

E-COMMERCE DEVELOPMENT IN CENTRAL ASIA: Challenges, Opportunities and Regionalization

May 12 , 2022

Almaty






USAID Entrepreneurship and Business Environment Development
Project

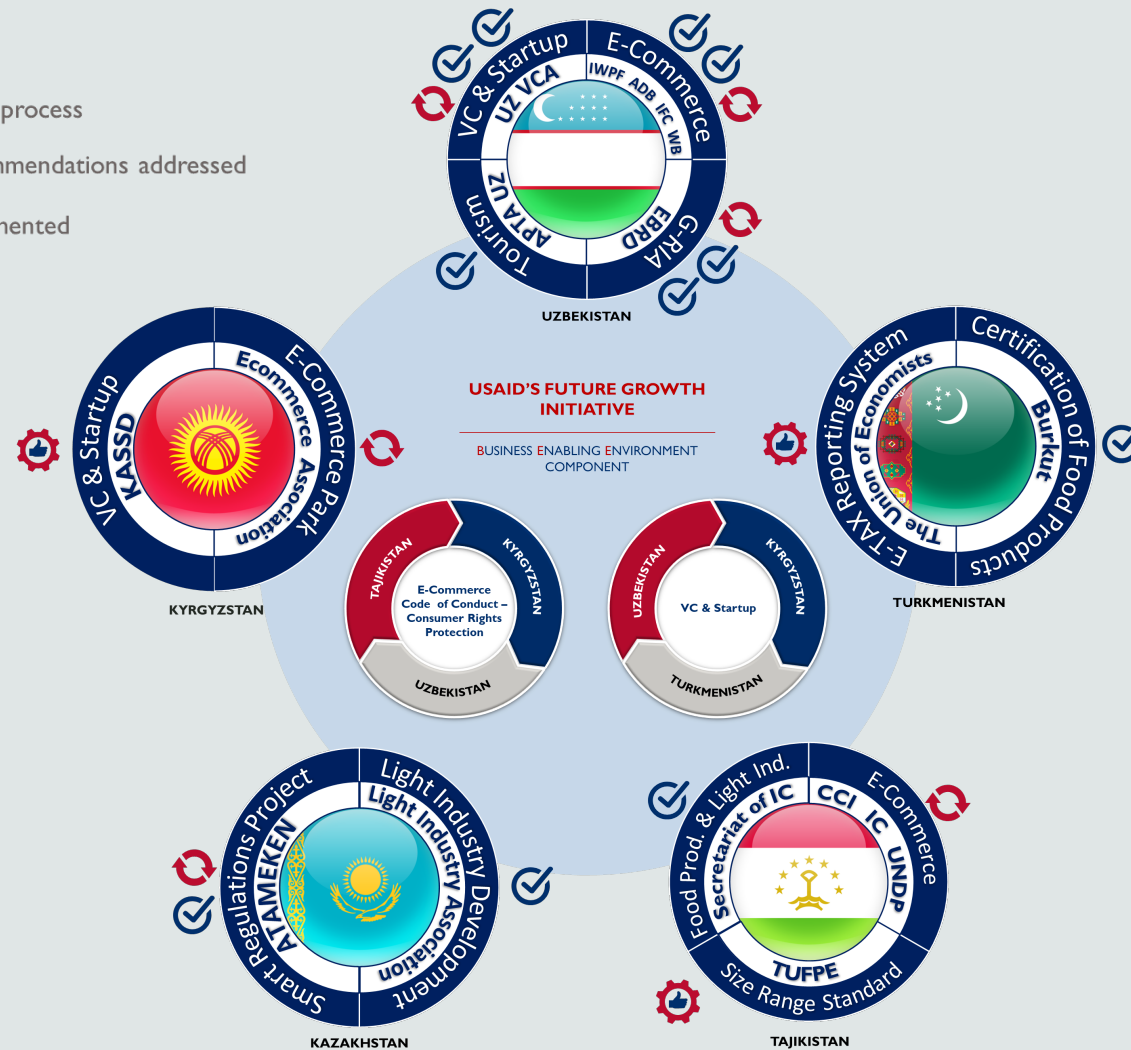
USAID ENTREPRENEURSHIP AND BUSINESS ENVIRONMENT DEVELOPMENT PROJECT (FGI) IN CENTRAL ASIA

Project goal: growth of competitiveness, economic activity, creation of new jobs, increasing income and employment level in Central Asian countries contributing to the region's economic self-sufficiency.



