



AFRICA
ECONOMIC
ZONES
ORGANIZATION



ANNUAL REPORT

2022

Since the late 90s, African Special Economic Zones have gained considerable traction and are considered as one of the main instruments to stimulate economic growth, promote FDI, and accelerate industrialization.

According to the African Economic Zones Outlook 2021, there are 203 operational SEZs in Africa and 73 projects that have been announced for completion. SEZs are well developed across the continent and present in 47 of the 54 countries, and are responsible for the creation of 60 million jobs in agro-processing, manufacturing and services, with an average female participation of close to 37%.

Through the major role of accelerating industrialization and boosting industrial transformation, SEZs have rightfully proven their unshaken status as a resilient economic stimulator and accelerator of sustainable industrial value chain development.

While sustainability and durability have long been priorities for SEZs operators in Africa, they have not been adequately emphasized as much as they should have been until recently. As such, introducing new business models fit for an urban framework that combines waste management, energy transition, health and wellbeing, among other factors, is key to ensuring the successful implementation of sustainable SEZs projects.



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Highly Performant Industrial Clusters in Africa such as Special Economic Zones can support Member States and Regional Economic Communities shifting from the commodity export reliance, which make them vulnerable to exogenous shocks, to a new era of transformative, highly competitive, inclusive, sustainable and private sector-led industrial development framework fully integrated into regional, continental and global value chain.



H.E. Amb Albert M. Muchanga
Commissioner
African Union

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We are therefore ready to partner with Special Economic Zones in Africa to benefit from the Africa Continental Free Trade Agreement (AfCFTA). I commend the Africa Economic Zones Organization for bringing together operators of free zones in the continent. This will enhance intra African trade and promote peer review among the operators.



H.E. Muhammadu Buhari
President
Federal Republic of Nigeria

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There are Several challenges threatening African economic zones prosperity, namely

- 1 Insufficient development of logistic corridors and competitiveness.
- 2 Weak infrastructure & governance models.
- 3 Lack of reliable planning & incentives schemes designed to support regional value chain integration.
- 4 Limited trade facilitation reforms and digital outreach.
- 5 Poor governance & policy inconsistency.
- 6 Lack of expertise and skillsets to address global value chain requirements.
- 7 Limited access to relevant information that translate market intelligence into business opportunity for SEZs operators.
- 8 High demand for digitalization, particularly for remote working arrangements;Lack of one-stop-shop services.

In the African context, it is most crucial to improve SEZs viability and sustainability on all levels (Economic – Social – Environmental) by considering the cost-benefit analysis that would enable SEZs to assess their energy consumption/usage and their youth/women integration plans, with a stronger emphasis for each country on green renewable energy as a competitive advantage.

Economic Zones require strong collaboration, not merely between operators and government officials, but also between competitors, public and private entities, etc., in terms of industrial strategies and plans, environmental protection, safe working environments, as well as mobility and logistics.

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The success of the African Continental free trade area depends on closing Africa's infrastructure deficits (...) As we develop special economic zones, it is time to re-imagine Industrial Manufacturing in Africa. The future of manufacturing is digital



H.E Akinwumi Adesina
President
AfDB

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Investment promotion partnerships with Africa's special economic zones and industrial parks are vital to achieving prosperity by innovation. UNIDO values AEZO's mission and will forge an even closer partnership to attain the SDGs, particularly SDG 9 for Africa's sustainable industrialization.



Gunther Beger
MD SDG & IET Directorate
UNIDO

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We need new ambitious policies to deliver economic stability, resilience, and of course, investment. Special Economic Zones are an important part of this strategy.



James Zhan
Director of Invest& ENT.
UNCTAD

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In this regard, creating an enabling atmosphere for collaboration and offering training support to provide staff with the adequate know-how is necessary so that SMEs and other stakeholders learn how to manage climate change effects and to keep up with international standards in a cost-efficient manner. In parallel, data gathering, analysis and reporting to reach informed decisions are important to implement for new business models.

On a policy perspective, new tailor-made policies that fit the African context will enable the SEZ community to reap more benefits from the wave of industrialization. They should encourage R&D projects, support innovation, and work towards scaling up African economies in Global Value Chains.

Though Africa is home to many R&D institutions that provide quality data, this latter does not reach factories in SEZs and beyond, where it can be commercialized and turned into profitable businesses. Due to the gap between SEZs and research development agencies, problems are often left unresolved, and production is never improved, which leads to failing business models and unachievable industrialization goals.

