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Concept Note

3rd AU Symposium on Special Economic Zones and Green Industrialization

28 – 29 September 2020



Implemented by

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1. BACKGROUND

The most recent continent-wide study on Special Economic Zones (SEZs) concluded in 2011 that SEZs were mostly unsuccessful since first being introduced in Africa in the 1970s.¹ However, driven by the inspiring achievements of some African countries in recent years, SEZs are currently experiencing a promising comeback on the continent.² Many African countries as well as Regional Economic Communities (RECs) are including SEZs as a key element in their industrialization policies and strategies to foster economic growth and competitiveness. SEZs can achieve these objectives in mainly four ways: First, SEZs can serve as tools to enhance industrial competitiveness and attract foreign direct investment. Second, SEZs can support large-scale job creation, thus alleviating poverty and reducing unemployment rates. Third, SEZs can support broader economic reform policies, for instance by promoting the diversification of a country's export base while preserving national protective barriers. Fourth, SEZs can provide room for experimenting with new policy approaches and regulations in areas like customs, legal, public-private partnership and green industrialization initiatives³.

Successful SEZs increasingly reflect in their development and operation the shift of global consumer preferences towards sustainable production patterns⁴ in line with the universally agreed Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. Therefore, sustainability and the capability for cost internalization have become economic factors that increasingly determine the competitiveness of SEZs in developing countries⁵.

The entering into force of the African Continental Free Trade Area (AfCFTA) on 30 May 2019 provides new opportunities for SEZs as production centers to advance intra-African trade and foster regional value-chains and economic integration. At the same time, regulations on rules of origin under AfCFTA could pose challenges to the competitive advantages of some SEZs.

Finally, due to the unfortunate occurrence of the COVID-19 pandemic, governments around the world were forced to implement strict measures to limit the spread of the virus, ranging from social distancing and closures of public spaces and offices to complete lockdowns. These measures have resulted in production stoppages and severe supply chain disruptions in most sectors, virtually complete closures of entire industries, and unprecedented demand shocks in

¹ Farole, Thomas (2011): Special Economic Zones in Africa: Comparing Performance and Learning from Global Experience. World Bank. Available at: <https://openknowledge.worldbank.org/handle/10986/2268>.

² UNDP (2015): Comparative Study on Special Economic Zones in Africa and China. Available at: [http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH Comparative%20Study%20on%20SEZs%20in%20Africa%20and%20China%20-%20ENG.pdf](http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH%20Comparative%20Study%20on%20SEZs%20in%20Africa%20and%20China%20-%20ENG.pdf)

³ FIAS/World Bank (2008): Special Economic Zones: Performance, lessons learned, and implications for Zone Development. The World Bank Group: Washington D.C.

⁴ UNIDO/World Bank/GIZ (2017): An International Framework for Eco-Industrial Parks. Available at: <https://openknowledge.worldbank.org/handle/10986/29110>.

⁵ Kurnya Roesad, Anna Van Paddenburg, Yong Sung Kim, Working Paper and Chapter on Special Economic Zones and Green Growth in Indonesia, May 2015.

almost all economies.⁶ SEZs were particularly affected by the pandemic, and important impacts are likely to be observed in the long term. To this aim, SEZs managers need to be both aware and prepared to face the challenges brought by the COVID-19 crisis.

2. AFRICAN UNION SYMPOSIUM ON SEZs AND GREEN INDUSTRIALIZATION

Responding to the growing interest in SEZs across the continent and as part of its mandate to enhance industrialization efforts in Africa in line with Agenda 2063, the Action Plan for the implementation of the Accelerated Industrial Development of Africa (AIDA) and the SDGs, the Department of Trade and Industry of the African Union Commission (AUC DTI) successfully organized the 1st and 2nd AU Symposium on SEZs and Green Industrialization in Lusaka, Zambia in 2017 and Addis Ababa, Ethiopia in 2018. The Symposium serves as a first-of-its-kind platform for the exchange of experiences between SEZ policy-makers, operators and experts, financial institutions and academia from AU Member States and other countries with a focus on identifying good practices for SEZ planning, development and operation.

The 3rd AU Symposium on SEZs and Green Industrialization will be held online, on September 28 - 29 2020.

