



Cook Islands E-Commerce Acceleration Work Plan

JUNE 2023



Contents

| | |
|---|-----|
| Foreword | 4 |
| Acknowledgements | 5 |
| Abbreviations | 7 |
| Executive Summary | 8 |
| | |
| 1 Summary of Policy Recommendations | 10 |
| 2 Determining Priorities for the Cook Islands E-commerce Acceleration Work Plan | 12 |
| 3 Proposed Activities for Cook Islands E-commerce Acceleration Work Plan | 26 |
| 4 The Way Forward: Cook Islands E-Commerce Acceleration Work Plan | 44 |
| | |
| Annex 1 2020 and 2022 Survey Comparisons | 63 |
| | |
| Annex 2 2022 Update on Digital Government Assessment Framework | 71 |
| | |
| Annex 3 Case Studies | 79 |
| | |
| Annex 4 eCommerce Acceleration Work Plan Survey Results - 28 August 2022 | 95 |
| | |
| Annex 5 Legal & Regulatory Gap Analysis for e-Commerce in the Cook Islands | 103 |

Foreword



Kia Orana tatou katoatoa.

I am very excited to endorse this Cook Islands E-commerce Acceleration Work Plan, which outlines a vision for creating a thriving e-commerce ecosystem in the Cook Islands.

As we navigate the economic challenges of the 21st century, we must embrace the opportunities presented by the digital age. E-commerce has become an increasingly essential aspect of global commerce, and here in the Cook Islands we must make sure that we are not left behind.

A thriving e-commerce ecosystem in our country will help to grow and diversify our economy. The use of digital technology is transformative and helps us overcome the challenges in staying connected and being part of the economy. We have always been aware of the need to diversify our economy. With a narrow economic base it has been a challenge to pursue diversification. The digital economy provides an opportunity to expand business opportunities.

Our Economic Recovery Roadmap set the scene for our next phase of growth. A key part of that roadmap was removing barriers to business performance and modernising business laws – in part, to help grow the potential of our digital economy.

Our Economic Recovery Roadmap has led to this E-commerce Acceleration Work Plan today. This Work Plan charts the steps required to develop an ecosystem that nurtures innovation and empowers local businesses and entrepreneurs to take advantage of digital opportunities. It outlines a clear strategy for modernising business laws for e-commerce, strengthening the cashless payments system, enhancing digital literacy, and supporting more businesses and citizens to buy and sell online – both at home and abroad. Our heartfelt thanks to the Pacer Plus Implementation Unit and all of the experts and stakeholders who brought this ambition to life.

The E-commerce Acceleration Work Plan is a significant milestone in our efforts to build a resilient and prosperous economy. The Work Plan is not owned by Government, or by the private sector, or by citizens alone – but by all of us working together.

I urge all Cook Islanders and stakeholders to support these initiatives and contribute to their success.

Meitaki ma'ata

Acknowledgements



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The team is also grateful to the representatives of the following agencies and authorities: the Ministry of Finance and Economic Management, the Ministry of Foreign Affairs & Immigration, the Business Trade & Investment Board, Cook Islands Customs Service, the Ministry of Internal Affairs, Crown Law Cook Islands, the Financial Supervisory Commission, the Office of the Prime Minister, the Competition and Regulatory Authority and Cook Islands Tourism. The team also extends its gratitude to the more than 120 enterprises, firms and individuals who shared their insights, perspectives and experience for the development of this Cook Islands E-Commerce Work Plan.

This E-commerce Acceleration Work Plan was commissioned as a consultancy report at the initiative of the Government of the Cook Islands. While this strategy draws on the United Nations Conference on Trade and Development (UNCTAD) eTrade for All methodology, UNCTAD has not been involved in conducting this report. The contents of this publication are the sole responsibility of the Government of the Cook Islands.

Abbreviations

| | |
|-----------------|--|
| ANZ | Australia New Zealand (ANZ) Bank |
| AML | Anti-Money Laundering |
| BACI | Bankers Association of the Cook Islands |
| BSP | Bank South Pacific |
| BCI | Bank of the Cook Islands |
| BTIB | Business Trade and Investment Board of the Cook Islands |
| BLP | Business Link Pacific |
| CEIT | Centre of Excellence in Information Technology |
| CICS | Cook Islands Customs Service |
| CRA | Competition and Regulatory Authority of the Cook Islands |
| CFT | Combating the Financing of Terrorism |
| FIU | Financial Intelligence Unit |
| FSC | Financial Supervisory Commission |
| ICT | Information and Telecommunications |
| INTAFF | Ministry of Internal Affairs |
| KYC | Know Your Customer |
| MFEM | Ministry of Finance and Economic Management |
| MFAI | Ministry of Foreign Affairs and Immigration |
| MSME | Micro, Small & Medium Enterprise(s) |
| OPM | Office of the Prime Minister |
| PIFS | Pacific Island Forum Secretariat |
| PPIU | PACER Plus Implementation Unit |
| PTI | Pacific Trade Invest |
| SPC | Pacific Community |
| SWIFT | Society for Worldwide Interbank Financial Telecommunications |
| UNCTAD | United Nations Conference on Trade and Development |
| UNCITRAL | United Nations Commission on International Trade Law |
| UPU | Universal Postal Union |



Executive Summary

The Cook Islands E-commerce Acceleration Work Plan sets out a phased approach to fostering a thriving e-commerce ecosystem in the Cook Islands. The plan emphasizes collaboration between government and private sector stakeholders and is phased to allow for implementation according to the highest priorities.

The Work Plan is based on extensive consultations with industry, Government, consumers and international development partners. It also incorporates the findings of a comprehensive legal & regulatory gap analysis, comparing the existing laws of the Cook Islands with a set of 'reference' countries to identify priority legal & regulatory reforms to support the e-commerce sector.

The Work Plan has been designed to align with the Pacific Regional E-commerce Strategy & Roadmap, by arranging activities in seven policy areas: Legal & Regulatory Framework, Online Payments, Policies and strategies, ICT infrastructure and Services, Logistics and Trade Facilitation, Skills development and Access to Finance. This will allow national initiatives on e-commerce to align and benefit from similar regional initiatives.

Phases of the E-commerce Acceleration Work Plan

The proposed activities are themselves arranged in five phases.

Phase 1 focuses on key priorities such as modernizing the payments licensing scheme and work to reduce costs for local electronic payments. Additionally, a comprehensive law on e-transactions will be introduced to provide a solid legal framework for conducting online business.

Phase 2 broadens the focus to actions of Government (including on deployment of digital infrastructure) and supporting the community through new digital skills training. The legal and regulatory focus will be on adopting cybercrime protections and re-energizing the small claims tribunal for enhanced consumer protection. On payments, this phase will see a campaign to 'reshore' banking to the Cook Islands and an acceleration of Government adoption of electronic payments.

Phase 3 targets medium-term priorities, including further supports for online payments, a campaign on e-commerce consumer protection and expanding the access to finance of e-commerce startups and businesses.

Phase 4 includes activities such as broadening community access to satellite connectivity in Pa Enuu, and enhancing postal services. This phase also aims to promote online consumer protection through a data protection law, and encourage digital literacy in sectors beyond tourism and across the Pa Enuu.

Finally, phase 5 includes additional activities to enhance the quality of digital data and statistics, improve the physical addressing system, establish a unified payment gateway, conduct digital financial literacy campaigns, and make amendments to consumer laws.

Layout of the E-commerce Acceleration Work Plan

This E-commerce Acceleration Work Plan commences with an overview of the phases and activities (Section 1), and then (in Section 2) provides insights gained from extensive stakeholder consultation and review of existing policies, laws and studies. Section 3 provides detail on the specific activities proposed, and the rationale for each. It commences with a deeper dive on the two priorities of (i) legal/regulatory framework and (ii) online payments. Finally, section 4 is the comprehensive Work Plan, which can be used as a standalone document.



The activities under the Cook Islands E-commerce Acceleration Work Plan are intended to be 'owned' by Government, industry and consumers. Through concrete activities implemented collaboratively, the Cook Islands can support a thriving e-commerce sector.

By strengthening the foundations of consumer trust in e-commerce, by developing business skills, by supporting innovation in the banking and other sectors, the Cook Islands E-commerce Acceleration Work Plan is intended to accelerate the strong foundations of the e-commerce sector in the Cook Islands, for the benefit of all Cook Islanders.

Summary of Policy Recommendations

The table below sets out a phased approach to implementation of the Cook Islands E-commerce Acceleration Work Plan. Note that the Work Plan is not 'owned' by Government or private sectors stakeholders alone, but sets out activities and measures that will together drive a thriving e-commerce ecosystem in the Cook Islands.

The full Work Plan can be found in Section 4.

| E-Commerce Policy & Strategy (E) | ICT (I) | Trade & Logistics (T) | Electronic Payments (P) | Legal & Regulatory Framework (L) | E-commerce Skills (S) | Access to Finance (F) |
|---|--|--|--|--|---|--|
| Phase 1 Key Priorities | | | | | | |
| | | | Modernise Payments Licensing Scheme (P.1.1) Local Transaction Pricing Scheme (P.1.2) | Law on E-Transactions (L.1.1) | | |
| Phase 2 Higher Priorities | | | | | | |
| Formalise government agency coordination on digital economy (E.1.1) | Clearer communication on deployment of fibre and 4G on Rarotonga (I.1.1) | Accelerate deployment of ASYCUDA (T.1.1) | Facilitate new payments offerings (P.1.3) 'Reshore' banking campaign (P.2.1) Govt phase-out of cheques and adoption of electronic payments (P.2.2) | Cybersecurity Provisions (L.1.2) Establishment of Small Claims Tribunal and resource existing consumer redress mechanisms (L.2.1) | Enhance digital and entrepreneurship in education (S.1.1) | Banks to familiarize themselves with digital economy (F.1.1) |

Phase 3 Medium Priorities

| | | | | | | |
|--|--|--|--------------------------------------|---|--|---|
| Streamlined and coordinated external funding for digital (E.1.2) | Set up CIG data redundancy and disaster recovery plan (I.1.2) | Platform for sharing freight costs (T.1.2) | Card fees pass through (P.3.1) | Online Consumer Protection Campaign (L.3.1) | Develop training programme on start-ups and tech (S.2.1) | Invite new non-bank sources of funding (F.2.1) |
| Enhance business association capacity on digital (E.2.1) | Develop a G2B applications to list all ministries and agencies online services (I.3.1) | Customs website (T.1.3) | Bank Account Numbers mandate (P.3.2) | | | Support businesses in preparing loan & investment application for digital (F.1.2) |
| | Consistent user experience in using Government services (I.3.2) | | | | | |

Phase 4 Lower Priorities

| | | | | | | |
|--|---|--|--|--|--|---|
| Internationally recognized digital IDs (E.3.1) | Broaden community access to satellite connectivity in Pa Enea (I.2.1) | Enhance postal services to track & trace shipments to/from Australia (T.2.1) | Transactional integration for NZ settlements (P.3.3) | Law on Data Privacy & Security (L.2.2) | Promote digital literacy in new sectors beyond tourism (S.1.2) | Partnership public-private to organize a "Start-ups & Angels" event (F.2.2) |
| | | | | Business training (L.3.2) | Establish e-commerce mentoring programme in Pa Enea (S.2.2) | |

Phase 5 Additional Activities

| | | | | | | |
|---|---|--|---|-------------------------------------|--|--|
| Enhance quality of data and statistics on digital (E.1.3) | Implement Universal Access Policy (UAP) (I.2.2) | Improve physical addressing system (T.2.2) | Unified payment gateway (P.3.4) | Amendments to Consumer Laws (L.2.3) | | |
| | | | Digital Financial Literacy Campaign (P.2.3) | | | |



Determining Priorities for the Cook Islands E-commerce Acceleration Work Plan

The Cook Islands E-Commerce Acceleration Work Plan responds to the current priorities of the business community and Government. It is the result of extensive research, consultation and assessment of data and prior analysis.

The following inputs and considerations have been integrated into the identification and prioritisation of activities for the Cook Islands E-commerce Acceleration Work Plan:

| Inputs / Consideration | Impact on Work Plan | Further Detail |
|---|---|---|
| Review of recent related studies carried out in 2019-2021, with a 2022 update of key recommendations | A number of recommendations are outstanding, in particular on legal & regulatory frameworks | Section 2.1 |
| Case Studies developed in close consultation with Cook Islands e-commerce entrepreneurs (November 2022) | Online payments are a key challenge, along with access to finance, logistics and other business-specific issues | Annex 3 |
| Comprehensive Survey of public and private sector stakeholders (August-November 2022) | Banking/payments and the need for greater ICT services and training are priorities | Section 2.1 and Annex 4 |
| Detailed stakeholder interviews in Rarotonga (August to December 2022) | Specific action items across the work plan on payments, legal & regulatory, skills, and many others | Records of discussion held by MFEM |
| Stakeholder and review validation workshop in Rarotonga (December 2022) | Testing and refinement of work plan activities | N/A |
| Assessment of findings and recommendations with MFEM and other Government stakeholders (August 2022 to February 2023) | Testing and refinement of work plan activities, prioritised to allow for phased implementation. Payments and Legal & Regulatory Framework are prioritised Policy Areas. | N/A |
| Alignment recommendations with Pacific Regional E-commerce Strategy & Roadmap | Work Plan format aligns with Pacific Regional E-commerce Strategies 7 Priority Areas | https://pacificcommerce.org/ |

The resulting Cook Islands E-commerce Acceleration Work Plan contains **43 Activities** across **five prioritised phases** (1-Key Priorities, 2-Higher Priorities, 3-Medium Priorities, 4-Lower Priorities, 5-Additional Activities), aligned with the seven Priority Areas included in the Pacific Regional E-commerce Strategy & Roadmap (1-Policy and Strategy, 2-ICT, 3-Trade Logistics, 4-Legal and Regulatory Framework, 5-Payments, 6-E-commerce Skills, 7-Access to Finance for E-commerce).

Sections 2.1 and 2.2 contain detailed analysis of e-commerce readiness and the research method framework adopt to assess e-commerce challenges and priorities for the development of Cook Islands E-commerce Acceleration Work Plan.

2.1 Cook Island E-commerce Readiness: 2022 Updates

This Chapter provides an update on Cook Islands e-commerce readiness by assessing the findings and recommendations of prior studies.

Over the past three years, a number of studies commissioned by the Cook Islands Government analysed the evolving ICT and, more broadly, digital ecosystem across the Cook Islands, using different methodologies. As these reports (see below) are fairly recent, and given their broad scope, this section will review progress made in the implementation of the recommendations of these reports and the impact of these recommendations in accelerating a digital transition in the Cook Islands.

An update of findings and recommendations is set out for each report below.

| Year | Title | Author | Scope |
|------|---|--|---|
| 2020 | The Cook Islands - Digital Economy Development Survey 2020 | Dr. Kati Suominen, CEO, Nextrade Group | The regional study covered eight Pacific region countries (Cook Islands, Fiji, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu). The data from the Cook Islands consist of 71 merchants and was secured through computer-assisted telephone interviews (CATIs) on 15 February-15 August 2020. |
| 2021 | The Pacific Digital Transformation: Realm Countries Digital Government Assessment | PWC Consulting | This report was commissioned by the New Zealand Ministry of Foreign Affairs and Trade. The report aims to provide supporting data, information, and recommendations to the three Realm Countries (Tokelau, the Cook Islands, and Niue) in taking the necessary steps to implement digital government into their strategic sectors and build their fundamental base on the selected topics. The report also provides a set of recommendation hypotheses and proposed shared services for consideration by the Realm Countries and Pacific Islands Governments. |
| 2022 | Cook Islands National ICT Policy 2023 - 2027W | Cook Islands Government, assisted by Suella Hansen | The National Information and Communication Technology (ICT) policy provides a framework to support and extend the benefits of digital opportunities for all, facilitating socio-economic development and enabling greater participation in the local and global economy. It builds upon the progress of the 2015 – 2020 ICT policy, which sought to promote effective coordination of public and private stakeholders towards achieving the common goal of effective engagement for all in today's information society. |
| 2022 | Banking in the Cook Islands | BERL | Discusses banking sector competition and challenges. Addresses payment systems in detail. |

Progress in e-commerce readiness since the release of the Nextrade report.

The Nextrade survey aimed to identify knowledge gaps and challenges faced by businesses in the Cook Islands with regards to financial services, logistics and ICT services. These identified gaps would then be used to design policies and interventions that would support digital development and facilitate more engagement in e-commerce. Their 2020 data was collected from 71 merchant businesses and the focus was more on administrative activities although there is some capture of information related to online sales and purchases. No interviews were conducted in-person due to COVID-19 restrictions limiting travel to the Cook Islands.

TradeWorthy developed a survey that was emailed out to more than 100 stakeholders including government officials as well as established and start-up businesses. The purpose of this survey was to ascertain similar information to the 2020 Nextrade survey, but also to gain interest in following up with a personal interview to gather more information about their knowledge gaps, pain points and challenges with regard to e-commerce with an aim to use them to design and develop policy interventions that could accelerate e-commerce in the Cook Islands. The 2022 survey had 67 online responses. Further, the responses of almost 40 individual personal interviews were recorded.

This 2022 survey revealed that while **progress was made in terms of adoption of ICT and e-commerce**, use of marketplaces to buy and sell online, moderate increase in the use of online payments, **most challenges highlighted in 2020 still remained valid or more acute in 2022** in their respective surveys.

A noticeable change was seen in the use of social media (from 30% in 2020 to 79% in 2022 – remembering that the 2022 respondents were a multistakeholder group). The greatest difference noted was that in 2020 59% indicated that they were NOT involved in online buying and selling, yet in 2022 68% of all respondents bought goods online, and 63% of businesses sold goods online.¹ Anecdotally, social media commerce (selling through social media websites such as Facebook and Instagram) has become widespread in the Cook Islands. It is assumed that the major change in results would have been heightened by the impact of the COVID-19 pandemic which occurred between 2020 to 2022, and a global change in internet behaviour. Challenges broadly remained the same, with unreliable and expensive access to internet, limited access to finance and lack of payment challenges cited in both surveys as impediments to move from offline to online and to sell online.

The full survey outcomes highlighting differences between 2020 Nextrade Survey and the 2022 Survey are included at Annex 1

Progress in e-commerce readiness since the release of the PWC report

The Digital Government Assessment project aimed to undertake a comprehensive Digital Government-enabling environment review and analysis to identify opportunities for supporting the rollout of digital government platforms in the Pacific and for utilisation of shared services. The geographical scope of the assessment was the three Realm Countries of Tokelau, the Cook Islands, and Niue. Project duration was from February to December 2020.

The Digital Government Assessment applies a comprehensive Digital Government framework to assess the digital 'foundation' and provide recommendations and specific implementation options. For the purpose of aligning this assessment with the World Bank engagement in the Pacific Countries, this framework has considered the World Bank's Digital Government Readiness Assessment (DGRA) toolkit. The framework consists of four blocks as follows:

- **Digitalization Environment** includes the enabling environment ranging from political commitment to technical capacity and innovation.
- **Digitalization Infrastructure** includes various public and private infrastructure such as telecommunication networks, data centres, IT systems, and database applications.

¹ Survey evidence from 2020 indicates that about 45% of Cook Islands firms sell online or buy and sell online. However, in 2021 only 31% of Cook Islands Internet users purchased goods online, according to 2021 census information.

- **Digitalization Supply** ranges from a government portal providing public information, to online company licensing, online tax payments, and e-procurement.
- **Digitalization Demand** covers strategic sectors in each country, as well as transparency and inclusivity.

The following table details the **barriers to enabling digital government in the Cook Islands** as identified by PWC, and subsequent developments made by the Cook Island Government (CIG) since the 2020 report. This update was prepared by the TradeWorthy team on the margin of the National ICT Policy Workshop for Government Ministry Heads and staff, and subsequent interviews with the team engaged in writing up the policy document. Some of the proposed updates will be produced / proposed as part of this E-commerce Acceleration Work Plan.

Note about the National ICT Policy of 2022

The updated national ICT policy was developed in parallel with this E-commerce Acceleration Work Plan. The national ICT policy was designed to inform future sectoral policies, legislation, and mid- to longer-term strategies, thereby providing input to Government business planning and forecast appropriations.

This policy has three inter-related aims, all of which involve shared responsibilities. The first aim is ‘*Engagement*’ of all citizens with reliable infrastructure and the ability to use ICT with tools, skills and confidence. This is on the understanding that people will only effectively engage with ICT if barriers are removed – this means that consistent and reliable technology is available to support digital engagement, and trust is developed in systems and applications to support ongoing engagement.

The second aim is ‘*Enhancement*’, with Government leading digital transformation. Transformation will only be possible if suitable policies and strategies are in place to support trust and security. There are some cross-overs with the aims in the National ICT Policy and this e-Commerce Acceleration Work Plan. In particular, both documents recognise that a lack of government coordination among Government agencies on digital matters and lack of a level playing field for ICT, e-commerce and tech development, are barriers in the way of digital transformation. The National ICT Policy suggests a new governance and management structure with three main implementing bodies – that is, the ICT Division, the Chief Digital Officer (CDO) and the Chief Data and Privacy Officer (CDPO). The suggestion is that all three bodies be situated within the Office of the Prime Minister (OPM).

The third aim is ‘*Enable*’, by creating a safe and secure digital environment. Development of a secure digital environment in which personal data is protected and safe requires the united commitment of all stakeholders. The National ICT policy was endorsed by Cabinet in March 2022.

2.2. Stakeholder Research on E-commerce Priorities

TradeWorthy adopted a research methods framework to identify and illustrate pain points faced by an array of entrepreneurs in adopting e-commerce tools in the Cook Islands, and priority actions to address these.

The research methods framework was developed in July 2022 following consultations with The Ministry of Foreign Affairs and Immigration (MFAI), the Ministry of Finance and Economic Management (MFEM) and the Pacer Plus Implementation Unit (PPIU).

The research methods framework sought to establish key pain points and priority actions through two key steps:

- i) Survey-based quantification of key pain points and challenges
- ii) Case study and stakeholder interview-based qualitative insights on key issues

The full survey results are included at Section 4 while all Case Studies are at Annex 3.

Key Survey and Interview Findings

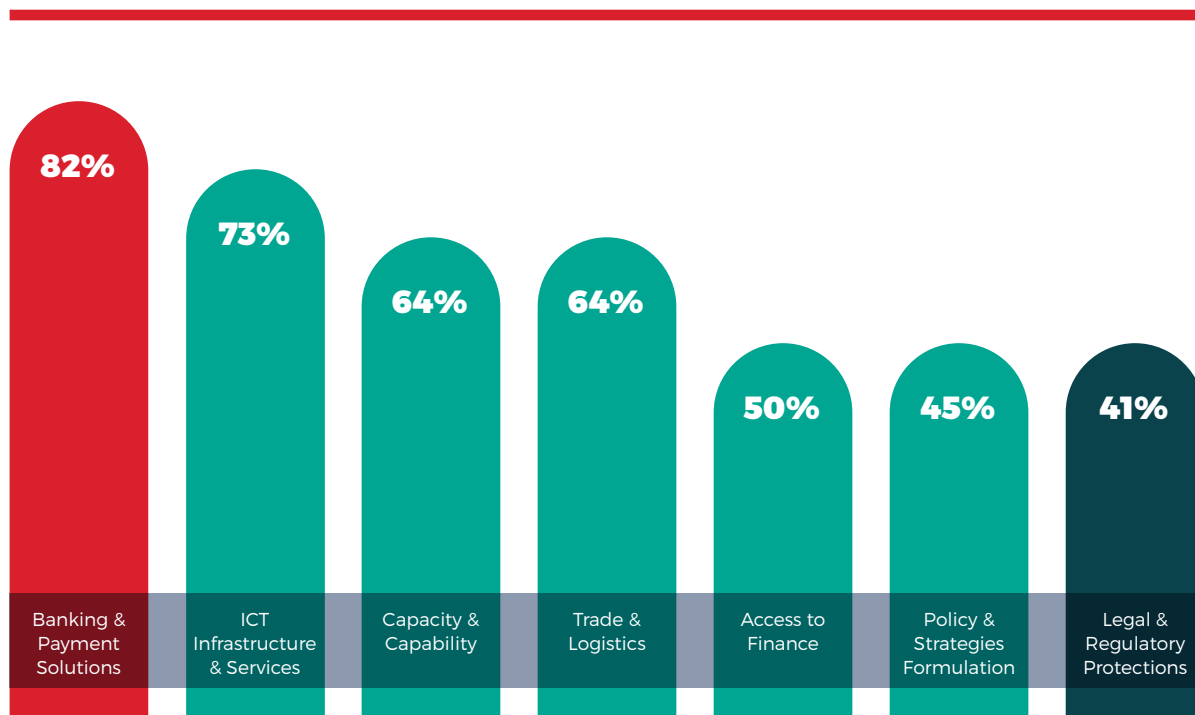
The online surveys and subsequent consultations confirmed that the public and private sector have similar observations as regard the challenges of operating online from the Cook Islands (Figure 1). The graph shown in Figure 1 identifies the prioritised challenges to e-commerce development in the Cook Islands, based on a survey of 67 participants (32 Government, 35 private sector) undertaken by the Project team. The graph shows the participants' prioritisation of the seven key areas of interest to the project team that were of most concern to them (based on a list of seven areas presented in the survey questions).

