oversee monitoring and implementation of policies.</p>	<p>The working group comprised of both public and private sector, will be responsible for monitoring and implementing what is shown in the policies/framework, seeing the different sectors responsibilities are being identified.</p>

Priority Area 2: ICT Infrastructure and Services

This area has three Strategic Outputs:

- **SO2.1 MNOs in Tonga to adhere to Government policy on community service obligations** – The cost of telecommunications services in Tonga is higher when compared to the average global prices and much of the rationale behind this is Tonga’s relatively small market size, development needs in terms of ICT infrastructure and remoteness. The quality, reliability and affordability of the access to Internet is key to the success of a digital transition.
- **SO2.2 Public-private partnerships in the deployment of ICT networks, especially for last mile connectivity and customer equipment are encouraged** – In 2015, Tonga’s Government set-up the e-Government Unit and in 2017, this Unit was tasked with the implementation of the National ICT Project which has certain goals to be achieved. This comprises of; the rollout of a unified communications system, implementation of a digital government across all Ministries, advancing digital inclusion for all Tongans and promoting data-sharing and a service-oriented information systems architecture.
- **SO2.3 Digital interconnection for all Government Ministries is completed** – The Government-owned Telecommunications company, namely Tonga Communications Corporation (TCC) has completed its’ 4G upgrade to all its sites throughout Tonga (Tongatapu, Vava’u Ha’apai and Eua). TCC is currently the only telecommunications company that provides service to the Niuva islands with a 3G network capacity. In August 2020, the privately owned telecommunications company in Tonga, namely Digicel Tonga successfully implemented a network-wide upgrade to all its cell sites so that Digicel was completely 4G in Tonga (Tongatapu, Vava’u, Ha’apai, Eua). Despite this, there are still issues with congestion problems with various tower sites for both Telco providers throughout Tonga and the coverage for certain parts of Tonga (especially some village areas outside of Central Business Districts and outer islands) is not very good. Hence, the people of Tonga can benefit if the two Telcos are able to co-locate or share tower sites. This would help improve the service quality in areas where there are coverage problems.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

DESCRIPTION	JUSTIFICATION
SO 2.1: MNOs in Tonga adhere to Government policy on community service obligations.	
<p><u>Measure 2.1.1</u> Government to push all MNOs to ensure that high quality internet and communication infrastructure is available nationwide.</p>	<p>Currently, there are outer islands in Ha’apai, Vava’u and the Niua that lack the quality ICT infrastructure which is made available for those living in urban areas.</p>
<p><u>Measure 2.1.2</u> Government through the Ministry of Meteorology, Environment, Information, Disaster Management, Energy, Climate</p>	<p>In order for the community service obligation by Telcos to be fully implemented, assistance will be needed from Government.</p>

Change and Communications (MEIDECC) office provide assistance whether it is financing or reducing taxes on imported ICT infrastructure.	
<u>Measure 2.1.3</u> Provision of mobile phones and ICT costs to be affordable to the population, in line with regional practices.	The Telecommunications regulator needs to ensure that Telcos provide affordable ICT products and services especially for the low-income sector of the population.
SO 2.2: Public-private partnerships in the deployment of ICT networks, especially for last mile connectivity and customer equipment are encouraged.	
<u>Measure 2.2.1</u> Ensure there is gender balance focus in decision in terms of equal access to ICT by the Government and Mobile Network Operators (MNOs).	Women must not be undermined when it comes to access to ICT products and services as they constitute the majority of small business holders and could become a driving force to accelerate digitalization of MSMEs and communities.
<u>Measure 2.2.2</u> Partnerships between public-private should lead to lower costs for the consumer in terms of ICT goods and services.	Lower ICT costs will greatly benefit the low-income population of Tonga, in particular through more business and consumer-friendly negotiations on the price of the Gigabyte (GB).
<u>Measure 2.2.3</u> When public-private stakeholders work together, there can be better ICT connectivity in terms of last mile.	Improved ICT connectivity leads to greater efficiency and Tongans are able to transact online.
SO 2.3: Digital interconnection for all Government Ministries is completed.	
<u>Measure 2.3.1</u> Under the leadership of MEIDECC, Government Ministries can review their operations to seek ways they can use ICT tools to improve their productivity.	Exploiting new technologies that is relevant to Governments' work will increase productivity for civil servants.
<u>Measure 2.3.2</u> Provide ongoing ICT and digital economy training for civil servants so they stay abreast with technological changes and change management.	Planning and being ready for technology change is critical for the future of the Tonga Government operations, both to support the development of an ecosystem and to ensure Tonga's voice is heard in regional and international digital trade negotiations.

Priority Area 3: Trade Logistics and Trade Facilitation

This area has three Strategic Outputs:

- **SO3.1 ASYCUDA implementation is completed to help facilitate cross-border e-commerce** – Tonga needs to digitalize all border clearance procedures and similarly with the implementation of ASYCUDA, the entire trade process is to be digitalized. This means that all stakeholders in Tonga (shipping, retail business, post office, government Ministries, key private sector stakeholders) need to fully transact online when importing and exporting and remove all manual processes.
- **SO3.2 Physical addressing system for Tonga is developed in line with Universal Postal Union (UPU) standards** – The lack of a fully established physical addressing system for Tonga has meant that most parcel or package delivery is made to a physical mail box which is limited for access at the Tonga Postal offices in Vaololoa or Nuku'alofa. The Tonga Post Office has started to work on providing physical addresses for major villages throughout Tongatapu but funding is needed from the Government to complete this project.

