



Kiribati Rapid eTrade Readiness Assessment



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This publication has been edited externally.

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

UNCTAD/DTL/STICT/2019/15

eISBN: 978-92-1-004700-5



NOTE

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

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

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

The following symbols have been used in the tables:

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

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

Reference to "dollars" (US\$) means United States of America dollars, unless otherwise indicated;

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

Kiribati national currency is the Australian Dollar (AU\$). For the purpose of this report: US\$ 1 = AU\$ 1.46 and AU\$ 1 = US\$ 0.68 (20 September 2019).



PREFACE

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

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

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

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

The Kiribati Rapid eTrade Readiness Assessment is the twentieth such assessment conducted by UNCTAD and the fifth for a Pacific Islands Nation, after Samoa in July 2017, Solomon Islands and Vanuatu in 2018 as well as Tuvalu in 2019, thereby, completing eTrade Readiness Assessments for all Pacific LDCs. With this report, UNCTAD contributes to the recommendations of the joint WTO/UNCTAD/PIFS June 2017 Workshop on e-Commerce for the Pacific to have all PIFS members benefit from an eTrade Readiness Assessment as a first step towards developing a coherent regional e-commerce policy. The Kiribati Rapid eTrade Readiness Assessment and action matrix also contribute to the Pacific Aid-for-Trade strategy.

With the eTrade for all partners, UNCTAD is committed to support Kiribati and other Pacific Islands Nations in their resolve to harness the potential of e-commerce for development.

Shamika N. Sirimanne

Director, Division on Technology and Logistics, UNCTAD



Technology plays an indispensable role in accelerating the pace of the global trade integration. For the least developed countries (LDCs), an evidence to policy approach must guide trade led development strategies to harness the full potential of the digital economy. The Enhanced Integrated Framework (EIF) has remained committed in its focus on this successful approach for trade-led development in the digital age.

Kiribati's eTrade Readiness Assessment is the ninth EIF-supported assessment. The completion of this assessment is a milestone for the EIF, as we have now supported assessments in all the EIF Pacific Island LDCs. These assessments provide a significant contribution to the body of knowledge for understanding the practical foundations that enable e-commerce in these LDCs' paths to development.

The Government of Kiribati has realized the growing potential of e-commerce and its importance for development. This is evidenced by the incorporation of ICT components in Ministerial strategies and all development plans over the last three years, including the Kiribati 20-year Vision Development Plan - 2016-2036. These are positive signs; however, there remains room for support to ensure that all plans, strategies and visions are sufficiently funded, implemented, monitored and adjusted as necessary.

This assessment has brought several important points to the fore, some of which are worth highlighting. Digital transformation of specific sectors, such as fisheries and tourism, are high potential areas that are yet to be explored. However, a lack of e-payment and cashless solutions is the main bottleneck faced by the private sector. The assessment has further confirmed that all Pacific Island LDCs face logistical challenges related to geographic distance between national islands. However, this is even more pronounced in Kiribati. Mobile internet penetration of approximately 37 per cent of the population and an even lower total internet penetration (14.67 per cent) presents a real challenge. Broadband data are also expensive. For example, customers in Fiji can purchase two to three times as much data compared to those in Kiribati, indicating opportunities for substantial improvement.

It is encouraging to see that the Government of Kiribati has been working together with development partners to develop basic telecommunications and internet infrastructure. The most significant evidence of this is the major investment by the World Bank and the Asian Development Bank in the submarine cable scheduled to boost internet connectivity and affordability, particularly in the outer islands. These investments in infrastructure will need to be followed up by the right policies, laws and regulations that will boost business confidence for e-commerce to thrive.

The EIF's evidence-based approach to the integration of the LDCs into the multilateral trading system has so far ensured that investments target country specific challenges identified in analytical studies. eTrade Readiness Assessments remain the main basis on which our e-commerce focused interventions are designed and implemented. To this end, the accompanying action matrix in this report will be indispensable.

I thank the authors of the report and our colleagues at UNCTAD for putting together this significant contribution to the evidence base for supporting digital development in Kiribati. I would also like to express my gratitude to the EIF National Implementation Unit in Kiribati, the EIF Focal Point and the Government of Kiribati for their commitment in realizing the country's potential in the digital economy.

The EIF is committed to supporting Kiribati's trade-led development efforts, including leveraging technology for better trade, in any way it can.