Subsequent to this survey, the project team conducted more than 40 face-to-face interviews to understand more about the concerns of current and potential digital entrepreneurs in the Cook Islands. These interviews highlighted issues within each of the key areas and how they impacted on the e-commerce activities in the Cook Islands.

The interviews confirmed that the **lack of dedicated online payment solutions**, the **high costs of getting paid** in Cook Islands bank accounts, the **lack of reliable ICT infrastructure** and the **high costs of Internet broadband** were the main pain points currently experienced by businesses offering good and services online.

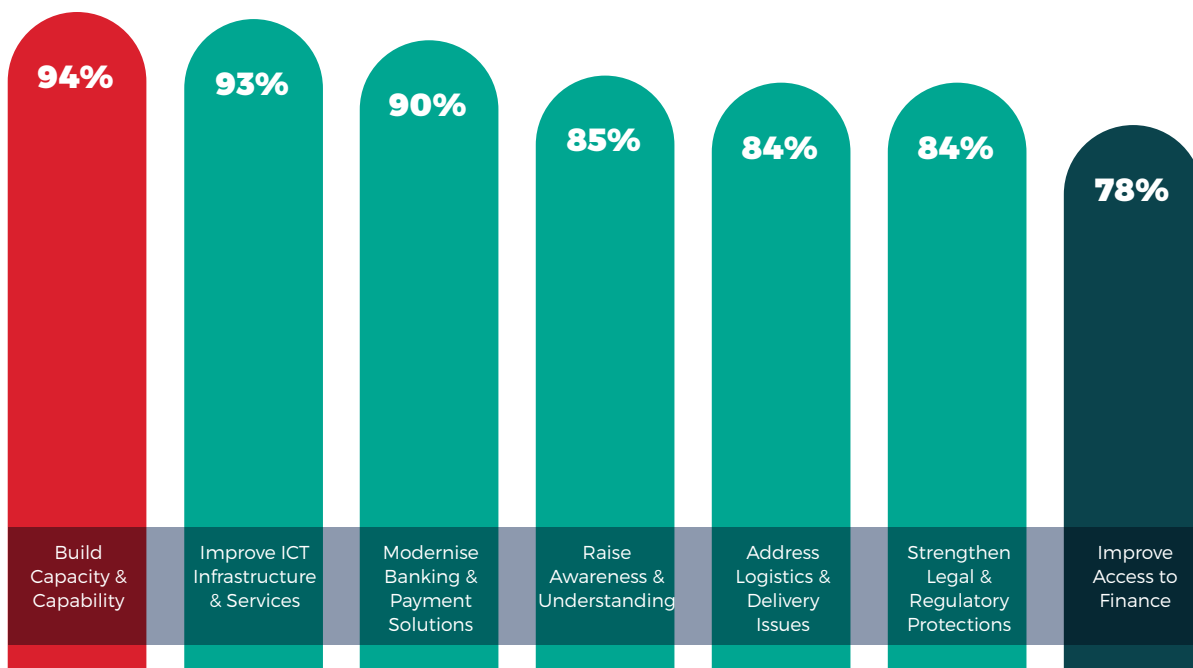
The project team considers that key challenges and pain points identified though the surveys and face-to-face interviews are broadly representative, as confirmed by most stakeholders and in the case studies. These challenges will require considerable action from the government as they also constitute opportunities where the government could support the acceleration of businesses digital transition in the Cook Islands and help in diversifying the economy.

Figure 1: Main challenges to E-commerce Development in the Cook Islands (% of respondents, based on 69 responses)



The surveys were also used to seek respondent views on critical areas needing attention and on ways to improve the efficiency of e-commerce in the Cook Islands. Their responses are show in Figure 2: (1) Build capacity and capability; (2) Improve ICT Services and Infrastructure and (3) Modernise banking and payment solutions appear as consistent priorities among interviewees.

Figure 2: Critical Actions Required for Efficient e-commerce Services in the Cook Islands (% of respondents, based on 69 responses)



Key findings from Case Studies and Stakeholder Interviews ²

Government Policies and Strategies

Main pain points revealed by survey respondents and key informant interviews:


1. Limited government coordination among Government agencies on digital matters / lack of a level playing field for ICT, e-commerce and tech development.
2. Access to knowledge, know-how, expertise on e-commerce not readily available.
3. G2B and G2C services for trade-related agencies in nascent stage.

As noted above, the Cook Islands Government (with the support of the Asian Development Bank) has updated its National ICT Policy. The e-commerce Project Team members were invited to participate in the Government Stakeholder Consultation meeting, as the development of ICT and internet activity in the Cook Islands will have a significant impact on the efficiency of e-commerce.

The updated policy aims to enhance the delivery of digital government and business services while addressing several issues raised by survey and interview respondents. These issues included the need for a well-resourced and experienced person or team to coordinate the policy, and the need to address consumer protection, data privacy, and cybercrime. The new draft policy addresses these concerns by establishing a governance framework that includes the inclusion of a Chief Digital Officer and a Chief Data and Privacy Officer.

Several government departments also raised concerns, including the quality of telecommunications infrastructure and customer service, high prices, and logistics and supply chain issues, especially with regard to shipping to the Northern Group islands. These issues are expected to impact entrepreneurial opportunities and the delivery of essential goods to these islands.

² Case studies were used to extrapolate key pain points experienced by entrepreneurs. Full Case Studies are set out in Annex 3



The Chamber of Commerce noted the delay of the Universal Access Plan, which would impact users in the Pa Enea. However, the recent collaboration between Vodafone Cook Islands and the government to redesign the existing satellite constellation to send data via Rarotonga has been announced, and is being implemented in the first half of 2023.

The Government Financial Supervisory Commission (FSC), responsible for regulating the financial services sector, is seeking to modernize its legislation. The Commission aims to shift its focus from remittance licenses to money services to facilitate the growth of new markets in Forex, Cryptocurrencies, and Securities with appropriate supervision, regulation and integrity. The FSC also oversees financial transactions through its Financial Intelligence Unit (FIU) division. However, the outdated legacy systems used by external head offices have made it difficult for the FIU to modernize its reporting systems.

The Customs services have received negative feedback from e-commerce companies regarding the cumbersome processes and lengthy delays in clearing goods. The rollout of a new customs system has not been without its challenges, including imposed implementation, a lack of costings for ongoing support, and manual integrations with external systems. Additionally, the absence of a dedicated Customs website makes it difficult for users to access information.

Finally, small and micro-business start-ups can receive support from the Business Trade and Investment Board, which offers training and financial assistance through its services. However, limited internet connectivity in the Pa Enea region affects online business training opportunities for start-up owners.

Extract from Key Informant Interview:

“We would see the Government being of assistance in ensuring appropriate and relevant regulatory frameworks, compliance guidance and possible Tax advantages that could encourage new e-commerce solution providers like ourselves to participate. We see good regulations from Government a necessity to maintain a high level of quality in terms of business operators in this sector and eliminate any cowboys.”

ICT Infrastructure and Services


Main pain points revealed by survey respondents and key informant interviews:

1. Limited reliability of broadband internet services / slow deployment of broadband internet services in Pa Enea.
2. High costs of Internet: to connect to the main grid and price per Gb.
3. Internet bandwidth used for non-productive applications (video streaming, social media), so there is limited incentive to develop local contents (except for the tourism industry).

The quality of telecommunications infrastructure has become a significant concern for the residents of the Cook Islands, particularly with regards to internet speed, reliability, and affordability. The majority of those interviewed expressed disappointment with the internet service provided by the main broadband internet supplier in Rarotonga.

The draft National ICT Policy recognizes the importance of adequate, reliable, and accessible ICT infrastructure in promoting economic growth and improving the standard of living. The ICT Unit is working towards ensuring the government network will support the development of an eGovernment platform. To effectively deliver eGovernment services, quality of service must be maintained throughout the country.

Vodafone has prioritized the installation of fibre optic cables in the CBD area of Avarua. The company



plans to encircle Rarotonga with fibre cables, excluding the back roads. Fibre to every home is not expected in the near future, with 4G over wireless to deliver data services to many homes. Vodafone has expressed frustration with the high cost charged by Infrastructure Cook Islands for trench digging, and difficulties in co-ordinating with Infrastructure Cook Islands. They say these difficulties have impacted their ability to connect Tereora National Secondary School, the Rarotongan Hospital, restaurants, tourist operations, and residential homes in the back roads.

Until fibre or 4G-over-wireless connections are available, businesses on the island consistently note unreliable connections or a requirement to invest in alternative internet providers or satellite dishes. This limits the development of productive use of internet bandwidth available in the Cook Islands. The COVID-19 pandemic accelerated e-readiness for citizens, consumers and businesses (Table 1). Also during 2020, the Cook Islands was connected to the 3600km Manatua One Polynesia Cable, and in August 2020 Avaroa Cable Ltd and Vodafone Cook Islands have announced the signing of a multi-year partnership for use of the Manatua Cable.

As a solution for businesses facing connectivity challenges, the Business Hub was established in the central business district (CBD) to offer high-speed internet services to small enterprises. The Business Hub received funding from a Government Smart Grant to connect to the CBD fibre cable network (1.5TB) at a cost of \$700 per month. This allows them to provide fast and reliable internet services to clients at an affordable cost.

One business owner on the western side of the island was quoted a cost of \$20,000 to connect to the fibre cable located mere meters from his premises. He has opted to utilize the Business Hub's services, which he finds to be speedy, efficient, and within his budget.

The COVID-19 pandemic resulted in an increase in cashless transactions, and the Bank of the South Pacific (BSP) faced connectivity challenges with Vodafone, their internet service provider. Despite the installation of fibre cables, the bank continues to experience issues with speed and reliability. BSP is exploring the option of a dedicated line but is still awaiting pricing from Vodafone. The telecommunications costs, particularly in the outer islands, are deemed to be excessively high, and upload speeds can be as low as 0.2kbps.

A positive development in ICT connection was reported from Manihiki in the Pa Enuu. The installation of 4G mobile over the O3B satellite has improved communication for a potential e-commerce participant, enabling her to make and receive calls, as well as engage in online ("over the top") calls using her mobile device. However, the main challenge facing her business is the logistics of moving products off the island, as shipping transport remains irregular and air freight is expensive for regular parcel postings.

Extract from Key Informant Interview:

"Government vision and support, ICT connectivity - Internet connectivity has been an ongoing issue with reliability/speed etc. This is of course so critical to maintaining our website, image uploads, updates etc. I applaud the Gov on their Smart Grant Initiative, but I don't think they realised the really difficult job of getting an e-commerce business operational and the lack of services to make it happen in our region."

Table 1: Internet usage of respondents (69 respondents)

| | |
|--|---|
| <p>Type of internet access: 84% can access internet via mobile phone 61% have home broadband 55% use work broadband 51% use WIFI hotspots 9% have their own satellite dish</p> | <p>Payments made for online purchases: 42% buy using a local credit/debit card 25% buy using an overseas credit/debit card 16% buy using TTs with local and overseas banks.</p> |
| <p>Online marketing platform: 73% use their own website 79% use social media 58% use both website and social media 20% use a mobile app or online marketing</p> | <p>Proportion of total purchases made online: 13% of respondents buy more than 50% of total purchases online 22% buy between 25% and 50% 27% buy less than 25% of total purchases online</p> |
| <p>How frequently do you shop online: 42% shop at least once a month 30% shop at least once a year 15% never shop online</p> | <p>Online sales made by businesses: 25% - above 50% of business sales are online 14% - sell between 25%-50% online 10% - sell less than 25% online 14% were not sure about how much they sold online</p> |

Logistics and Trade Facilitation


Main pain points revealed by survey respondents and key informant interviews:

1. No physical addressing system for efficient pick-ups and drop-offs of parcel / lack of tracking
2. High cost of trading across borders due to limited shipment options for low value shipment
3. Lack of information on cross-border paperless trade options, *de minimis* and customs clearance of low value shipment.

Effective addressing systems and postal services play an important role in supporting businesses, especially in terms of logistics. Currently, Vodafone serves as the Cook Islands' postal service provider. However, there have been complaints about the decline in service quality and increased costs of postal services. Delivery times have been extended, and the package tracking system has been deemed inefficient.

To overcome these challenges, businesses have resorted to alternative methods of shipping goods, both domestically and internationally. For instance, Raro-Go is a freight forwarder that works with DHL in Auckland to send items to the Cook Islands. DHL provides door-to-door delivery services as long as there is an address or specific instructions on where to deliver the package. Some businesses prefer to airfreight their goods through a forwarding agent, as it is more cost and time-efficient.

Shipping and airfreight to the remote islands of the Cook Islands, known as the Pa Enea, can be expensive. To address this issue, the government has subsidized some transportation costs for the Southern and Northern groups of the Pa Enea. Two companies have been appointed to serve these two groups, with Taio Shipping transporting goods to the Southern Group and a barge company based in Aitutaki transporting goods to the Northern Group. There is no advance-published shipping schedule, but cargo is shipped once or twice a month to Atiu, Mitiaro, Mauke and Mangaia. The Northern Group are serviced infrequently: once every two months to Penrhyn, Rakahanga and Manihiki and once every two and a half months to Palmerston and Pukapuka.



This improved shipping service to the Pa Enea not only benefits local businesses by enabling them to bring their products to Rarotonga, but it also provides a lifeline for the Pa Enea communities, who often ran out of essential goods between visits. For example, a small business owner in the Pa Enea found that Air Raro envelopes, at a cost of \$5, helped to move small goods off the island once a week. However, more frequent shipping, at least once a month, would be more beneficial in getting her goods to the market regularly.

The potential of e-commerce in the Pa Enea is a topic of interest, as noted by discussions with a government MP from the island. The MP highlighted the efforts of a young entrepreneur, but expressed concerns about the sustainability of the commitment of other locals to meeting customer demand. The payment process and timely delivery of goods are also important factors for the success of e-commerce in the Pa Enea.

The Chamber of Commerce recognizes that collaborating with large e-commerce companies like Alibaba and Amazon may not be feasible for many of the small and medium-sized enterprises (SMEs) in the Cook Islands. The need for a Certificate of Origin to identify products as “Made in the Cook Islands” rather than “Made in New Zealand” was also identified.

The agricultural sector in the Cook Islands as well faces various challenges in entering the e-commerce market, including biosecurity and transportation issues, lack of marketing support, and declining interest among young people to pursue farming as a career. A turnaround is needed for the industry to succeed in e-commerce and to be able to export quality products from the Cook Islands at a reasonable price, especially for cross-border transportation.

Extract from Key Informant Interview:

“The hardest challenge for us is delivering our goods to customers. Shipping is usually only available once every three months, and that only leaves air freighting which is very expensive. When family members are travelling to Rarotonga, they will take parcels (rito hats, or small packages of clothing). For small items, I make use of the \$5 Air Raro bags which come in very handy, but for hats and bags, these are difficult but we in the islands are used to it.”


Electronic Payment Solutions

Main pain points revealed by survey respondents and key informant interviews:

1. The Cook Islands’ three existing commercial banks have limited payment integration systems into marketplaces and websites
2. Main e-commerce payment gateways -PayPal, Stripe- not operating in the Cook Islands (for inward payments)
3. Lack of options mean most revenue, including from tourism, held in offshore accounts.

Prudential regulation of the banking sector in the Cook Islands falls under the Banking Act and the FSC Act. However, the provision of payment gateway services remains a challenge in the country. The Bank of the Cook Islands (BCI) believes that financial support can accelerate adoption and uptake of payment gateway services is necessary to facilitate simple and efficient transactions for the customers. This view is supported by the head of the Ministry of Finance and Economic Management (MFEM) who emphasized that the banks have limited capacity and means to invest in solutions for financial transactions given the size of the population.

In the Pa Enea region, BCI accounts have become ubiquitous due to the government’s choice to only use BCI for social support payments (including support for all families with children under 16),



which also reflects BCI investment in those islands. Those with access to mobile phones have been encouraged to use the BCI banking app. These recent developments now mean that incoming payments can be directly made into BCI accounts through internet banking, providing accessibility to Pa Enua customers. According to the manager of BCI, there may be some efficiencies in customer identification requirements for internet banking over the eMoni system offered by Vodafone.

Four surveyed companies based in Rarotonga, including a government ministry, use the ANZ Payment eGateway as their e-commerce platform. However, they have reported issues with paperwork, technical support, and friction with bank security at payment touchpoints. A recently established online fashion business had to spend several months setting up a business bank account with ANZ, due to the lack of efficient payment systems and the absence of options like PayPal and Afterpay. This forced the business to open an account in New Zealand, but it also encountered difficulties in obtaining a residential or business address in the country.

Overall, the Cook Islands needs to address the challenges in the banking sector, such as the provision of efficient payment gateway services and the availability of alternative options for instant payments, to support the growth of e-commerce in the country.

The Cook Islands' economy heavily relies on tourism, accounting for around 65% of its direct revenue. Despite this, most tourist providers establish offshore bank accounts in New Zealand to access internet payment gateways. In part to address this issue, Bank South Pacific (BSP) has plans to modernize its core banking system in 2023 and has the largest deployment of payment terminals among banks. These terminals use SIM card technology and 4G connectivity, which provides convenient payment options for government departments.

The Business Hub stated that unless banks can improve their payment gateway systems, or other forms of instant payment become common for day-to-day transactions, businesses will continue to establish offshore accounts, leading to a portion of their income remaining in New Zealand. The Chamber of Commerce also revealed that some companies registered in the Cook Islands are operating from New Zealand, presenting cross-cutting issues such as taxation and employment. As a result of the payment gateway limitations, 60% of tourism dollars are kept overseas by third-party booking agents.

Extract from Key Informant Interview:


"Payment gateways - We just don't have access to efficient payment systems and other options in the region, i.e PayPal, Afterpay, Stripe, Square etc which means you can't compete with other online international brands that offer these services to the consumer. It also adds trust to your online store (brand) by having these recognisable global payment options. Our banks desperately need to modernise their service and IT systems. "

Legal & Regulatory Framework

Main pain points revealed by survey respondents and key informant interviews:

1. Legal & Regulatory Framework not a major concern for e-commerce entrepreneurs
2. Low awareness of rights and obligations for business and consumers in e-commerce
3. Low awareness of global standards for e-commerce regulation and possible improvements in Cook Islands legal and regulatory framework for e-commerce

There is relatively low awareness of the role of laws and regulations and the rights and obligations to which they give rise for e-commerce buyers and sellers, in the Cook Islands. There is a widespread recognition (among Government and industry) that any new legal framework will need to have equal



attention to the passing of the law, and raising awareness, implementation and enforcement in the Cook Islands.

The TradeWorthy project featured a comprehensive legal and regulatory gap analysis comparing the laws of the Cook Islands with international standards and practices for the regulation of e-commerce. The gap analysis adopted the UNCTAD methodology³ for classification of e-commerce laws into four 'buckets':

1. E-transactions laws
2. Data Protection & Privacy laws
3. Consumer Protection laws
4. Cybercrime laws

The comprehensive legal gap analysis is set out in Annex 5.

Skills development

Main pain points revealed by survey respondents and key informant interviews:

1. "Brain drain" of ICT talent means hiring experts at prohibitive prices or relying on ad hoc support from Cook Islanders living overseas.
2. Current education curricula on digital focus on hard infrastructure, not on contents or app development which are the jobs of today, or AI and ICT-enabled services which are the job of tomorrow.
3. Lack of public-private consultation on digital economy talent development

The National ICT Policy recognizes the role of CEIT and CITTI as centres for ICT skills development, with the Climate Change Office at OPM providing support and coordination in the Pa Enea region. CEIT plans to offer an e-commerce training program, but requires funding for its development and implementation.


The ICT Policy acknowledges the need for comprehensive legislation and regulations to support the growth of electronic transactions. These measures will benefit both public and private sector stakeholders and individuals by enabling their participation in digital government and facilitating digital business activities such as e-commerce.

To ensure the effective implementation of the training, the Business Hub suggests the implementation of a mentorship program for start-ups. A mentorship program provided by the Business Hub has already benefited one start-up company, Kia Orana Collectibles. The Business Hub also offers an outsourcing team specifically focused on accounting services, led by a young professional working towards an accounting degree.

The tourism sector broadly benefits from a digitally savvy lead agency, Cook Islands Tourism, which may serve as an example to other sectors. Cook Islands Tourism is a digitally-enabled government agency, utilizing digital funnels and a 24-hour live chat service with overseas offices. They have a listings database for all tourism services and have established a training partnership with CITTI for their Kia Orana program.

The Cook Islands faces the challenge of a declining population and "brain-drain" due to the high cost of living and limited opportunities. As a result, finding skilled staff has become a significant issue for businesses. One company experienced the loss of a trained employee who left for New Zealand, and now relies on outsourcing for administrative tasks. Facebook marketing has been found to be the most cost-effective approach for product promotion.

3 Refer to <https://unctad.org/topic/ecommerce-and-digital-economy/ecommerce-law-reform/global-cyberlaw-tracker>



The development of Explore's SuperApp was hindered by the lack of highly skilled developers and engineers within the Cook Islands, leading to the utilization of international technical expertise. However, Explore aims to build an in-house IT team to support e-commerce development in the future.

The film industry presents opportunities for the digital economy, but the lack of digitally literate advisers and experts in the Cook Islands means that fly-in, fly-out consultants are utilized for on-ground solutions. Many businesses interviewed have sought digital marketing expertise from overseas. However, current restrictions on foreign investment and immigration may limit the import of specialized skills.

The Chamber of Commerce ran an e-commerce online training courses in collaboration with BTIB and entrepreneurship training for women and youth with Fave Designs. CITTI and CEIT also offer online training courses, with CEIT prepared to design and run e-commerce programs if funding is secured. Despite the availability of these resources, the importance of mentors for budding entrepreneurs is recognized, but residency restrictions may hinder their contribution to the Cook Islands.

Extract from Key Informant Interview:

"The biggest challenge I've found is getting Subject Matter Experts to dedicate their time toward ICT projects initiated by the companies here in Rarotonga. They struggle enough to do their own daily activities and to also commit towards project work. Constant communication and face-to-face conversations is key in order to get ICT projects moving."

Access to Finance

Main pain points revealed by survey respondents and key informant interviews:

1. Commercial banks have limited understanding of how digital business / entrepreneurs operate, their investment needs.
2. The alternative finance provider options are almost non-existent in the Cook Islands (seed funding, crowd funding, venture capital).
3. No starts-ups / business angels business matching opportunities.