- **SO3.3 Different modes of delivery for small parcels in Tonga are available** – Tonga has a huge challenge in terms of the relatively high logistics costs due to its remoteness and limited number of airplanes and ships that travel to the country. Coupled with this is the difficulty one faces when trying to travel to the outer islands in Tonga as there are limited flights and boat schedules. The majority of traded goods in Tonga are transported by sea. In terms of sending or receiving packages/cargo through air to/from Tonga, there are challenges with limited flights to a few international destinations. Hence, Tonga must invest in developing its airport facilities and services and make business easy for additional airlines to travel to Tonga. The lack of frozen storage facilities at the Tonga airport is also something that must be considered, especially as much of Tonga’s exports comprise of agricultural and fishery products.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

DESCRIPTION	JUSTIFICATION
SO 3.1: ASYCUDA implementation is completed to help facilitate border e-commerce.	
<u>Measure 3.1.1</u> MORC to assist public and private stakeholders to move from manual systems to the automated ASYCUDA system.	Much of Tonga’s trade system is still manually based, hence, training and awareness programs by the MORC has started so that Tonga is fully aware that moving from manual systems to the automated ASYCUDA system will increase efficiency and revenue.
<u>Measure 3.1.2</u> Reduce risk of fraud with the implementation of ASYCUDA system.	Tonga has often faced major issues around fraud and drug smuggling, hence the electronic ASYCUDA system can assist in ensuring that there is transparency in terms of trade for Tonga.
<u>Measure 3.1.3</u> Reduce trade costs for Tonga by adopting paperless trade measures.	The ASYCUDA system helps streamline, improve and automate all existing customs and other trade facilitation processes. This will ensure that Customs and external stakeholders spend less time filling out paper based systems and e-trade efficiency occurs.
SO 3.2: Physical addressing system for Tonga is developed in line with UPU standards.	
<u>Measure 3.2.1</u> Tonga Post has submitted a proposal for the National Home Addressing Project and this project becomes a key priority for the Government.	Once addressing system is in place, there will be greater efficiency of postal services for the delivery and pick-up of goods and this will increase the relevance and importance of E-commerce for Tonga.
<u>Measure 3.2.2</u> Government to provide the necessary resources to ensure that the physical addressing system is completed in line with the Universal Postal Union (UPU) standards.	Without proper funding and resource allocation, the physical addressing work cannot be completed.
<u>Measure 3.2.3</u> Tonga Post to seek Government and donor assistance to upgrade its’ sorting facility and increase Tonga Post operational readiness for e-commerce.	Aligning with a completed physical addressing system, it is imperative that Tonga Post has an efficient sorting facility as it has an outdated resource that often slows down the movement of postal goods.
SO 3.3: Different modes of delivery for small parcels in Tonga are available.	

<p>Measure 3.3.1 Government and external stakeholders to negotiate with shipping and airlines for reduced rates and faster delivery times.</p>	<p>Reduced airfreight and shipping costs to and from Tonga can only assist in growing domestic, inter-island e-commerce.</p>
<p>Measure 3.3.2 Review the possibility of pre-clearance of shipment items a day before arrival of ship or airline.</p>	<p>Faster clearance and delivery of shipments and hence, this will drive e-commerce for Tonga.</p>
<p>Measure 3.3.3 Work with local container transport companies to streamline their services for better efficiency.</p>	<p>As local container transport companies increase their efficiency, the door to door transporting of containers speeds up.</p>

Priority Area 4: Legal and Regulatory Framework

This area has three Strategic Outputs:

SO 4.1 A comprehensive review existing e-commerce regulatory and legal framework to ensure that it is line with accepted international standards is completed. In order for a country to enable and facilitate e-commerce internally and across its borders, a robust e-commerce legal and regulatory framework must be established. Such legal and regulatory framework provides certainty that traditional business transactions can be carried out electronically with the appropriate legal protection for both sellers and consumers. Tonga has an existing legal and regulatory framework (or Bills awaiting approval) that govern the 4 main areas of e-commerce this Options Paper is focused on. However all the legal framework need to be updated to be in line with international e-commerce best practices and to ensure that online businesses and consumers benefit from an appropriate and supportive enabling environment for e-commerce.

SO 4.2 Awareness of e-commerce regulatory and legal framework in the community has been enhanced. To ensure laws and regulations are adhered to and easy to enforce, to ensure compliance by businesses and Government agencies alike, stakeholders and communities must be equipped with the right body of knowledge on the existing legal and regulatory framework for e-commerce in Tonga. This will have the benefit of potentially reducing cybercrime, cyberfraud and increase vigilance against fake and counterfeit products that could be harmful to health or detrimental to “made in Tonga” products and services.

SO 4.3 The enforcement of e-commerce regulatory and legal framework has been reinforced. Implementation and enforcement of e-commerce laws and regulations are an ongoing challenge. The biggest issues stem from capacity constraints within both the public and private sectors. Another significant challenge is caused by differences within and across regulatory systems. Domestically, businesses may need to comply with conflicting and confusing regulations and standards. Globally, there is not yet a common approach that harmonizes national initiatives and makes it easier for different e-commerce systems to work together. This lack of regulatory compatibility and interoperability between different standards and technologies can make it difficult to complete cross-border e-commerce transactions. Implementation and enforcement challenges have arisen when public sector actors such as courts and regulatory bodies are resistant to the acceptance of e-signatures and e-documents. Multi-stakeholder campaigns could help overcome this hurdle.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

DESCRIPTION	JUSTIFICATION
<p>SO 4.1: A comprehensive review existing e-commerce regulatory and legal framework to ensure that it is line with accepted international standards is completed.</p>	

<u>Measure 4.1.1</u> Stocktake existing e-commerce regulatory and legal framework in Tonga.	Identify the existing e-commerce laws in Tonga. Identify the effectiveness of e-commerce laws in Tonga.
<u>Measure 4.1.2</u> Identify the gaps of existing e-commerce laws in Tonga in comparison to international standards.	Identify the gaps of the existing e-commerce laws in Tonga and identify ways Tonga can fill in the gaps.
<u>Measure 4.1.3</u> Draft updated and upgraded e-commerce legislation in line with the MTED option paper on e-commerce laws and regulations.	The legal and regulatory framework for e-commerce is still weak and fragmented, putting adoption of e-commerce by merchants and consumers at risk and limiting cross-border e-commerce opportunities, as trading partners adopt more robust laws and regulations, notably protecting business and consumers against fraud, cybercrimes and data theft.
SO 4.2: Awareness of e-commerce regulatory and legal framework in the community has been enhanced.	
<u>Measure 4.2.1</u> Women are educated in e-commerce regulatory and legal framework .	There is a need to empower women in e-commerce activities in Tonga.
<u>Measure 4.2.2</u> Communities are educated in e-commerce regulatory and legal framework and how it can be effectively used.	There is a need to educate the general public on e-commerce regulatory and legal framework and how they can effectively use it.
<u>Measure 4.2.3</u> Roll out awareness program on e-commerce regulatory and legal framework .	Awareness programs needs to be accessible to all persons in the community, this is to ensure that all persons know their rights in e-commerce regulatory and legal framework .
SO 4.3: The enforcement of e-commerce regulatory and legal framework has been reinforced.	
<u>Measure 4.3.1</u> Establish infrastructure in place for the enforcement of e-commerce regulatory and legal framework .	Establish infrastructures, like databases within the implementing agency to monitor and regulate e-commerce activities.
<u>Measure 4.3.2</u> Enforcement officers are educated in e-commerce regulatory and legal framework .	There is a need to educate the public officers on the regulatory and legal framework as they will be responsible for the implementation of the e-commerce regulatory and legal framework .

