

Characteristics, trends, and way forward for Special Economic Zones in Africa

Insights from a UNIDO-AEZO Survey



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Methodology



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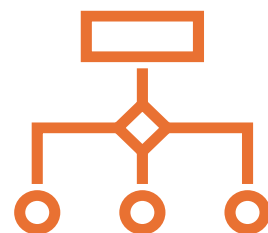


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Purpose & Scope

Analyze SEZ characteristics, trends, and challenges & digitalization of SEZs in Africa



Sampling

Purposive sampling, 218 active SEZs, 63 responses (61% response rate) out of 103 contacted



Questionnaire

46-item survey (nominal/ordinal & open-ended) targeting SEZ administrators. Two parts; SEZ Profiles and Digitalization



Individual Park Level

Limits generalizability across the continent

Response Variations

Response rates and data collection challenges

Methodology



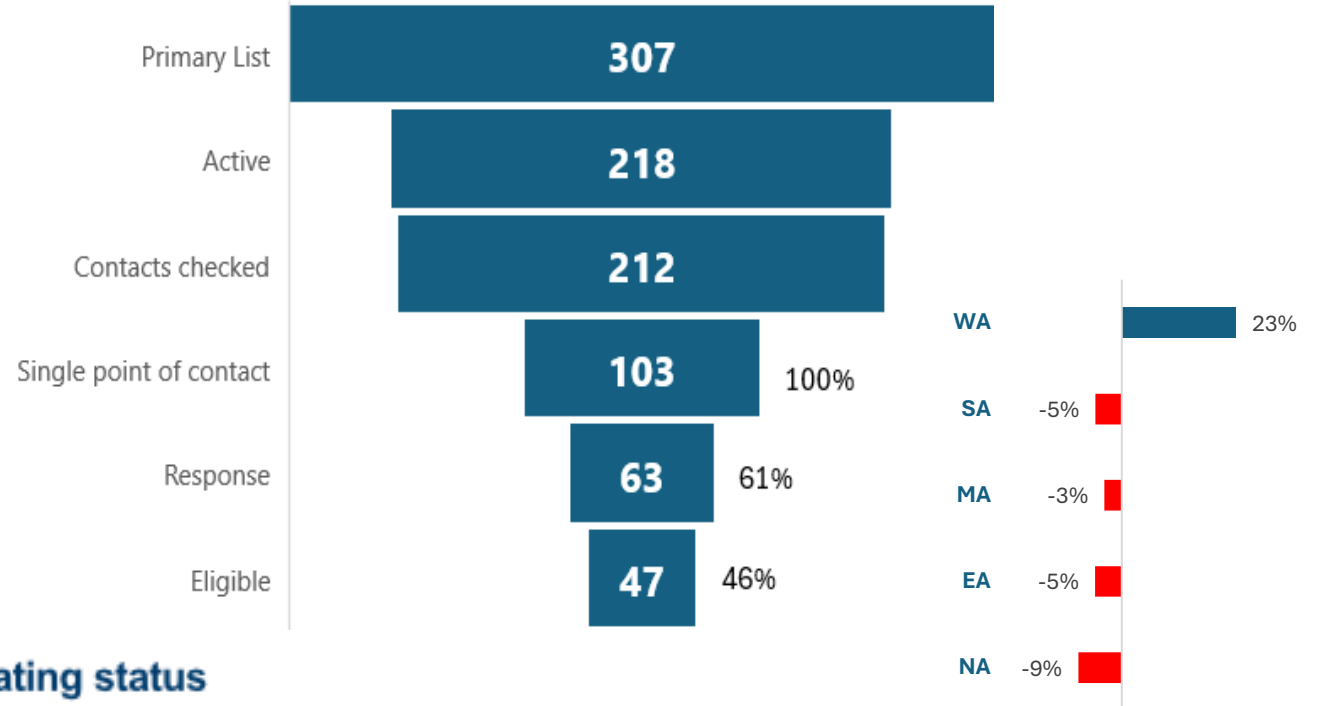
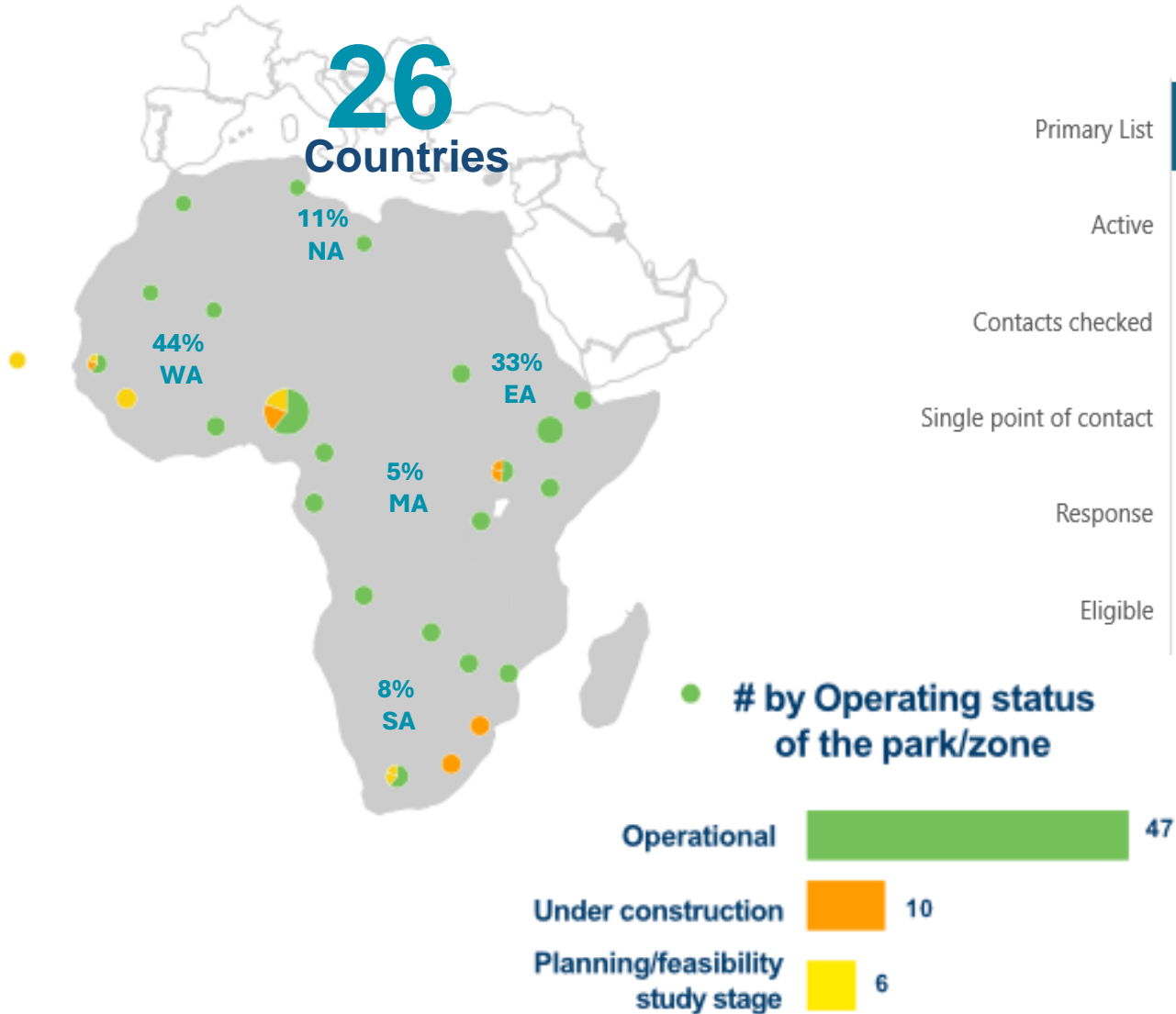
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Achieving a representative balance in the sample