Ratnakar Adhikari

Executive Director
Executive Secretariat for the EIF



FOREWORD

It is an honour and privilege for me to present the eTrade Readiness Assessment for Kiribati. The report provides state of the art analysis of where Kiribati stands in terms of e-commerce development and how it can nurture an ecosystem that is conducive to online business activities in Kiribati and across the border.

The use of electronic or digital commerce has grown parallel to increased use of the Internet, allowing buyers and sellers to transact more efficiently. An effective e-commerce ecosystem is expected to provide the business community, and especially small businesses in the small Island state of Kiribati, increased trade opportunities through better access to worldwide markets and business resources. The ability to electronically track and log transactions will also serve to minimize corruption among import-export stakeholders. Developing an enabling environment for e-trade is critical for Kiribati, as it leads to integration of the business community - especially the SMEs - into the global economy through improved business procedures and systems.

UNCTAD's eTrade Readiness Assessment comes at a critical time as Kiribati is seeking to improve its ICT connectivity and is expecting the first international fibre-optic submarine cable in 2021. This is in addition to two Internet service providers, ATHKL and the Ocean Link, which are currently serving Kiribati, and two local companies, Taotin Trading and the MOEL. These will support developments in healthcare, education, business and trade, government and tourism. In the area of e-commerce, the new submarine cable is expected to create more competition, with lower costs and increased speed of Internet access as a result. This will unlock opportunities to increase the productivity and competitiveness of the private sector.

The UNCTAD eTrade Readiness Assessment offers a set of policy actions aimed at seizing opportunities and removing barriers for Kiribati to increase overall competitiveness in e-commerce and in the broader digital economy. These actions will support the government 20 Year Vision Development plan (KV20), which seeks to improve Internet and mobile connectivity on the outer Islands in order to realise key development outcomes associated with the development of trade and e-commerce. The UNCTAD report supports the realization of the policy objectives in the trade policy framework, investment policy and ICT policy.

On behalf of the Government and the people of Kiribati, I am thankful to UNCTAD, through the Ministry and the Enhanced Integrated Framework (EIF), for undertaking this invaluable assessment and report. It will serve as our guide to Kiribati's development agenda in the area of e-trade.

Te Mauri, Te Raoi ao te Tabomoa (Health, Peace and Prosperity).

Hon. Atarake Nataara
Minister of Commerce,
Industry and Cooperatives



ACKNOWLEDGEMENTS

This Rapid eTrade Readiness Assessment for Kiribati was prepared by Sven Callebaut, UNCTAD Consultant, in close collaboration with a team comprised of Cécile Barayre, Iris Macculi, Mohamad Fakhreddin and Htet Myat Min, under the overall guidance of Torbjörn Fredriksson. Local inputs, support and guidance were provided by Mr. Martin Tofinga, National Consultant and the Government of Kiribati through the Ministry of Commerce, Industry and Cooperatives.

In Kiribati, the Consultant wishes to express his profound recognition to the Honourable Atarake Nataara, Minister for Commerce, Industry and Cooperatives for presiding over the Final eTrade Readiness Workshop in South Tarawa, and to Mr Toani Takirua, Secretary for Commerce, Industry and Cooperatives for requesting UNCTAD's support in assessing Kiribati's eTrade Readiness. Special thanks to Ms. Roreti Eritai, Director for Business Promotion Centre and Project Coordinator of the Enhanced Integrated Framework and Coconut Sector Development; Ms. Donna Tekanene-Reiher, Senior Trade Officer; Ms. Tokarake Terube Meria, Trade Officer; and Mr. Samson Odhiambo, National Trade Advisor, Commonwealth Secretariat (Hub and Spokes Programme), all from the Ministry of Commerce, Industry and Cooperatives, for their invaluable support and technical contribution before, during, and after the in-country mission.

Comments and inputs provided by experts from the following eTrade for all partner agencies have substantially improved the final report: ITC, UNCITRAL and UPU.

In Geneva, the assessment was made possible thanks to the timely support of Ambassador Mere Falemaka and Dr. Andrea Giacomelli, Aid-for-Trade Adviser, from the Permanent Representation of the Pacific Islands Forum to the WTO in Geneva.

The assessment benefited from the inputs of more than 80 i-Kiribati institutions from the public and private sectors as well as non-state actors, through the online eT Ready surveys and bilateral interviews in South Tarawa. Further, the Consultant wishes to thank all individuals who participated in the focus group discussions and the final workshop that took place in South Tarawa on 23-26 April 2019.

Desktop publishing was prepared by Keel Chan and the cover was designed by Magali Studer. The document was externally edited by Nancy Biersteker.

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



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