

9TH ANNUAL AEZO MEETING 2024 REPORT



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 Old Mutual Tower, 8th Floor, Upper Hill

9TH ANNUAL AEZO MEETING 2024, NAIROBI, KENYA



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1. Introduction

The Annual African Economic Zones Organization (AEZO) Meeting is a gathering, where stakeholders converge each year to exchange ideas, promote collaboration, and drive forward the development of special economic zones across the African continent.

Africa Economic Zones Organization (AEZO) is a continental association consisting of leading public and private institutions in charge of the Development, Management and Promotion of Economic Zones in Africa. Since its inception in 2015 by Tanger Med (Morocco), AEZO has worked towards promoting the African SEZs model to its 93 members representing 46 countries. Alongside its partners, policy makers, and supporting experts, The organization is guided by its strategic orientations to advance collective knowledge sharing, provide technical assistance, connect with international business networks and promote sustainable economic models and practices.

During the 2023 8th AEZO Annual Meeting held in Tangier, Morocco, Kenya was chosen to host the 2024 9th AEZO Annual Meeting. The Special Economic Zones Authority, Kenya, in collaboration with the Ministry of Investments, Trade and Industry hosted the event in Kenya at the Kenyatta International Convention Centre from 27th to 29th November 2024.

The Special Economic Zones Authority (SEZA) is an institution in Kenya established to regulate and oversee the development and management of Special Economic Zones (SEZs). Tasked with promoting investment, SEZA facilitates a business-friendly environment by offering incentives such as tax benefits, streamlined operations, and development of world-class infrastructure. The Authority is dedicated to promoting innovation, accelerating economic transformation, and positioning Kenya as a competitive hub for sustainable and inclusive investment opportunities in Africa.



2. Executive Summary

The Special Economic Zones Authority and the Ministry of Investments, Trade and Industries hosted the 9th Annual African Economic Zones Organization (AEZO) Meeting was held on 27th to 29th November 2024 at the Kenyatta International Convention Centre in Nairobi, Kenya. The three-day event was themed “Building Inclusive, Resilient & Sustainable Economies: The Role of African SEZs in Attracting Impactful Investments & Redefining Competitiveness.”

More than 400 participants from 60 countries attended the meeting, which was formally opened by Kenyan President H.E. William Ruto. These participants included international organizations, leading private sector stakeholders, ministers, policymakers, and senior representatives of the African SEZ community. The occasion offered a singular forum for investigating the revolutionary function of Special Economic Zones (SEZs) in furthering Africa's industrialization drive, promoting economic diversification, and augmenting the continent's involvement in global value chains.

The agenda for the three days was structured to facilitate a comprehensive examination of issues related to Special Economic Zones (SEZs), with an emphasis on innovation, sustainability, and competitiveness. Participants took part in thematic panel discussions and technical sessions that addressed various topics, including the policy requirements for sustainable SEZ development, the contribution of SEZs to resilient and inclusive growth, and the assessment of SEZs' impact on the United Nations Sustainable Development Goals (SDGs). A key feature of the event was the African SEZs Dialogue session, where experts exchanged best practices for the development of cross-border SEZs and their significance in regional value chain integration.

A Memorandum of Understanding was signed between the Africa Economic Zones Organization (AEZO) and the United Nations Industrial Development Organization (UNIDO), marking a pledge to bolster cooperation and improve the capabilities of Special Economic Zones (SEZs) to achieve significant economic results across the continent. Additionally, the event honored outstanding achievements within the SEZ ecosystem during the Gala Dinner, which included the African SEZs Awards, recognizing notable accomplishments from the past year.

On the concluding day, UNIDO share their report and a site visit to several of Kenya's prominent SEZs, including Tatu City SEZ, Konza Technopolis SEZ, North Gate SEZ, and the Two Rivers International Finance & Innovation Centre, offered participants an opportunity to observe best practices in SEZ management and development firsthand.