Priority Area 5: Electronic Payment Solutions

This area has three Strategic Outputs:

SO5.1 The electronic payment gateway for E-commerce is implemented. Overcoming infrastructure challenges such as lack of network infrastructure, lack of payment network interoperability, absence of local payments processors, ecological fragility and small, and fragmented markets. For SMEs and consumers, access to banking service remains a considerable challenge, and bank-related e-payments may be subject to a range of regulatory requirements as noted above. Even though there is a growing presence of non-bank, alternative payment service providers, new service providers often must rely on technology and licenses to provide electronic payment services, particularly for cross-border payments, which could be difficult to obtain. Overcoming regulatory challenges such as rigid “Know-

Your-Customers” (KYC) requirements, lack of uniform licensing of PSPs and MNOs, lack of a common regulation to govern interoperable payments and other cross-border transactions, and an absence of ancillary regulations, including cybersecurity and data privacy regulations.

SO5.2 The development of dedicated mobile financial services, cashless payment tools provided by banks and financial institutions has been incentivized - to overcome the challenges of poor uptake of financial services in these countries and simultaneously equip citizens with the necessary skills to access these digital financial solutions.

SO5.3 Local electronic payment solutions are widely used by communities and the unbanked population including who pays for the implementation and on-going fees of using digital payment platforms. Increase development of mobile phone based financial technology to assist the unbanked population in venturing out to online markets to sell goods and services.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

DESCRIPTION	JUSTIFICATION
SO 5.1: A robust electronic payment gateway for E-commerce is implemented.	
<u>Measure 5.1.1</u> Government to encourage commercial banks to complete system integration for electronic payment gateway.	The Government and National Reserve Bank of Tonga have a mandate to promote financial stability and support economic growth and this is aligned with getting the banks to fully implement an electronic payment gateway system that allows Tongans to sell and buy goods online.
<u>Measure 5.1.2</u> Government to assist with legal components required for electronic payment system to work.	Although there is no specific electronic transaction legislation in Tonga, there is a draft Electronic Transaction Bill which the government should push to pass as legislation to assist in protecting those that trade online.
<u>Measure 5.1.3</u> Mobile-phone based and cashless payment options to be fully connected to electronic payment gateway.	The Telecommunications regulator needs to direct the telecom companies to align their mobile-phone based and cashless payment options to the holistic electronic payment gateway for the nation.
SO 5.2: The development of dedicated mobile financial services, cashless payment tools provided by banks and financial institutions has been incentivized.	
<u>Measure 5.2.1</u> Government Telecom regulator to put policy in place for Telecom providers to develop mobile electronic financial services that assists not only those in the main urban areas but provides for the rural and outer islands populations.	Mobile-phone electronic payment solutions are implemented for all segments of the population.
<u>Measure 5.2.2</u> Improve digital financial literacy for businesses.	Businesses are fully informed of the digital/online transaction opportunities and are able to drive electronic payment options.
<u>Measure 5.2.3</u> All commercial banks to accelerate their provision of cashless payment options.	At the current stage, only 50% of commercial banks in Tonga provide a cashless payment option for Tongans and they are still working to get this service efficiently provided for all Tongans. Hence, the other 50% of commercial banks need to move forward with their plans to develop cashless payment options. The National Reserve Bank of

	Tonga is 25% into completion of a project it has with the commercial banks to move towards digitization of financial services and utilizing the cloud platform for bank services.
SO 5.3: Local electronic payment solutions are widely used by communities and the unbanked population.	
<u>Measure 5.3.1</u> Provide education on the values of cashless transactions, including the hidden costs and risks of handling cash.	Utilize existing platform proposed by by BSP Bank, ANZ Bank and Digicel to provide awareness and education to the public on mobile remittance and electronic payment systems.
<u>Measure 5.3.2</u> Government to assist banks and financial institutions to support using Tongan currency for e-payments to reduce costs of using foreign currency.	Better security is needed to enable e-commerce transactions to be carried out using local currency. This will greatly assist small to medium sized businesses to reduce their costs of having to convert local currency to foreign currency for international purchases.
<u>Measure 5.3.3</u> A hybrid model is needed as not all Tongans have the ability to open a bank account.	Hybrid model can incorporate for Tongans to shop online whilst they pay in cash. This will greatly assist the unbanked population.

Priority Area 6: E-commerce Skill Development

This area has three Strategic Outputs:

SO6.1 A nation-wide communication campaign on the ease in which people can buy goods and services online has taken place using radio/TV/Facebook – Whilst the use of Facebook and social media is popular and growing in Tonga, based on focus group discussions, there is a need for training to be provided for communities, schools, and the workforce around e-commerce awareness and e-commerce platforms. A nation-wide survey to evaluate the readiness of all Tongans in terms of digital skills around e-commerce is necessary to ensure that a well-informed process is established to increase the awareness and educate everyone on e-commerce and digital skills.

SO6.2 ICT and digital economy are integrated in secondary and tertiary institutions curricula - Ensure schools and tertiary institutions have affordable and sustainable access to computers and very good internet connection. Government could also find ways to work with existing non-governmental organizations such as the Tonga Youth Employment and Entrepreneurship which already works with youth and could assist in improving skill development in e-commerce particularly for youth.