3. OBJECTIVE OF THE SYMPOSIUM

The objective of the Symposium is to continue to provide a platform for SEZ policy-makers, operators and experts, financial institutions and academia to exchange views and experiences on SEZ policy, planning, financing, development and operation in the context of fostering environmental and social sustainability. This year, the Symposium will also focus on AfCFTA, exploring challenges and opportunities for SEZs under the continental free trade area as well as how SEZs can contribute to the realization of AfCFTA and its objectives.

In particular, the Symposium will:

- ✓ Showcase African SEZ experiences;
- ✓ Foster a dialogue among African SEZ policy-makers, operators and experts and with their international counterparts;
- ✓ Explore interlinkages between SEZs and AfCFTA;
- ✓ Strengthen the capacity of participants in planning, developing and operating SEZs that contribute to green industrialization.

⁶ WIR20. UNCTAD (2020). World Investment Report 2020: International Production Beyond the Pandemic. New York and Geneva: United Nations.

4. EXPECTED OUTCOMES OF THE SYMPOSIUM

Discussions are captured and used as inputs for deliberations on SEZs by AU Member States. The following goals will lead discussions:

- ✓ Provide participants insights on latest developments on SEZ policy, planning, development, operation, as well as sustainable financing in African countries.
- ✓ Capacity of participants in understanding interlinkages between AfCFTA and SEZs.
- ✓ Raising awareness of participants about the benefits of environmental and social sustainability of the zones.

5. STRUCTURE OF THE SYMPOSIUM AND MAIN ISSUES TO BE ADDRESSED

The Symposium will include a high-level opening followed by three main thematic sessions.

The two days event will include panel discussions, experts' presentations, testimonials, and Q&A sessions.

The first session will set the scene by presenting the best practices and main lessons learned from the SEZs development in Africa. In this session, experts will share their expertise regarding the best practices for SEZ policies, governance, planning, development and operation; Job creation patterns within African SEZs and Sustainable financing of the zones. Testimonials will share lessons learned and main challenges for the development of SEZs in African countries. As an aside, and due to the unfortunate circumstances the world is facing with the COVID-19 crisis, insights will be shared regarding the implications of the pandemic on SEZs and the major recovery responses undertaken by African SEZs.

The following questions will guide the first session:

- *What are good practices and lessons learned from African countries regarding SEZ policy-making, planning, development and operation?*
- *How can SEZs lead to the creation of jobs within and outside the zones?*
- *What are sustainable approaches for financing SEZs?*
- *What are the implications of COVID-19 crisis on the development of SEZs? And what are the main policy responses to the pandemic?*
- *How is COVID-19 affecting the international production? How can SEZs managers be best prepared to the changing global context?*

The second session will present a state of play and major guidelines for regional cooperation initiatives with regards to SEZs development, with a particular focus on the African Continental Free Trade Area (AfCFTA) and its implication on the zones.

Questions leading discussions for the second session include:

- *What will be the main implications of the AfCFTA on SEZs?*
- *How can SEZs contribute to the implementation of the AfCFTA and its objectives, including through cross-border SEZs and value chains between SEZs across Africa?*

- *How does regional cooperation represent an opportunity to face the challenges lead by the COVID-19 crisis?*

The third session will discuss green Industrialization within SEZs. Experts will discuss the environmental and social sustainability as drivers for success of SEZs, and will present the economic benefits of the environmental sustainability. Testimonials will share their experience. Discussions in this section will be driven by the following questions:

- *How does environmental and social sustainability of zones play the role of drivers for success of SEZs?*
- *What are the main considerations and standards driving labor best practices within SEZs?*
- *What are the economic benefits of the environmental sustainability?*
- *What are the best practices for an international Framework for Eco-Industrial Parks Implementation experiences?*
- *What are the initiatives undertaken to support the development eco-friendly industrial SEZs*

6. ORGANIZER

Department of Trade and Industry of the African Union Commission, together with GIZ.

7. PARTICIPATION

The Symposium will be attended by SEZs policy-makers, planners, developers, operators and experts from African and other countries as well as representatives from RECs and other intergovernmental organizations, financial institutions, academia and the private sector.

8. VENUE AND DATE

Zoom application | 28 – 29 September 2020.

10. LANGUAGES

English and French

11. CONTACT PERSONS

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