

Policy Recommendations adopted by 31st Session of the COMCEC

- **Member States are encouraged to examine and assess the financing needs of their exporters**

Rationale: Exporters need a variety of financing and risk management products at various stages in the exporting cycle. Some of these needs are met through their day-to-day banking relationship while others represent risks and requirements beyond what a commercial bank would normally be willing to service, such as providing cover for foreign buyer risk. Understanding and assessing such needs of exporters is an important policy action to be taken by governments.

- **Member States are invited to enhance transactional cooperation among their ECAs**

Rationale: Because of the nature of international trade, ECAs are naturally driven towards collaboration with each other. In the instance where production may be in one country and the supply of inputs can come from many countries, this can mean that exporters or contractors have to negotiate financing with a range of ECAs to put together a multi sourced package. Over the past many years, some ECAs of developed countries have recognized this difficulty and have agreed to a series of co-operation/reinsurance agreements between themselves.

The trend towards this kind of cooperation is increasing as global value chains proliferate. Such cooperation models could serve as inspirational examples for the OIC Member States. However, there have been a number of examples of such arrangements of OIC ECAs with ICIEC but not between national OIC ECAs.

- **Member States are encouraged to review the soundness of their ECAs with the aim of improving the overall performance of the ECA**

Rationale: An effective ECA is operationally and financially sustainable. Its expertise is well recognized and sought after, its portfolio is actively managed and its internal processes are not bureaucratic. Moreover, an effective ECA balances a range of stakeholder needs and interests, including the government, exporters and private sources of financing and insurance. Therefore, a “sound” export credit system implies that the ECA itself is well managed and that it is working with the existing private sources of finance and insurance. In addition, as a public policy vehicle on behalf of the government, the ECA must strike a balance between – at times – conflicting objectives, i.e. meeting policy and developmental objectives and being financially sustainable.

Periodic reviews to look at the relevance of the institution’s operations will help the ECA and its guardian authority to identify particular areas of focus and allow the institution to take corrective action, where applicable. Such assessments will enable ECA management and operational staff to re-evaluate policies, approaches and offerings to more effectively serve exporters.

- **Member states are called on to promote public-private dialogue within the ECA context**

Rationale: Many ECAs see their role as working in partnership with private sector financial institutions in order to help them take risks that they would otherwise not be willing to take. An ECA can be an effective catalytic financial instrument to draw in existing commercial banks to

fund export transactions and to share risks. The advantage in such a strategy is that not only does the ECA fill an existing market gap, but it also facilitates the private sector to develop and become more able and willing to meet the needs of the market in the future. Understanding possible alternative methods/products to address the problem may suggest potential for partnering with the private sector. Thus, consulting with them throughout project design and preparation is needed in order to develop a structure that will maximize their involvement and best leverage official resources, as well as meet exporter needs. The best ECA is one which strikes an appropriate balance between a) minimizing the risk position of the government; b) optimizing the involvement of the commercial banks and private financiers and c) meeting the needs of exporting companies.

- **Member states are encouraged to initiate capacity building activities for strengthening institutional and human capacities of their ECAs**

Rationale: Having more efficient, transparent, inclusive and accountable institutions possess great importance to improve export capabilities of the OIC Member Countries. Although the OIC Member Countries host some well-established ECAs, from which important lessons can be learned, there is a significant need for capacity building and institutional strengthening both for those OIC countries with ECAs, as well as those without such facilities that seek to establish them. Therefore there is a need for targeted capacity building programs to the OIC member countries to build their export credit systems. Such programs could also be initiated through various ways such as establishing technical cooperation partnerships between new and more advanced ECAs, utilizing professional advisory services and etc.

- **Extending assistance to the member states for establishing/maintaining NTFBs**

Rationale: National Trade Facilitation Bodies involve several stakeholders with various, and sometimes conflicting interests and expectations. Bringing together all these stakeholders around a set of goals and managing their interests require significant human and institutional capacity. Both the analytical study and responses of the member states to the policy questions reveal that many member states require technical assistance to cope with these challenges vis-à-vis the NTFBs. Both the member states that are at a relatively advanced stage and have considerable experience in terms of operating such coordination bodies as well as relevant international organizations may provide trade facilitation-related technical assistance to needy member states. On the other hand, several member states need financial assistance for the establishment, proper functioning, and sustainability of NTFBs in their respective countries. Thus, possible resources to meet this financial need should also be identified.

- **Involving the private sector in the activities of the NTFBs**

Rationale: A well-functioning NTFB should involve and manage a range of stakeholder needs and interests. In particular, addressing trade-facilitation related needs and problems of the private sector and ensuring the continued involvement of the private sector in all appropriate fields of activity bear utmost important for its relevance and sustainability. The public sector must maintain conditions that are conducive to continued private sector, particularly SME involvement and engagement. NTFBs must be able to flexibly respond to the changing needs of the private sector in order for private sector actors' commitment to be assured and to retain their relevance. The

responses of the member states to the policy questions reveal that many of them have already launched instruments to enable the private sector to convey their needs to the relevant public sector authorities. Yet member states may still work on ways and means to further enhance private sector participation at every level.

- **Establishing effective communication systems within the framework of the work of the NTFBs**

Rationale: Transparency and accountability are two important factors that ensures the legitimacy of an organization. An effective communication system would first and provide transparency with regard to the work of the NTFB. Furthermore, effective communication is also essential to keep all stakeholders informed of inter alia the NTFB's meetings; its work and progress made; new documents introduced by the NTFB; upcoming events; and best practices. Thus, effective communication systems impact the degree of participation and commitment as well as the perceived legitimacy and transparency of the NTFB's work. This can be achieved through several means, many NTFBs rely on their website; however newsletters, mailing lists, and provision of seminars may also be employed.

- **Designing Performance Evaluation Criteria for the Existing NTFBs**

Rationale: While establishment of well-functioning NTFBs is highly important/ a priority, setting performance evaluation criteria for assessing the effectiveness of the existing NTFBs in the OIC Member Countries is highly necessitated. The performance evaluation criteria may include internationally accepted benchmarks to facilitate transparent and sound performance evaluation of NTFBs. In this respect, similar to the global indexes such as World Bank's World Logistics Performance Index, Performance Evaluation Criteria for NTFBs may also have specific items such as time and cost of trade operations.