SO6.3 Short-term courses for target markets such as the tourism industry and local entrepreneurs have been deployed nationwide – Once the survey on e-commerce and digital skills assessment is completed, various training courses and skills development trainings can be created for use at community, private and public sector settings to get people up to speed with the basics on e-commerce.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

DESCRIPTION	JUSTIFICATION
SO 6.1: A nation-wide communication campaign on the ease in which people can buy goods and services online has taken place using radio/TV/Facebook.	
<u>Measure 6.1.1</u> Increase awareness and understanding of e-commerce.	Whilst there is much Facebook and social media usage, the e-commerce segment is an area that needs educating and awareness for Tongans.

<u>Measure 6.1.2</u> Presentations to communities on e-commerce.	Provides a pathway to reach out to rural communities and answer questions or misunderstandings on e-commerce.
<u>Measure 6.1.3</u> Use advertising campaigns to make e-commerce relevant to people's lives.	Obtaining the buy-in of all Tongans is important for e-commerce awareness to grow.
SO 6.2: ICT and digital economy are integrated in secondary and tertiary institutions curricula.	
<u>Measure 6.2.1</u> Ensure there is gender balance in terms of the opportunity to learn about ICT in schools.	Equal opportunity for women to pursue a career in ICT.
<u>Measure 6.2.2</u> MET to find ways to provide computers and internet connection for schools.	Effective teaching of ICT in schools ensures that the next generation are ready to fully utilize e-commerce.
<u>Measure 6.2.3</u> Include e-commerce and digital economy related subjects in University and higher tertiary studies.	This will help bridge the skill gap in the ICT industry and ensure future graduates are ICT literate.
SO 6.3: Short-term courses for target markets such as the tourism industry and local entrepreneurs have been deployed nationwide.	
<u>Measure 6.3.1</u> Have a dedicated e-commerce training program for the relevant stakeholders involved in the tourism and service industries.	This ensures employees in airline, shipping industry, and other relevant stakeholders are fully aware of the importance of their roles to the E-commerce system and they are better able to embrace the challenges brought about as a result of e-commerce trade.
<u>Measure 6.3.2</u> Government/relevant organization to train female entrepreneurs in communities on how they can move their businesses online.	This can greatly assist local handicraft suppliers and women's small businesses, who may not have access to or knowledge of existing training opportunities. This could be done using existing initiatives.
<u>Measure 6.3.3</u> Government/relevant organizations train entrepreneurs to utilize existing e-commerce platforms.	This will help local businesses start their online journey, from offline to online (O2O) and from online to selling on marketplaces and platforms.

Priority Area 7: Access to Finance for E-commerce

This area has three Strategic Outputs:

SO7.1 Remittances and crowdfunding through Fintech creates new opportunities for e-commerce -

Tongans abroad that send remittances to Tonga should be given incentives to invest a proportion of their funds in e-commerce related activity or platform that can assist their families in Tonga to sell goods and services online, so their families can build a sustainable business and reduce reliance on remittances (creating a win-win situation for both the remitter and families receiving remittances). This can be also achieved through crowdfunding projects, allowing the Tongan diaspora to support budding entrepreneurs. Use of Fintech can accelerate the process as remittances are sent from mobile to mobile -no cash transfer- and can then be reintroduced formally in the economy to pay for goods and services.

SO7.2 A national E-commerce platform for made in Tonga products is operational thanks to a public-private partnership - The Government of Tonga to create a partnership with private sector and donor funding to assist with developing a national E-commerce platform for Tongan businesses, government

and organizations to sell and buy goods online locally and internationally, enhancing export readiness of Tongan firms. The partnership could support free onboarding of vendors.

SO7.3 Commercial banks and financial institutions provide loans and financial schemes to support digital start-ups and e-commerce development – Access to finance for tech startups and e-commerce vendors is even more difficult than for “offline” SMEs as banks are risk averse and do not necessarily understand how the e-commerce and start-ups work. On the other side, given the low level of formalization, digital start-ups have low governance standards preventing banks and other lenders to assess their solvability and grant credits.

The Measures associated with each of these Strategic Outputs are listed in the table and described further below:

DESCRIPTION	JUSTIFICATION
SO 7.1: Remittances and crowdfunding through Fintech creates new opportunities for e-commerce.	
<u>Measure 7.1.1</u> Align a proportion of remittances received to E-commerce business ventures.	Given that remittances is a significant source of income for Tongans, a portion of this income can be directed towards E-commerce ventures which allows Tongans to sell goods online and contribute to improving livelihoods whilst decreasing dependency on remittances.
<u>Measure 7.1.2</u> Government to assist with developing an E-commerce platform that is linked to remittance business.	This will increase investment in the productivity of Tonga’s economy.
<u>Measure 7.1.3</u> Tongans living overseas to assist with getting their families equipped to utilize E-commerce platform.	This E-commerce platform can have various segments to cater for online trading with regards to sale of agricultural, handicraft, pearl, sea cucumber, fisheries products.
SO 7.2: A national E-commerce platform for made in Tonga products is operational thanks to a public-private partnership.	
<u>Measure 7.2.1</u> Government to create a partnership with public and private stakeholders to develop a national E-commerce platform.	Given Tonga’s small market scale, 1 or 2 E-commerce platforms with one national one would be suffice.
<u>Measure 7.2.2</u> Government to seek donor funding to assist with development of national E-commerce platform.	Tonga lacks the financial and intellectual resource to fully develop a national E-commerce platform so donors would play a pivotal role.
<u>Measure 7.2.3</u> Develop an ongoing training programme for public and private participants to assist them in putting together a business plan to venture into the E-commerce space.	This would improve the readiness of all sectors in Tonga to engage in online trading.
SO 7.3: Commercial banks and financial institutions provide loans and financial schemes to support digital start-ups and e-commerce development.	
<u>Measure 7.3.1</u> Increased approval of loan applications of digital start-ups and E-commerce companies by commercial banks and other financial providers.	This will greatly assist small to medium enterprises to get their business online for trading.

Measure 7.3.2

Encourage women led organizations and businesses to venture into E-commerce trade.

Financial institutions and banks to provide financial inclusion schemes to assist women develop their businesses in terms of online trading.