Simultaneously, and to spur economic development in SEZs, there is a need to incorporate job creation as a central pillar of economic diversification. This need must be linked to entrepreneurial ambitions as a way to stimulate such development, with emphasis on sustaining Economic Zones through green revolution pathways and innovative ideas. At its core, innovation requires interaction between enterprises, service providers, policy makers, capital providers, and R&D institutes.

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Our global community finds itself confronted with several challenges at once: economic growth and productivity have been injured in many locations by the lagging effects of COVID-19 (...) and this is very disruptive for value chains activities, also, last year saw a rebound in global foreign direct investment, as the benefits of the recovery have not been felt evenly in all regions. And this may impact ambitious frameworks for economic growth such as the AfCFTA (...) The investment needs are huge.



Cecile Billaux
Director
European Commission

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In this context there is a need for unrestricted support from the Governments and local authorities to retain investor interest in SEZs provide greater flexibility and improved ease of doing business. This is not only critical to power the growth of the African SEZ, but also to boost the growth of the African economies.



Ahmed Bennis
General Secretary
AEZO

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For African SEZs to attain their objectives, they must embrace and put into practice the concepts of the 4th Industrial Revolution while giving a closer look to carbon footprint and carbon free sustainability, leading African countries to develop, adopt, domesticate and implement a carbon credit scheme.

This goes hand in hand with the need to create regional integration models under the AfCFTA to increase the magnitude of trade, efficient utilization of the raw materials, and forge partnerships among SEZs authorities, involving the private sector for an efficient coordination system. In other words, it is imperative to note that complementarity instead of competition is key, and that what applies on a national level should take a firm grounding at the regional, African level, as a paradigm emanating from the AfCFTA.



Hence, SEZs can trigger economic policy reforms, by promoting economic diversification and export while preserving domestic linkages. They can provide room for experimenting new policy approaches and regulations in areas like customs, legal, public-private partnership, sustainable development, and green industrialization initiatives.

Nonetheless, in looking at the future of benefits provided by African SEZs, we must examine current tax incentives structures to increase their effectiveness complementary to the global tax reform for new investments, and to come up with a plan on how to manage this change with existing investors.

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Africa is a bit of an exception with greenfield projects up 22% and international project finance deals up 12%. It is good news, but in the longer term, Africa will not be able to entirely escape the negative global trends.



Richard Bolwijn
Director, Invest Research
UNCTAD

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Africa is still at a point where we need to make sure that economic zones are viable. (...) ZES should be looked at from a competitiveness and cost perspective at the end of the day.



Adil Chikhi
Director, Head of ICA
European Bank for RD

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Tax Regulation is a crucial key to the development of African SEZs. According to UNCTAD World Investment Report, trends have shown a peak in global investments in 2019 at **\$1.6 trillion dollars worldwide**. This was followed by a 40% collapse in the first year of the covid-19 pandemic, which ended with a significant recovery of 60% back to \$1.6 trillion in 2021, thanks to the fiscal stimulus and FDI flows that were in circulation. However, after a fruitful first quarter, investment flows started to slow down once again, which lead to worrisome expectations that call for fast preventive actions.

With the new tax reform entailing a **15% minimum tax** applied to multinational enterprises with consolidated revenues of more than **\$750 million starting 2024**, expected implications on investments and investment policies include downward pressure on Global Flows and offshore financial tax havens.

Amid these negative predictions exists a silver lining: Investment flows will be diverted from countries with higher tax rates to those with unchanged ones, which generally affects developing countries positively. On the other hand, some tax incentives (e.g: corporate income tax incentives) will no longer be as effective, if at all.

Subsequently, this will affect Special Economic Zones, as **70% of investment projects in Africa** are carried out by subsidiaries of companies with consolidated revenues of \$750 million.

In summary, this year marks an important milestone for African SEZs towards the implementation of the African Continental Free Trade Area and the opening on Industrial Value Chains. They must therefore focus on both enhancing resilience and speeding up change to achieve sustainable economic welfare benefits in a world steadily recuperating from post-COVID-19 effects. Adapting to new development strategies, supporting economic diversification, accelerating sustainable growth and industrial digital transformation, and encouraging innovation, are some of the building blocks to mull over before reaching a comprehensive and well-rounded action plan.