FGI PROJECT. Business Environment Improvement Component

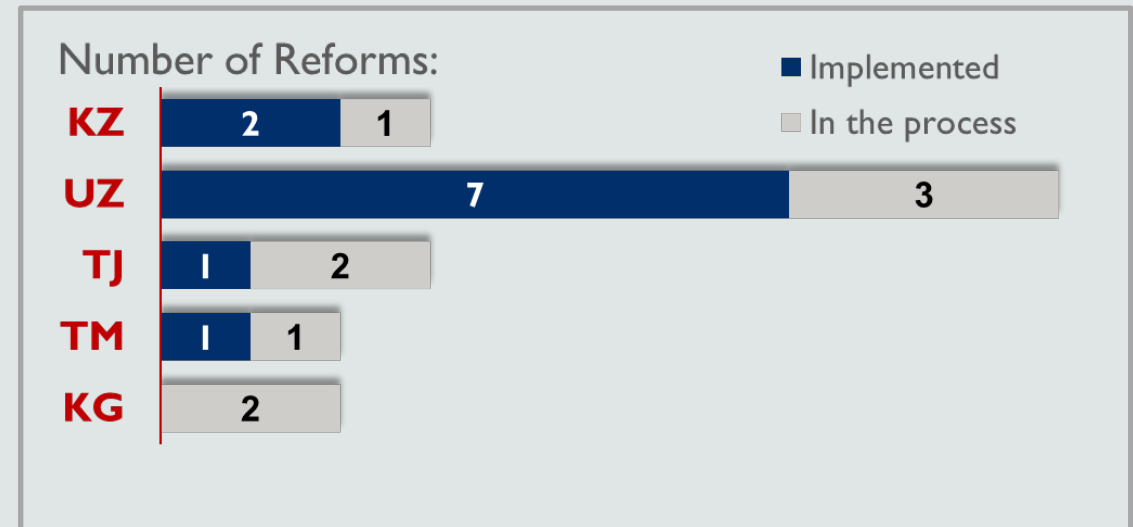
-  - In the process
-  - Recommendations addressed
-  - Implemented



- ADB - Asian Development Bank
- APTA UZ – Association of Private Tourism Agencies Uzbekistan
- CCI - Chamber of Commerce and Industry of Tajikistan
- EBRD - European Bank for Reconstruction and Development
- G-RIA - Gender Regulatory Impact Assessment
- IC – Investment Council
- IFC – International Finance Corporation
- IWP – International Women Public Fund
- KASSD – Kyrgyz Association of Software and Service Developers
- TUFPE – Tajikistan Union of Private Enterprises
- UNDP - United Nations Development Program
- UZ VCA – Uzbekistan Venture Capital Association
- VC – Venture Capital
- WB - World Bank

FGI PROJECT. Business Environment Improvement Component

From 2019 to the present, the FGI project has implemented **14 reforms** in key project areas in five Central Asian countries, including 2 reforms on development of e-commerce.



PARTICIPATION OF THE FGI PROJECT IN THE DEVELOPMENT OF E-COMMERCE IN CENTRAL ASIA

1. THE CODE OF BUSINESS ETHICS IN E-COMMERCE HAS BEEN DEVELOPED

for participants in the e-commerce market in Central Asia



2. "E-COMMERCE POLICY 360" IS UNDER IMPLEMENTATION

from global centers of e-commerce, as well as the world's leading transnational e-commerce companies (*payments, logistics, financial technology solutions, information access, consumer protection, etc.*)