CHAPTER FOUR– GOVERNANCE

4.1 National E-commerce Committee - Functions and Management

The outcomes of the Tonga E-commerce Strategy will be difficult to accomplish without a sound governance mechanism suitable to monitor, coordinate and provide strategic oversight over its implementation. The National E-commerce Committee for Tonga would be chaired by the Minister, MTED. Members of the Committee will comprise key line ministries responsible for some of the key policy areas described in the strategy, i.e., representatives of the Strategy's implementing agencies. Funding partners would attend as observers. The Committee would meet at least twice annually, in person. It would report to Cabinet. Member of the National E-commerce committee will be appointed to steer the delivery of the strategy and should be selected amongst the most senior officials of the ministry responsible for E-commerce - Permanent Secretary / Secretary Generals or equivalent.

Roles and Responsibilities

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

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

Functions of the Committee would include:

- Provide strategic oversight on implementation of the Tonga E-commerce Strategy;
- Promote coordination between partners;
- Provide recommendations to Ministries, private sector, donor partners, and implementing agencies to facilitate implementation of the measures included in the Tonga E-commerce Strategy;
- Ensure that the implementation of the Tonga E-commerce Strategy remains aligned with its vision and guiding principles, and with the broader national development goals.

Secretarial support to the Committee will be provided by MTED.

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

4.2 E-commerce Private Sector Sub-committee

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

Secretarial support to the Sub-Committee will be provided by TCCI.

4.3 E-commerce Development Partners Sub-committee

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

Secretarial support to the Sub-Committee will be provided by MTED.

4.4 Coordination with PIFS

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

At the core of the regional e-commerce governance framework lies the Pacific E-commerce Committee, which will be established under the auspices of the Pacific Islands Forum Secretariat. As the regional agency duly mandated to lead on trade-related matters, the PIFS will coordinate implementation of the Pacific Region E-commerce Strategy on behalf of the PacifEcom Alliance. Among its different functions, the Pacific E-commerce Committee will closely monitor implementation of the regional E-commerce Strategy and Roadmap. PIFS will be responsible to solicit/collect relevant national data and reports in a timely fashion to facilitate the measuring of performance indicators, and disseminate regular reports to the Regional E-commerce Committee and to the Forum Trade Ministers. It will also support resource mobilization on behalf of the PacifEcom Alliance, at both regional and national levels and lead engagement efforts on behalf of the including through the establishment of information repositories, internet portals, newsletters, high-impact events, etc.

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

4.5 Tracking the progress of the National E-commerce Strategy and Roadmap

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

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

CHAPTER FIVE: E-COMMERCE ROADMAP FOR IMPLEMENTATION

The Strategy will be implemented through a series of measures related to the 60 Priority Areas. The table below details the timeline, tentative costing for five years, roles and responsibilities for the implementation of the Strategy.

Priority Area 1: E-commerce Readiness and Strategy Formulation

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 1.1: The private sector has access to information, mentoring and support on accessing e-commerce marketplaces and selling products and services online.						
1.1.1	Promote Public– Private dialogue on E-commerce to strengthen dialogues, coordination and monitoring amongst the private sector.	\$20,000	MTED, TCCI	Number of dialogues between public and private sector in a year.	1	4
1.1.2	Leveraging existing and future trade agreements, E-Commerce regional strategies to benefit the private sector.	\$20,000	MTED, MEIDECC, MORC	Percentage of benefitting from existing &future agreements and strategies.	10%	90%
1.1.3	Private sector benefitting from e-commerce marketplaces.	\$10,000	MTED, TCCI	Number of marketplaces identified and stakeholders benefitting /participating by TCCI or Government per year.	1	4

SO 1.2: Up-to-date statistics on e-commerce are produced and disseminated on an annual basis.

1.2.1	Improve national statistics for measuring trade in services and the strength of the digital economy in Tonga.	Depending on system used	Tonga Statistics Department (TSD), UNCTAD, SPC	Percentage of Trade in services statistics availability per year.	0%	60%
1.2.2	Improvement of timely dissemination of & access to statistical information - Inter-agency data sharing within sectors.	\$10,000	TSD, MORC, MOF, MAFF, RESERVE BANK, UNCTAD, SPC	Percentage of statistical information availability.	10%	80%
1.2.3	Produce relevant digital economy reports for Tonga.	\$20,000 per study/report	MTED, TSD, UNCTAD, SPC	Status of National Digital Economy Report.	To be developed.	Developed and Published.
SO 1.3: Digital trade services and e-commerce, both domestic and cross-border are included in new sources of growth approach, in existing and future policies (TSDF, TTPF, National Investment Policy, Digital Economy Roadmap).						
1.3.1	Mainstream e-commerce digital economy into National development plans/policies.	\$10,000	MTED, MEIDECC, PMO (Planning Division)	Status of E-Commerce in National development plans/policies.	To be established.	Established.
1.3.2	Facilitate a multi-stakeholder dialogue platform for digital economy and E-Commerce.	\$30,000	MTED, MEIDECC, PMO (Planning Division)	Number of multi stakeholder dialogues.	1	5
1.3.3	Establish an official E-Commerce Working Group or Committee to oversee monitoring and implementation of policies.	\$8,000	MTED, MEIDECC PMO (National Planning Division), MORC, MOF, MOF, MPE	Number of E-Commerce Working Group discussions for monitoring and implementation.	1	5

Priority Area 2: ICT Infrastructure and Services

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 2.1: MNOs in Tonga to adhere to Government policy on community service obligations.						
2.1.1	Government to push all MNOs to ensure that good quality internet and communication infrastructure is available nationwide.	To be borne by MNOs	MEIDECC, MPE, Tonga Cable, TCC (Tonga Communications Corporation) and DTL (Digicel Tonga Ltd)	DTL has approximately 50% network coverage in Ha'apai islands and zero coverage in Niua islands TCC is in progress of completing work to provide 100% 4G coverage throughout Tonga.	DTL to increase its coverage in Ha'apai and Niua islands to 80% network coverage TCC to improve on its network coverage in all islands to achieve a complete 4G coverage.	DTL and TCC to achieve 100% 4G coverage across all Tonga group of islands The outer CBD areas in Tongatapu and areas in Ha'apai and Niua where there is poor or no internet coverage receives 4G network.
2.1.2	Government through the MEIDECC office should provide assistance whether it is financing or easing taxes on imported ICT infrastructure.	50,000	MEIDECC, Ministry of Finance, MORC	Government policy implemented to provide assistance and easing of import tariff on e-commerce related ICT infrastructure imports.	Drafting of action plan.	Government policy completed and implemented..
2.1.3	Provision of mobile phones and ICT costs to be affordable to the population, in line with regional practices.	To be borne by MNOs	MEIDECC, MPE, Tonga Cable, MNOs	There is variety and affordable pricing on mobile phones and ICT goods which allows for low income population to procure a mobile phone.	Government provides directive to MNOs on this matter.	Low income adult household members have access to a mobile phone.