Logistical Position



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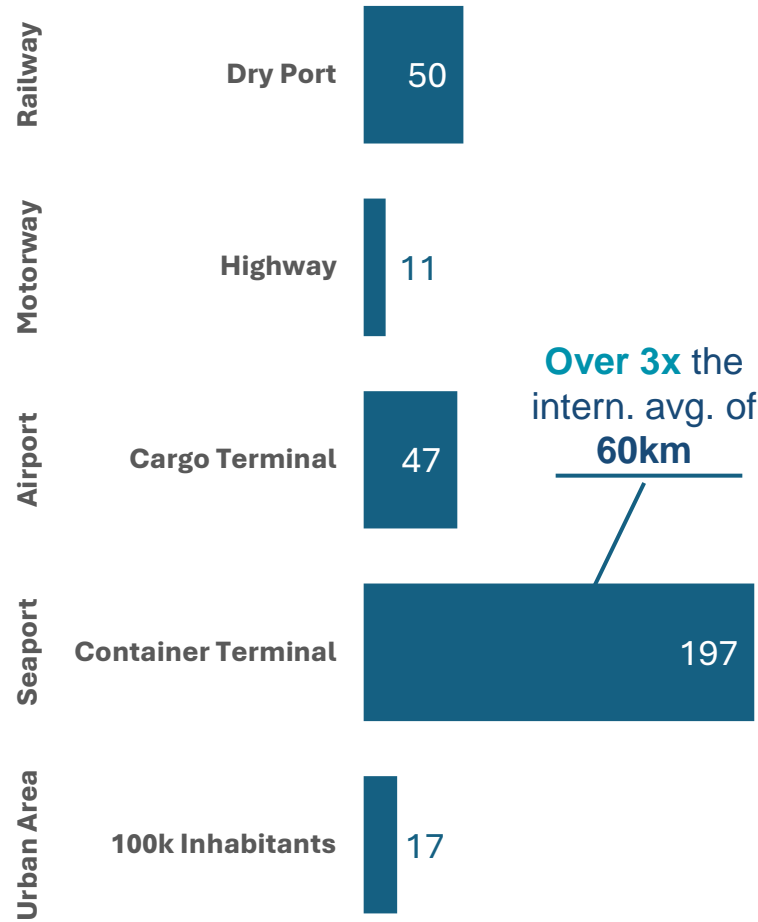


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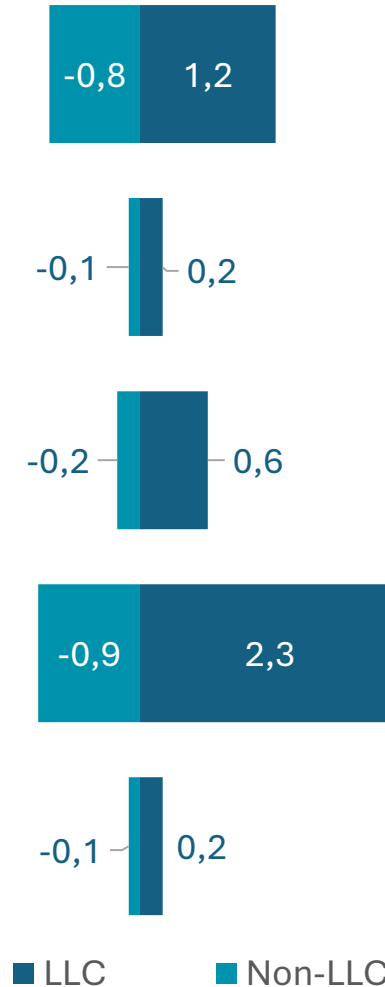
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Zones' avg. distance to
In kilometers



Non-LLC vs. LLC

Compared to avg. distance (+1 times)



Overwhelmingly inland in nature, African SEZs appear to be operating at a considerable disadvantage relative to SEZs in other parts of the world.

African **landlocked** countries chose to locate SEZs further away from urban areas, airports, motorways and railways.

Scale & Occupancy



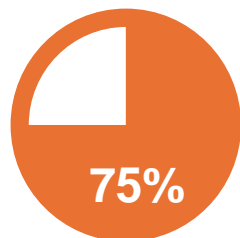
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SIZE

550 ha.

Avg. zone size. (68ha. median)



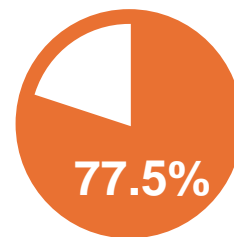
Planning
to expand

143 ha.

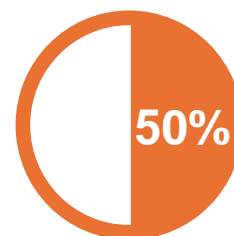
Avg. expansion

INVESTMENT

By developers

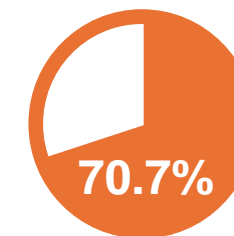


Investing at least
US \$50 million

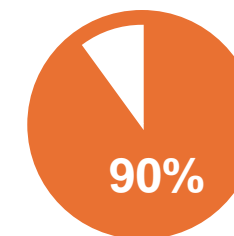


Investing over
US \$200 million

OCCUPANCY



Avg. occupancy rate



Occupancy rate in
small zones (20ha.)