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It is very critical for every country to look at their needs for SEZs. (...) There is a need to develop policies that will make industrial parks stand the test of time. That is why it is important that we set up industrial parks which are viable, that can attract investments and big anchor industries.



Hon. Michael Okyere Baafi
Deputy Minister of T&I
Republic of Ghana

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SEZs are the game changer that Africa needs right now. They will accelerate the process of industrialization, provided we implement the right policies and provide proper infrastructure.



Oyelaran-Oyeyinka Oyebanj
Senior Adv on Industrialisation
AfDB

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RECOMMENDATIONS AND WAY FORWARD

Iteratively, African SEZs prosperity is dependent on decisive actions and collective efforts stemming from African member states as prime stakeholders. Concrete policy measures and investment policies are non-negotiable, to ensure that women, business owners, and workforce personnel, can all be better involved and well integrated in SEZs' development projects. In this sense, policy makers, governments, and SEZs officials must consider the following when implementing SEZs programs:

Providing unrestricted support from the Governments and local authorities to retain investor interest in SEZs, provide greater flexibility and improved ease of doing business.

Allowing room for experimenting with new policy approaches and regulations in areas like customs, legal, public-private partnership, sustainable development, and green industrialization initiatives.

Supporting the implementation of the AfCFTA and the translation of its objectives into concrete actions led by African SEZs in terms of exports diversification, competitiveness, and go to market strategies.

Institutionalizing a functional innovation eco-system to set up effective legislations, and business knowledge centers that promote youth and women employment.

Fostering the establishment of a collaborative framework dedicated to capacity building and expertise sharing, connecting African SEZ with Global industrial clusters.

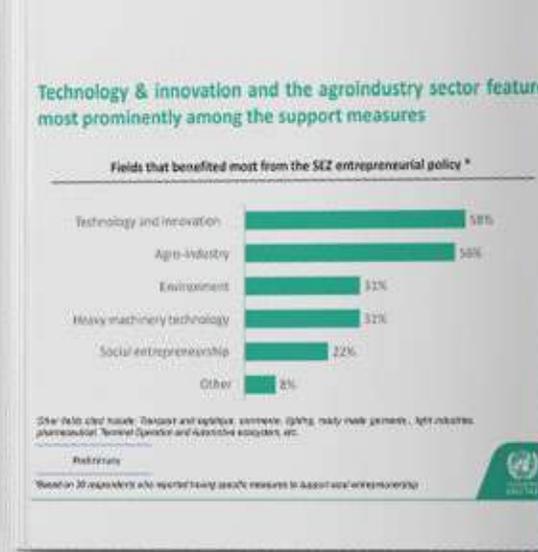
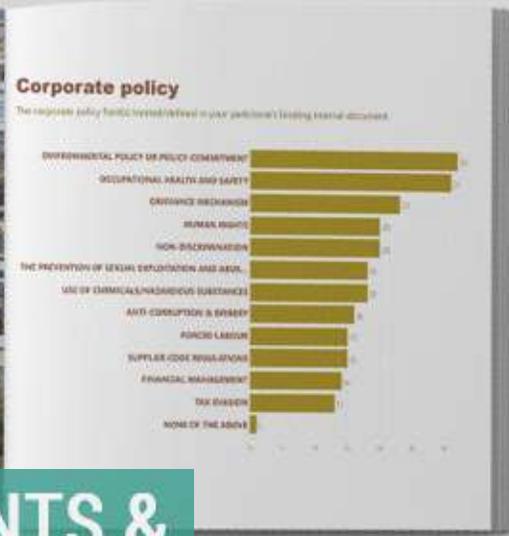
Facilitating access and cooptation of SEZ leaders, managers to business communities, industrial associations, federations.

Developing a dedicated platform that promotes the best use of technology and digitalization. The objective is to raise awareness about up-to-date global value chains (GVC), market intelligence as well as industrial and sectoral trends, with the aim to identify business opportunities for African SEZs.

Reconciling national development priorities in order to develop strong regional alliances and industrial complementarity between African SEZs.

Enabling use of green and competitive energy using Africa's abundant natural resources and swaying away from Carbon footprint strategies to attract more FDI.

Encouraging green buildings built following international certifications that optimize the consumption of energy, wastewater treatment, recycling, etc.