Public-private partnerships in the deployment of ICT networks, especially for last mile connectivity and customer equipment are encouraged.						
2.2.1	Promote gender balance in terms of access to employment in the ICT sector so that there is a better balance in terms of male versus female in the ICT field.	20,000	MEIDECC, MNOs	There is no discrimination in terms of access to ICT resources based on gender type.	MEIDECC drafts policy.	Women across all age groups have full access and information to ICT resources.
2.2.2	Partnerships between public-private should lead to lower costs for the consumer in terms of ICT goods and services.	150,000	MEIDECC, MNOs, respective stakeholders	Public and private stakeholders work hand in hand on developing ICT for Tonga.	Discussions started on this matter.	Effective collaboration work between public and private stakeholders on ICT matters with ongoing meetings in place.
2.2.3	Government to drive to complete the NICT project.	30,000	MEIDECC, MNOs, Tonga Government, Donors	Interconnectedness system for government ministries with digitization of government services.	The National ICT Project is in full implementation with government nearing full completion of migrating all ministries to the NICT Data Center.	All Government Ministries communicate and transmit information and data online.
SO 2.3: Digital interconnection for all Government Ministries is completed.						
2.3.1	Review government operations to seek ways they can use ICT tools to improve their productivity.	200,000	MEIDECC	All government Ministries have been reviewed	Review of systems and ICT resource for Government.	Government utilizes the latest technological ICT products and

						services that is suitable for its work and leads to better productivity.
2.3.2	Provide ongoing ICT training for civil servants so they stay abreast with technological changes and change management.	250,000	MEIDECC	At least ten ICT trainings per annual basis focussing on specific topics that are relevant to Tonga's ICT needs.	At least 2 ICT related trainings per year for each Ministry.	Civil servants are fully versed in terms of technological developments and ICT in the global and Pacific perspective.

Priority Area 3: Trade Logistics and Trade Facilitation

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 3.1: ASYCUDA implementation is completed to help facilitate border e-commerce.						
3.1.1	MORC to assist public and private stakeholders to move from manual systems to the automated ASYCUDA.	100,000	Pacific E-commerce Committee, MEIDECC	Relevant stakeholders stop using manual trade forms and utilize the ASYCUDA.	Ongoing training and awareness conducted by MORC on ASYCUDA.	Complete digitization of all border clearance processes and procedures.
3.1.2	Reduce risk of fraud with the implementation of ASYCUDA.	150,000	MORC	Full transparency in terms of all trade documentation made available online for relevant stakeholders to review.	ASYCUDA roll out.	ASYCUDA fully rolled out with clear transparency on all ends of the trade process.
3.1.3	Reduce trade costs for Tonga by adopting paperless trade measures.	150,000	MORC	Achieved when ASYCUDA is completely implemented for Tonga.	ASYCUDA roll out.	Tonga is able to achieve savings with usage of ASYCUDA.
SO 3.2: Physical addressing system for Tonga is developed in line with UPU standards.						
3.2.1	Tonga Post has submitted a proposal for the National Home Addressing Project and this project becomes a key priority for the Government.	3.5m	Ministry of Finance, Tonga Post, Tonga Statistics Department	Completed addressing system for all of Tonga.	Project plan established.	Completed addressing system for all of Tonga.
3.2.2	Government to provide the necessary resources to ensure that the physical addressing system is	500,000	MEIDECC, Tonga Post, MPE, Tonga Statistics Department, UPU	Mobilization of resources to implement addressing system.	Preliminary meetings commenced.	Complete physical addressing and postal codes system for Tonga to help

	completed in line with the Universal Postal Union (UPU) standards.					facilitate the efficient and timely tracing of e-commerce packages.
3.2.3	Tonga Post to seek Government and donor assistance to upgrade its' sorting facility and increase Tonga Post operational readiness for e-commerce.	50,000	Ministry of Finance, MPE, Tonga Post	Modern sorting machine is in place for Tonga Post to utilize.	Discussions on this matter to commence.	Improved sorting of postal mail items with time lag improved by at least 10%.
SO 3.3: Different modes of delivery for small parcels in Tonga are available.						
3.3.1	Tonga Post has submitted a proposal for the National Home Addressing Project and this project becomes a key priority for the Government.	100, 000	MEIDECC, Tonga Post, Public Enterprises, Shipping Companies, Airlines	Reduced costs in terms of end-to-end delivery and more efficient service.	Discussions to commence.	Logistical support system for trade are improved with reduced costs (shipping, airfreight, postal delivery etc.)
3.3.2	Review the possibility of pre-clearance of shipment items a day before arrival of ship or airline.	10,000	MEIDECC, Tonga Post, Public Enterprises, Shipping Companies, Airlines	Increased efficiency in end to end delivery.	Workshops commence.	Improved logistical system.
3.3.3	Work with local container transport companies to streamline their services for better efficiency.	50,000	Local container companies, shipping companies, MORC	Faster delivery times by container trucks.	Review of container transport companies by external stakeholder.	Improve transportation timeframe by 15% for each destination segment.