The implementation of the Explore App project was in line with the Cook Islands Governments' Smart Economy Initiative Program, which aimed to support the establishment of start-ups. However, the lack of specialized talent in the Cook Islands resulted in the requirement of hiring skilled personnel from overseas, paid for by the founders' own resources, adding significant cost to the project.

Capital raising activities are crucial for many start-ups, including Explore. Due to the nature of their business and the numerous components involved in building the SuperApp, they are constantly exploring opportunities to access potential funding sources. However, entrepreneurs in the Cook Islands face challenges in accessing bank loans due to their dependence on personal income, personal security and the difficulty in meeting loan repayment requirements.

Te Ara acknowledges the access to donor funding for projects in the Cook Islands but that this sometimes precludes development of more traditional private sector investment or the development of opportunities for public-private funding models (particularly for large scale projects). Governments and private entities could more effectively work together to support emergence of important digital projects, including co-financing or other long term contractual arrangements.



Extract from Key Informant Interview:

“Access to finance has been a challenge, because to start the business we have contributed personal capital and management expertise as well as receiving grant funding via the “CKI Governments Smart Economy Initiative Program”. However, in the current IT world the cost of engineers and technical support (in particular for the tech we are designing and building) is very high as we need to recruit them from overseas due to the fact that we lack the talent and specialised programming skills in country. A lot of donor funding is available to the Cook Islands but the model to access it has excluded direct private sector partnerships.”

Proposed Activities for Cook Islands E-commerce Acceleration Work Plan

This section proposes a range of activities to address the findings in Section 2. Given the priority given to payments and the legal & regulatory framework, these Policy Areas are discussed first in Section 3.1 and 3.2. The remaining Policy Areas are discussed in Section 3.3.

The proposed activities are arranged as follows:

- **Policy Area:** one of the seven policy areas of the Work Plan, aligned with the Pacific Regional E-commerce Strategy
- **Strategic Output:** the objective of the specific set of activities
- **Measure:** the specific activity to meet the strategic output
- **Phase:** the phase in which the measure is proposed to be implemented (from 1 to 5)

The full set of Policy Areas, Strategic Outputs and Measures is included in the Cook Islands E-commerce Acceleration Work Plan in Section 4.


3.1. Priority Policy Area: Electronic Payments

The limitation of access to electronic payments solutions has emerged as the primary concern of Cook Islands e-commerce stakeholders, including government, business and consumers.

The regulatory framework for payment service providers would benefit from modernisation, to support enhanced appropriate levels of competition – new instant payment providers, new instant payment apps and gateways and services. These can be supported through a streamlined licensing process, similar to those adopted in a number of markets across the Pacific, including Papua New Guinea, Fiji and Tonga. Despite the absence of a Central Bank which would ordinarily oversee the development of a National Payments System framework (including tiered licences for payments services), the FSC can support increased competition through a modernisation of the current regulatory framework. In particular, payment service providers are currently regulated under the Money-Changing & Remittance Businesses Act of 2009, which has to deal with the complexities of new payment services (including mobile money, digital currency and many others) by placing conditions on licencees through a generic licence 'condition'. A revised framework would create a specific licence for payment services, such as a 'Money Service Licence' or similar. This initiative is already in the strategic framework of the FSC, and should be expedited.

Costs remain a concern for the growth of traditional electronic payment services like scheme card payments and digital banking in the Cook Islands. One of the key disincentives for Cook Island businesses increasing their use of electronic point of sale tools is the rule imposed by the major schemes (such as Visa and Mastercard) through their contracts with vendors that denies merchants the ability to itemise scheme fees when passing them on to the customer. Businesses universally recommend that the Government adopt a measure that specifically allows this practice, which the major schemes accept in markets such as New Zealand.

Whilst banks have introduced scheme cards with Bank Identification Numbers (BINs), cards with BINs are not yet universal. Universal BINs (in addition to a local Switch facility) would not only help merchants evaluate and assess their payment card transactions but could also be used to identify local-to-local transactions and should allow for banks to apply differentiated fees for these, where these types of local-to-local transactions give rise to lower costs for the banks.



The banking sector has significantly advanced their electronic payments offering to the market in the last 12-24 months, but they suffer from low uptake by local businesses. Costs and payment integration services (ie. Integrating payment service into websites) should be reasonably commercial and straightforward. However, there is very low awareness of existing services among the business community, and a legacy of offshoring payment services via New Zealand bank accounts. Similar to the development of the payments system in PNG, the Government of the Cook Islands could prioritise electronic payments solutions for Government services, including payment for fees and licences. This is already happening but could be accelerated to help build momentum for the payments sector.

Government and industry can also support an effort to 'reshore' banking services, predominantly from New Zealand. Cook Islands' national Balance of Payments data from the years prior to COVID-19 show that every year approximately \$30 million of revenue earned in the Cook Islands is banked in accounts offshore. This lost money ends up mostly in New Zealand and Australia, in accounts held by Cook Islanders living abroad and foreign shareholders of Cook Islands businesses. A 'reshoring' of banking can be addressed from two angles: a campaign highlighting new and existing payments services offered by local service providers with the added benefit to the overall Cook Islands economy, and seeking to engage with large international booking agents (predominantly in the tourism sector) to support a greater flow of direct remittance into Cook Islands bank accounts.

While Cook Islands banks are making progress towards adopting standard bank account numbers there is still work to be done to address interoperability to conduct settlements, to facilitate electronic payments in and out of the Cook Islands and to share information for Anti-money Laundering (AML) and Combatting the Financing of Terrorism (CFT) purposes. The banks and the FIU are working cooperatively to this end. However, interoperability does add to delays and administrative costs for businesses and has hampered growth. Standardised bank account numbers are the first step, perhaps following a New Zealand standard. Following that, banks could accelerate their work together with banking regulators in the Cook Islands and New Zealand to establish a unified payment gateway to support speedier electronic payments in and out of the Cook Islands.

The issue of integration with the New Zealand banking system has been discussed for some time. While this is beyond the scope of this Work Plan, the prospect of addressing 'transactional integration' could support more seamless settlement between New Zealand and the Cook Islands. Subject to further assessment, this aim could be supported by amendments to the 2017 Financial Transactions Reporting Act. For example, the Act's definition of 'domestic electronic funds transfer' could be extended to include New Zealand transfers, though Crown Counsel would need to consider whether that would have the desired impact given the purposes of the definition for AML/CFT purposes. It would also have to consider whether such a change would limit the ability of the Financial Intelligence Unit to capture information relating to financial crime emanating from New Zealand. Other system changes should be considered. Telegraphic Transfers to and from New Zealand are still conducted through a third party exchange such as SWIFT. In addition to the Cook Islands recognising New Zealand as domestic, New Zealand would need to recognise Cook Islands as 'domestic' too. The scope of this recognition could be narrow; for example only treating some types of transaction as domestic (for example, those that use the unified payment gateway).

Alternatively, subject to the views of the BACI and Government, options to enhance NZ integration may include:

1. Cook Islands banks to operate as an Agent into NZ Payments system through a NZ bank
2. Cook Islands banks to directly join Payments NZ and hold Exchange Settlement Account System accounts with RBNZ for payment settlements.

Other technical options may also be considered.

The non-bank electronic payments sector is at an early stage of development in the Cook Islands, but there are signs of new entrants and new products and services. With appropriate measures outlined in this Work Plan, there are prospects for rapid development of a faster, more affordable payments ecosystem in the Cook Islands. Some of the measures will be appropriate for consideration and advancement by the newly established Banking Taskforce.

Electronic Payments Solutions

To address key electronic payments objectives, this Priority Area P (Payments) has three Strategic Outputs:

- Strategic Output P.1 Increased choice in the payment services sector to reduce business and consumer costs
- Strategic Output P.2 Strengthened awareness and utilisation of electronic payment solutions in the Cook Islands (including by Government)
- Strategic Outputs P.3 Strengthened bank electronic interoperability

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

| Strategic Output P.1 Increased choice in the payment services sector to reduce business and consumer costs | | |
|--|--|----------------|
| Measure P.1.1 Modernise Money Changers & Remittance Business Licence 2009) and related regulatory framework to establish 'Money Service' licence. | Modernising the regulatory framework for payment service providers will bring the Cook Islands into line with international standards and encourage new providers and services. | Phase 1 |
| Measure P.1.2 Local Transaction Pricing scheme, using Bank Identification Number (BIN) scheme and/or introduction of local card switch. | A local card switch, used in conjunction with local BINs, could recognise local-to-local transactions and could allow the application of a lower fee from the major card schemes. This should reduce costs for Cook Islands consumers, based on lower costs to the banks for these types of transactions. | Phase 1 |
| Measures P.1.3 Facilitate new offerings and new entrants into the payments ecosystem, consistent with legal framework. | Providing a speedy path to market for local and foreign payment services providers will enhance competition, encourage new services and lower prices. | Phase 2 |
| Strategic Output P.2 Strengthened awareness and utilisation of electronic payment solutions in the Cook Islands (including by Government) | | |
| Measure P.2.1 Establish campaign to encourage re-shoring banking for Cook Island businesses | To grow the payments ecosystem, enhance transparency, and bring funds back into Cook Islands, especially from tourism. Businesses that offshored banking services can be encouraged to reshore to the Cook Islands with an array of new commercial services. Cook Islands businesses can also be encouraged to accelerate remittances from third party booking agents directly into Cook Islands bank accounts, instead of through telegraphic transfer. | Phase 2 |

| | | |
|---|--|----------------|
| Measure P.2.2 Government to phase-out use of cheques as means of payment for services, and to adopt use of electronic payment tools to support market development | Govt to phase out cheques as means of payment for services from Rarotonga agencies including Police, Justice and Agriculture and phase in electronic payment methods. Moving more Government services to electronic payment will help build momentum for banks to offer new services and products at better rates. | Phase 2 |
| Measure P.2.3 Establish an ongoing program for digital financial literacy including use of online tools for business | Existing training for business (through INTAFF, BTIB and the CoC) should include new modules on electronic banking and payments. | Phase 5 |

Strategic Outputs P.3 Strengthened bank electronic interoperability

| | | |
|--|--|----------------|
| Measure P.3.1 BACI to consider implementing NZ-style regulation specifically disallowing contract terms that prevent merchants from separately surcharging to recover merchant fees for certain transactions | BACI to consider implications of adopting a regulation allows merchants to pass surcharges onto customers. Subject to discussion, this may increase uptake of electronic payment tools by Cook Island businesses and bring it into line with New Zealand. | Phase 3 |
| Measure P.3.2 Establish mandate for numeric bank account numbers, standardised across Cook Islands | Lack of a standard for banking numbers may contribute to delayed settlement between banks in the Cook Islands and externally. A standardised approach may reduce interbank settlement delays, and will address bank 'interoperability' challenges such as identifying payments to incorrect bank accounts and possible future integration initiatives with the New Zealand banking system. | Phase 3 |
| Measure P.3.3 BACI to consider whether transactions originating in New Zealand could benefit from faster settlement through 'transactional' (not full) integration with NZ Banking System | Technical adjustments to recognise New Zealand transactions originating from New Zealand banks (or from a unified payment gateway) in the Cook Islands may expedite settlement. This should be considered by BACI, including a review of any necessary legal changes. Consultation with NZ authorities would also be required. | Phase 4 |
| Measure P.3.4 Examine prospects for a unified payment gateway (or similar) for the Cook Islands | A payment gateway for the Cook Islands will create a public good to lower costs and delays in international payments. The feasibility of this for individual banks and the role that Government could play is to be further considered. | Phase 5 |

3.2. Priority Policy Area: Legal & Regulatory Framework

This Work Plan adopts the recommendations from the **Gap Analysis** for an e-commerce Legal & Regulatory Framework, as included as Annex 5. The Gap Analysis, featuring comparison against four 'reference' jurisdictions, finds that there are key gaps in legal and regulatory framework for e-commerce in the Cook Islands, as set out in the table below. Each finding is aligned to a recommendation and explanation of the expected impact.

| Title | Description | Current Status in the Cook Islands | Recommendation and Impact |
|-------------------------|---|---|--|
| Electronic Transactions | Laws to recognise the validity and enforceability of electronic information and transactions | No economy-wide law, despite provisions predominantly relating to financial services. | <p>Recommendation: Adoption of an economy-wide e-transactions law based on UNCITRAL Model Law.</p> <p>Impact: the Cook Islands will align itself with international standards for electronic transactions, providing greater certainty for local and foreign e-commerce businesses to offer products and services in the Cook Islands.</p> |
| Cybersecurity | Laws to establish offences and a framework for gathering evidence for specified online activities, based on international standards | A Crimes Amendment Bill has been drafted with substantial alignment to international standards (in particular, the Budapest Convention on Cybercrime). The Bill has not yet been passed by Parliament. | <p>Recommendation: Adoption of cybercrime provisions of Crimes Amendment Bill, whether part of the current Bill or adopted separately.</p> <p>Impact: the Cook Islands will align itself with international standards on cybercrime such as hacking. This will avoid the Cook Islands being perceived as a jurisdictional outlier on cybercrime issues.</p> |
| Consumer Protection | Laws to protect consumers transacting online | The Fair Trading Act and Consumer Guarantees Act establish a strong basis for consumer protections, and appear to apply to online transactions. Some remaining gaps relating to online transactions could be further addressed. | <p>Recommendation: Amendment of the consumer protection Acts to specify application to online transactions, and enhancing provisions such as minimum informational requirements that a seller must provide to the buyer.</p> <p>Impact: the Cook Islands will have a robust regime of consumer protections that provide confidence for consumers to engage in online transactions.</p> |

| | | | |
|-------------------------|---|--|--|
| Data Security & Privacy | Laws to protect and secure consumer data | No economy-wide law on data security and privacy, despite provisions predominantly in the telecommunications sector. | Recommendation: Adoption of an economy-wide law on data security and privacy. Impact: laws requiring consent to collect, store and use personal data will require behavioural change by businesses in the e-commerce sector, and will lift standards of protection for consumers. |
| Electronic Payments | Laws to facilitate and regulate online payments | A range of recommendations for the legal & regulatory framework to support electronic payments has been made in Section 4. | Refer Electronic Payment Section 3 |

Additional Measures to Support the Legal & Regulatory Framework for E-commerce

The table above sets out the approach to address legislative gaps. These are in addition to other important measures that address the overall implementation, monitoring and enforcement of new and existing laws.

Consultations with Government, industry and other stakeholders also identified a key recommendation to enhance consumer protections by implementing the existing framework for a Small Claims Tribunal in the Cook Islands. The *Small Claims Tribunal Act* of 2008 establishes a framework for the Ministry of Justice’s provision of a cost-effective and practical tribunal, however, this has not been implemented largely due to financial and resource constraints. The Ministry of Internal Affairs highlights the need for the tribunal, given that the Ministry itself has limited regulatory powers to resolve disputes. The availability of a low-cost forum for resolution of disputes would support greater confidence in commerce in general, through raised consumer confidence. In particular, the Pa Enua could benefit from a Small Claims Tribunal as a ‘guarantor’ of transactions that may involve a seller or customer in Rarotonga, given their distance and remoteness. That is, the existence of a Small Claims Tribunal may have a particularly positive impact on Pa Enua confidence in using online tools for buying and selling. This key measure would be most effective alongside enhanced resourcing for other consumer redress mechanisms already in existence: (i) the CRA’s Telco Services complaints resolution function and (ii) INTAFF’s consumer functions under Fair Trading and Consumer Guarantees Act.

The Work Plan also identifies a series of measures to support business training and consumer awareness on rights and obligations for buying and selling online. There are existing campaigns on consumer protections (led by the Ministry of Internal Affairs), including baseline training for ‘business induction’, that could be expanded to include specific information on e-commerce. This would require the support of specialist technical assistance. In addition, BTIB maintains a program of business training, extending regularly to the Pa Enua, that could be expanded to include modules on e-commerce. This would also require support of specialist assistance in developing the business training modules. The Cook Islands Chamber of Commerce also provides business-focused training that could benefit by extension into rights and obligations for offering goods and services online.

Prioritising Recommendations

Implementing the Work Plan’s recommendations on the Legal & Regulatory Framework may take some time. The Work Plan makes its recommendations on a prioritised basis, as set out below. The highest

priority is given to an economy-wide electronic transactions law, based on the UNCITRAL Model Law. This would quickly bring the Cook Islands into alignment with good international practice and reduce uncertainty for e-commerce businesses and consumers both domestically and internationally.

The Work Plan also prioritises adoption of cybersecurity provisions of the Crimes Amendment Bill, whether these are passed as part of the overall Crimes Bill or adopted separately. They will establish offences aligned to the international standard of the Budapest Convention on Cybercrime, and allow for international cooperation on cybercrime matters. Passing these laws will avoid the risk that the Cook Islands is perceived to be a jurisdiction in which criminal behaviour relating to computers, which are transnational by nature, are not criminal offences. This is particularly important in the context of a robust offshore financing sector for the Cook Islands.

The establishment of the small claims tribunal is also considered a higher priority measure under this Work Plan. This is due to the expected impact on raising consumer confidence, including in relation to the Pa Enuu, and due to the fact that the regulatory framework has already been adopted.

The remaining measures are given subsequent priority, with the exception of the establishment of the small claims tribunal, which is considered a high priority measure under this Work Plan.

The Gap Analysis included under this Work Plan can be used as the basis for a detailed policy brief to expedite the drafting process.

Legal & Regulatory Framework

To address key legal and regulatory objectives, this Priority Area L (Legal & Regulatory) has three Strategic Outputs:

- Strategic Output L.1 Adoption of Laws to recognise key e-transaction and cybersecurity objectives, based on international standards
- Strategic Outputs L.2 Adoption of a regulatory framework to enhance consumer protections online, including for data security and privacy
- Strategic Output L.3: awareness and understanding of e-commerce rights and obligations are strengthened among businesses and consumers

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

| Strategic Output L.1 Adoption of Laws to recognise key e-transaction and cybersecurity objectives, based on international standards | | |
|--|---|----------------|
| Measure L.1.1 Law on E-transactions, based on international standards, is adopted | The Cook Islands has no economy-wide law that recognises legal equivalence between paper-based and electronic-based information. This fundamental component of the regulatory framework for e-commerce should follow widely adopted international standards, based on the UNCITRAL Model Law. | Phase 1 |
| Measure L.1.2 Provisions of the current Crimes Amendment Bill relating to cybersecurity are adopted | The Crimes Bill before parliament contains broad coverage of cybersecurity elements under the Budapest Convention on Cybercrime. Its adoption would bring the Cook Islands into line with good international practice. | Phase 2 |

Strategic Output L.2

Adoption of a regulatory framework to enhance consumer protections online, including for data security and privacy

| | | |
|--|---|----------------|
| Measure L.2.1 Implementation of the Small Claims Tribunal and resourcing of existing consumer redress mechanisms | <p>The Small Claims Tribunal Act 2008 established the legal framework for a small claims tribunal, but this has not been implemented. A functioning small claims tribunal will provide a practical forum for online disputes and will raise the confidence of both consumers and business to transact online.</p> <p>Existing consumer redress mechanisms can also be strengthened through proper resourcing. These include CRA's complaints function for telecommunications connectivity and competition issues, and INTAFF's consumer functions under relevant legislation.</p> | Phase 2 |
| L.2.2 Adoption of a Law on Data Protection and Privacy | <p>The Cook Islands has no economy-wide law that ensures protection and privacy of data. This would establish framework for requiring customer consent to collecting, storing and using personal data.</p> | Phase 4 |
| L.2.3 Amendments to Consumer Protection Laws to enhance applicability to online transactions | <p>The Consumer Guarantees Act and Fair Trading Act could be strengthened for application to online transactions by adoption of some amendments that clarify its application to the online sector and require more information to be provided by sellers to buyers.</p> | Phase 5 |

Strategic Outputs L.3

Awareness and understanding of e-commerce rights and obligations are strengthened among businesses and consumers

| | | |
|---|---|----------------|
| Measure L.3.1 Extend Internal Affairs consumer protection campaigns to include a focus on online business and social commerce | <p>Existing campaigns to raise awareness of rights and obligations under existing laws can be extended to include a focus on online business and selling through social commerce (such as Facebook and Instagram). This can take place before new legal frameworks are adopted, by specifying how existing legal rights apply to online transactions and after adoption of new legal frameworks by highlighting the impact of new laws, such as e-transactions. The Ministry may consider the development of a specialist certificate as part of its 'business induction' training, extending its current practice.</p> | Phase 3 |
|---|---|----------------|

Measure L.3.2 Expand training delivered by BTIB and the Cook Islands Chamber of Commerce to include modules on rights and obligations of online business, including social commerce

BTIB’s business training (also delivered in Pa Eヌua) can be extended to cover rights and obligations for online businesses, including those who sell through social commerce, with technical support to develop appropriate modules. Cook Island Chamber of Commerce may also be supported to deliver business-focused training. Training could be structured around levels of sophistication from social commerce, to domestic commerce to export/international commerce.

Phase 4

3.3 Additional Policy Areas

The following Policy Areas, aligned with the Pacific Regional E-commerce Strategy and Roadmap, contain measures to support a more secure, predictable and conducive ecosystem for e-commerce in the Cook Islands. Improving access to connectivity, enhancing skills and reducing the costs and time to ship goods domestically and across borders will accelerate transition of businesses from offline to online and offer them chances to join the digital transformation happening in the Pacific.

Measures are divided into five policy areas and reflect the stakeholder survey and other consultative actions described in Section 2:

- Policies and strategies
- ICT infrastructure and Services
- Logistics and Trade Facilitation
- Skills development
- Access to Finance

E-commerce Policies and strategies

The government of the Cook Islands has a key role to play in ensuring that the vision for a digital Cooks Islands with a thriving e-commerce sector is clear, understood by all stakeholders and disseminated clearly. Similarly, business associations and chambers should be equipped with the necessary tools and skills to be able to implement policies and support businesses in availing of the opportunities.

Multiple agencies have a stake in supporting digital transformation. Areas of government oversight range from development and implementation of a legal & regulatory framework, to data standards, to safety, security, support to businesses and to educating businesses and consumers. Because agencies tend to work independently, it’s often challenging to keep abreast of Government-led initiatives, policies and strategies in the digital economy, resulting in confusion among businesses on how and where to access information and data.

To address key policies and strategies objectives, this priority has three strategic outputs:

- Strategic Output E.1: Enhanced coordination and visibility of Government actions in Digital
- Strategic Outputs E.2: Business support association provide services on digital economy opportunities
- Strategic Output E.3: Safety of transacting online is increased

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

| Strategic Output E.1: Enhanced coordination and visibility of Government actions in Digital Economy | | |
|--|--|----------------|
| Measures | Justification | |
| Measure E.1.1: Formalise government agency coordination on digital economy | At present, government lacks coordination on digital economy matters. Focus has been on ICT and eGovernment, less on the business development aspects of digital. The role of the Chief Digital Officer should include business-related aspects. | Phase 2 |
| Measure E.1.2: Streamlined and coordinated external funding for digital economy | Different government agencies may receive funding from different external providers to develop e-government services. There is a need for increased coordination among agencies in ensuring technical solutions are compatible and developed in harmony and close consultation with stakeholders. | Phase 3 |
| Measure E.1.3: Enhance quality of data and statistics on digital economy | Very little digital-specific data are collected by the Government in the Cook Islands. Data are also missing in international databases, for example in the Pacific Data Hub. PIFS and SPC have developed new guidelines and indicators (see https://pacificcommerce.org/e-commerce-statistics/) that contains 51 indicators on digital economy. | Phase 5 |

| Strategic Output E.2: Business support association provide services on digital economy opportunities | | |
|--|--|----------------|
| Measure E.2.1: Enhance the capacity and tools of business association to provide services on digital transformation to the business community. | Despite some advisors (including those aligned with Business Link Pacific) upskilling in digital economy, the pool of skilled advisors remains small in the Cook Islands, despite rapidly expanding demand. Regional networks and initiatives are not being tapped into by Cook Islands. | Phase 3 |

| Strategic Outputs E.3: Safety of transacting online is increased | | |
|--|--|----------------|
| Measure E.3.1: Extend the proposed national ID system to forms of internationally recognised digital ID. | Part of e-KYC for bank and non-bank payment providers include ability to prove identity. Digital ID can be used for a realm of G2B services. Currently not available in the Cook Islands. Digital ID for Cook Islands nationals has been deprioritised relative to physical ID cards. Digital ID could be used to boost confidence to trade and pay online for business and consumers (to create a consistent form of identification). This supports SDG Target 16.9 - the ability of individuals to prove their identity, and the ability of service providers to identify beneficiaries and customers. | Phase 4 |

ICT Infrastructure and Services

Access to reliable and affordable ICT facilities for both business and consumers is an essential condition for e-commerce to thrive. While connectivity and latency have improved in the Cook Islands, the price and reliability of broadband internet access has been cited as one of the top three pain points for e-commerce development in the Cook Islands, in both Rarotonga and the Pa Enea.