> Smaller than mega-zones but
larger than traditional

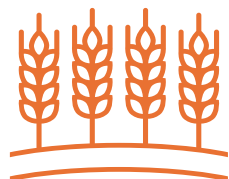
> Investment-attractive
areas for developers

> High occupancy rate

Sectoral Focus



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Agro-processing

18.6%

Garments



17.1%

Logistics



24.3%

Consistent with literature since 2008

- > Expand into High-Potential Sectors, e.g. Tourism and ICT
- > Develop Sector-Specific SEZ Infrastructure
- > Implement Targeted Marketing and Investment Promotion
- > Adopt Public-Private Management Models for Greater Efficiency
- > Strengthen SEZ Management Capacity and ESG Standards

Investment & Employment



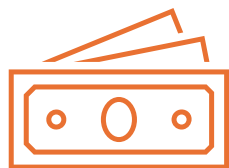
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Tenant's investment

47.2%

over US\$50 m.

40%

over US\$200 m.

Comparable to global averages

Clarify Investment Data

Conduct research to resolve conflicting investment figures



Job Creation

2k

Jobs per zone (median)

Surpasses the global averages but there is a decline in total

Buffer Against Trade Shifts

Develop policies to protect SEZ jobs in affected sectors



Ownership and Job

PPP Public Pvt.

5k 2k 500

Jobs per zone (median)

The PPP model for employment

Promote PPP Models

Support PPP ownership for higher job creation



Women's Employment

36.9%

Women's employment

Increase in non-traditional labor-intensive industries

Boost Women's Employment

Launch initiatives to increase women's employment.

Governance & Ownership



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Public ownership prevails

Contrary to global norms where SEZs tend to be privately owned and managed

Enhance Management Capacity

Bridge policy-outcome gaps with training and monitoring



Regional variations in ownership

North Africa has more SEZs in a public-private partnership (PPP) framework

Encourage PPP Models

Support PPP adoption with legal frameworks and incentives



Management standards lag behind

Management quality of African SEZs as a key limiting factor

Strengthen ESG Standards

Attract responsible investors with strong ESG practices for SEZs

Effective management practices are crucial for their success and impact, regardless of who owns them

Infrastructure & services



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Basic Services

One-stop shop



On-site customs



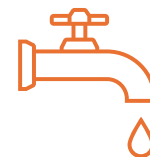
Wastewater treatment



Waste collection



Cascaded water supply



Water supply

52%

min. 1000m³/day



Power supply

48%

min. 25MW



Bandwidth

59%

min. 25mbps



Renewable

22%

min. 25%+

40% of SEZ cited Renewable energy as a priority

Increasing reliance on renewable energy sources to address energy shortages, promote sustainable industrial development, and attract investments in renewable energy infrastructure

Digitalization



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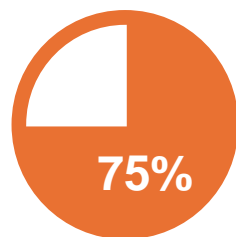
Digital Literacy Gap



Tenants	60%
Administrations	30%

COVID-19

as a Catalyst
for digital adoption



Limited Fixed Bandwidth



Data-intensive Industry 4.0 applications that rely on technologies like IoT, cloud computing, and data analytics



Develop Industry 4.0 Strategies

Top priority item for implementation to achieve digital transformation



Invest in ICT Infrastructure

Production equipment and infrastructure as the main impediment for the adoption of industry 4.0 strategies



Bridge the Digital Skills Gap



Leverage Digital Marketing

Policy & Marketing



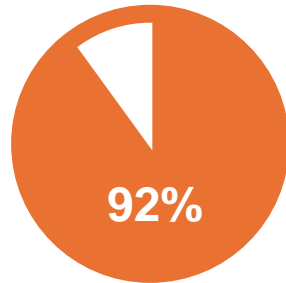
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Regulatory Framework

Publicly available regulatory documents and master plans can be attractive to potential investors

Most African SEZs rely on traditional marketing methods

➤ **Digital Marketing Potential**
presents a potential area for growth and development

➤ **Need for Targeted Marketing**
in African SEZs to attract high-potential sectors, boosting competitiveness

Observations



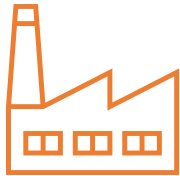
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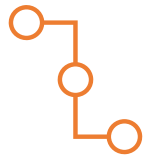


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Scale limitations

Limited scale and lack of industrial clustering hinder competitiveness. Small scale restricts the development of vibrant industrial ecosystems. Limits the ability to leverage economies of scale.