Priority Area 4: Legal and Regulatory Framework

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 4.1 – A comprehensive review of the existing e-commerce regulatory and legal framework to ensure that it is line with accepted international standards is completed.						
4.1.1	Stocktake existing e-commerce regulatory and legal framework.	\$50,000	MTED, Attorney General's Office (AGO) , MTED, Ministry of Internal Affairs (MIA)	E-commerce related Acts and Regulations, their location and the implementing agencies.	Stocktake exercise is to be completed by 2022.	By 2026 the following Acts have been enacted: <ul style="list-style-type: none"> • Electronic Transaction Bill • Privacy Bill • Computer Crimes Bill • Consumer Protection Bill • Electronic Payments Bill
4.1.2	Identify the gaps of existing e-commerce laws in Tonga in comparison to international standards.	\$50,000	MTED, AGO	Gap analysis (Identify key elements for international best practices for e-commerce laws and the gaps in Tonga e-commerce laws using those key elements).	Gap analysis to be completed 5 by 2022.	By 2022 the Gap analysis has been completed and MTED has processed the policy papers to amend relevant legislation.
4.1.3	Draft updated and upgraded e-commerce legislation in line with the	\$100,000	MTED, AGO	Draft relevant Bills and Regulation (including Consultation with	Bills not drafted.	By 2026 the following Acts have been enacted –

	MTED option paper on e-commerce laws and regulations.			relevant stakeholders and submission of policy paper to Cabinet for approval).		<ul style="list-style-type: none"> • Electronic Transaction Bill • Privacy Bill • Computer Crimes Bill • Consumer Protection Bill • Electronic Payments Bill
SO 4.2 – Awareness of e-commerce regulatory and legal framework in the community has been enhanced.						
4.2.1	Women are educated in e-commerce regulatory and legal framework (including in Outer Islands)	\$200,000	MTED, AGO, MEIDECC, WAD/MIA, CSO, NGOs	Development of education programs and peripherals.	5 programs to the outer islands.	15 programs to the outer islands.
4.2.2	Communities are educated in e-commerce regulatory and legal framework and how it can be effectively used.	\$200,000	MTED, AGO, MEIDECC, WAD/MIA, CSO, NGOs	Development of education programs and peripherals.	5 programs to the outer islands.	15 programs to the outer islands.
4.2.3	Roll out awareness program on e-commerce regulatory and legal framework (possibly conducted jointly with 4.2.1 and 4.2.2)	\$100,000	MTED, AGO, MEIDECC	Development of training programs.	5 programs to the outer islands.	15 programs to the outer islands.
SO 4.3: The enforcement of e-commerce regulatory and legal framework has been reinforced.						
4.3.1	Establish infrastructure in place for the enforcement of e-commerce regulatory and legal framework.	\$100,000	MTED, MEIDECC, MPE	Establishment of website and database infrastructure, including online complaint section	No available offline or online mechanisms to monitor e-commerce activities within MTED	Website developed, maintained, managed and promoted by MTED

4.3.2	Enforcement officers are educated in e-commerce regulatory and legal framework.	\$25,000	MTED, MEIDECC, MPE	Development of training programs.	5 training programs developed.	Enforcement educated and fully aware of e-commerce laws.
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Priority Area 5: Electronic Payment Solutions

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 5.1: A robust electronic payment gateway for E-commerce is implemented.						
5.1.1	Government to encourage commercial banks to complete system integration for electronic payment gateway.	100,000 to assist with Government sub-committee that works to drive this.	National Reserve Bank of Tonga (NRBT), Ministry of Finance, Commercial banks.	Number of public and private organizations that are able to fully trade online from Tonga.	25% completion.	100% completion.
5.1.2	Government to assist with legal components required for electronic payment system to work.	50,000 for consultant fees.	Ministry of Finance & National Planning, (NRBT) MTED, AGO, Legal Assembly, Reserve Bank, Commercial Banks, Financial Institutions	Legislation is passed regarding electronic transactions.	Drafting of legislation.	Legislation is passed and implemented.
5.1.3	Mobile-phone based and cashless payment options to be fully connected to electronic payment gateway.	100,000	Commercial banks, MNOs	People can use their mobile phones to full transact online.	Discussions with MNOs and banks commenced.	Mobile phones and cashless payment options are fully utilized by at least 50% of the population for transactions locally and online.
SO 5.2: The development of dedicated mobile financial services, cashless payment tools provided by banks and financial institutions has been incentivized.						

5.2.1	Government Telecom regulator to put policy in place for Telecom providers to develop mobile electronic financial services that assists not only those in the main urban areas but provides for the rural and outer islands populations. The Tonga Development Bank also plays an integral role in this area.	To be borne by MNOs	Ministry of MEIDECC, MNOs	Those living in rural sectors and outer islands are able to use their mobile phones to transact online.	MEIDECC starts discussions with Telecom providers.	At least 50% of rural and outer island population transact online using their mobile phone.
5.2.2	Improve digital financial literacy for businesses including training.	150,000	Ministry of Finance, commercial banks, MNOs	Tongans are fully aware and experienced in the utilization of digital financial products and services.	Digital financial literacy training program is drafted.	More than 80% of population are fully knowledgeable and experienced in terms of digital financial services and products.
5.2.3	All commercial banks to accelerate their provision of cashless payment options.	To be borne by banks	Commercial Banks	All 4 commercial banks in Tonga provide cashless payment options.	The 2 commercial banks that have yet to provide cashless payment options provide their action plan and timeline of when and how they will implement electronic payment options.	All commercial banks in Tonga provide at least 2 forms of electronic payment options for customers.

SO 5.3: Local electronic payment solutions are widely used by communities and the unbanked population.						
5.3.1	Provide education on the values of cashless transactions, including the hidden costs and risks of handling cash.	150,000	Ministry of Finance commercial banks, MNOs	People in Tonga trust the electronic payment system.	Draft program is completed.	There is full credibility for the electronic payment system in Tonga.
5.3.2	Government to assist banks and financial institutions to support using Tongan currency for e-payments to reduce costs of using foreign currency.	200,000	Ministry of Finance, NRBT, commercial banks	Tongan currency is recognized as currency for foreign transaction with Tonga.	Government discussion with banks on this matter has started.	Tongan currency is used for online transactions.
5.3.3	A hybrid model is needed as not all Tongans have the ability to open a bank account.	100,000	Ministry of Finance	Tongans can sell and buy goods online with an option online to pay via cash.	Government puts together action plan on this.	Hybrid model fully implemented.