The Cook Islands' geographical isolation makes it difficult to install and maintain the equipment needed to run high-speed broadband connections. It also has dispersed and small populations which mean that such investments struggle to be profitable. Whilst there have been improvements since the passing of the Telecommunications Act 2019, and the Manatua Cable is now connected and operational, there are still gaps in the 3G/4G infrastructure deployed on Rarotonga (and the Pa Enea), which makes it difficult to provide fast and reliable internet access.

Specifically for e-commerce, the limited access to high-speed internet makes it difficult for businesses to establish and run e-commerce platforms effectively. For e-commerce vendors and platforms, the quality of internet connectivity in the Cook Islands can make it difficult for businesses to provide a seamless online shopping experience. Finally, the limited technology infrastructure, such as data centres and server hosting facilities, can make it challenging for businesses to securely store and manage large amounts of customer and transactional data.

To address key ICT infrastructure and services objectives, this policy area has three strategic outputs:

- Strategic Output I.1: Enhanced last mile connectivity and reliability in both Rarotonga and Pa Enea
- Strategic Outputs I.2: Access to new solutions and services facilitated.
- Strategic Output I.3: G2B and G2C services diversified, and information disseminated.

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

| Strategic Output I.1: Enhanced last mile connectivity and reliability in both Rarotonga and Pa Enea | | |
|--|--|----------------|
| Measures | Justification | |
| Measure I.1.1: Clearer communication on deployment of fibre and 4G on Rarotonga. | Most businesses and some government agencies complained of the lack of reliability, poor latency and high costs of installing and using Internet in the Cook Islands. While Vodafone remains responsible, the Government of the Cook Islands will enhance its public messaging to consumers about where the roll-out is at, and what it might mean for them in terms of improved download and upload speeds at their place, by when. | Phase 2 |
| Measure I.1.2: Set up CIG data redundancy and disaster recovery plan, and consider using privately managed cloud services. | The Cook Islands face environmental and cybersecurity risks to its data centres and servers that need to be mitigated. A data redundancy plan will help to mitigate the risks associated with data loss and ensure that the CIG can continue to operate effectively. This could establish standards for business to recover following environmental or cyber events. | Phase 3 |

**Strategic Output I.2:
Access to new solutions and services facilitated**

| | | |
|--|--|-----------------------|
| <p>Measure I.2.1: Broaden community access to satellite connectivity through O3B, Starlink and other established providers, notably in the Pa Enea, including addressing tax obligations of satellite internet providers as appropriate.</p> | <p>New satellite connection services are being deployed in the Pacific and could be a good solution for primary access and redundancy for Pa Enea.</p> | <p>Phase 4</p> |
| <p>Measure I.2.2: Implement plan to develop a Universal Access Policy (UAP) that would enable the Cook Islands to prioritise ICT connectivity, notably in the less well-equipped Pa Enea.</p> | <p>This lines up with obligation under Telecommunications Act 2019. While accessibility is being increased for government services in the Pa Enea, other steps might be necessary to ensure access for consumers and to ensure that the associated costs are provided for sustainably.</p> | <p>Phase 5</p> |

**Strategic Output I.3:
G2B and G2C services diversified, and information disseminated.**

| | | |
|---|---|-----------------------|
| <p>Measure I.3.1: CIC to develop a consistent set of G2B applications to list all ministries and agencies online services and communicate on them, including offering online payment, to incentivise more businesses and consumers to use online methods.</p> | <p>Very few Government agencies have online, user-friendly and up-to-date information portal. There are little-to-no G2B services, and the lack of "information on the information" means citizens and businesses lose a lot of time in unnecessary steps /procedures to get access to public information. Businesses and citizens should be kept informed of new services, and offered training in the period prior to new services, where possible.</p> | <p>Phase 3</p> |
| <p>Measure I.3.2: Consistent user experience in using G2B and G2C services (similar graphic identity and functionalities)</p> | <p>It can be confusing for business and consumers to have to deal with different IT and web interfaces and applications when using G2B or G2C services. Whole of Government approach is needed to minimize the risks for users. This can be supported with centralised procurement of G2B service development. Embedding digital design and delivery skills in the public service (e.g service standards) is also key.</p> | <p>Phase 3</p> |

Trade Facilitation & Logistics

The ability to send, receive, track and trace goods ordered online are key features of a fully-functioning e-commerce ecosystem. This applies to both domestic and cross-border e-commerce. Similarly, developing cross-border e-commerce, especially export from the Cook Islands is only possible if the costs of shipping, storing and forwarding are kept low or reasonable. Many solutions exist and have been used by other Pacific Islands nations. One such solution is the use of consolidated cargo (non-perishable goods) being shipped and stored in fulfilment centres in New Zealand or Australia.

In the Cook Islands, pick-up and drop-off of goods ordered online should be made easier by better postal services and a system of physical addressing for consumers and businesses alike. The impact on costs and on the environment could be significant.

Finally, authorities must also be able to ensure the necessary controls are in place to guarantee that parcels entering the Cook Islands are properly cleared, taxes are levied when applicable, and information to importers and exporters is available in real-time.

To address key logistics and trade facilitation objectives, this priority has two strategic outputs:

- Strategic Outputs T.1: Innovative delivery solutions and improved cross-border clearance to lower the costs of digital trade for small businesses
- Strategic Output T.2: First mile and last mile delivery improved in Rarotonga

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

| Strategic Output T.1: Innovative cargo consolidation solutions and improved cross-border clearance lower the costs of digital trade for small businesses | | |
|---|--|----------------|
| Measures | Justification | |
| Measure T.1.1: Fully implement ASYCUDA across all stakeholders/ agencies to fully realise the benefits of a single digital Customs system. | The increase in cargo - including e-commerce parcels - and Cook Islands trade integration through PACER Plus implementation means customs clearance must be improved. | Phase 2 |
| Measure T.1.2: Setup Freight Sharing App/Platform that can match small, medium, and large cargo and destinations (especially A/NZ) to reduce freight costs. | Small shipments generated by e-commerce are not cost-effective if transported individually (parcel shipping). There is room for consolidation of small cargo through business associations or aggregators, not available currently in the Cook Islands, to offset high costs through demand planning and forecasting. This could adapt a freight support service offered by PTI Australia/NZ prior to the pandemic. The MSME-focused freight booking app, possibly run by a local association or accelerator, allows vendors to group their freight shipment and obtain lower freight rates (instead of using pricey courier companies). This is particularly valid for non-perishable goods, as most exports from Cook Islands target the same markets. | Phase 3 |
| Measure T.1.3: Develop a user-friendly website for the Customs Department so traders can benefit from clear rules, instructions and process to clear import and export, including of small parcels. Approach might be extended later to other agencies involved in cross-border trade (e.g. phytosanitary certificates) | Current Customs Department website does not offer functionality required for a modern customer-oriented interface, including for low-value shipments. | Phase 3 |

**Strategic Output T.2:
First mile and last mile delivery improved in Rarotonga**

| | | |
|---|--|-----------------------|
| <p>Measure T2.1: Enhance the capacity of postal services to improve local deliveries of small parcels and create / support new local delivery services (with preference for sustainable transport modes) at a reduced cost (system would enable digital notification of mail arrivals as well as improved track and trace services for parcels leaving the Cook Islands).</p> | <p>Cook Islands postal services for small parcels are inconsistent. The UPU has developed a set of simple e-commerce tools to be used by "Designated Operators" that provide cost-efficient services for small businesses (e.g. EMS, digital payments, track and trace).</p> | <p>Phase 4</p> |
| <p>Measure T.2.2: Provide support to development of a physical addressing system for more efficient first mile and last mile logistics on Rarotonga.</p> | <p>Home delivery and pick-up is made difficult by the lack of dedicated logistics services and the lack of a proper physical addressing system. As e-commerce delivery providers start operation, they will be able to map the islands (or consolidated existing maps) and improve physical deliveries. Alternative mapping solutions such as 'what three words' could also be considered, if appropriate.</p> | <p>Phase 5</p> |

Skills Development

As digital transformation accelerates in the Cook Islands, digital entrepreneurship is still constrained by several factors:

- Limited access to technology and infrastructure can make it difficult for entrepreneurs to start and grow their businesses in the digital space.
- There is a shortage of skilled individuals with the technical expertise to launch and manage successful digital businesses. This is accentuated by the continued 'brain drain' of graduates moving to New Zealand and Australia.
- The small size of the local market can make it challenging for digital businesses to scale and reach a large customer base, limiting their investment in training of the workforce or in attracting talent.
- There is still limited access to funding and investment for digital entrepreneurs in the Cook Islands, making it challenging for them to secure the human capital they need to grow their businesses.

To address skill development objectives, this priority has two strategic outputs:

- Strategic Output S.1: Digital entrepreneurship and tech are mainstreamed in education and training curricula
- Strategic Outputs S.2: Leverage existing regional and international initiatives to enhance digital entrepreneurship

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

**Strategic Output S.1:
Digital entrepreneurship and tech are mainstreamed in education and training curricula**

| Measures | Justification | |
|--|---|----------------|
| <p>Measure S.1.1: Enhance collaboration between Government agencies and education bodies to mainstream digital in adult training programmes (such as through the India-Cook Islands Centre of Excellence in Information Technology at the University of the South Pacific Cook Island Campus), from a technical perspective (use of devices for accessing the internet), safety and security one (guidance on sourcing and instruction, use basic software applications, SaaS and coding) and business development (moving online, starting a digital business).</p> | <p>There is limited access to up-to-date education and training embedded in high school and tertiary curricula on the current and future tech-related needs, such as app development, content development, AI and machine learning.</p> | Phase 2 |
| <p>Measure S.1.2: Promote digital literacy in new sectors beyond tourism (for instance in financial services or in creative industries, for which Cook Islands expertise has been recognized, such as the Moana Pasifika app, Film Raro). New donor-funded projects could for instance include digital literacy and digital financial literacy actions. This would also accelerate trade in services in Cook Islands beyond the tourism sector</p> | <p>Digital literacy and digital financial literacy efforts are limited to the tourism sector, while there is strong demand in other sectors of the economy, such as the arts and finance. Mainstreaming digital readiness and literacy in any new business development projects will accelerate the development of digital services and digital-only businesses in the Cook Islands, which could help to reverse the brain drain.</p> | Phase 4 |

**Strategic Output S.2:
Leverage existing regional and international initiatives to enhance digital entrepreneurship**

| | | |
|--|--|----------------|
| <p>Measure S.2.1: Government to champion a training program for businesses (complementing services for start-ups already offered by BTIB and BLP) to enable them to transition to online, and to onboard local and regional and global marketplaces.</p> | <p>While there is a clear interest for moving online and exporting through online platforms, the lack of information, training, mentoring and incubation means local businesses seek support overseas or operate their business from New Zealand. Tools exist in PIFS, PTI and BLP to help entrepreneurs start their online journey.</p> | Phase 3 |
|--|--|----------------|

Measure S.2.2: Establish e-commerce mentors programme in Pa Enea, enabling mentors from Rarotonga to work with Pa Enea communities to take steps toward moving marketing and/or transactions. This action could use existing programmes (ITC, PTI, Business Link Pacific etc.) / NGOs to integrate digital skills into their business support programs.

Enhance Pa Enea awareness of existing programs to support entrepreneurship.

Limited business opportunities associated with diminishing number of inhabitants accelerate the so-called brain drain. Creating new opportunities through digital means will support local development and support development of more localised opportunities. While there are numerous programs oriented towards business development, there could be more focus placed on mentoring for adoption of digital marketing, online banking and accounting, and online transactions

Phase 4

Access to Finance

Access to finance challenges for businesses seeking finance from Cook Islands retail banks in general in the Cook Islands are exacerbated by the lack of information and knowledge of digital economy.

Some of the challenges analyzed earlier in this report are stringent lending criteria (e.g. high credit score requirements, strict collateral requirements, requirements for documentation that can be hard to find (e.g. land records), the cost of borrowing from retail banks being higher than in comparable markets), making it more expensive for businesses to secure financing in the e-commerce sector.

In addition to the above, several other factors affect access to finance in the digital sector:

- **Lack of market knowledge regarding digital products:** Cook Islands retail banks may lack market knowledge relevant to digital products, which can make it difficult for them to accurately assess the creditworthiness of businesses and make informed lending decisions.
- **Limited venture (higher-return for higher-risk) capital:** There is a limited pool of venture capital and other forms of investment available, making it difficult for digital entrepreneurs to secure the funding they need to start and grow their businesses.
- **Small size:** The small size of the local market in the Cook Islands may make it challenging for digital entrepreneurs to attract investment from venture capital firms and other investors who are seeking large potential returns.
- **High risk perception:** Investors may view digital entrepreneurship in the Cook Islands as high risk, given the challenges associated with operating a business in a remote location.

While these challenges can make it difficult for digital entrepreneurs to secure financing from Cook Islands, in other countries, there are alternative sources of financing available, such as microfinance institutions, crowdfunding platforms, and grants that should be explored.

To address key access to finance objectives, this priority has two strategic outputs:

- Strategic Output F.1: Adapt access to finance services to the specific needs of digital entrepreneurs.
- Strategic Outputs F.2: New sources of funding are made available to the Cook Islands.

The measures associated each of these Strategic Outputs are listed in the table below, with an associated justification for each measure:

**Strategic Output F.1:
Adapt access to finance services to the specific needs of digital entrepreneurs**

| Measures | Justification | |
|--|--|----------------|
| Measure F.1.1: Banks to continue to develop internal capacity to familiarize themselves with digital economy, e-commerce ecosystems and models, to improve access to finance for start-ups, digital businesses, and e-commerce businesses, as they pivot after COVID-19. | Banks have been reluctant to lend credit to the digital / e-commerce entrepreneurs and start-ups, resulting in start-ups seeking funds overseas. | Phase 2 |
| Measure F.1.2: Support tech start-ups in preparing loan & investment applications to be considered eligible and bankable by commercial banks. This should use existing business mentoring and training programs. | Support to develop 'bankable' lending proposals can help businesses accurately convey the risks and opportunities. | Phase 3 |

**Strategic Output F.2:
new sources of e-commerce funding are made available to the Cook Islands.**

| | | |
|--|---|----------------|
| Measure F.2.1: Invite new non-bank sources of funding (Venture Capital, Angel Investors, Seed Funding from New Zealand) to look into Cook Island E-Commerce sector (as occurred in Fiji and PNG) | <p>Financing for e-commerce ventures is generally made through personal finance, family, relatives or through the NZ banking system.</p> <p>An initiative could be at the national level or, with collaboration, at a regional (e.g. Venture South Pacific) or sub-regional (e.g. Polynesia/South Pacific) level.</p> | Phase 3 |
| Measure F.2.2: Partnership between public and private sector (and regional stakeholders) to organize a "Start-ups & Angels" event in the Cook Islands (or regionally) as a matchmaking between non-traditional finance providers (like angel investors) and local start-ups. | Despite being a small market, there is very little knowledge on financing opportunities and needs. A catalytic event like "Start-ups & Angels" can act as a trigger to put the Cook Islands on the map of investors in the digital space. | Phase 4 |

4

The Way Forward: Cook Islands E-Commerce Acceleration Work Plan

The Cook Islands E-commerce Acceleration Work Plan should be implemented through a series of measures related to the seven Priority Areas analysed in this report. The tables below detail the timeline and roles and responsibilities for the implementation of this work plan.

For each **Policy Area**, there are a number of **Strategic Outputs**, identified by a unique letter, e.g. "L" for Legal & Regulatory, and sequentially numbered e.g. L.1, L.2 etc.

For each **Strategic Output**, there are a number of **Measures**, identified by a unique number related to the Strategic Output, and sequentially numbered e.g. L.1.1, L.1.2 etc.

The table below also indicates the **suggested priority** of the measure, based on the proposed implementation phases: **1-Key Priorities, 2-Higher Priorities, 3-Medium Priorities, 4-Lower Priorities, 5-Additional Activities.**

| Strategic Output | | Priority / Phase | | | | |
|--|---|----------------------|--|--|--|----------|
| Legal and Regulatory Framework | | | | | | |
| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
| Strategic Output L.1: Adoption of Laws to recognise key e-transaction and cybersecurity objectives, based on international standards. | | | | | | |
| L.1.1 | Adopt a Law on E-transactions, based on international standards | MFEM / Crown Counsel | An e-transactions law based on international standards is adopted. | The Cook Islands has no economy-wide law that recognises legal equivalence between paper-based and electronic-based information. | Adoption and implementation of an E-Transactions Law, based on UNCITRAL Model Law. | 1 |

Measure

Priority / Phase

Legal and Regulatory Framework

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|--|--|----------------------------|---|--|---|----------|
| Strategic Output L.1: Adoption of Laws to recognise key e-transaction and cybersecurity objectives, based on international standards. | | | | | | |
| L.1.1 | Adopt a Law on E-transactions, based on international standards | MFEM / Crown Counsel | An e-transactions law based on international standards is adopted. | The Cook Islands has no economy-wide law that recognises legal equivalence between paper-based and electronic-based information. | Adoption and implementation of an E-Transactions Law, based on UNCITRAL Model Law. | 1 |
| L.1.2 | Adopt provisions of the current Crimes Amendment Bill that relate to Cybersecurity | MFEM / Ministry of Justice | Provisions of the current Crimes Amendment Bill relating to cybersecurity are adopted. | Provisions on cybersecurity are embedded in current draft Crimes Bill, that has not been passed by parliament | Adoption of provisions relating to cybersecurity, whether as part of Crimes Bill or otherwise. | 2 |
| Strategic Output L.2: Adoption of a regulatory framework to enhance consumer protections online, including for data security and privacy. | | | | | | |
| L.2.1 | Implementation of the Small Claims Tribunal and resourcing of existing consumer redress mechanisms | Ministry of Justice | A functioning small claims tribunal. Appropriate level of resourcing for additional consumer redress mechanisms under the CRA and INTAFF. | The Small Claims Tribunal Act 2008 established the legal framework for a small claims tribunal, but this has not been implemented. | A functioning small claims tribunal. | 2 |
| L.2.2 | Adoption of a Law on Data Protection and Privacy | OPM / Crown Counsel | Adoption and implementation of an economy-wide law that establishes obligations for collection, storage and use of personal data. | The Cook Islands has no economy-wide law that ensures protection and privacy of data. | Adoption and implementation of an economy-wide law that establishes obligations for collection, storage and use of personal data. | 4 |



| | | | | | | |
|-------|--|-------------------------------------|--|---|---|---|
| L.2.3 | Amendments to Consumer Protection Laws to enhance applicability to online transactions | MFEM / Ministry of Internal Affairs | Provisions in consumer laws that specifically address online consumer risks are adopted as amendments to the existing laws. These may include more specificity about information to be provided by sellers to buyers and requirements for transparent terms and conditions, including dispute resolution. | The Consumer Guarantees Act and Fair Trading Act do not currently have specific provisions regarding online transactions. | Provisions that address specific e-consumer risks are incorporated into the Consumer Guarantees Act and Fair Trading Act. | 5 |
|-------|--|-------------------------------------|--|---|---|---|

Strategic Outputs L.3: Awareness and understanding of e-commerce rights and obligations are strengthened among businesses and consumers.

| | | | | | | |
|-------|--|---------------------------------------|--|---|--|---|
| L.3.1 | Extend Internal Affairs consumer protection campaigns to include a focus on online business and social commerce | Ministry of Internal Affairs (INTAFF) | INTAFF extends its existing consumer campaigns to raise awareness of rights and obligations under existing laws in relation to online business. This does not need to wait for new legal frameworks. | Existing campaigns on consumer protection contain minimal specific information on online risks. | INTAFF to incorporate advice on e-commerce risks as part of its consumer awareness campaigns. The Ministry may consider the development of a specialist certificate as part of its 'business induction' training, extending its current practice. | 3 |
| L.3.2 | Expand training delivered by BTIB and the Cook Islands Chamber of Commerce to include modules on rights and obligations of online business and social commerce | BTIB / Cook Islands CoC | BTIB and Cook Islands Chamber of Commerce have developed material for their business-focused training on rights and obligations of online business. | BTIB and Cook Islands Chamber of Commerce business training on e-commerce is minimal. There is no specific material developed to train businesses on e-commerce rights and obligations. | A basic syllabus is developed for business training on rights and obligations in the e-commerce sector. BTIB also delivers this training in the Pa Enea as part of its regular Pa Enea business training. | 4 |

Electronic Payments

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|--|---|----------------------------------|---|--|--|----------|
| Strategic Output P.1 Increased choice in the payment services sector to reduce business and consumer costs. | | | | | | |
| P.1.1 | Modernise Money Changers & Remittance Business Licence 2009) and related regulatory framework to establish 'Money Service' licence. | Financial Supervisory Commission | A modern regulatory framework for payment service providers that brings the Cook Islands into line with international standards and encourages new providers and services. | The Money-Changing & Remittance Businesses Act of 2009, which has to deal with the complexities of new payment services by placing conditions on licences. | A revised legal framework creating a specific licence for payment services, such as a 'Money Service Licence' or similar. By 2024 to have policy and drafting instructions completed | 1 |
| P.1.2 | Local transaction pricing scheme, using Bank Identification Number (BIN) scheme and/or local switch. | Banking Taskforce | A local card switch, used in conjunction with local BINs, could recognise local-to-local transactions and could allow the application of a lower fee from the major card schemes. This should reduce costs for Cook Islands consumers, based on lower costs to the banks for these types of transactions. | Local BIN scheme being rolled out, but not yet universal. No local switch. | Full implementation of local BIN scheme by all banks. A rapid cost-benefit analysis on introduction of a local switch. Study could identify and quantify the reduction in cost of transactions for Cook Islands consumers. | 1 |
| P.1.3 | Facilitate new offerings and new entrants into the payments ecosystem, consistent with legal framework. | Financial Supervisory Commission | Payments services are offered by both bank and non-bank service providers in the Cook Islands | At present, banks present the only mechanism for payments services | At least one non-bank service provider is licensed to provide payments services in the Cook Islands. | 2 |



Strategic Output P.2 Strengthened awareness and utilisation of electronic payment solutions in the Cook Islands (including by Government).

| | | | | | | |
|-------|--|---------------------------------------|---|--|--|----------|
| P.2.1 | Establish campaign to encourage re-shoring banking for Cook Island businesses | MFEM, Banking Taskforce | <p>A consistent year-on-year reduction in the estimated NZ\$30m per annum in revenue earned in the Cook Islands that is banked in accounts offshore.</p> <p>Delivery of a campaign for re-shoring banking business.</p> | <p>An estimated NZ\$30m per annum in revenue earned in the Cook Islands that is banked in accounts offshore.</p> <p>No campaign to encourage re-shoring of banking services.</p> | <p>By 2027, have delivered a campaign to encourage Cook Island businesses to 're-shore' banking services to the Cook Islands.</p> <p>Re-estimate the quantum of annual third-party booking fees (and related monies) that remain offshore, with a reduction in the baseline.</p> | 2 |
| P.2.2 | Government to phase-out use of cheques for payment for services and adopt electronic payment tools to support market development | MFEM / All Government Agencies | A growing number of Government service-related payments are accessible through online payment mechanisms, including PoLi and similar services. Cheques are no longer used for payment for services. | A small but growing number of payment service-related payments are accessible through online payment mechanisms. | By 2027, a commitment (partially implemented) to move Government service-related payments to online mechanisms. Commitment extends to fully phasing out cheques. | 2 |
| P.2.3 | Establish an ongoing program for Digital financial literacy including use of online payment tools for business | INTAFF/BTIB CI Chamber of Commerce | <p>INTAFF/BTIB and the Cook Islands Chamber of Commerce have developed material on financial literacy, including the use of online payment tools for business, and deliver these as part of their regular training program.</p> <p><i>(See Measure L.3.2 for opportunities to combine activities)</i></p> | INTAFF/BTIB and Cook Islands Chamber of Commerce business training on the use of online payment tools is minimal. There is no specific material developed for business training. | <p>A basic syllabus is developed for business training on rights and obligations in the e-commerce sector – available for use by INTAFF/BTIB and the Chamber of Commerce.</p> <p>BTIB also delivers this training in the Pa Enea as part of its regular Pa Enea business training.</p> | 5 |

Strategic Outputs P.3 Strengthened bank electronic interoperability.