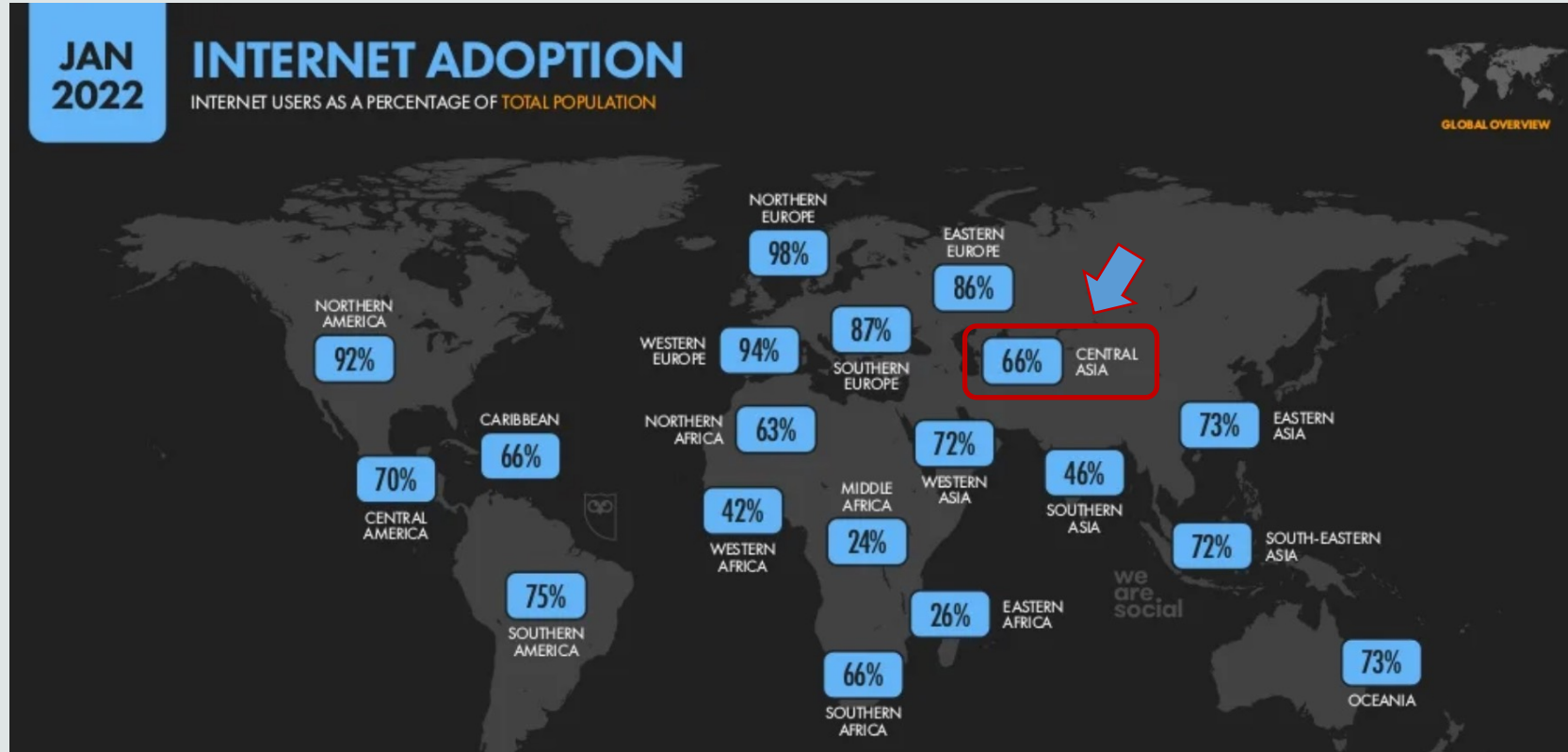
3. A SERIES OF REGIONAL EVENTS IS PLANNED

in cooperation with the ADB, WB, OECD , ITC project Ready4Trade , US Department of Commerce CLDP and other donors to improve regulatory policies in Central Asia with the participation of government agencies and the private sector of the Central Asian countries (March-September, 2022)



