

## **Policy Recommendations Adopted by 33rd Session of the COMCEC**

- **Strengthening Single Window efforts in OIC Member States by developing integrated Single Window strategies that reflect national and regional requirements and actively engage the stakeholders in this process**

**Rationale:** A strategy process leading to a concise strategy document is a crucial step in the process of developing a Single Window. Decisions that are taken in the early phases stages of a Single Window initiative shape the planning, design and development of the system. A Single Window is a long-term commitment to a transformation from a large number of stakeholders. Therefore, these stakeholders, and in particular so the trading community, should be closely involved in the design phase. The trading community's perspective ensures that the Single Window caters to their needs as much as the needs of the government agencies. The consultative bodies, such as trade facilitation committees, should be integrated into the business strategy development process. Moreover, regional perspective should be considered while designing the Single Window Systems.

The Single Window strategy should rest upon the identification of business and technology requirements and define priorities as well as clear objectives and measurable performance indicators to guide the Single Window project. Once the Single Window is operational it is necessary to continue measuring its performance and set qualitative and quantitative performance for service delivery. A cost and benefit analysis should be conducted while preparing visions and strategy documents.

- **Improving the effectiveness of Single Window projects by identifying and implementing necessary changes in the laws and regulatory framework and operational practices**

**Rationale:** A Single Window is a major transformation of the way how the government agencies operate and interact with the trading community. Such a transformation requires changes in regulatory framework that applies to the import, export and transit of goods and in operational practices and business processes. Single Windows can only successfully deliver results if these changes are clearly identified and acted upon in an expedited manner. This requires strong political support to bring about changes across government agencies and departments.

The analysis of agencies' current practices and procedures (AS-IS status) is the starting point for changes as it allows for the identification of prevalent and potential operational bottlenecks. These business processes must be re-designed (TO-BE status) to speed up, simplify and coordinate the processing and interaction. The legal, regulatory and administrative procedures need to be aligned in accordance to the re-designed processes. In this respect, in order to promote paperless or no paper trade, it is of utmost importance that the legal framework for documents and digital signature are in place at the national, and where applicable, supranational level.

- **Prioritizing flexibility, scalability, safety and interoperability of IT architecture of Single Windows Systems**

**Rationale:** Single Windows leverage operational changes and IT to achieve improvements to the accessibility, costs and quality of services. The Single Window IT architecture has to be

consistently integrated with the business objectives and fully support the functional requirements of the stakeholders that are part of the Single Window environment. All stakeholders need to understand early in the design process how the IT architecture contributes to the delivery of the Single Window objectives and its costs implications.

The IT architecture must be flexible and scalable to accommodate rapid changes of the IT development, diverse technologies, to integrate new technological evolutions and to deliver new services over time. Furthermore, the Single Window IT architecture should have the ability to integrate and support diverse IT systems and applications. Therefore, interoperability, meaning the ability to provide collaborative, networked and interconnected business processes, should be taken into consideration while defining the IT architecture of Single Window Systems. High availability and business continuity is one of the most important aspects of the Single Window System. For ensuring the high availability and business continuity, the IT infrastructure of Single Window Systems needs to be designed to be protected from human and natural disasters with a fault tolerant system and off-site data backup.

- **Promoting cross-border interconnectivity and interoperability of the national Single Window Systems in the OIC Region towards establishing Regional Single Window Systems**

**Rationale:** For many years, Single Windows systems were national efforts. With the increasing number of national Single Windows, there is a growing potential to leverage more benefits for the trading and transport community by fostering cross-border exchange and regional Single Window Systems. Such regional approaches aim at the electronic and automatic exchange of information among participating countries.

The main challenges for Regional Single Window Systems initiatives are, the lack of interconnectivity, interoperability and harmonized data and processes among national Single Window Systems. In this respect, while further encouraging national Single Window Systems, it is necessary to support cross-border projects amongst OIC Member countries that already operate a Single Window.

These projects can focus on the exchange of selected documents within clearly determined business processes, such as the Certificate of origin within OIC Member countries that are member of a free trade area or customs union. Such projects will encourage the alignment to common standards for data and information exchange

- **Designing and programming Special Economic Zones in line with national economic strategies for ensuring their complementarity with national economic growth targets and industry sector priorities**

**Rationale:** Special economic zones are important tools for improving national and regional economic growth and increasing the national income. Whilst SEZs have been pursued by many countries in recent years to drive economic development objectives and to facilitate investment opportunities, the economic rationale supporting the implementation of a proposed SEZ

programme needs to be fully grounded in an appreciation of the existing factors constraining economic growth and performance.

Observation of the performance and success of SEZs within OIC Member Countries and internationally, also suggests that SEZs tend to be more successful where they are programmed and designed as logical components of national and regional economic strategies. This requires a clear indication and quantification of the specific economic strategy priorities that are best served nationally and regionally by SEZs, with an evidence-based case as to why SEZs constitute an appropriate form of policy intervention.