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|-------|---|-------------------|---|--|---|---|
| P.3.1 | BACI to consider impact of implementing NZ-style regulation specifically allowing merchants to pass on the scheme (visa, mastercard etc.) fees. | Banking Taskforce | Implementation of a BACI consensus approach to merchant itemisation of surcharges. | Card schemes (visa, mastercard etc.) mandate that fees are not allowed to be passed onto consumers. | Implementation of a BACI consensus position on merchant fees itemisation. Merchants are aware of the change. | 3 |
| P.3.2 | Establish mandate for numeric bank account numbers, standardised across Cook Islands | Banking Taskforce | The establishment of a standardised format for bank account numbers, to reduce interbank settlement delays. | No standardised format for bank account number exists. | An assessment of the impact of the standardised format for bank account numbers, to assess and quantify any reduction in interbank settlement delays since prior to the introduction of the standardised format. Note that this action may also give rise to other bank 'interoperability' challenges which can be addressed. | 3 |
| P.3.3 | BACI to assess 'transactional' (not full) integration with NZ Banking System | Banking Taskforce | Quantifiable reduction in the speed of interbank settlements between the Cook Islands and New Zealand resulting from an amendment to the 2017 Financial Transactions Reporting Act's definition of 'domestic electronic funds transfer' to include New Zealand transfers) will reduce interbank settlements between the Cook Islands and New Zealand. May require consultation with Reserve Bank of NZ. | No clear position on the opportunity for the transactional integration to expedite Cook Islands-NZ interbank settlement. | Completion of a process (e.g. study under BACI) to assess the impact of the 'transactional integration' proposed. | 4 |



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| P.3.4 | Examine prospects for a unified payment gateway (or similar) for the Cook Islands | MFEM | A functioning and interoperable (between banks) unified payment gateway (or similar) for the Cook Islands, supporting lower costs and reducing delays in international payments. This is likely to be a private sector-led initiative. | No Cook Islands unified payment gateway (with interoperability among Cook Islands banks) exists. | A unified payment gateway (with interoperability among Cook Islands banks) is functioning. | 5 |
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E-commerce Policies and Strategies

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|---|--|------------------|---|--|--|----------|
| Strategic Output E.1: Enhanced coordination and visibility of Government actions in the Digital Economy. | | | | | | |
| E.1.1 | Formalise government agency coordination on digital economy. | OPM-ICT | Improved collaboration and coordination between government agencies, as evidenced by increased information sharing, joint initiatives, and unified decision-making on digital economy. Appointment of a single focal point on digital matters in the CIG | Responsibilities scattered among several agencies (infrastructure, e-government, economy). No digital committee. | Chief Digital Officer / CIG CIO or equivalent fully functioning and overseeing all aspects of the digital transformation | 2 |
| E.1.2 | Streamline and coordinate external funding for digital. | OPM-ICT | A resource mobilization and implementation strategy for CIG digital transformation is available. | Limited to no external funding on digital. | Single point of coordination for management, implementation and monitoring of digital projects. | 3 |

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| E.1.3 | Enhance quality of data and statistics on digital. | OPM-ICT | Contribution to regional and international database, using international statistical standards, which would suggest that the statistical system is providing accurate and comparable data for use in policymaking, business decision-making, and research. | Data on e-commerce and digital provided to regional and integrational organizations limited to infrastructure and connectivity. | Data on 40 digital indicators are collected and shared with relevant regional and international organizations. | 5 |
|-------|--|---------|--|---|--|---|

Strategic Output E.2: Business support association provide services on digital economy opportunities.

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|-------|---|-----------------|--|--|---|---|
| E.2.1 | Enhance the capacity and tools of business association to provide services on digital transformation to the business community. | MFEM, CoC, BTIB | Number and scope of services offered by business association, as well as on-demand experts included in association networks. | No support readily available for the industry (Business Link Pacific has initiated such programmes in 2022). | Advisory services available for digital start-ups, database of support service providers accessible online. | 3 |
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Strategic Output E.3: Safety of transacting online is increased.

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| E.3.1 | Extend the proposed national ID system to forms of internationally recognised digital ID. | MOJ, MFEM | Rate of adoption of digital ID by citizens and residents. Improved delivery of government services, as a result of the use of digital ID to verify identity and access services, which would suggest that the system is reducing the time and effort required for citizens to access services. | Digital ID not considered for inclusion in national ID system. | Each consumers and business (sellers and buyers of goods and services) has a unique digital ID valid for domestic and international transactions. | 4 |
|-------|---|-----------|---|--|---|---|



ICT Infrastructure

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|---|--|------------------|---|---|---|----------|
| Strategic Output I.1: Enhanced last mile connectivity and reliability in both Rarotonga and Pa Enua. | | | | | | |
| I.1.1 | <p>Clearer communication regarding the deployment of fibre and 4G on Rarotonga.</p> <p>Note: While Vodafone remains responsible, the Government of the Cook Islands will support through enhanced communications on status and impact to Cook Islanders.</p> | Vodafone, CRA | <p>Increase in the number of households and businesses with access to high-speed internet, which would suggest that the ICT infrastructure has improved.</p> <p>Improved quality of internet connectivity, with faster speeds and more reliable connectivity, indicating that the ICT infrastructure has been upgraded.</p> | Mobile connections were equivalent to 35.3 percent (GSMA, 2022). Share of mobile connections that are broadband (3G, 4G, 5G): 52.4% | Mobile connections equivalent to 80% of the population, with 100% of the mobile connections broadband. | 2 |
| I.1.2 | Set up data redundancy, develop a disaster recovery plan, and consider using privately managed cloud services. | OPM | <p>Increase in the amount of data that can be securely stored, which would suggest that data redundancy and data safety have been improved.</p> <p>Adoption of data backup and disaster recovery solutions, such as cloud storage and backup services, indicating that businesses and organizations have taken steps to ensure the safety and availability of their data.</p> | No information available on data stored in local data centres. | CI's citizen and business data are safe, stored and easily retrievable in case of major disasters, with redundancy plans made using cloud-based services. | 3 |

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|-------|--|-----|---|--|---|---|
| I.1.2 | Set up data redundancy, develop a disaster recovery plan, and consider using privately managed cloud services. | OPM | <p>Increase in the amount of data that can be securely stored, which would suggest that data redundancy and data safety have been improved.</p> <p>Adoption of data backup and disaster recovery solutions, such as cloud storage and backup services, indicating that businesses and organizations have taken steps to ensure the safety and availability of their data.</p> | No information available on data stored in local data centres. | CI's citizen and business data are safe, stored and easily retrievable in case of major disasters, with redundancy plans made using cloud-based services. | 3 |
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Strategic Output I.2: Access to new solutions and services facilitated.

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| I.2.1 | Broaden community access to satellite connectivity through Starlink and other established providers, notably in the Pa Enea, including addressing tax obligations of satellite internet providers as appropriate. | MFEM, OPM-ICT, CRA | Attraction of businesses that rely on satellite connectivity, such as remote monitoring, telemedicine, and e-commerce, indicating that the Cook Islands is seen as a location with a supportive and reliable satellite infrastructure. | Starlink and equivalent services not operational yet. Patchy satellite coverage across the Exclusive Economic Zone. | Satellite connectivity with a minimum download speed of 120Mbps covering 70% of the EEZ territory. | 4 |
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| I.2.2 | Implement plan to develop a Universal Access Policy (UAP), in line with Telecommunications Regulation Act 2019, that would enable the Cook Islands to prioritise ICT connectivity, notably in the less well-equipped Pa Enuu. | CRA | <p>Increase in the number of households and businesses with access to telecommunication services, such as voice and data connectivity, which would suggest that the UAP has been effective in increasing access to telecommunications.</p> <p>Adoption of new technologies, such as mobile broadband, cloud computing, and e-commerce, which would suggest that businesses and consumers have access to the latest telecommunications services and solutions.</p> | No UAP in place. | Revenue generated via UAP support deployment of connectivity in remote / underserved islands (including via satellite connections). | 5 |
|-------|---|-----|---|------------------|---|---|

Strategic Outputs I.3: G2B and G2C services diversified, and information disseminated.

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|-------|---|---------------|---|--|---|---|
| I.3.1 | CIG to develop a consistent set of G2B and G2C applications to list all ministries and agencies online services and communicate on them, including offering online payment, to incentivize more businesses and consumers to use online methods. | OPM-ICT, MFEM | Number of G2B and G2C services deployed by CIG. | Limited online applications offered by Government agencies. No options for online payment via immediate bank transfers or cashless solutions. Use of cheques as payment in some instances. | Each agency has digitalized some of its paper-based processes and offers G2B and G2C services, including online payment. Cheques fully phased out of Government payment services. | 3 |
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| I.3.2 | Consistent user experience in availing of G2B and G2C services (similar graphic identity and functionalities). | OPM, MFEM | Unique graphic identity for all CIG online G2B and G2C services. | Basic web services with limited to no graphic design. | All online services provided by CIG use the same graphic identity, (possibly with trust mark seal). | 3 |
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Logistics and Trade Facilitation

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|---|---|------------------|---|---|--|----------|
| Strategic Output T.1: Innovative cargo consolidation solutions and improved cross-border clearance lower the costs of digital trade for small businesses | | | | | | |
| T.1.1 | Fully implement ASYCUDA across all stakeholders / agencies to fully realise the benefits of a single digital Customs system. | MFEM (CICS) | Improvement in the efficiency and speed of customs processes, such as clearance and declaration, as a result of the implementation of ASYCUDA, which would suggest that the system has been effectively adopted across all stakeholders and agencies. | Implementation of ASYCUDA has just started through a PPIU-funded project. | Traders, shippers can clear goods using ASYCUDA in conformity with WCO and OCO guidelines, including deminimis thresholds for low value shipments. | 2 |
| T.1.2 | Setup Freight Sharing App/ Platform that can match small, medium, and large cargo and destinations (especially A/NZ) to reduce freight costs. | CoC, BTIB | Volume and/or value of consolidated cargo low value shipments for export. | No existing support / tool on the consolidation of low value shipments. | An online collaborative tool or platform helps shippers to aggregate cargo for import and export. | 2 |



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|-------|---|-------------|--|---|---|---|
| T.1.3 | Develop a user-friendly website for the Customs Department so traders can benefit from clear rules, instructions and process to clear import and export, including of small parcels. Approach might be extended later to other agencies involved in cross-border trade. | MFEM (CICS) | Improved compliance with customs regulations, which would suggest that the system is helping to ensure that customs duties and taxes are paid in accordance with the law. Reduction in trade barriers, which would suggest that the system is improving the ease of doing business in the Cook Islands. | User journey in the current public interface of the Cook Islands Customs Service is very challenging and not user-friendly. | Seamless user journey allowing any customs clearance documentary process to be completed in less than 15 minutes, including online payment (international best practices) | 3 |
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Strategic Output T.2: First mile and last mile delivery improved in Rarotonga

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|-------|---|---------------------|---|---|---|---|
| T.2.1 | Enhance the capacity of postal services to improve local deliveries of small parcels and create / support new local deliver services (possible to use environment-friendly transport modes) at a reduced cost (system would enable digital notification of mail arrivals as well as proper track and trace services for once a parcel leaves the Cook Islands), with a particular focus on to/from Australia. | ICI, MFEM, Vodafone | Number of small and medium-sized enterprises offering online sales. Improved customer satisfaction with the speed and reliability of delivery. | Vodafone is providing limited postal services and is not availing of UPU's ORE, DRE and PRE capability. | Postal services include e-commerce related functionalities offered at a competitive price in line with UPU standards. | 4 |
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| T.2.2 | Provide support to development of a physical addressing system for more efficient first mile and last mile logistics on Rarotonga. | ICI, Vodafone | Increased efficiency of delivery and logistics operations, as a result of the use of a physical addressing system, which would suggest that the system is reducing the cost and complexity of delivering goods and products. | Current mapping of Rarotonga's addresses based on proprietary data only (not publicly available). | All residential addresses formally registered in Rarotonga are mapped into a publicly available database compatible with UPU's standards. | 5 |
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Skill Development

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|---|---|------------------|---|---|---|----------|
| Strategic Output S.1: Digital entrepreneurship and tech are mainstreamed in education and training curricula | | | | | | |
| S.1.1 | Enhance collaboration between Government agencies and education bodies to mainstream digital in adult training programmes, from a technical perspective (use of devices for accessing the internet), safety and security one (guidance on sourcing and instruction, use basic software applications, SaaS) and business development (moving online, starting a digital business). | MoE, CoC | Number of digital-related curricula / modules / training programmes delivered by education and training institutions. | Training and education curricula are focusing on ICT administration and networks (hard infrastructure) and very limited offer on soft infrastructure. | Digital tech/digital infrastructure training curricula have been accredited by relevant body and integrated in education and training programmes taught online and on-site. | 2 |



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|-------|---|----------------|---|--|---|---|
| S.1.2 | Promote digital literacy in new sectors beyond tourism (for instance in other services or in creative industries, for which Cook Islands expertise has been recognized, such as the Moana Pasifika app, Film Raro). New donor-funded projects could for instance include digital literacy and digital financial literacy actions. This would also accelerate trade in services in Cook Islands beyond the tourism sector. | MFEM, CoC, FSC | Adoption and use of digital technologies by businesses / businesses outside the tourism sector Number of businesses / businesses outside the tourism sector with an online presence. | The number of registered businesses with active online presence and online payment options in Rarotonga is less than 100, with more than 80% in the hospitality industry | The number of registered businesses with active online presence and online payment options in Rarotonga is around 1000, with more than 30% in non-tourism related businesses. | 4 |
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Strategic Output S.2: Leverage existing regional and international initiatives to enhance digital entrepreneurship

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| S.2.1 | Government to champion a programme that offer training for businesses (complementing services for start-ups already offered by BTIB and BLP) to enable them to transition to online, and to onboard local and regional and global marketplaces. | MFEM, CoC, BITB | Number of Cook Islands businesses (vendors) listed on local and regional marketplaces. | No offline to online (O2O) business toolkits or mentor services available. | Incubator or mentor programme for O2O offered by leading associations enables at 25 businesses/ month to move online. | 3 |
|-------|---|-----------------|--|--|---|---|



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|-------|--|----------------------------|---|---|---|---|
| S.2.2 | <p>Establish e-commerce mentoring programme in Pa Enuā, enabling local communities to do business online at a lower cost and with lower bandwidth, using existing programmes (ITC, PTI, etc.) / NGOs to integrate digital skills into their community programs.</p> <p>Enhance awareness of existing entrepreneurship programs available in Pa Enuā.</p> | MFEM, CoC, Local Chambers, | <p>Number of businesses in the Pa Enuā offering online sales and expanding their reach to new markets</p> <p>Adoption of digital technologies and payment systems by businesses in the Pa Enuā.</p> | <p>The number of registered businesses with active online presence and online payment options in the Pa Enuā is less than 25, with more than 80% in the hospitality industry.</p> | <p>The number of registered businesses with active online presence and online payment options in Rarotonga is around 250, with more than 30% in non-tourism related businesses.</p> | 4 |
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Access to Finance

| No. | Measure | Lead Agency(ies) | Indicator of Success | Baseline 2023 | Target 2027 | Priority |
|---|---|---------------------------------------|---|---|--|----------|
| Strategic Output F.1: Adapt access to finance services to the specific needs of digital entrepreneurs. | | | | | | |
| F.1.1 | Banks to continue to develop internal capacity on digital economy, e-commerce ecosystems and models, to improve access to finance for start-ups, digital businesses, and e-commerce businesses, as they pivot after COVID-19. | MFEM, FSC, CIF (Cook Islands Finance) | <p>Creation of new financing products and services specifically for tech start-ups.</p> <p>Increased collaboration and partnerships between banks and tech start-ups.</p> | ICT and tech specialized services externalized by banks and offer on a demand-basis only. | <p>Each commercial bank has at least one person in-house with specialist knowledge of reviewing loan requests and investment proposals for digital related investments.</p> <p>Each bank provides support to integrate payment API in established platforms.</p> | 2 |
| F.1.2 | Support businesses in preparing loan & investment application for digital. This should use existing business mentoring and training programs. | MFEM, FSC, CIF (Cook Islands Finance) | <p>Number of startups receiving financing from local banks.</p> <p>Volume of loans and investment in the digital sector.</p> | No dedicated support to prepare loan request or investment proposal. | Mentorship allows digital tech to submit eligible proposals to commercial banks meeting all criteria. | 3 |

Strategic Output F.2: new sources of funding are made available to the Cook Islands.

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| F.2.1 | Invite new non-bank sources of funding (Venture Capital, Angel Investors, Seed Funding, Crowdfunding from New Zealand) to look into Cook Island E-Commerce sector. | MFEM, CoC | Number of tech startups receiving financing from a range of non-bank sources. | No awareness of venture capital channels for funding into the Cook Islands. | <p>Every year at least one Cook Islands digital entrepreneur business raises seed, crowdsourced or venture funding.</p> <p>Cook Islands businesses actively engaged in the Venture Capital newsletters, events and networks that exist in the region.</p> | 3 |
| F.2.2 | Partnership between public and private sector to organize a "Start-ups & Angels" event in the Cook Islands (or regionally) as a matchmaking between non-traditional finance providers (like angel investors) and local start-ups. | MFEM, CoC | <p>Number of mentorship and advisory relationships formed between startups and experienced entrepreneurs.</p> <p>Investment in technology startups as a result of exposure at accelerator events.</p> | Start-ups & Angels or similar events not organized in the Cook Islands. | <p>Every year at least one Cook Islands businesses participates in a VC and/or angel investors event.</p> <p>This may be in the Cook Islands, sub-regionally or regionally.</p> | 4 |





Annex 1

2020 and 2022 Survey Comparisons

| | 2020 Nextrade Survey Results via computer assisted telephone interviews | 2022 Preliminary e-commerce Survey Results |
|----------|--|--|
| 1 | Respondent Demographics | |
| 1.1 | <p>71 respondents 68% = micro-enterprises (1-10 employees) 29% = small firms (11-50 employees) 3% = more than 50 employees 4% led by a female CEO</p> | <p>67 eCommerce stakeholder respondents 66% respondents were female 43% aged between 25-44 years 57% aged 45-75 years 82% were tertiary trained 96% were employed (or self-employed) 56% were Cook Islanders Size of organisations 33% 1-5 employees 14% 6 – 20 employees 25% 21-50 employees 22% 50+ employees (mainly working in government departments)</p> |
| 1.2 | <p>24% in retail 18% restaurants 11% clothing and footwear 9% accommodation 8% jewellery and fashion accessories 5% electronics 25% other</p> | <p>48% of respondents work in Government 37% were in private sector 15% were NGO or unemployed 78% of respondent organisations/businesses were on Rarotonga The majority of respondents worked in government departments with representatives from all areas of the private sector businesses.</p> |
| 2 | Internet Access and digital management | |
| 2.1 | Most firms use smartphones to get online (85% for small firms, and 95% for micro) | Type of internet access 84% can access internet via mobile phone |
| 2.2 | Fixed broadband used by 35% of both businesses | 61% have home broadband 55% use work broadband 51% use wifi hotspots 9% have their own satellite dish |
| | | How frequently do you shop online 42% shop at least once a month 30% shop at least once a year 15% never shop online |
| 2.3 | Firms rely heavily on manual processes in their operations and to identify supplier manually. (82% for small, 95% for micro) | Not assessed in 2022 survey |
| 2.4 | Management of supply chain information using PCs, manually updated (e.g using Excel) – about 95% for both groups | Not assessed in 2022 survey |
| 2.5 | Use of online social media, specialised apps or digital platforms (30%-35%) | Online marketing platform 73% use their own website 79% use social media 58% use both website and social media 20% use a mobile app or online marketing |

| | | |
|----------|--|---|
| 2.6 | Production or operations planning 85% - 95% handwritten processes 95% - use computers with standard software (e.g. Excel) 35% (Micro), and 40% (small) use mobile apps or digital platforms | Not assessed in 2022 survey |
| 2.7 | Collect and analyse information from customers for marketing or product development 98% - use face-to face chat 93% - use online chat (whatsapp or internet) 3% (Micro) , 5% (small) – use structured surveys by phone, face to face, online or focus groups | Not assessed in 2022 survey |
| 3 | Use of technical experts | |
| 3.1 | 2% (micro) and 5% (small) had hired professionals 38% (micro) and 35% (small) tried but did not hire | Not assessed in 2022 survey |
| 3.2 | 3% identified no challenges 10% stated a lack of available professionals 50% state a lack of high-skills professionals 35% said that high salaries were required | Not assessed in 2022 survey |
| 4 | Sales channels and use of e-commerce | |
| 4.1 | 52% neither sell nor buy online 40% sell online 8% buy and sell online | Purchases made online 69% of all respondents purchase goods online Payments made for online purchases 42% buy using a local credit/debit card 25% buy using an overseas credit/debit card 16% buy using TTs with local and overseas banks Proportion of total purchases (67) made online 13% of respondents buy more than 50% of total purchases online 22% buy between 25% and 50% 27% buy less than 25% of total purchases online |
| 4.2 | 6% sell via direct sales at their business outlet 80% sell via direct sales by phone, email orders or sales representatives 10% sell via external digital platforms 2% sell through social media platforms or apps 2% sell through their own website | 63% of the business respondents (35) sold goods online Online sales made by businesses 25% - above 50% of business sales are online 14% - sell between 25%-50% online 10% - sell less than 25% online 14% were not sure about how much they sold online |