E-COMMERCE IN CENTRAL ASIAN COUNTRIES

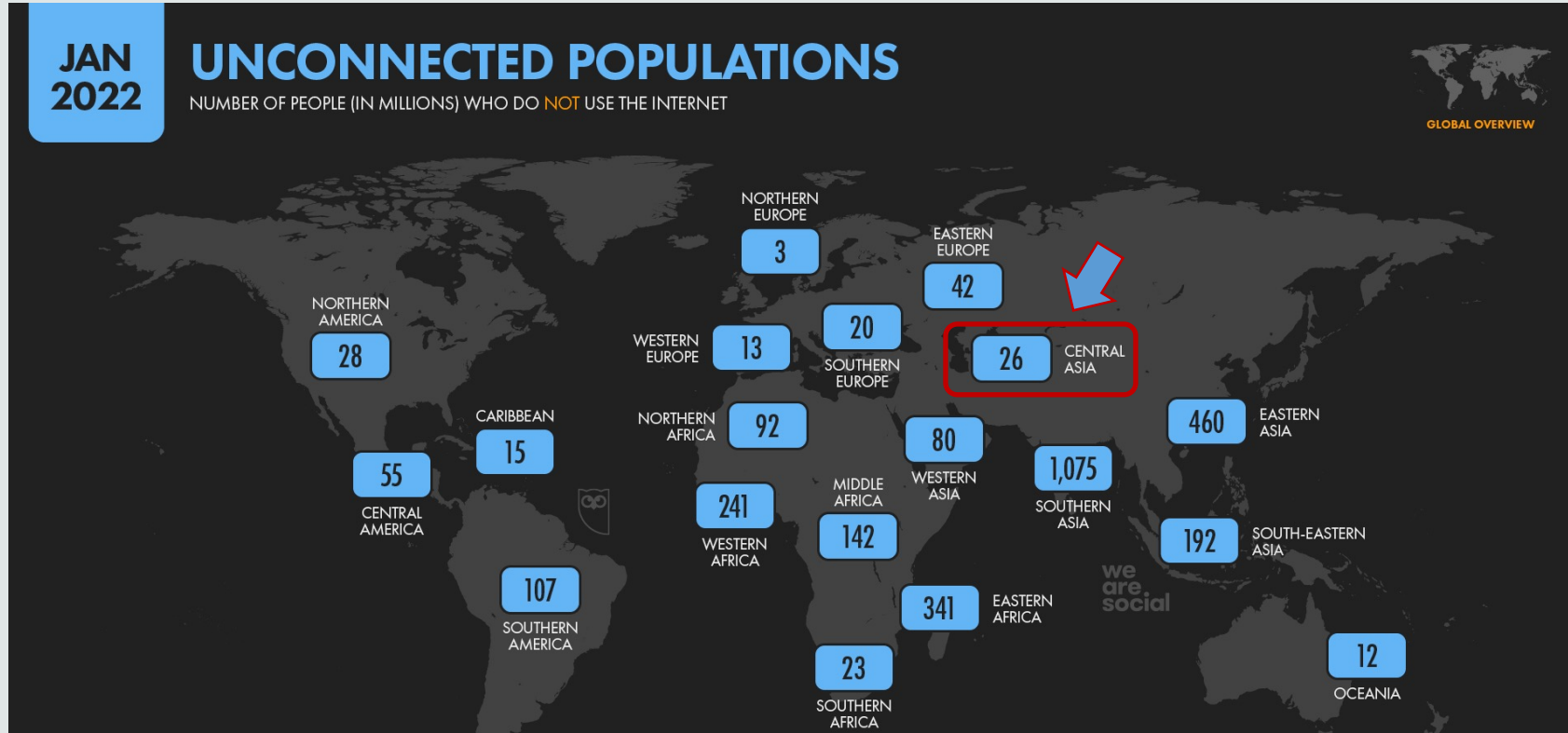
Infrastructure of Central Asia



Source: datareportal.com

E-COMMERCE IN CENTRAL ASIAN COUNTRIES

Infrastructure of Central Asia



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E-COMMERCE IN CENTRAL ASIAN COUNTRIES