- **Improving economic performance of SEZ programmes through developing unique incentives frameworks – fiscal and non-fiscal - which attract investments and foster effective and efficient business environments**

**Rationale:** The reduction of administrative burdens is critical to a successful SEZ programme. Non-fiscal incentives, which facilitate the ease of doing business within SEZs, are now often cited as more important to investors than the implementation of fiscal benefits. In particular, non-fiscal incentives can be very successful instruments in improving the overall business and investment environment and increasing the ‘ease-of-doing-business’.

With regards to fiscal incentives, they should be focused on the sectors and strategies which are being targeted by the proposed zone programme and should not be used as the main differentiator between competing zones. There should ideally be a clear link between national economic priorities and target industry-sectors suitable for the SEZ programme.

Where possible, incentive frameworks can be standardised at the national level to ensure that competition between zones within a country does not result in the adoption of unsustainable packages of incentives. The use of ‘sunset clauses’ can be effective mechanisms to ensure that SEZ programmes avoid unsustainable guarantees of fiscal incentives over long time periods.

- **Improving the competitive advantage of SEZ programmes through effective site and sector targeting based on a robust understanding of national economic priorities and competitive advantages**

**Rationale:** The correct choice of site(s) and sectoral focus for SEZ programmes are identified as critical success factors in ensuring that the comparative advantages of the country, region or site are fully utilised.

Sectoral selection should include consideration of advantages such as labour force, skills and training levels, proximity and capacity of input suppliers and preferential market access. A key component of this is the identification and selection of the most appropriate sectors based on a robust economic understanding of economic policy objectives, existing competitive advantages and activities which would add most value in the context of the vision and rationale for SEZ development.

Forward strategies should also be developed to identify clear pathways to progress up industry value chains with strategies formulated for fostering both backward and forward linkages within

the domestic economy. It is also important for SEZ programmes to facilitate complementary policies such as skills development and regional supply chain management to promote these linkages and attract increased investments.

One of the most common factors characterising poor performance within SEZ programmes is poor site location, sometimes determined without economic/technical considerations. It is acknowledged that zones are more successful when they exploit pre-existing advantages that are the products of concentration, such as the presence of existing infrastructure such as ports or airports which offer international connectivity or economic considerations such as access to markets, feedstocks and supply chains.

- **Designing an efficient legal and regulatory framework to create a ‘special’ economic operating environment which considers and complements the existing legal and regulatory environment**

**Rationale:** The legal and regulatory framework will typically differentiate the SEZ from the domestic economy and it is therefore important for the framework and associated regulations to outline how the SEZ programme will be governed and how investors will be attracted and serviced. The institutional and administrative framework should be clearly defined in terms of the role of different government departments or agencies and consideration should be given as to whether a unique SEZ law should be established, or whether regulations, legislative amendments or contract law or concessions could offer similar benefits.

The creation of a ‘special’ operating environment should not mean compensating for weaknesses in the wider economy, but should involve establishment of an extra-territorial area that provides truly beneficial investment and trading conditions and is fully complementary to the country’s forward strategy for economic growth.

Consideration should also be given as to how investor requirements are best met through the legal and regulatory framework, particularly within the specific target sectors and any regulatory challenges which need to be overcome to attract further inward investment. This could include the creation of a ‘One-Stop-Shop’.

Analysis of the existing legal and regulatory environment should also be carefully considered, to ensure that the proposed SEZ framework does not result in administrative conflict, tension or increased complexity. The purpose of creating a dedicated SEZ framework is to improve the general ‘ease of doing business’ and therefore increased complexity can be a deterrent to inward investment.

- **Assigning/Establishing a single SEZ authority to regulate all SEZs within the country and supporting SEZ programmes through active involvement of key stakeholders and development of SEZ working groups**

**Rationale:** There is a need for establishing a single SEZ authority, where countries have multiple SEZs to regulate all SEZs. Therefore, an overarching authority should be established in the member countries for leveraging existing expertise and avoiding the potential pitfalls of multiple authorities competing with one another and creating investor confusion. Single SEZ authorities help to

promote policy continuation and consistency across SEZ programmes, as well as managing the relationship between regulators, operators and developers of SEZ programmes. Careful consideration should be given, however, to the degree of flexibility that must be exercised by the single authority across different zones, this being partly dependent upon the zones' sectoral focus. Regulators must be able to differentiate in terms of treatment for zones focusing on financial and business services for example, in comparison to those focusing on other activities such as manufacturing or logistics. The possibility of including a legal arbitration function across or within SEZs should also be considered.

Furthermore, it is key for a SEZ programme to be supported by a range of government departments and agencies in order for it to be successful. Executive support for an SEZ programme helps ensure that all those in government understand that the programme is an executive priority and that effective administration of the programme is a priority. Additionally, various government departments and/or agencies may need to contribute or devolve operational responsibilities.

The formulation of SEZ working groups can be a key tool in ensuring that the full range of issues and opportunities that an SEZ programme generates is captured and to ensure lateral support from relevant stakeholders. Effective working groups can be composed of highly experienced government technicians who have a deep knowledge of the country's economic challenges, policies, legislation and economic development projects. Working groups can also provide a useful mechanism for managing the relationship between key public and private stakeholders through the direct involvement of private sector interests