COMMITMENTS & ACHIEVEMENTS

AEZO-UNCTAD GUIDE REPORT



Guide on African Special Economic Zones and Local Entrepreneurship Development developed by UNCTAD in partnership with AEZO, examines trends in African SEZs, identifies best practices, and serves as a foundation for technical cooperation in the elaboration of sound policy guidelines and frameworks for the development of SEZs and local entrepreneurship in Africa.

AEZO-UNCTAD SURVEY REPORT

AEZO-UNIDO SURVEY REPORT



AEZO & UNIDO have conducted a joint survey on "Special Economic Zones & Industrial Parks in Africa". The main objective of the survey was to elicit more information on the operation of SEZs in African regions, to enable the offer of more targeted support services, and to act as a "one-stop shop" for promoting SEZs to international investors, via the UNIDO Invest-in-ACP platform.

CAPACITY BUILDING & TRAINING



March 17th - 18th, 2022

May 26th, 2022

June 02nd - 03rd, 2022

ABIDJAN, COTE D'IVOIRE

The contribution of Special Economic Zones to the industrialization of Africa in the context of the AfCFTA.

TANGIER, MOROCCO

Local entrepreneurship promotion within African SEZs.

ACCRA, GHANA

Contribution of Special Economic Zones (SEZs) to economic diversification in Africa in the context of the AfCFTA.



INTERNATIONAL CONFERENCES

FEB 16TH

MARCH 04TH

JUNE 28TH

NOV 08TH

NOV 22ND



7TH EABF EU-AFRICA BUSINESS FORUM 2022

Special economic zones accelerating industrial value chain development and sustainability.



CAPACITY BUILDING WORKSHOP ON THE DRAFTING OF AfCFTA SEZs REGULATIONS

The drafting of AfCFTA SEZs regulations.



UNECA-UNIDO EVENT

Challenges & opportunities of new generation special economic zones for economic diversification & industrialization in central africa.



EUROPEAN UNIVERSITY INSTITUTE WORKSHOP EXECUTIVE

The african continental free trade area: challenges and opportunities.



AFRICA INDUSTRIALIZATION WEEK

The role of special economic zones in sustainable industrial development.



GLOBAL ALLIANCE OF SEZs

Last year, Africa Economic Zones Organization made the decision to join this UNCTAD initiative and become a founding member of this global platform to catalyze partnerships and bring together sister organizations from the US, Latin America, Europe, the Middle East, China, and others.

This collaborative framework gathering SEZ from across the world will offer the opportunity to our community to share learnings with an international business network and interact with highly talented experts.

AEZO and its members' participation will help African SEZ raise awareness on global trends and pool the resources, experience, and commitment to support resilient, inclusive and sustainable development.





EVENT HIGHLIGHTS

The African Union Commission (AUC)'s Department of Economic Development, Trade Tourism, Industry and Minerals and the Africa Economic Zones Organization (AEZO) jointly organized the 5th AU Symposium on Special Economic Zones and the 7th edition of the AEZO Annual Meeting in Abuja, Nigeria under the theme **“Special Economic Zones: Engine for Economic Resilience and Accelerator for Sustainable Industrial Value Chains Development”**, with the support of international partners such as the African Development Bank (AfDB), UNIDO, UNCTAD, GIZ, in addition to local Nigerian partners consisting of Nigeria Export Processing Zones Authority, Oil & Gas Free Zones Authority, and Nigeria Economic Zones Association.

AEZO |  **ANNUAL MEETING**
ABUJA - NIGERIA
30 NOV - 2 DEC



5TH SYMPOSIUM
ON SPECIAL ECONOMIC ZONES
AFRICAN UNION COMMISSION

The event also paved the way for the celebration of the 30th anniversary of the Special Economic Zones scheme in Nigeria, and featured prominent government officials, ministers, and heads of international organizations. 400 participants followed the deliberations and interacted with eminent experts, academia, policy makers, financial institutions and C-level representatives from Economic Zones and Investment Promotion Agencies.

“ AFRICAN SPECIAL ECONOMIC ZONES :
ENGINE FOR RESILIENCE AND ACCELERATOR FOR SUSTAINABLE INDUSTRIAL VALUE CHAIN DEVELOPMENT ”



Last year's annual meeting, marking its 7th edition and in collaboration with the AUC's 5th Symposium on SEZs, shed a focused light on the key challenges SEZs face, with a theme that identifies in its core SEZs policies which are able to facilitate and prioritize economic resilience and sustainable value chains development, in the context of the post COVID-19 pandemic and the African Continental Free Trade Area (AfCFTA).

