Draft Policy Recommendations for the Exchange of Views Session of the 39th COMCEC Session on "Improving E-Commerce Capacities of the OIC Member Countries"

The 38th COMCEC Session decided on "Improving E-Commerce Capacities of the OIC Member Countries" as the theme for the Exchange of Views Session at the 39th Session of the COMCEC and requested COMCEC Trade Working Group (TWG) to come up with concrete policy recommendations on this topic and report them to the 39th COMCEC Ministerial Session.

Along with the issues related to e-commerce, the draft policy recommendations document includes the challenges and possible policy options for improving e-commerce capacities in the Member Countries. In this framework, the following challenges and problems as well as recommendations have been formulated in light of the research conducted on the subject.

A- Challenges for Improving E-Commerce Capacities of The OIC Member Countries

While e-commerce provides significant opportunities for the countries having necessary infrastructure in this field, it also bears risks for the countries, which need to take further steps for the improvement of this industry. Although some OIC Member Countries have made significant progress in the field of e-commerce, a great majority of the OIC Member Countries face various challenges in developing their e-commerce capacity. Main challenges faced by the member countries are highlighted as follows:

- Difficulties in adapting to the rapidly developing digital transformation.

- Poor legal and regulatory framework as well as inadequate digital infrastructure in the field of e-commerce.

- Insufficient quality and brand problems, tax losses, and increased informality due to the rapid spread of social media and the increase in trade through social media.

- Low competitive advantage of local companies in their home countries due to rapid development of international e-market places and digital arena.

- Poor legislation and practices on issues including e-payments, consumer protection, intellectual property, cyber security, personal privacy, and data protection.

- Limited institutional capacity regarding the preparation, implementation and monitoring of laws, strategies and programs related to e-commerce.

- Inadequate telecommunication infrastructure, such as poor network quality, internet speed quality and the cost of internet and bandwidth.

- Lack of qualified human resources and know-how to be utilized in the e-commerce sector.

- Majority of the OIC Member Countries lag behind in trade facilitation and logistical rankings.

- Insufficient data pools regarding e-commerce and of limited analyzed and shared information.

- Limited awareness and poor vision on e-commerce among potential entrepreneurs.

- Lack of trust on digital money and e-commerce in terms of consumer protection, intermediary liability, privacy and data protection.

B-Policy Recommendations for Increasing E-commerce Capacities in the OIC Member Countries

Enhancing Digitalization

1- Establishing an OIC E-commerce information portal where companies in OIC Member Countries will be able to receive information on markets in other countries.

2- Providing E-commerce companies with physical and online opportunities, where they can receive information on, among others, incentives, markets, taxes, consumer rights, and data security.

3- Improving e-commerce environment through effective monitoring and licensing of e-commerce platforms as well as accrediting e-commerce companies on these platforms.

4- Promoting effective provision of the public services to collect governmental services effectively on e-government platforms.

Sound Legal and Regulatory Framework

1- Developing enabling legal and regulatory e-commerce/digital trade environment through the legal and regulatory measures in the areas of consumer protection, intermediary liability, privacy and data protection etc.

2- Considering compliance with international regulations to facilitate international commercial transactions, such as MLETR (The Model Law on Electronic Transferable Records).

3- Defining and classifying of e-commerce with a view to developing common understanding on the subject in the OIC Member Countries.

4- Encouraging technical knowledge transfer through direct information/document sharing, trainings, workshops, personnel exchange programs in the field of e-commerce among the Member Countries of the Organization of Islamic Cooperation.

5- Encouraging OIC Member Countries to develop a feasible and time-scaled multi-annual national e-commerce strategy.

6- Encouraging OIC Member Countries to determine the competent institutions responsible for the development of the e-commerce ecosystem and to establish effective coordination mechanisms.

Promotion Activities and Incentives

1- Promoting online payment systems among the public and entrepreneurs in order to develop an e-commerce ecosystem with the usage of protection guarantees, tax deductions, and advantages over cash payments such as discounts and installments.

2- Providing government supports and incentives to encourage existing E-Commerce Entrepreneurship and prevent unregistered economy (e.g, preventing e-commerce businesses from selling goods without invoices).

3- Making legislative regulations and providing government support and incentives to people who have reached a certain level in e-commerce (e.g, those who sell more than 20 units per month or over 5000 local currency units) to become registered businesses.

4- Promoting development of business-to-business e-commerce (B2B)/digital trade (e.g. organizing fairs, forums, training for B2B companies, supporting participation in fairs and of country businesses in international B2B platforms, providing support for logistics.

5- Initiating support and incentive programs for raising awareness and improving skills of e-commerce entrepreneurship, especially in the underdeveloped segments of society.

6- Developing business skills in order to improve the competitiveness of e-commerce/digital trade companies through trainings on branding and institutionalization, business skills on social media, product display on global e-commerce platforms, and successful sales.

Supporting Infrastructural Development

1- Providing quality infrastructure (i.e. internet, mobile access etc.) with an affordable price with a view to enhancing e-commerce/digital trade ecosystem.

2- Supporting e-commerce/digital payment, purchasing, and tracking modules with modern and secure IT infrastructure.

3- Improving the investment environment in the country and implementing large projects with different financing models in order to strengthen the ICT sector, which is the fundamental element of the development of e-commerce.

4- Developing/Enhancing human resources/capacities e-commerce ecosystem through, among others, business formal education and vocational training, with a view to equipping the employees in the sector with the necessary skills.