| | | |
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| 4.3 | For those businesses that sold via electronic orders or their website 20% made no yoy growth 35% made 0.1%-5% yoy growth 30% made 5.1% - 10% yoy growth 10% made 10.1% - 20% yoy growth 2% made over 20% yoy growth | Not assessed in 2022 survey |
| 4.4 | For those businesses that did not accept electronic orders 25% made no yoy growth 70% made 0.1%-5% yoy growth 5% made 5.1%-10% yoy growth 2% made 10.1-20% yoy growth | Not assessed in 2022 survey |
| 5 | Challenges for Cook Islands firms to adopt new equipment, machines, software or processes to improve its performance | |
| 5 | <p>Top 5 challenges</p> <ol style="list-style-type: none"> 1. Lack of information about what is available 2. Too costly or not convinced of the economic benefit 3. Uncertainty of demand 4. Difficulty in obtaining finance 5. Lack of knowledge about how to acquire it and technical skills require to support this equipment | <p>Banking and Payment Solutions 82% say this is a challenging or somewhat challenging issue</p> <p>ICT Infrastructure and Services 73% say that this is a challenging or somewhat challenging Issue</p> <p>Capacity and Capability 64% say this is a challenging or somewhat challenging issue</p> <p>Logistics and deliveries 64% say this is a challenging or somewhat challenging issue</p> <p>Access to Finance 50% say this is a challenging or somewhat challenging issue</p> <p>Government Regulation and Policy 45% say it is challenging or somewhat challenging 45% say it is neither challenging nor easy</p> <p>Legal and Regulatory Protections 41% say this is a challenging or somewhat challenging issue</p> |



| 6 | Challenges for small offline sellers to start selling online |
|-----|---|
| 6.1 | <p>Top 5 challenges for micro businesses</p> <ol style="list-style-type: none">1. ROI to start selling online is not clear to me2. Poor or expensive eCommerce-related logistics3. Poor connectivity and IT backbone4. Poorly working online payments5. My team's capacity to engage in eCommerce <p>Building eCommerce Capacity and Capability 94% say this is a critical or somewhat critical issue</p> <p>Improving ICT Infrastructure and Services 93% say this is a critical or somewhat critical issue</p> |
| 6.2 | <p>Top 5 challenges for small businesses</p> <ol style="list-style-type: none">1. Poor connectivity and IT backbone2. ROI to start selling online not clear3. Poor or expensive eCommerce-related logistics4. My team's capacity to engage in eCommerce5. Small size of the domestic eCommerce market <p>Modernising banking and payment solutions 90% say this is a critical or somewhat critical issue</p> <p>Raising awareness and Understanding 85% say this is a critical or somewhat critical issue</p> <p>Addressing Logistics and Delivery Issues 84% say this is a critical or somewhat critical issue</p> <p>Strengthening Legal and Regulatory Protections 84% say this is a critical or somewhat critical issue</p> <p>Improving Access to Finance 78% say this is a critical or somewhat critical issue</p> |

| 7 Business rating of main components needed for an enabling environment | | |
|--|---|--|
| 7.1 | <p><u>Top 5 rated components for domestic eCommerce (for micro and small)</u></p> <ol style="list-style-type: none"> 1. My own or my team's ability to engage in eCommerce 2. Access to finance 3. Online payments 4. Overall regulatory environment for doing business 5. eCommerce and digital regulations eg data privacy, online legal liability, consumer protections, etc | <p><u>The most important legal issue for eCommerce:</u></p> <p>33% say cybersecurity 30% say data privacy 25% say consumer protection 9% say electronic signatures 6% say taxation</p> <p><u>Other important legal issues for eCommerce</u></p> |
| 7.2 | <p><u>Top 5 rated components for cross-border eCommerce</u> <i>(for small businesses, micro was fairly equal across the board)</i></p> <ol style="list-style-type: none"> 1. eCommerce related logistics, including customs 2. Overall regulatory environment for doing business in other markets 3. My own or my team's ability to engage in cross-border eCommerce 4. Access to finance 5. Cost, availability and quality of internet services (connectivity and IT backbone in other countries) | <p>* Policy (Government) and legislation * Not having integrated systems (bank with RMD, Customs and RMD, etc) * Local Bank e-Infrastructure * Local Banks don't have the capability * Payment Gateway * Cost of digital marketing and scaled up website</p> |
| 7.3 | <p><u>Priority Challenges for the Cook Islands</u></p> <ol style="list-style-type: none"> 1. Buyers' access to credit cards 2. Security of online payments in cross-border transactions 3. Cybersecurity concerns 4. Cost of broadband 5. Censorship rules | <p>Not assessed in 2022 survey</p> |
| 7.4 | <p><u>Accepted payment method via online sales</u></p> <ol style="list-style-type: none"> 1. Cash on delivery 2. Paypal, ewallet or other online payment 3. Credit card 4. Internet banking 5. Debit card | <p>Not assessed in 2022 survey</p> |
| 7.5 | <p><u>Accepted payment method via NO online or electronic orders</u></p> <ol style="list-style-type: none"> 1. Cash on delivery 2. Paypal, ewallet or other online payment 3. Credit card 4. Debit card | <p>Not assessed in 2022 survey</p> |
| 7.6 | <p><u>Estimated annual % revenue gain if top 3 challenges to eCommerce were removed</u></p> <p>23% in international markets 22% in domestic markets 19% in production in my company 12% in employment in my company</p> | <p>Not assessed in 2022 survey</p> |



Annex 2

2022 Update on Digital Government Assessment Framework

Annex 2

2022 Update on Digital Government Assessment Framework

| 1. Digital Environment Recommendations | 2022 Update |
|--|---|
| 1.1 The national ICT policy does not contain an action plan, specific timeframes or targets, or clear ownership of and responsibility for the policy | The draft national ICT Policy does not have an action plan or specific timeframes or targets. This is to keep the policy to a minimal size and focus on its vision, key objectives and high-level goals without being too prescriptive, but enabling individual ministries to implement these goals in ways that best meets their own ICT goals, needs and resources while adhering to the key principles of the national policy. |
| 1.2 Several key regulations are still missing from the regulatory framework | To be provided under the 2023 E-Commerce Acceleration Work Plan. |
| 1.3 The ICT OPM role is currently largely limited to providing IT support instead of policy leadership and implementation | <p>Under the new governance structure proposed by new national ICT Policy, the ICT OPM unit will be supported by additional staff in the form of a Digital Officer and a Data and Privacy Officer. They will be supported by a National ICT Governance Committee who will support the implementation of the National Policy and provide more Policy leadership within a collaborative team approach.</p> <p>The <u>ICT Division</u> will:</p> <ul style="list-style-type: none"> *ensure that all citizens are able to engage in the information society with no geographic digital divide *promote effective holistic operational management within Government <p>The <u>Digital Officer</u> will:</p> <ul style="list-style-type: none"> *expand ICT skills and education across communities, business and Government for successful digital engagement and outcomes. *promote expansion of the qualified ICT-skill base in the Cook Islands *promote a Government-wide approach to the use of ICT to improve digital services for citizens and businesses *develop an enabling framework for the digital economy and society <p>The <u>Data and Privacy Officer</u> will:</p> <ul style="list-style-type: none"> *develop systems which build trust in governance, protection and privacy of data *Provide effective protection for consumers engaged in online activities |

The eGovernment Assessment Report proposes (p7) an eGovernment Agency that will be headed by a Chief eGovernment Officer aka Government Chief Information Officer (GCIO), who will be responsible for driving, developing, sustaining and monitoring/ evaluating efforts in three broad areas of “Policy and Programme Formulation”, “Facilities Deployment and Upkeep” and “Capacity Building, partnership and communications”

| | |
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| 1.4 The local ICT resource pool is small due to emigration of talent | Following the easing of travel restrictions caused by the pandemic, the Cook Islands unfortunately suffered from a shrinkage in its working age population. Even before the pandemic, key Cook Islands ICT specialists were moving either to different industries or migrating to NZ and Australia in search of jobs that could better utilise their skills and expertise and would offer better pay that was commensurate with their knowledge and experience. |
|--|---|

Further Recommendations

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| 1.5 Establish a National Strategy Plan with clear aspiration for DG | The National ICT Policy that is being developed will provide the framework for a national strategy for ICT in the Cook Islands |
| 1.6 Carry out a legal and regulatory gap analysis and impact analysis | This activity is being undertaken as part of the E-Commerce Acceleration Workplan. |
| 1.7 Assign clear mandate as well as roles and responsibilities for DG implementation | <p>Within the ICT policy, while the roles of the Chief Digital officer, the Chief Data and Privacy Officer and the ICT Unit are detailed, the role of stakeholder groups is yet to be determined.</p> <p>The e-Government assessment report (2019) proposed an e-Government Office and a Government Chief Information Officer responsible for driving and monitoring the ICT Policy but whose mandate could also run across all Ministries as a champion of e-Government-led transformation in the Cook Islands public sector (p23)</p> |
| 1.8 Provide relevant training to the PMO staff and the ministerial champions | The draft National ICT Policy states that, under the proposed policy, the Chief Digital Officer will be in charge of expanding ICT skills and education across communities, business, and government for successful digital outcomes. |
| 1.9 Engage the private sector from the beginning of DG initiatives | Under the proposed National ICT Policy, the Digital Officer will collaborate with USP, CEIT, CITT, Chamber of Commerce and other private sector organisations to ensure availability of adult education classes in the use of devices for accessing the internet, to provide guidance on sourcing reliable information on the internet, and instruction of basic software applications. It is assumed that eCommerce will also be included into this learning stream of activities. |



| 2. Digital Infrastructure | 2022 Update |
|--|--|
| 2.1 There is no national ID system in the Cook Islands | The Ministry of Justice is in the preliminary stages of development of a national ID system for the Cook Islands. The initial focus is on a physical card as a foundational and progressive step towards a digital model that would be part of the eGovernment system. |
| Further Recommendations | |
| 2.2 Continue the expansion and rehabilitation of power and telecommunication infrastructure | N/A |
| 2.3 Set up data redundancy, develop a disaster recovery plan, and consider using privately managed cloud services | It was noted by the ICT Unit that the plan is for the government to migrate to Office 365 in the cloud which proposes to include data redundancy and disaster recovery as part of the cloud service offering. |
| 2.4 Develop domestic capabilities in cybersecurity that feeds into regional collaboration across the Pacific region | Pacific Fusion Centre. There was talk of integration of data feeds from FIU, MMR (Maritime domain awareness feeds) and Police / Interpol to build a holistic view of threats. This information could then be integrated into the Pacific Fusion Centre to form a regional picture. Australia had previously indicated its support for establishing fusion centres in each of the Forum Island countries. This would require substantial technical people for staffing for which funding is not currently available. OPM ICT may have some limited capabilities within its technical staff. |
| 2.5 Promote financial services and strengthen the regulatory framework | Recommendations to strengthen the legal and regulatory framework especially as they relate to financial services will be covered as part of the e-Commerce Acceleration Workplan |
| 2.6 Develop a national ID system and assess how it could be used for the benefits of the government and the population | <p>Work on the National ID system is currently in its preliminary stages with the Ministry of Justice who will firstly trial a physical card before venturing into a digital format.</p> <p>The introduction of a national ID system will be consistent with those countries that cite national security and a consistent form of identification as their main reason for implementing a national ID system. It also supports SDG Target 16.9 - the ability of individuals to prove their identity, and the ability of service providers to identify beneficiaries and customers.</p> |
| 3. Digitalisation Supply | 2022 Update |
| 3.1 The government have not yet used centred information management systems for shared functions | Few government Ministries have centralized information management systems. There is no coordinated approach to implementing centralized information management systems. Some ministries are part of the centralized physical IT infrastructure system managed under the OPM ICT unit. It is currently migrating the bulk of its infrastructure to the cloud i.e. Microsoft Office 365. |


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| 3.2 The digital public services provided are still limited | Currently this is still the case, however, the development of an eGovernment portal and information system is a work in progress within the ICT Unit. |
| 3.3 There is no specific policy for user-centred design processes | There is currently no specific policy on user centred design. The majority of government departments design their websites around how they function instead of around the needs of users. The e-Government system will provide a model of ensuring that the portal is designed around the needs of users, provides an easy and user-friendly interface and that it is designed in a way that Universal Access principles are incorporated into its service delivery and Government information is easily accessible to its citizen users – from those who consider themselves digital natives to those who may be comparatively new to internet technology. OPM ICT technical team’s capabilities are focused on desktop support. |

Further Recommendations

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|--|--|
| 3.4 Continue business process digitalisation and automation and the establishment of a national e-procurement platform | <p>PPCI is a web-based portal service to improve the access to Cook Islands Government tender opportunities, procurement policies, Capital and National investment plans and other procurement related activities. The Portal was designed to promote transparency, value for money and fair competition with regards to Cook Island Government Procurement Activities. Registering for email notifications on current tender and latest bidding opportunities will soon be made available via the site.</p> <p>All Cook Islands Ministries, Departments and Agencies (MDAs) are encouraged to publish tender opportunities on the PPCI site. The PPCI portal is managed by the Ministry of Finance and Economic Management, Major Project, and Procurement Support division</p> |
| 3.5 Develop interfaces across relevant information systems to facilitate data transfer | Under the new ICT policy, it will be the role of the Data and Privacy Officer to ensure that individuals and other stakeholders are aware of the new data protection and privacy rights and arrangements. |
| 3.6 Plan for sustaining and expanding G2B services, preferably through one platform | <p>Examples of planned expansion include:</p> <p>Tax office - Online Tax submission system</p> <p>Ministry of Justice - Online Company registry system</p> <p>Customs – tracking system for recently arrived goods</p> |
| 3.7 Consider improving information systems and develop online services | <p>The e-Government portal will expect that all government departments maintain their sections of the portal to ensure that all information and forms are regularly updated</p> <p>Priorities will include that all G2G, G2B, G2C etc information is available to the public and any payment processes are enabled.</p> |
| 3.8 Encourage ministries to apply user centred design during the development of systems | Just as it has been suggested that the e-Government Portal focuses its interface design on the needs of Internet end-users, government ministries must also ensure that their websites or information that they are presenting directly to their online customers focus on the principles of Universal Access to ensure that the citizens of the Cook Islands are accessing quality information as well as of other services. |



| 4. Digitalisation Demand | 2022 Update |
|---|--|
| 4.1 No government dashboard implemented | Not as yet but work in progress through the e-Gov portal development. |
| 4.2 Government transparency suffers from inadequate capacity to collect, manage and dissemination information to the general public | This is still the case with regards to much of the government information. During our stakeholder interviews, TradeWorthy found that access to online information about the new Customs system caused a lot of confusion among the business community. But this section needs support in establishing its own website and promoting it among the business and wider community so that they can better understand the constraints under which the Customs section is currently operating. |
| Further Recommendations | |
| 4.3 Analyse key economic sectors and assess the potential of using digital technology and participate in shared services that suit their current needs and priorities | N/A |
| 4.4 Continue to raise awareness of and build trust in the benefits of cashless transactions | <p>The e-Government assessment report (2019) proposed that to legislate or formulate laws and statutes for legal enforceability for eGov would build trust. (p12) Within its grievance redress mechanism, the government proposed that as a measure of enhancing citizen trust in accessing services, particularly by the electronic route, and to increase government accountability, the government must take steps for legal enforceability of service delivery.(p41)</p> <p>While no noticeable progress has been made in these areas since the assessment report, it must be noted that the e-Government project is currently under development within the ICT Unit of OPM.</p> <p>Recommendations on online payments development an important focus of the e-Commerce Acceleration Workplan.</p> |
| 4.5 Build the capacity of businesses and increase financial inclusion and encourage banks to offer innovative products | <p>The e-Gov assessment report (2019) recommended Business Process Reengineering (BPR)-enabled computerisation, would support applications to allow electronic payments through electronic wallet services of banks and enable money transfers from one bank account (customer's) to the other (government's).</p> <p>It was also noted that necessary regulatory interventions to facilitate this by the Cook Islands banking regulator may be required. (p10)</p> |
| 4.6 Design and implement a standardised government dashboard | The e-Gov assessment report stated that a whole of government portal is proposed with agency websites linked to it, with uniform look and feel features. Content on the portal will be easily navigable and literacy will focus on the levels of the citizens of the Cook Islands. |
| 4.7 Take an inventory of portal directory, links, and contents, to ensure all the links are live and the contents are up-to-date. | Each government department is responsible for ensuring that all their online content is regularly updated. This does not always happen. Some departments do not have a website of their own eg Customs. |



Annex 3

Case Studies

Objective: (1) to illustrate pain points and challenges experienced by Cook Islander business owners, entrepreneurs, small businesses in adopting and/or transition to e-commerce, (2) to provide recommendations to Government agencies and donor on the priority areas of support, going forward.

Business Name: **Manini Wear**

Business Sector: **Fashion**

Type of Business: **eCommerce via website**

Place of Operation: **Rarotonga-based**

Time in operation: **3 years**

Employees/Members: **5**

Amount invested in the eCommerce project: **\$50K (CIG Grant) \$90K us**

Contact person: **Walter Tuarae**

2. When did you decide to transition or embark on an e-commerce project and why?

When we launched our weekend fashion stall at Punanga Nui market, there was interest from international buyers at the back end of 2019 early 2020 who asked if we had a website. There were enquiries coming through our Instagram and FB platforms from OS too. So we wanted to capitalise on this and expand our market reach especially with our borders shut. In 2020 during border closures the CI Gov offered SMART grants to businesses who wanted to diversify. We applied and got approved.

3. Among the 7 following policy areas, what have been the two most difficult / challenging for you (Government vision and support, ICT connectivity, laws & regulations, payment gateways, access to finance, transport and logistics and customs, skills for e-commerce) and why?

Challenge #1: Payment gateways - We just don't have access to efficient payment systems and other options in the region, i.e PayPal, Afterpay, Stripe, Square etc which means you can't compete with other online international brands that offer these services to the consumer. It also adds trust to your online store (brand) by having these recognisable global payment options. Our banks desperately need to modernise their service and IT systems.

Challenge #2: Government vision and support, ICT connectivity - Internet connectivity has been an ongoing issue with reliability/speed etc. This is of course so critical to maintaining our website, image uploads, updates etc. I applaud the Gov on their Smart Grant initiative but I don't think they realised the really difficult job of getting an e-commerce business operational and the lack of services to make it happen in our region. I'll also add access to low interest finance to the equation. We borrowed another \$15K at our bank BCI in June 2022 to beef up our cashflow so we could pay for stock production and digital marketing

4. Where did you get help in order to develop your tech, website and payment solutions?


We searched for website developers in NZ and now have a developer based in Auckland. Our payment system began with a local international bank but it was too limited and inefficient so we went off-shore and managed to open an account in NZ, but only after great difficulty.

5. If you were to start your project now, with all the hindsight, what would you do differently?

We would pivot to NZ to open a NZ bank account especially. For access to a better payment gateway and other options. We lost 3 months with regards to website development time for something that should only have taken 2-3 weeks from site build and integration.

6. What could be done by the Government to accelerate e-commerce adoption and address the pain points you have described above?

They really need to start with the banks in their case (being a shareholder) BCI and introduce modern systems/services for e-commerce and people that understand the industry. Obviously internet reliability/speed is an issue however that may well improve dramatically with other international players wanting



to enter the market. e.g Starlink. Nonetheless, our internet service is still lacking. These are only 2 parts to a solution. There are greater challenges beyond infrastructure & payment systems with banks.

7. What could be done from donors and development partners to help business succeed in their digital journey, e-commerce project?

Pacific banks need to modernise their systems, even international banks don't offer the same online services/functionality as they do in NZ & Australia. It's extremely frustrating if you do all your banking/business online. They could lobby via PIF for international payment platforms to include the Pacific region, these international companies are trusted and renown across the globe. Failing that, they could develop a payment platform for the region perhaps by partnering with an existing provider as an option. If all of the above isn't feasible then perhaps international banks in the Pacific can offer account set ups for their customers in NZ/AUS without having to leave the country. This would make life a great deal easier for all concerned if for example an ANZ customer with a Pacific bank account is somehow interfaced into ANZ NZ/AUD. Besides all of the structural problems, e-commerce requires a ton of attention, website maintenance, product shoots, content, digital marketing, updates, logistics, admin etc. it's endless. Given the majority of Pacific businesses are family (husband & wife) operations, access to funding, either grants or low interest loans is critical for those businesses that have demonstrated that they can succeed. Educational programs in the digital space are already being deployed by some organisations, this needs to continue for start-ups. I also think educational courses for ancillary supporting roles in e-commerce would be a real positive initiative, e.g. web-design, graphic design, coding etc to enhance web-development skills across the region.

Business Name: **Jemina Samson Tangi**

Business Sector: **Fashion & Pearl Jewellery**

Type of Business: **Home-based**

Place of Operation: **Manihiki**

Time in operation: **5 years**

Employees/Members: **1**

Amount invested in the eCommerce project:

Contact person: **Jemina Samson**

2. When did you decide to transition or embark on an e-commerce project and why?

I originally returned to Manihiki to look after my parents about ten years ago, and a government job going at the time offered me an opportunity to be able to do this and to be able to have some sort of employment at the same time. Over time, my husband has a small pearl business and I have started to do some sewing and making local crafts. We have just done it using the resources that we could afford to try to make our life more comfortable on the island. We also work with other women on the island to help to supplement their small incomes - usually as many of them are on pension - as things are becoming more expensive nowadays. Selling our goods mainly to families on Rarotonga and overseas has helped us to do this.

3. Among the 7 following policy areas, what have been the two most difficult / challenging for you (Government vision and support, ICT connectivity, laws & regulations, payment gateways, access to finance, transport and logistics and customs, skills for e-commerce) and why?

Challenge #1: The hardest challenge for us is delivering our goods to customers. Shipping is usually only available once every three months, and that only leaves air freighting which is very expensive. When family members are travelling to Rarotonga, they will take parcels (rito hats, or small packages of clothing). For small items, I make use of the \$5 Air Raro bags which come in very handy, but for hats and bags, these are difficult but we in the islands are used to it..

Challenge #2: The second challenge is selling goods that we can get them to Rarotonga. We have had many offers of selling our goods but we have difficulty keeping track of the goods and actually getting paid for them. Sending bulk orders of hats, fans and bags made by the women on Manihiki, for sale on Rarotonga has not been as successful because we haven't been able to get a reliable middleman who can do this for us and pay us up front.. Payments would not be a problem because we have access to our BCI accounts on the island

4. Where did you get help in order to develop your tech, website and payment solutions?

I don't have a website. I promote most of my goods on Facebook, or through friends who have bought goods from me. And payments can be made into my BCI account on Rarotonga. Overseas funds can also be paid into my BCI account by telegraphic transfer but sometimes the fees to send and receive funds can make it not so profitable for small items.

5. If you were to start your project now, with all the hindsight, what would you do differently?

Because of the difficulties of getting the materials I need to produce my garments sent from Rarotonga and then sending the finished goods to Rarotonga can be so expensive, sometimes I wonder if it is worth it. But for the other women on the island who have the time to spend making their rito hats using rito that is so profuse on our island, it is sad that there is not more regular transport for their goods and someone who can sell and pay the women when it gets to Rarotonga.



6. What could be done by the Government to accelerate e-commerce adoption and address the pain points you have described above?

I don't think there is much more that I could do. The government is already aware of the difficulties of people in the Pa Enea trying to make a living from their craft work. But, unless the government improves the regularity of shipping to the Pa Enea, or provides some sort of subsidy to help ship our goods by air to the markets on Rarotonga at least, things cannot improve for us.

7. What could be done from donors and development partners to help businesses succeed in their digital journey, e-commerce project?

The production of our cultural crafts is a dying art. Our youngsters on the island do not value these skills because of the difficulties of making a living from it, even though they have the time and there are people on the island who can teach them. But unless something is done to support the continuation of these crafts and the skills of making our special hats, bags, fans and other small gifts, then these skills will be lost forever.