Facilitating linkages and spillovers

Lack of integration between SEZs and the domestic economy. SEZs functioning as enclaves with minimal linkages to local firms. Local procurement, technology transfer, skills development.



Ensuring sustainability

Overlooked social and environmental considerations in SEZ development. Lack of focus on resource efficiency, environmental compliance, and decent work conditions. Importance of attracting sustainable investment.

Observations



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Attracting investments

Lack of investment compared to other regions
Limited visibility and improvement in national investment climates
Challenges in attracting FDI despite opportunities (AGOA, AfCFTA)



Promoting sectoral diversification

Concentration in traditional, low-value-added sectors
Need to diversify SEZ activities into other sectors
Reducing dependence on quota-hopping and export preferences



Strengthening management quality

Management and bureaucratic hurdles
Administrative efficiency
Investment promotion strategies

Supporting policy reform



- Effective policy and regulatory environments
- Streamlined investment procedures and improved customs administration
- Using SEZs as pilots for broader economic reforms



Digital platform



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How UNIDO can support



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UNIDO tool	Key challenge addressed	How it enhances SEZ performance
UNIDO investment platform	Low levels of investment in African SEZs	Showcases SEZ investment opportunities to a global audience, attracts FDI.
Subcontracting and partnership exchange (SPX)	Weak integration with domestic economies	Connects SEZ entities with local suppliers, fosters partnerships, supports local procurement, technology transfer, and skills development, and strengthens regional value chains for AfCFTA.

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UNIDO tool	Key challenge addressed	How it enhances SEZ performance
Computer model for feasibility analysis and reporting (COMFAR)	Lack of strategic approach for SEZ projects	Supports economic viability studies, financial modeling, and long-term sustainability assessments for SEZ projects, aiding both governments and private investors in decision-making.
Business registry and investment monitoring tools	Ineffective management of SEZ	Manages SEZ, monitors investment inflows and project progress, and facilitates data-driven decision-making for adaptive management.
Eco-industrial parks (EIP) framework IAIP(https://ipp.unido.org/)	Social and environmental sustainability challenges	Promotes the development of eco-industrial parks, encourages resource efficiency, environmental compliance, and decent work conditions.

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Leveraging digitalization for a concerted investment promotion effort



The Invest-in-ACP Investment Promotion Portal which provides investment location information including investment project opportunities, ACP country and regional level institutional partners, value chain and sectoral details and information on industrial parks and sites

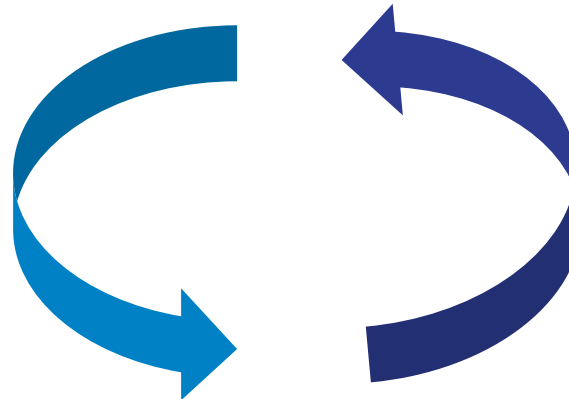
<https://investment.unido.org>



Digital Investment Profiling System (DIPS)

The Digital Investment Profiling System (DIPS) constitutes the back-end of the Invest-in-ACP Portal. It serves as a web application for IPAs and IPIs for the management of investment profiling data including Investment Opportunity Profiles (IOPs) as well as business intelligence on existing investors in the country.