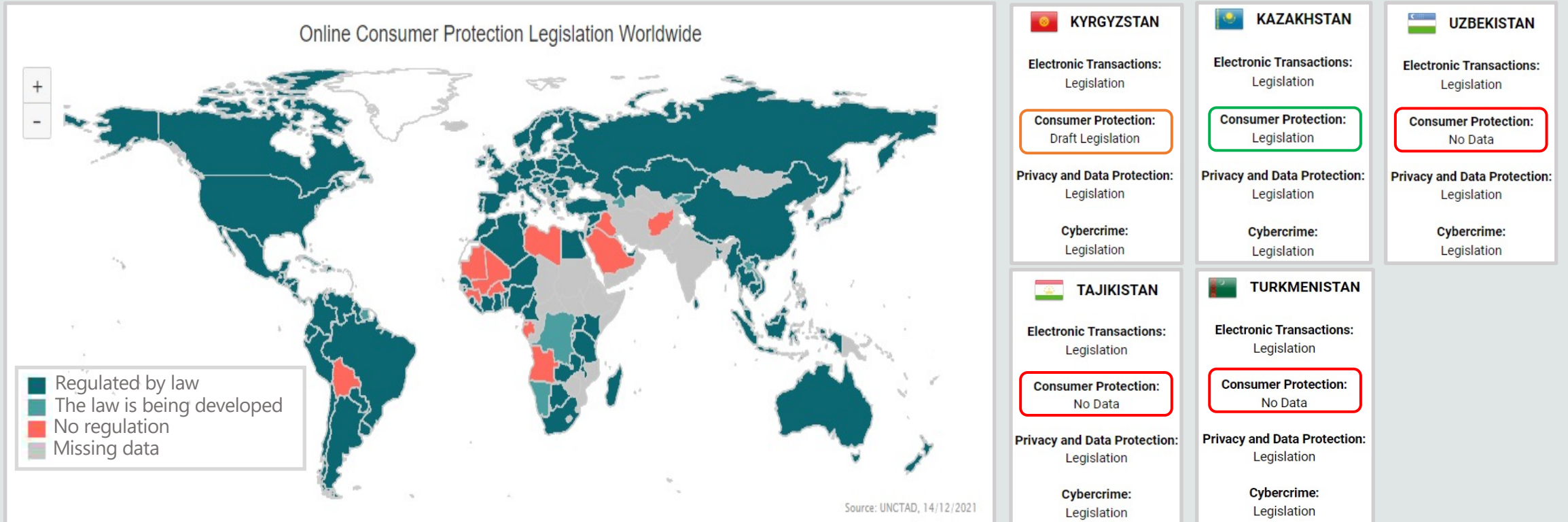
Infrastructure by CA countries *(as of February 2022)*

COUNTRY	Broadband connection (3G-5G)	Internet users	Bank account holders	Credit card holders	Debit card holders	Made/ accepted e-payments	Made online orders	Used internet banking	Paid bills online
	% of	% of population	% of population aged 15+						
KAZAKHSTAN	92.0%	85.9%	58.7%	20.0%	39.7%	53.90%	14.70%	18.20%	21.40%
KYRGYZSTAN	77.4%	51.1%	38.3%	3.6%	19.3%	36.10%	2.90%	5.80%	3.20%
TAJIKISTAN	68.8%	40.1%	47.0%	5.7%	15.9%	43.90%	7.60%	8.30%	8.40%
UZBEKISTAN	81.3 %	70 . 4 %	37.1%	0.6%	24.1%	34.2%	1.9%	6.7%	6.4%
TURKMENISTAN	62.9%	38.10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: datareportal.com



LEGISLATIVE REGULATION OF CONSUMER PROTECTION IN E-COMMERCE IN THE WORLD



59% - COUNTRIES WITH REGULATION

5% - COUNTRIES WHERE REGULATION IS DEVELOPED

9% - COUNTRIES WITHOUT REGULATION

27% - COUNTRIES WITHOUT DATA

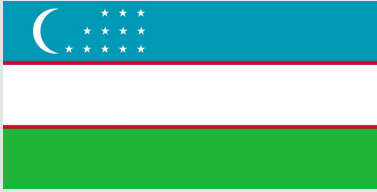


United Nations Conference on Trade and Development. Data as of 12/14/2021.



DEVELOPMENT OF E-COMMERCE IN KAZAKHSTAN

2017	The program "Digital Kazakhstan" was approved (<i>one of the areas - development of e-commerce and transition to cashless economy</i>)
2018	Reduced income tax rates by 100% for online business owners.
2021	A unified information system for protecting consumer rights has been launched
2022	-Introduced VAT (12%) for online stores of non-residents - Work is planned to improve the consumer protection system



DEVELOPMENT OF E-COMMERCE IN UZBEKISTAN

2018	An active campaign was initiated to promote and develop e-commerce in the country
2020	The laws were reviewed and recommendations were developed to improve the e-commerce ecosystem (<i>with the support of the FGI project</i>)
2021	New measures to support e-commerce were developed (<i>modern model of e-commerce administration</i>); Income tax rate was reduced by 50% for e-commerce businesses
2022	Online consumer protection mechanisms were put in place



DEVELOPMENT OF E-COMMERCE IN KYRGYZSTAN

2019	A draft law “On E-Commerce” was developed
2021	<ul style="list-style-type: none">▪ Work was started to establish an e-commerce park (<i>with the support of the FGI project, the first stage has been completed and a preliminary feasibility study has been developed</i>)▪ The law “On E-Commerce” was adopted
2022	<ul style="list-style-type: none">▪ The law “On Electronic Signature” was approved and submitted to the Parliament▪ A special tax regime was adopted for e-commerce entrepreneurs