Business Name: **Raro IT Solutions**

Business Sector: **Business Consultancy Service**

Type of Business: **IT Solutions**

Place of Operation: **Rarotonga-based**

Time in operation: **Since Nov 2019**

Employees/Members: **I run the whole operation and I liaise and engage with developers remotely. Depending on the scope of the project.**

Amount invested in the eCommerce project: **The project is called Palm Trade, it's an auction website for the Pacific Islands. The plan is to deploy the e-commerce auction website here in the Cook Islands first and then branch out to the other Pacific Islands later. The amount invested initially is \$15- \$25k. However, the project budget will vary depending on what requirements are added during the development of the project.**

Contact person: **Mata Puia**

1. When did you decide to transition or embark on an e-commerce project and why?

Currently in the Cook Islands, there are multiple face book trading platforms as follows:

- Rarotonga Buy Sell Swap
- Sell Raro - Commercial Sellers Only
- Raro Wheel Deals
- Mangaia Buy Sell Swap
- Aitutaki Buy Swap and Sell
- Cook Island Long Term Rentals
- Rarotonga - Community and Beyond
- Rarotonga Holiday Deals
- Rarotonga Online Garage Sales
- Rarotonga Holiday Homes - Short and Long-Term rentals available
- Rarotonga - Lost and Found
- Rarotonga Jobs

In addition, there is an existing local trading website called <https://www.rarotrade.com/>.

We have been unable to find out who owns the website which is currently not functional, the design is outdated and no one is using it.

The purpose for the Palm Trade website is to provide a 'one-stop-shop', with better search functionality and extra features to help the Cook Island community sell their goods and services. In addition, we aim to provide a modern, user-friendly platform to facilitate and improve trading opportunities. In the future, we plan to branch the platform across other Pacific Islands.

2. Among the 7 following policy areas, what have been the two most difficult / challenging for you (Government vision and support, ICT connectivity, laws & regulations, payment gateways, access to finance, transport and logistics and customs, skills for e-commerce) and why?

Challenge #1

Access to Finance and Government Support - I applied for the Government ICT Smart Initiative during the Covid, my application was declined. The reason was because my forecast figures weren't accurate. When I asked the SMART panel to assist me in correcting the matter, they informed me that my application was unsuccessful.

Challenge #2

Skills for e-commerce - The biggest challenge I've found is getting Subject Matter Experts to dedicate their time toward IT projects initiated by the companies here in Rarotonga. They struggle enough to do their own daily activities and to also commit towards project work. Constant communication and face-to-face conversations is key in order to get IT projects moving.

Challenge #3

Clients under-estimating the IT budget and not being tech savvy - I've encountered many clients who have chosen cheaper developers and then later contact me to fix issues made by them. I've also encountered clients engaging IT "experts" offshore and expected to liaise with these IT experts who have little actual basic IT knowledge or skills.

3. Where did you get help in order to develop your tech, website and payment solutions?

I obtained nearly 20 years IT working experience in NZ and Australia. I've worked on major IT initiatives with NZ and Australian Government agencies and private corporations. I have experience in developing business analysis, development, testing and operational support.

4. If you were to start your project now, with all the hindsight, what would you do differently?

I have just commenced my Palm Trade project, and like my other projects, it runs off the Agile project methodology where we focus more on a working software as opposed to heavy fancy documentation. We also focus more on a face-to-face collaborative approach as opposed to keyboard warriors.

5. What could be done by the Government to accelerate e-commerce adoption and address the pain points you have described above?

A good starting point would be to conduct an IT e-commerce workshop and invite business owners and government managers to raise their pain points in terms of e-commerce adoption. From there you have a good starting point on the main common pain points on the island. Also, create a virtual / hybrid meeting platform with an online form and polls for those who may wish to participate and give their feedback even if they can't attend the workshop physically.

6. What could be done from donors and development partners to help business succeed in their digital journey, e-commerce project?

EDUCATION AND COMMUNICATON ARE KEY.

Clients need to understand the benefits of adopting an e-commerce project.

Clients need to understand the risks and mitigations before adopting an e-commerce project.

Clients need to provide a ROI strategy and to understand a donor's/investor's motivation for their provision of funds for your project.

Business Name: **Next Shipment**

Business Sector: **Retail**
Type of Business: **Online Mega Mall**
Place of Operation: **Rarotonga**
Time in operation: **2019**
Employees/Members: **4**
Amount invested in the eCommerce project:
Contact person: **Jason Pierre**

1. When did you decide to transition or embark on an e-commerce project and why?

Next Shipment originated from a Cook Islands consultancy company called Futureproof Enterprises Limited. When doing consulting work, Covid 19 hit. Owner Jason Pierre knew he needed to change tactics and decided to launch an online retail business.

There were very few online stores at the time in the Cook Islands. We looked at the retail environment a little differently and came up with a new concept for the country. The goal was to build an Online Mega Mall and to offer a range of products that was not currently on offer and more importantly bring the lowest prices to the Cook Islands.

High overheads for stock and the massive capital outlay required to start a business that offers just about everything was to be avoided. So the model developed into one where purchases are made by the customer on the website or in the showroom and the purchases are put onto the next ship from NZ to Rarotonga.

2. Among the 7 following policy areas, what have been the two most difficult / challenging for you (Government vision and support, ICT connectivity, laws & regulations, payment gateways, access to finance, transport and logistics and customs, skills for e-commerce) and why?

Challenge #1:

Issues with Banks


- 9 months being given the around by Cook Islands Banks
- 3 months wasted from BSP
- ANZ Gateway, quoted 6 months project and large development fee. Fee's are double the costs (Business not viable due to transaction fees) issues with BCI due to past fraud, requires call to bank
- Required Bank Setup in NZ

Challenge #2:

- The Internet is Rubbish. Unreliable and Slow.
- \$22k for Fibre from Vodafone

Other Challenges:

- Finding skilled staff. 9 months of training left for NZ - can't get skills locally
- Shipping costs: \$5 / cubic meter
- Possible price fixing issues by shippers
- \$99 desk at warehouse is \$450 desk locally
- Customs issues at the border, bought from Next Shipment NZ

- 
- On start up business was hassled by MFEM, INTAFF, BTIB (Regulatory Bodies). Complaints from to regulatory bodies from relatives who had family working in the regulatory agencies
 - Small Market Size

3. Where did you get help in order to develop your tech, website and payment solutions?

In 2021, The Cook Islands Government (through the Smart Economy initiative) backed the next phase of the business to scale up. The grant was issued to Futureproof Enterprises Limited trading and will allow us to expand our operations to Tonga, Fiji and Samoa. Helping bring the same options to these Pacific Islands is an exciting next step before further expansion to other Pacific Islands.

4. If you were to start your project now, with all the hindsight, what would you do differently?

We would outsource the skilled labor required for our business. Finding skilled staff is difficult. We spent 9 months training a local up for the role but then they left for NZ. It's very difficult to get the skills locally.

5. What could be done by the Government to accelerate e-commerce adoption and address the pain points you have described above?

Create programs for funding private sector incubators and accelerators. Incubators focus on seed stage businesses and provide start-up capital. Accelerators focus on growth and provide scale up capital.

Enact policies that foster competition in the banking sector so that they modernize their operations.

6. What could be done from donors and development partners to help businesses succeed in their digital journey, e-commerce project?

Provide the financial capital to fund incubator and accelerator programs.

Business Name: **Explore App**

Business Sector: **Multi-sector**

Type of Business: Mobile applications - **Fintech focus**

Place of Operation: **Rarotonga-based**

Time in operation: **24 months**

Employees/Members: **2**

Amount invested in the e-Commerce project: **Circa \$1mio + (including Management time in kind to date)**

Contact persons: **Brett Baudinet & Jimmi Glassie**

1. When did you decide to transition or embark on an e-commerce project and why?

Brett developed the first e-commerce website in the Cook Islands in 2008 for Turtles Tees (aka Onu Sportswear) where he encountered the challenges of ecommerce set ups back then as pay pal was the only option which required a NZ bank account to receive funds. 14 years later that still seems to be the same.

With Bretts experience in the IT world and understanding of our local financial restrictions he had a desire for many years to provide a solution for this. With Jimmi Glassie coming on board with his banking experience solidified this business concept and for Explore Ltd to be formed and begin its journey.

2. Among the 7 following policy areas, what have been the two most difficult / challenging for you and why?

1. Government vision and support,
2. ICT connectivity,
3. laws & regulations,
4. payment gateways,
5. access to finance,
6. transport and logistics and customs,
7. skills for e-commerce;

Challenge #1:

Access to finance has been a challenge, because to start the business Brett and Jimmi have contributed personal capital and management expertise as well as receiving grant funding via the "CKI Governments Smart Economy Initiative Program". However in the current IT world the cost of engineers and technical support (in particular for the tech we are designing and building) is very high as we need to recruit them from overseas due to the fact that we lack the talent and specialised programming skills in country.

Challenge #2:

Skills for e-commerce – as per challenge # 1 above there is a lack of skilled developers and engineers in country. Because our e-commerce platform/concept requires a specialised skill set which is not taught or readily available in the Pacific, we are forced to seek this talent overseas. As we are in a region that most people around the world are not aware of, it creates several challenges in convincing talent to relocate here. For security and efficiency of development reasons, we aim to build an in house (on island) team of specific IT talent who will then manage our other remote developers and IT team members and resources.

3. Where did you get help in order to develop your tech, website and payment solutions?

We have engaged and contracted various remote companies and developers to build and bridge together the various stacks of technology for our Explore Super App which includes the ExplorePay User (U) and Merchant (B) digital wallet apps, Explore websites & landing pages and our payment gateway ExploreCheckout portal for clients own websites.

Brett Baudinet has project managed and overseen the complete project from start to the present. He has designed the complete set of wireframes (look, feel and flow) for the app and websites, along with procuring the appropriate developers and product partners required to complete the final App product. This also includes the Explore.com Online Travel Agency (OTA) which is the original operating business where our current business concept and model has pivoted from and expanded to have more of a Fintech and e-commerce business focus.

4. If you were to start your project now, with all the hindsight, what would you do differently?

Due to limited financing resources we had to select an agency to assist us with the development that was more in our cost range, but in hindsight it would have been better to seek more funding from the outset to obtain other more expensive agencies that we were considering who would have cost more but would have been able to deliver on a quicker timeline. Our experience with our current agency was that they were not able to meet the expectations of our desired outcome in terms of communication, performance, timeliness and quality.

We believe if we had significantly larger funding resources from the outset to access then the more expensive developer agency options would have brought the build timeline to a much quicker completion date. Therefore on review we could have already been launched and in the Cook Island market by June 2022. The experience has all been lessons learnt.

Capital raising activities are an ongoing and important focus for ourselves. Due to the start-up nature of our business, we are always researching and planning for opportunities to access potential funding sources.

5. What could be done by the Government to accelerate e-commerce adoption and address the pain points you have described above?

Financial and regulatory support to the overall business environment to ensure e-commerce concepts are part of their current and future developments. We believe the lack of funding towards this is one of the biggest road blocks we see, to assist us and business ideas like ourselves in accelerating an e-commerce ready economy/environment and the launch of e-commerce solutions for the entire Cook Islands.

At Explore we want to inspire innovation, to deliver purposeful fintech solutions to our people, our communities, our business owners & our governments. We believe that we not only have solutions to encourage and enable growth in the e-commerce sector including U2U, U2B, B2U, B2B economy but we can also expand it to include the government with the following U2G (G=Government), G2U, B2G, G2B & G2C value transfer alternatives. This will go a long way towards improving e-commerce readiness and adaption in any region therefore driving consumers, businesses and government towards more fluid methods of transacting value and product sales. The Explore business model will essentially allow every single Pacific Islander to set up an ecommerce gateway that can accept payments including international payments on-line instantly and receive value locally into their ExplorePay wallet.

We have almost completed the development of our platform and now see financial support important to help us promote, on board and educate the businesses and users in the Cook Islands and across the South Pacific. This will also include assistance to build out certain infrastructure as a result of the Super App business model that will generate and create new business concepts and employment opportunities that didn't exist previously. For example ExploreRide and ExploreFood, ExploreStay just for starters. With Governments financial support we could achieve this more effectively.



Another avenue we see Government being of assistance is in ensuring appropriate and relevant regulatory frameworks, compliance guidance and possible Tax advantages that could encourage new e-commerce solution providers like ourselves to participate. We see good regulations from Government a necessity to maintain a high level of quality in terms of business operators in this sector and eliminate any cowboys.

6. What could be done from donors and development partners to help businesses succeed in their digital journey, e-commerce project?

Financial assistance will again be critical.

Also outlining clear pathways to access donor funds or resources such as expertise, counselling, including legal or networking conversations that may lead to wider opportunities or other conversations with appropriate connections across the Pacific region.

Business Name: **Te Ara / Moana Pasifika**

Business Sector: Digital Economy
Type of Business: Film-making
Place of Operation: Rarotonga-based
Time in operation: 2017 to today
Employees/Members: 4 to 12
Amount invested in the eCommerce project: \$100,000+
Contact person: Stan Wolfram

1. When did you decide to transition or embark on an e-commerce project and why?

We embarked on our e-commerce project in 2020 during covid lock downs. Our business needed to activate more opportunities and diversify our revenue streams. With borders closed ecommerce was the most logical path to pursue.

Film Raro was a project we had successfully executed in 2013 and post covid 2022 the need to diversify, upskill and maximize opportunities was necessary. The digital economy was an option that we knew we could exploit with our experience in the film industry, Film Raro and fibre optic cable now available in the Cook Islands.

We understood the need to develop digital literacy and digital equity was necessary for the Cook Islands to keep up with the rest of the world whom were forging ahead and widening the digital divide. We knew we had a platform of the digital film making industry to be the conduit for this leaning and we knew Film Raro would be the activity that could deliver not just a practical learning component but also an economic driver thru production, trade, location services, post production services and spill over to tourism awareness, logistical services.

2. Among the 7 following policy areas, what have been the two most difficult / challenging for you

(Government vision and support, ICT connectivity, laws & regulations, payment gateways, access to finance, transport and logistics and customs, skills for e-commerce) and why?

Challenge #1: Government vision and support

In regards to Govt support See attached letter sent to FILM RARO 2013 from Cook Islands Tourism where Film industry development and promotion had no value to the tourism sector and therefore no support was given.

Today in 2022 it's a new situation where the government is open to new ways to diversify the economy and develop digital literacy. Film Raro is now an attractive activity for social, cultural and economic development in the Cook Islands.

Challenge #2: Access to finance

A lot of donor funding is available to the Cook Islands but the model to access it has excluded direct private sector partnerships. Public Private Partnerships (PPP) is an area where policy, expertise and experience is lacking in the Cook Islands. PPPs are a major part of economic development in almost all countries around the world.

3. Where did you get help in order to develop your tech, website and payment solutions?

Local consultation over concept design and functionality. Then our build was in India. With 3rd party providers in the USA, India, Canada and NZ.



4. If you were to start your project now, with all the hindsight, what would you do differently?

Start from the PMs office. Form a working group of past and present stakeholders from the government and the private sector. Align and enhance objectives. Monitor and manage all activity and deliverables to ensure quality delivery and eliminate negative actors and actions.

Include and inform the public from the beginning.

5. What could be done by the Government to accelerate e-commerce adoption and address the pain points you have described above?

Be more open to Public and Private Sector Partnerships with joint pitches to donors.

Support Te Ara CI Museum of Cultural Enterprise as a tech hub.

Support Te Ara CI Museum of Cultural Enterprise as an e-commerce hub where many products and services from many suppliers are 1st) developed to market readiness in the Te Ara Museums retail store and then 2nd) those suitable are added to Te Ara's e-commerce marketplace. Many boxes are ticked in this model from quality control, packaging, pricing, shared costs etc.

Support FILM RARO as a practical platform to educate and up skill locals in the digital economy.

6. What could be done from donors and development partners to help businesses succeed in their digital journey, e-commerce project?

Bring a network of stakeholders and investors to the table. Provide direct access to the private sector for funding rather than through govt agencies.

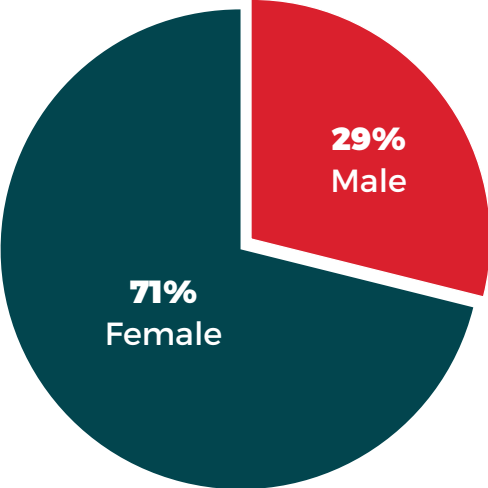
Annex 4

eCommerce Acceleration Work Plan Survey Results - 28 August 2022

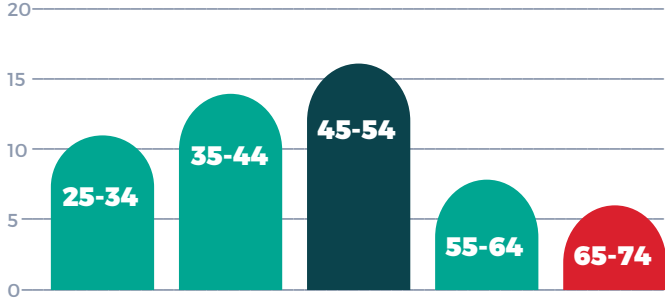
Demographics

General demographic of respondents: Female, 45-54yrs, tertiary qualified and currently working for wages.

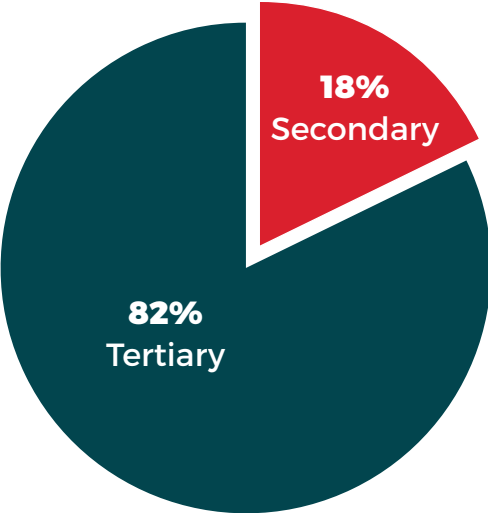
Graph 1.1 Gender of respondents



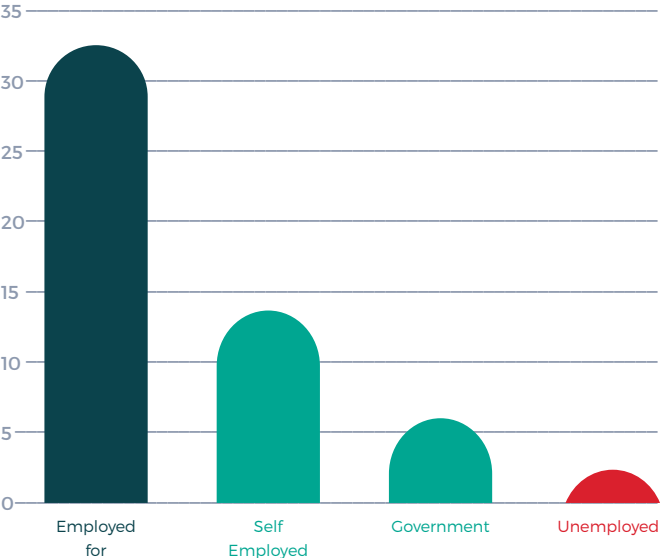
Graph 1.2 Age of respondents



Graph 1.3 Highest Education Level



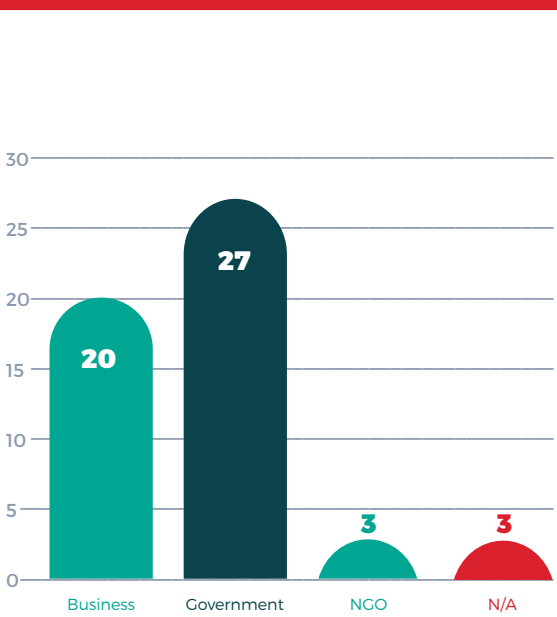
Graph 1.4 Current employment status



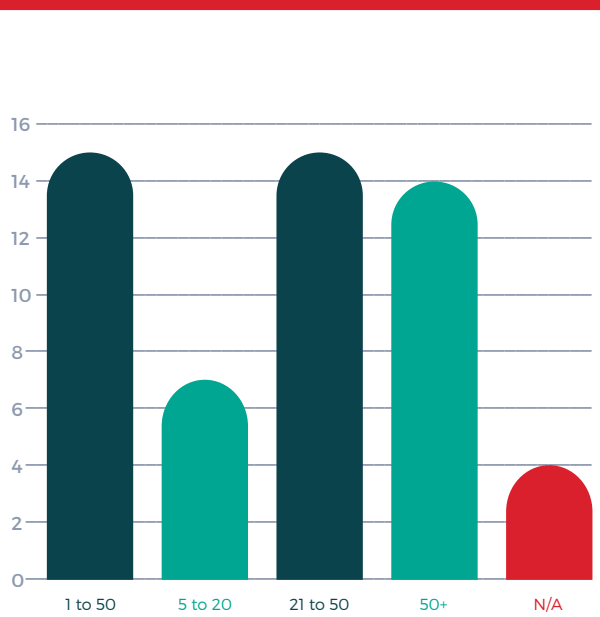
Organisational Information

General comment: Currently, the practice is more of purchasing online vs selling; although generally less than 25% of purchases are online, and regulations and policies appear neither challenging or easy.