Priority Area 6: E-commerce Skill Development

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 6.1: A nation-wide communication campaign on the ease in which people can buy goods and services online has taken place using radio/TV/Facebook.						
6.1.1	Increase media awareness and understanding of e-commerce.	125,000	MEIDECC, Tonga Chamber of Commerce, MTED, Tonga Youth Employment & Entrepreneurship Inc. (TYEE)	Awareness program on e-commerce designed.	Discussions	Ongoing e-commerce awareness program rolled out on social media, TV and radio.
6.1.2	Presentations to communities on e-commerce.	20,000	MEIDECC, MTED, TYEE	Presentations/Discussions with communities on a periodic basis on e-commerce.	Draft program put together.	Drama plays and ongoing presentations carried out at community halls on e-commerce.
6.1.3	Use advertising campaigns to make e-commerce relevant to people's lives.	10,000	MEIDECC, MTED, Tonga Broadcasting Commission	Advertising on e-commerce is fully implemented.	Draft program developed.	Multiple local advertising content developed and implemented on e-commerce topic.
SO 6.2: ICT and digital economy are integrated in secondary and tertiary institutions curricula.						
6.2.1	Ensure there is gender balance in terms of the opportunity to learn about ICT in schools.	50'000	MET, Ministry of Internal Affairs	ICT knowledge and training is widely and easily available for both gender types.	MET to review ICT training in schools. and	ICT training in schools is equally available for men and women

					availability for women.	
6.2.2	MET to find ways to provide computers and internet connection for schools.	500,000	MET, Ministry of Finance, Donor Partners	Computers and internet connection is available in a computer lab for each high school and tertiary institution in Tonga.	Plan in action developed..	All schools have computers and internet connection for at least forms 5-7 and tertiary students
6.2.3	Include ICT/e-commerce related subjects in high school, university and higher tertiary studies.	50,000	MET and Training + schools and tertiary institutions	All schools and tertiary institutions to provide e-learning programs that are made available for public and private professional development At least 70% of schools have incorporated multi-media educational materials in classrooms.	MET to start discussions with schools on this.	All schools and tertiary institutions to provide e-learning programs that are made available for public and private professional development. At least 70% of schools have incorporated multi-media educational materials in classrooms.. After hours ICT literacy programs are available.
SO 6.3: Short-term courses for target markets such as the tourism industry and local entrepreneurs have been deployed nationwide.						
6.3.1	Have a dedicated e-commerce training program for the relevant stakeholders involved in the tourism and service industries.	50,000	MORC, MTED, Ministry of Tourism, public and private stakeholders, TYEE	Ongoing e-commerce training made available.	Planning stage.	All public and private stakeholders involved in e-commerce system in

						Tonga are fully knowledgeable and experienced in the full e-commerce system and training is ongoing.
6.3.2	Government/relevant organization to train entrepreneurs on how they can move their businesses online.	20,000	MEIDECC, Ministry of Finance, MTED, TYEE.	At least 80% of entrepreneurs in Tonga have the knowledge and training to be able to get their businesses operating online.	Training program drafted.	At least 80% of businesses in Tonga operate online.
6.3.3	Government/relevant organizations train entrepreneurs to utilize existing e-commerce platforms.	20,000	MEIDECC, MTED, TYEE.	Local entrepreneurs start to utilize e-commerce platforms such as Amazon and Alibaba to sell their goods and services.	Draft program in place for this training.	More than 50% of local businesses utilize at least one e-commerce platform.

Priority Area 7: Access to Finance for E-commerce

No.	Measure	Budget (USD)	Main Implementing Agency(ies)	Indicator	Baseline 2021	Target 2026
SO 7.1: Remittances and crowdfunding through Fintech creates new opportunities for e-commerce.						
7.1.1	Align a proportion of remittances received to E-commerce business ventures (2.5% of each remittance transaction to be directed towards e-commerce business ventures).	125,000	MTED, Banks, Disapora organizations, Financial remittance companies.	Remittances re-invested in e-commerce platforms and purchases.	Discussions started between Government and relevant stakeholders	At least three mobile payment solutions accepting remittances can be used to purchase online in a cashless mode.
7.1.2	Government to assist with developing an E-commerce platform that is linked to remittance business.	150,000	MTED, NRBT Telecommunication providers, Public businesses, private sector businesses.	E-commerce platform for unbanked population and linked to remittances.	Draft Tonga E-commerce action plan and businesses to provide investment opportunities in e-commerce	E-commerce platform fully established for unbanked population and aligned to remittance business.
7.1.3	Tongans living overseas to assist with getting their families equipped to utilize E-commerce platform.	150,000	Tongans overseas, MTED.	Tongans overseas collaborate with Government and Tongans in Tonga to utilize E-commerce platform.	Draft action plan developed.	At least 25% of Tongans selling their goods and services online.
SO 7.2: A national E-commerce platform for made in Tonga products is operational thanks to a public-private partnership.						
7.2.1	Government to create a partnership with public and private stakeholders to develop a national E-commerce platform.	250,000	MTED	National E-commerce platform fully established.	Discussions to commence.	National E-commerce platform is fully developed with various segments to cater for all components

						of the Tongan population.
7.2.2	Government to seek donor funding to assist with development of national E-commerce platform.	250'000	MTED, Donor partner	Collaboration between government and donor to establish national E-commerce platform.	Draft action plan developed and project proposed	National E-commerce platform created with funding and assistance from donor partner.
7.2.3	Develop an ongoing training programme for public and private participants to assist them in putting together a business plan to venture into the E-commerce space.	50,000	MTED, MEIDECC, Tonga Chamber of Commerce	Continual training program for public and private sector stakeholders to assist with getting local businesses to transact online.	Discussions started.	Training program in full force.
SO 7.3: Commercial banks and financial institutions provide loans and financial schemes to support digital start-ups and e-commerce development.						
7.3.1	Increased approval of loan applications of digital start-ups and ecommerce companies by commercial banks and other financial providers.	N/A	Commercial banks, financial institutions	Loan category established for ICT and E-commerce segment.	Discussion with banks and financial institutions on this matter started.	At least 10% of annual loan applications approved for bank and financial sector is for ICT and E-commerce related business.
7.3.2	Encourage women led organizations and businesses to venture into E-commerce trade.	15,000	MTED, private sector, women-led associations	Women-led organizations are empowered and equipped to develop E-commerce opportunity for their businesses.	Women-led associations identified with preliminary meeting completed.	At least 50% of women-led businesses in Tonga are transacting online and are able to sell their goods and services online.