DEVELOPMENT OF E-COMMERCE IN TAJIKISTAN

2018	An active campaign was initiated to promote and develop e-commerce in the country
2020	The Council for Development of E-Commerce was established under the Chamber of Commerce and Industry of the Republic of Tajikistan
2021	The legal framework was reviewed and recommendations were developed to improve the e-commerce ecosystem (<i>with the support of the FGI project</i>) ; A draft law "On E-Commerce" was developed



DEVELOPMENT OF E-COMMERCE IN TURKMENISTAN

2019

The first Internet banking service and an e-wallet, a QR-code payment system and a mobile wallet were introduced

2020

The concept on development of the digital economy in Turkmenistan in 2020-2025 was **approved**

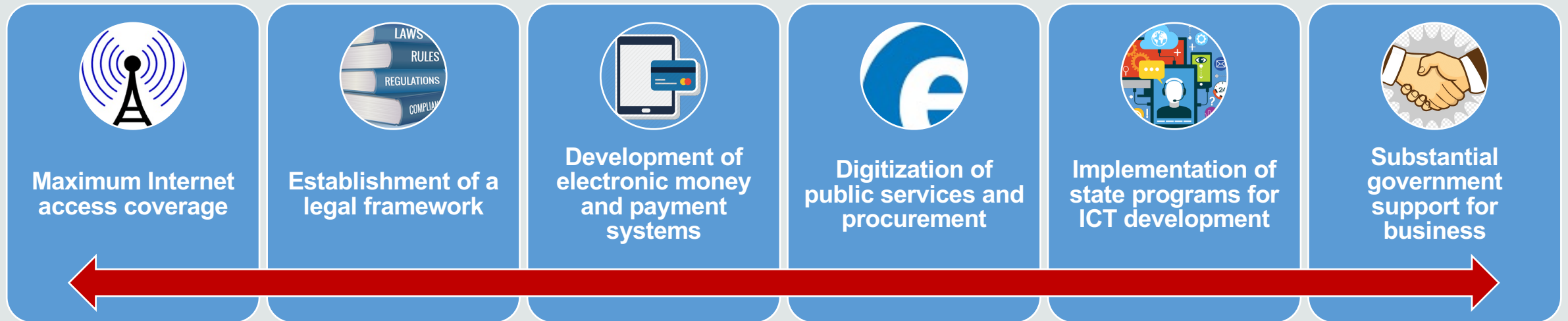
A portal for provision of public services in electronic format has been launched

The Law “On the Electronic Document, Electronic Document Management and Digital Services” was **adopted**.

“The Rules for Remote Sales of Goods remotely” **were approved**.

DEVELOPMENT OF E-COMMERCE

KEY DRIVERS:



CHALLENGES OF E-COMMERCE DEVELOPMENT IN CENTRAL ASIA

1. Internet access	2. Trust in sellers	3. Return practice
4. Security of payments	5. Receiving goods/services	6. Responsibility of sellers
7. Language barrier	8. Pricing transparency	9. Feedback

WAYS OF REGIONAL DEVELOPMENT OF E-COMMERCE AND CROSS-BORDER TRADE IN CENTRAL ASIA

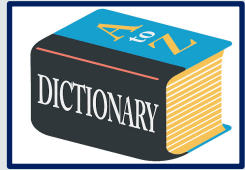


TRUST — key currency of e-commerce future.

Electronic stores and marketplaces **should be transparent , authentic and easily accessible** for their clients, including those from neighboring countries.

Provisions aimed **at protecting consumers' rights** in e-commerce **should be clearly identified, defined and enshrined in legislation.**

KEY RECOMMENDATIONS FOR REGIONAL DEVELOPMENT OF E-COMMERCE



Define and unify concepts and terms in the field of e-commerce



Develop and approve requirements for e-commerce sellers and e-commerce platforms



Define standards of responsibility for violation of requirements



Implement the institute of alternative dispute resolution in the field of e-commerce



CODE OF CONDUCT IN E-COMMERCE

- ✓ **Developed by the USAID Entrepreneurship and Business Environment Development project (FGI) in 2021**
- ✓ **Complies with high-level international principles for consumer protection**
- ✓ **Based on OECD consumer protection guidelines for e-commerce**
- ✓ **Aimed at harmonization of procedures and requirements in the field of regulation of e-commerce in Central Asian countries**

QUESTIONS AND ANSWERS



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