Beyond serving as a networking opportunity, the African SEZs Annual Meeting 2024 functioned as a significant platform aimed at advancing the development of the future African Special Economic Zones. This model is envisioned to be more intelligent, resilient, and efficient, tailored specifically to the African context.



3. Planning Process

3.1 Stakeholder Engagement:

The planning process involved numerous meetings, both virtual and physical, between SEZA staff, SEZ developers, investors operating within the SEZs, government officials, the AEZO team based in Morocco, AEZO members from across Africa, and other relevant stakeholders. These meetings were crucial for aligning objectives, sharing updates, and ensuring the event's success.

3.2 Inter-Ministerial Collaboration:

SEZA worked closely with key government ministries to address logistics and security matters. This included liaising with:

1. **Ministry of Foreign Affairs:** To facilitate the smooth entry and participation of international delegates, including visa processing and diplomatic protocols.
2. **Ministry of Interior and National Administration:** To ensure robust security arrangements for the event, including venue security and crowd management.
3. **Ministry of Immigration:** To streamline immigration processes for international attendees, ensuring a seamless experience upon arrival and departure.

3.3 Resource mobilization:

SEZA organized several fundraisers to secure financial support for the event. These fundraisers were attended by SEZ developers, SEZ enterprises, and government agencies. The funds raised were instrumental in covering the costs associated with hosting the event.

3.4 Sponsorship Packages:

To further support the event financially, SEZA developed tiered sponsorship packages categorized as Platinum, Gold, and Bronze. These packages were designed to attract sponsors by offering varying levels of visibility and engagement opportunities during the event.

3.5 Exhibition Booths:

SEZA set up exhibition booths at the 9th Annual AEZO, offering SEZ developers and SEZ enterprises the opportunity to display their goods and services at the event. A fee was charged to participate in the exhibition, allowing businesses to showcase their offerings and network with potential partners and clients. The booths provided a platform for enterprises to demonstrate their innovations and gain visibility in the SEZ community.

4. Event implementation

The collaboration between SEZA, the Ministry of Investments, Trade, and Industry, Kenyan SEZ developers and enterprises, and the AEZO team ensured a well-coordinated and impactful event. Additionally, the support from the Ministry of Foreign Affairs, Ministry of Interior and National Administration, and Ministry of Immigration was critical in addressing logistical and security challenges, ensuring a smooth and secure experience for all participants.

4.1 Main Program Highlights

The meeting featured a series of keynote speeches, panel discussions, and networking sessions aimed at fostering collaboration and knowledge exchange among stakeholders. Key components of the program included:

- **Opening Ceremony:** Led by His Excellency President William Ruto, senior government officials and AEZO leadership, emphasizing the critical role of SEZs in Africa's economic development and the need for policy reforms to enhance their impact.
- **High-Level Policy Dialogues:** Focused on regulatory frameworks, investment climate, and sustainable industrialization within SEZs.
- **Panel Discussions:** Covering key topics such as financing SEZs, leveraging technology and innovation, green industrialization, and regional integration.
- **Investment Forum:** Providing a platform for investors and SEZ developers to engage and explore investment opportunities.
- **Site Visit to SEZs:** Showcasing Kenya's SEZ infrastructure and investment potential to delegates.
- **Networking and Partnership Building:** Facilitating discussions between public and private sector stakeholders to enhance collaboration.

5. Key Themes and lessons from Day 1

The first day of the 9th annual AEZO meeting 2024 was dedicated to Kenyan SEZs, where the SEZs were showcased and discussed their contribution to Africa.

Morning Session: Sustainable Industrialization in Kenya and Africa

1. Renewable Energy as a Key Advantage:

- Kenya's power supply is over 90% renewable (hydro, geothermal, wind, solar), with a target to reach 100% renewable energy by 2030.
- This renewable energy base supports green industrialization, reducing poverty and promoting environmental sustainability.

2. Regulatory Alignment with Sustainability:

- Kenya's SEZ regulations now require 15% of master plans to be allocated to green spaces, with some zones like Tatu City exceeding this at 22%.
- SEZs are evolving to incorporate green practices and climate action.