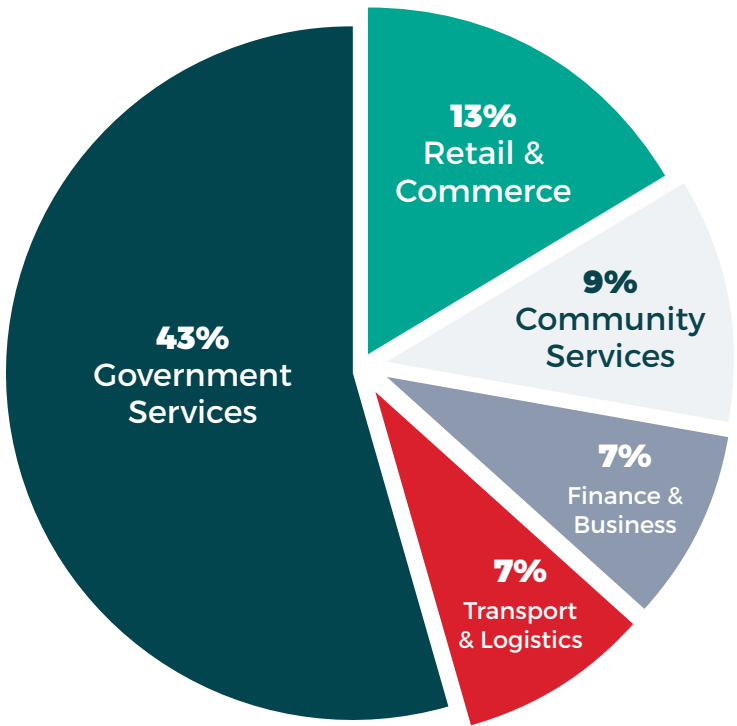
Graph 2.1 Type of Organisation



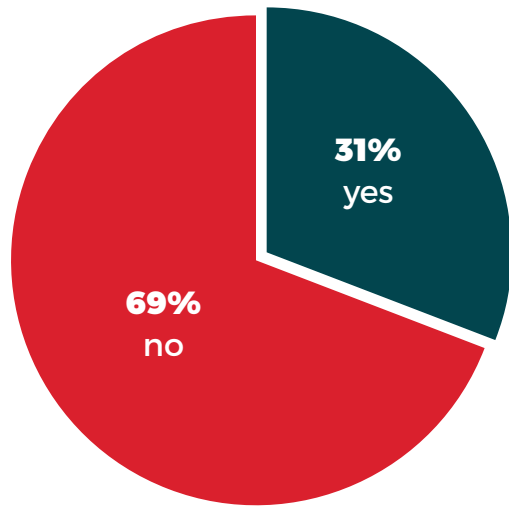
Graph 2.2 Size of Organisation



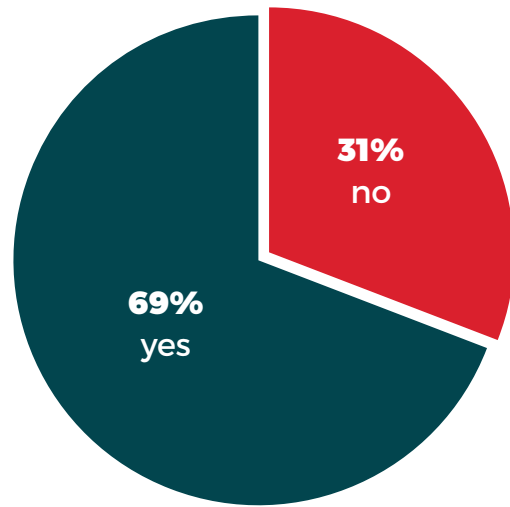
Graph 2.3 Type of Industry



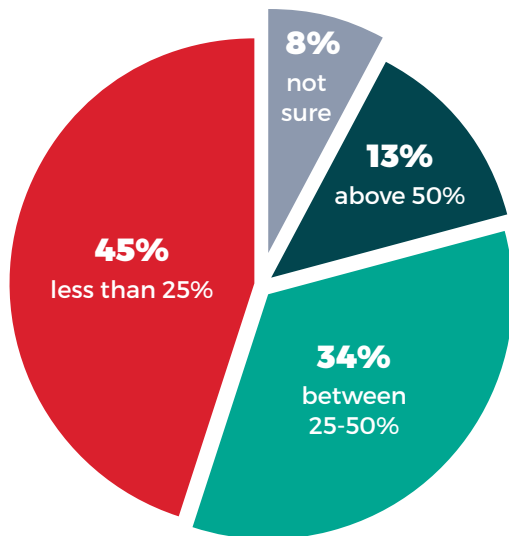
Graph 3.1 Offer sales online or via mobile



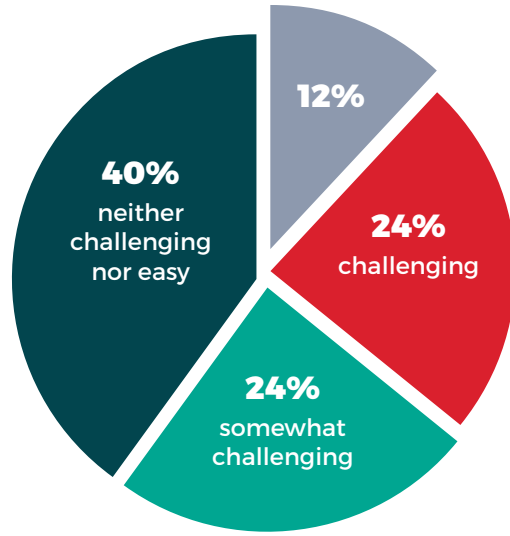
Graph 3.2 Purchase goods/services online



Graph 3.3 Proportion of purchases made online

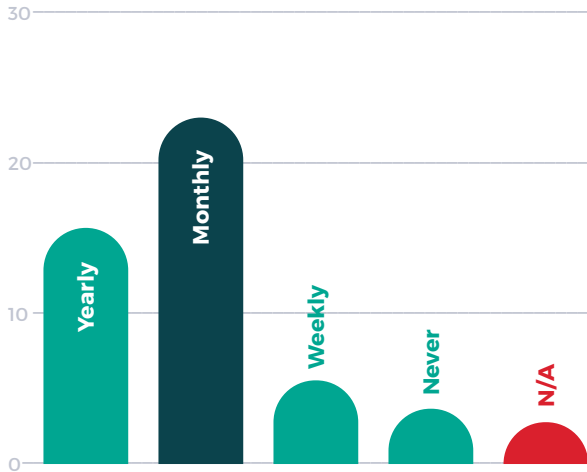


Graph 3.4 Issues with Government Regulation and Policies

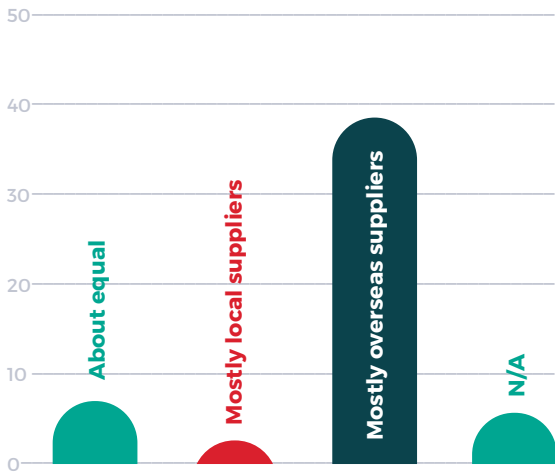


eCommerce Behaviour

Graph 4.1 How often respondents shop online

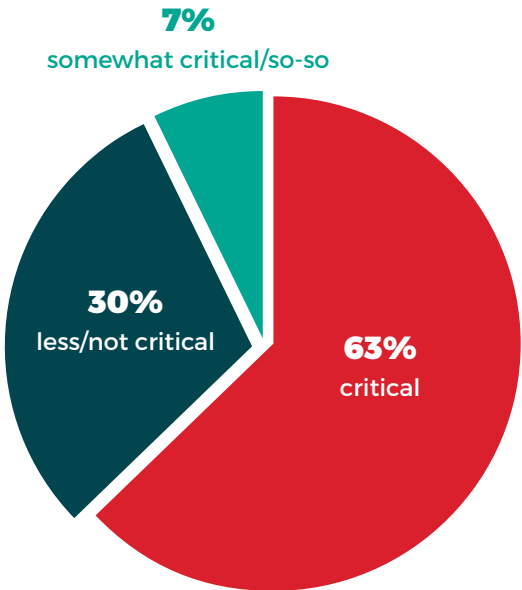


Graph 4.2 Local or overseas suppliers

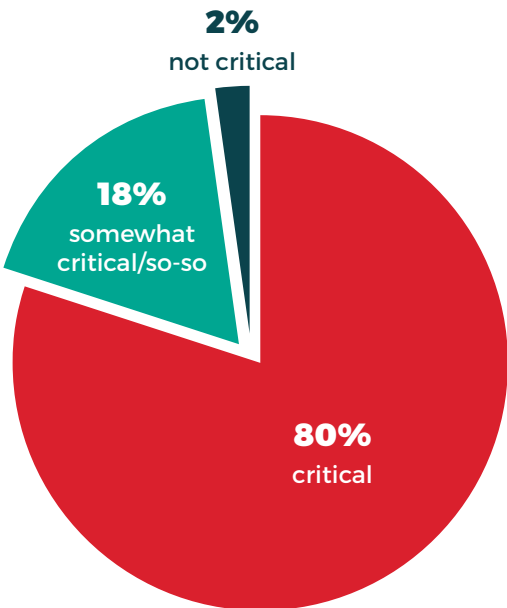


Project Objectives

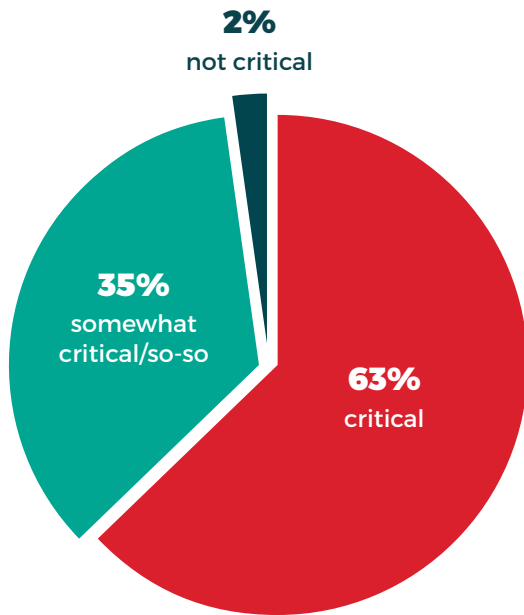
Graph 5.1 Raising awareness and understanding of eCommerce



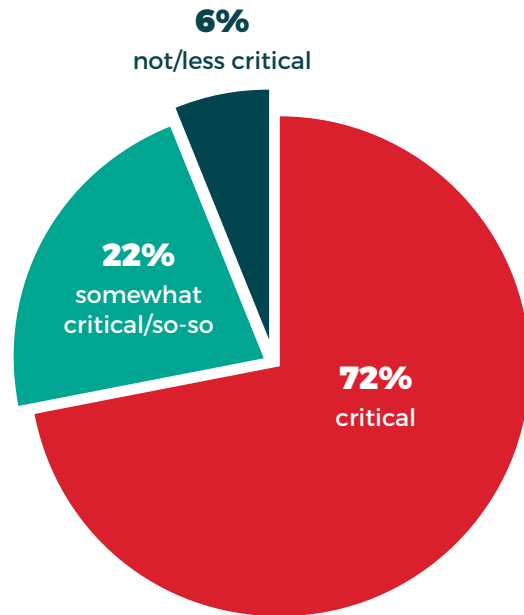
Graph 5.2 Improving ICT infrastructure and service costs



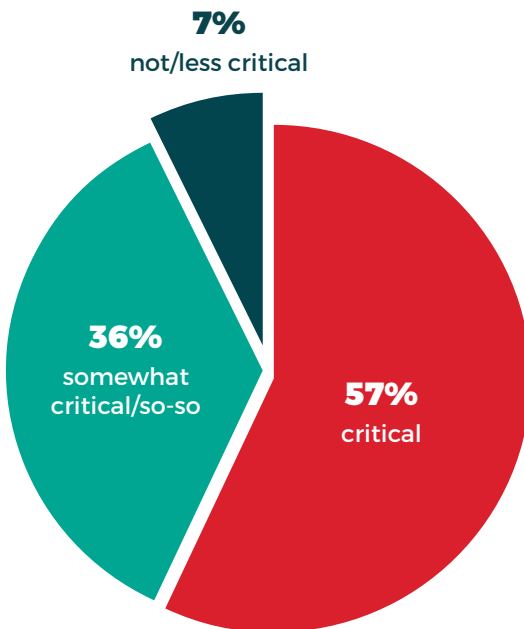
Graph 5.3 Addressing Logistics and Delivery Issues



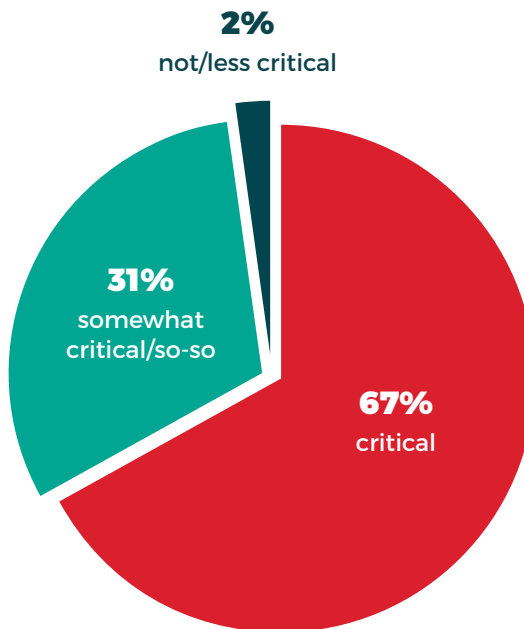
Graph 5.4 Modernising Banking and Payment Solutions



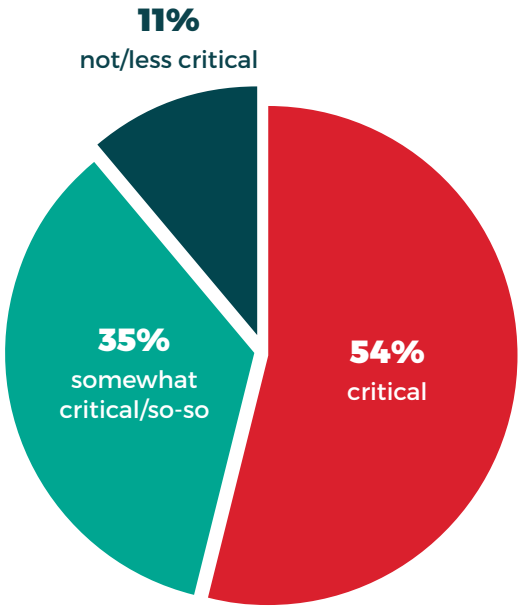
Graph 5.5 Strengthening legal and regulatory protections



Graph 5.6 Building eCommerce capacity and capability




Graph 5.7 Improving access to finance



Annex 5

Legal & Regulatory Gap Analysis for e-Commerce in the Cook Islands



Cook Islands e-Commerce Acceleration Work Plan Gap Analysis of E-Commerce Legislative Framework in the Cook Islands

I. Background:

1. TradeWorthy Ltd was engaged by the PACER Plus Implementation Unit (PPIU) to support the Government of the Cook Islands efforts to accelerate the country's digital transformation. The overall objective of the project was to *provide technical assistance to the Cook Islands to enhance digital trade readiness*.

One of the key objectives of the project was to carry out a comprehensive legal and regulatory gap analysis on E-commerce laws and regulations, and to develop recommendations for regulatory responses for the four areas of e-commerce laws, based on the UNCTAD Cyberlaw Tracker typology⁴.

The comprehensive legal and regulatory gap analysis would constitute a key component of the broader E-commerce Acceleration Work Plan.

This paper focuses on the Legal Regulatory Gap Analysis, which aims to assess the needs to update and/or introduce new legislation. *The four areas of key e-commerce laws being assessed are (1) Electronic Transactions; (2) Data Protection and Privacy; (3) Consumer Protection; and (4) Cybercrime.*

II. Methodology

The Gap Analysis involved a stock take and assessment of all relevant existing laws of the Cook Islands under each category of the four key e-commerce laws and the identification of gaps against International best practices and e-commerce laws of four selected countries namely New Zealand, Singapore, Fiji and Trinidad and Tobago. The Gap Analysis identified key elements of laws in referenced jurisdictions, and then compares them to the Cook Islands existing laws. Based on the Gaps Analysis, options for review are identified and recommendations are made for amendments to existing laws or the development of new laws under each category of e-commerce laws.

This paper summarises the current status of relevant laws in the Cook Islands, the major gaps identified under each key area of e-commerce law, objectives for new laws, options to achieve the objectives and recommendations on the way forward. The summaries are based on detailed technical reviews not included in this document for brevity. Recommendations to the Cook Islands Government on regulatory priorities for e-commerce laws will be synthesised into the E-commerce Acceleration Work Plan.


III. Current Status of laws

The existing status of e-commerce laws in the Cook Islands are provided below with detailed stocktake analysis available in a separate technical analysis.

1. E-Transactions

The Cook Islands is without a specific economy-wide E-Transactions law. There is no single legislation or Act as such, governing e-transactions, however, there are provisions giving legal recognition of electronic references found in various pieces of legislation, particularly in the banking and finance sector. There are provisions in various existing laws such as the Digital

⁴ See <https://unctad.org/topic/e-commerce-and-digital-economy/e-commerce-law-reform/global-cyberlaw-tracker>



Registers Act 2017, which allows for the filing of documents in a register in digital format. The Banking Act 2011 provides for the recognition of data held electronically, while the Financial Transactions Reporting Act 2017 gives recognition of electronic forms of value. The Companies Act 2017 recognises electronic records and electronic signatures but only for the purpose of compliance with companies law.

Various laws recognise the validity of information or documents provide electronically, such as the Biosecurity Act 2008. The Crimes Act 1969 was amended in 2011 to extend the definition of 'document' to include information recorded or stored by an electronic device.

2. Data Protection and Privacy

There is no legislative right to privacy in the Cook Islands. There is no economy-wide legislation governing the collection, storage and use of personal data. There are however, laws that address a number of data protection objectives for telecommunications service providers and in relation to the off-shore financial banking sector. Relevant provisions are scattered through various Acts, such as that of the Telecommunications Act 2019 and the Ministry of Health Act.

The Telecommunications Act 2019 imposes obligations on telecommunications service providers to ensure privacy of customer communications, including obtaining consent and lawful use of customer information.

3. Consumer Protection

The Cook Islands has the Consumer Protection Act 2008 and the Fair Trading Act 2008 modelled on New Zealand laws. While these do extend to the conduct of online buyers and sellers, there are no provisions addressing risks for e-commerce consumer protections or online transactions specifically. The Sale of Goods Act 1908 addresses protection of consumers over purchase of faulty products by way of warranty and the Control of Prices Act 1966 provides consumer protection over price gouging by retailers.

The Telecommunications Act 2019 sets out a framework for implementation of a competition and consumer protection regime in the telecommunications sector. s.21 enables establishment of a Consumer Protection Code, however, this has not been adopted.

4. Cybercrime


There is no legislation covering key elements of cybersecurity, as aligned with the Budapest Convention on Cybercrime. There is currently an amendment to the Crimes Act (the Crimes Bill 2017) which contains provisions reflecting the Budapest Convention. The Bill was introduced in 2017 and withdrawn from debate in Parliament for reasons unknown.

Subpart 9 deals with offences involving computers, amongst other things accessing computer systems for dishonest purpose, trading in software to commit an offence and illegal data access and data inception.

In addition, there are various aspects of existing Cook Islands laws that deal with elements aligned to the Budapest Convention. These include the Proceeds of Crime Act 2003 which recognises electronic forms of evidence for criminal offences, the Customs Revenue and Border Protection Act 2012 which prohibits import and export of specific material, and the Spam Act 2008 which establishes offences related to unsolicited commercial messages known as 'spam'.

IV. Gaps and Objectives

Existing laws of the Cook Islands relevant to e-commerce were benchmarked against the e-Commerce laws of the four selected countries used – New Zealand, Singapore, Fiji and Trinidad & Tobago. For each



of the referenced jurisdictions, key common elements were identified and then compared to existing laws of the Cook Islands. Outlined below is the summary of detailed technical gap analysis under the four areas of e-commerce laws and the objectives for any new laws.

1. Electronic Transactions

Key elements for e-transactions laws include (1) legal equivalence for electronic transmissions; (2) Electronic signatures; (3) admissibility of electronic transmissions as evidence; (4) formation of contracts through electronic means; and (5) Electronic authentication and attribution. Laws facilitating electronic payments may also fall under this subject area, but are usually developed under separate financial sector laws.

The Cook Islands has no specific Electronic Transactions Law at present. While certain laws exist, such as the Digital Registers Act 2017, Companies Act 2017, and the Banking Act 2011 refer to electronic documents, the provisions are limited to the subject matters under each Act.

The Gap Analysis finds that the key elements outlined above will be best covered by the adoption of a general Electronic Transaction Law, based on international standards. Recommendations for options to achieve these objectives are set out in the next section.

2. Data Protection and Privacy

The main elements of Data Protection and Privacy laws in referenced jurisdictions are (1) collection of personal information; (2) storage/retention/archiving of personal information; (3) use and disclosure of personal information; (4) access, correction and maintenance of personal information; and (5) provision for cross-border transfer of personal information. Currently there is no specific law for Data Protection and Privacy that covers the identified elements.


There is no 'foundational' legislative right to privacy in the Cook Islands. Part IVA of the Constitution provides for Fundamental Human Rights and Freedoms but does not include privacy rights. The Cook Islands Telecommunications Act 2019 provides disciplines on collection, use, maintenance and disclosure, accuracy and completeness of 'information about a customer'. However, these obligations only apply to telecommunications network service providers. They do not apply to e-commerce businesses generally.

The Gap Analysis finds that the key elements outlined above will be best covered by the adoption of a general Data Protection and Privacy Law, based on international standards and applicable economy-wide in the Cook Islands. Recommendations for options to achieve these objectives are set out in the next section.

3. Consumer Protection

The Cook Islands maintains a robust set of consumer protections laws, including principally the Consumer Guarantees Act 2008 and the Fair Trading Act 2008. Our analysis is that these Acts apply equally to offline and online transactions, through the definition of 'trade' (being any trade business, industry, profession, occupation, activity of commerce, or undertaking relating to the supply or acquisition of goods or services). Note this definition is extended in the Fair Trading Act 2008 to include 'the disposition or acquisition of any interest in land.'

In the e-commerce sector, there are additional provisions in consumer protection laws that deal with specific risks of online transactions. These key elements include: (1) Information about e-retailer; (2) Information about products; (3) Information about sales process; (4) Information about terms of the contract; (5) Unconscionable and misleading conduct; (6) Regulation of return, exchange and refund issues; and (7) Avenue for legal action; and (8) Alternative (typically online) Dispute Resolution Mechanism. The Gap Analysis finds that the key elements outlined above would be best covered by the amendment of the principal Consumer Protection laws in



the Cook Islands. Recommendations for options to achieve these objectives are set out in the next section.

4. **Cybercrime**

The emerging area of cybercrime is typically covered through provisions in national crime laws that deal with a range of offences relating to computer or online behaviour. While not necessarily related to commercial activities (e-commerce), there are a number of key elements common to referenced jurisdictions, largely along the lines of the Budapest Convention on Cybercrime.

These are (1) use of e-evidence in criminal matters; (2) securing electronic evidence; (3) various crimes using electronic means; and (4) mutual assistance and cooperation for cross-border matters. There is no legislation covering key elements of cybersecurity, as aligned with the Budapest Convention. However, there are draft provisions in the Crimes Amendment Bill that has been in Parliament for several years.

The Gap Analysis finds that the key elements outlined above will be best covered by the adoption of the provisions relating to cybercrimes in the Crimes Amendment Bill, which are based on international standards. Recommendations for options to achieve these objectives are set out in the next section.

V. **Options to achieve objectives:**

Based on the Gaps Analysis, options have been identified on the types of approach that the Cook Islands could consider under each identified area of law.

1. **Electronic Transactions**

We recommend adoption of an economy-wide e-transactions law based on UNCITRAL Model Law. This will align the Cook Islands with international standards for electronic transactions, providing greater certainty for local and foreign e-commerce businesses to offer products and services in the Cook Islands.

2. **Data Protection and Privacy**

We recommend adoption of an economy-wide law on data security and privacy. The New Zealand Privacy Act 2020 may offer an appropriate model as it relates to disciplines on collection, use and disclosure of personal information. In the New Zealand Act, these disciplines apply to individual public agencies, private entities, courts or tribunals with some exceptions.

Laws requiring consent to collect, store and use personal data will require behavioural change by businesses in the e-commerce sector, and will substantially lift standards of protection for consumers. It will also align the Cook Islands with international standards on data protection to support greater foreign investment in the e-commerce sector.

3. **Consumer Protection**

We recommend Amendment of the consumer protection Acts to specify application to online transactions (using the elements described above). These would have specific protections to address risks of online commercial transactions, such as minimum informational requirements that a seller must provide to the buyer and information on the contractual process through online means.

When passed, the Cook Islands will have a robust regime of consumer protections that provide confidence for consumers to engage in offline as well as online transactions.



4. **Cybersecurity**

We **recommend** adoption of cybercrime provisions of Crimes Amendment Bill, whether part of the current Bill or adopted separately.

If passed, the Cook Islands will align itself with international standards on cybercrime (in particular with the Budapest Convention on Cybercrime) such as hacking. This will avoid the Cook Islands being perceived as a jurisdictional outlier on cybercrime issues.