<https://dips.unido.org>



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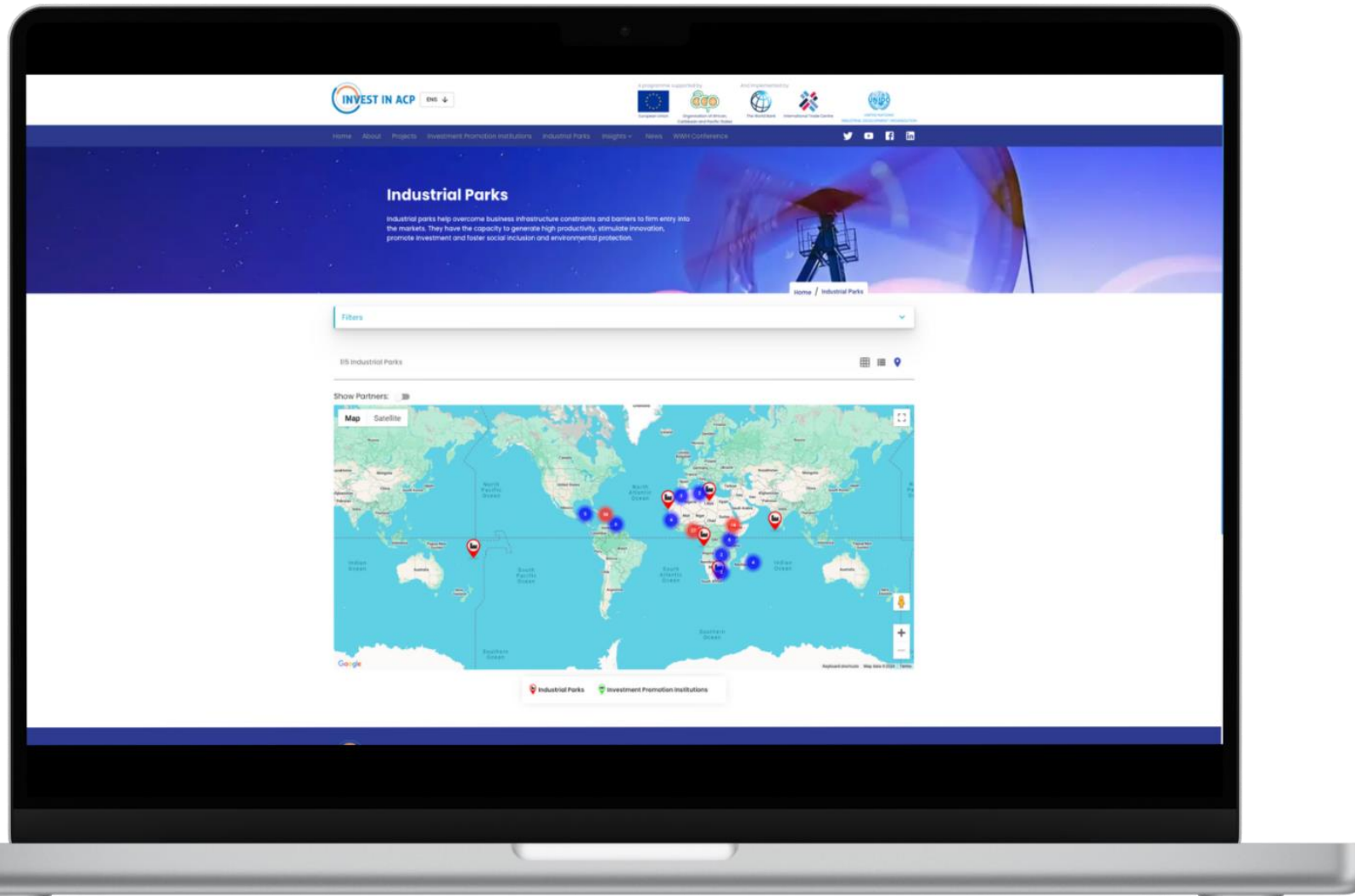


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The public
promotion site



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The versatile back-end

Dashboard

Welcome Brian

Investment opportunity promoting

FDI firm-level surveys

Industrial Parks, SEZs management

Home

Actions

IOP

Survey

Data Analytics

Industrial Park Dashboard

Partner Dashboard

Potential Investor Dashboard

Publication Dashboard

Admin

IRM

FDI intelligence & analytics

Investor query tracking and targeting

Investor Relationship Management

308 IPA/IPI staff (51% women) regularly using DIPS as FDI investment facilitation and promotion tool

My Settings

Home

Actions

IOP

Survey

Data Analytics

Industrial Park Dashboard

Partner Dashboard

Potential Investor Dashboard

Publication Dashboard

Admin

IRM

UNIDO

UNIDO - HQ - Vienna

FCO-VIA

About this project

Digital Investment Profiling System is online web application for Investment Promotion Agencies to collect and publish investment opportunities and publish them in the Investor Portal. Conduct Survey campaigns and publish survey results in the portal.

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The way forward



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1 Driving digital transformation

Challenge: Limited digital literacy among SEZ administrators



Action: Support Industry 4.0 strategies and provide tech access and training

Enhancement: Boost SEZ competitiveness via digital adoption

Thank you for your attention!



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