Through the lens of different deliberations featured prominent experts disseminated best practices and offered insights on how to overcome SEZs challenges involving all stakeholders, from SEZs operators to international organizations.

In accordance with this year's theme, and by encouraging SEZs policies that facilitate the implementation of said parameters, AEZO experts highlighted the need for domestic investments in order to provide direct linkages for SMEs across the African continent.

Additionally, deliberations also established that linking trade dimensions to economic development and investments, as well as ensuring a green transition are both objectives that SEZs must strive to achieve.

The AEZO 7th Annual Meeting and the 5th AU Symposium on SEZs provided guidance on cross cutting issues related to the contribution of SEZs in accelerating sustainable industrial value chain development.

The deliberation addressed the following Topics :

01

The impact of the circular economy on SEZs development, global trade, and supply chains.

02

The deployment of international standards, Value creation in SEZs, building stakeholders resilience.

03

The SEZs as a catalyst for economic corridors and industrial upgrading.

04

The road map to attract quality FDI, industrial upgrading and green energy transition.

05

The integration of African SEZs in mobilizing financial resources, and promoting inclusive growth and sustainable development.

06

The role of African SEZs in facilitating regional integration under the African Continental Free Trade Area (AfCFTA).



AFRICA ECONOMIC ZONES ORGANIZATION SEZs AWARDS

**BEST IN CLASS
INTEGRATED MODEL**

TANGER MED ZONES
MOROCCO

**OUTSTANDING TECHNOLOGY
& DIGITAL SEZ**

LUANDA BENGO SEZ
ANGOLA

**OUTSTANDING GENDER
PROMOTION SEZ**

EIC
ETHIOPIA

**OUTSTANDING BUSINESS
FRAMEWORK SEZ**

GFZA
GHANA

**OUTSTANDING MARKET
INTELLIGENCE SEZ**

NKOK SEZ
GABON

**OUTSTANDING SOCIAL
IMPACT SEZ**

NEPZA
NIGERIA

**PROMISING SEZ PROJECT
PROMOTING GREEN
ENERGY SEZ**

NIAMEY SEZ
NIGER

In recognition of the new developments affecting Africa's economy, African SEZs are at the epicenter of the continent's development towards a more evolved, sustainable, and resilient economic model. Chosen by a designated scientific committee after careful deliberations, these economic zones have excelled in each of their respective fields, exhibiting keen potential in meeting their countries' development needs. To this end, seven African SEZs were celebrated during the AEZO 7th Annual Meeting to commemorate their efforts and invigorate the SEZ community.

The members of the Association met for a General Assembly with prior convening notice communicated by the President to the Members of the Association, in order to deliberate on the organization's vision for the new mandate, and to review what has been done for the past year's plan of action. Some of the elements discussed included: Activity and Financial reports presentation, Business/Action plan presentation for the year 2023, Treatment of SEZs by the AfCFTA, and lastly, appointment of the members of the Strategic Committee.

After giving each candidate time to appeal to the members present, the vote revealed the elected AEZO Steering Committee that is composed of the following members:

AFRICA ECONOMIC ZONES ORGANIZATION GENERAL ASSEMBLY



AFRICA ECONOMIC ZONES ORGANIZATION

STEERING COMMITTEE

MEMBERS 2023

GABON



AUTORITÉ ADMINISTRATIVE
ZONE ECONOMIQUE SPÉCIALE
DE NKO

GHANA



GHANA FREE
ZONES AUTHORITY

MOROCCO



TANGER FREE ZONE



TANGER MED SPECIAL AGENCY



TANGER MED ZONES



MEDHUB



TANGER AUTOMOTIVE CITY

ESWATINI



Royal Science &
Technology Park

ROYAL SCIENCE
& TECHNOLOGY PARK

NIGERIA



NIGERIA EXPORT
PROCESSING
ZONES AUTHORITY

SENEGAL



AGENCE POUR LA
PROMOTION DES
INVESTISSEMENTS
ET DES GRANDS TRAVAUX

PARTNERS



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT



UNITED NATIONS
UNCTAD

TANGER MED
SPECIAL AGENCY



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