3. Sustainability in Business Practices:

- While large businesses lead in sustainability reporting, MSMEs (Micro, Small, and Medium Enterprises) often struggle to implement sustainable practices.
- SEZs can promote practical sustainability measures, such as replacing plastic utensils with eco-friendly alternatives.

4. Incentivizing Green Practices:

- SEZs can drive sustainability through awards, financial incentives, and recognition for energy efficiency, waste management, and recycling.
- Creating a culture of sustainability within SEZs encourages businesses to adopt green practices.

5. Balancing Cost and Sustainability:

- Solar energy leasing models (third-party ownership) make green energy affordable for businesses, reducing operational costs.
- Innovative solutions like this help balance sustainability with affordability.



6. Japan's Support for Sustainable SEZs:

- Japan has supported Kenya's SEZ development through loans, grants, and technical cooperation, particularly in the Dongo Kundu area near Mombasa.
- Key projects include port development, power transmission lines, and access roads, with plans to integrate green SEZ strategies.
- Japan's carbon-neutral port strategy (focusing on hydrogen and ammonia) offers lessons for Kenya's Mombasa Port.

Afternoon Session: Empowering African Youth and the Orange Economy

1. Empowering African Youth:

- The discussion focused on harnessing the potential of Generation Z (Gen Z) through skills development, industrial growth, and SME support.
- Vocational training is critical to equipping youth with employable skills.
- SEZs create opportunities for youth through job creation and industrial development.

2. Role of SEZs in Youth Empowerment:

- SEZs can serve as hubs for youth employment and entrepreneurship, particularly in light industrial facilities and customs-controlled areas.
- Advisory services are essential for designing customized programs to support youth-led businesses.

3. The Orange (Creative) Economy:

- The creative economy (music, film, fashion, gaming) is a significant driver of economic growth and employment in Africa.
- Examples include Nollywood (Nigeria's film industry) and Afrobeats, which have global reach and cultural impact.
- SEZs can support the creative sector by providing infrastructure, tax incentives, and investment hubs.

4. Challenges and Opportunities for SEZs:

- SEZs have traditionally focused on manufacturing but can expand to include creative hubs, tourism zones, and media parks.
- Countries like Ghana are integrating innovation hubs and science parks into SEZs to promote creativity and cultural industries.



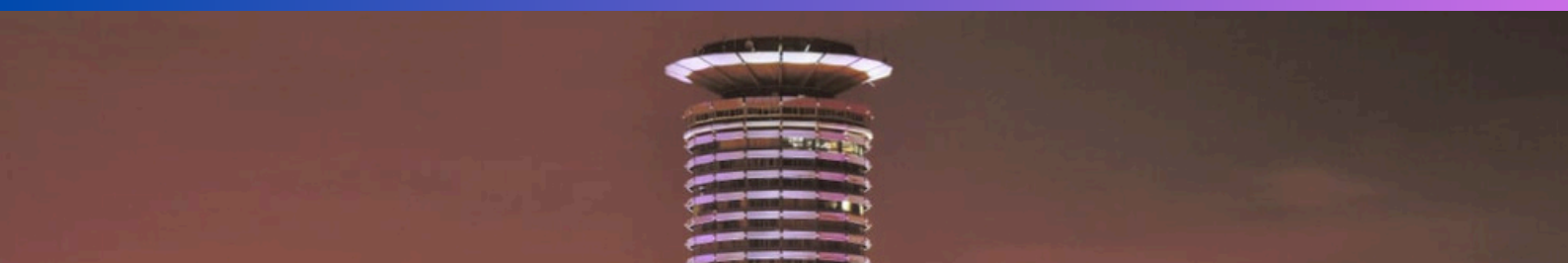
5. Policy and Infrastructure Support:

- Governments should create policies that incentivize investment in the creative sector, including tax breaks, funding, and infrastructure development.
- SEZs can play a pivotal role in formalizing and growing the creative economy by providing a structured framework for collaboration and efficiency.

Conclusion

SEZs must integrate sustainability, youth empowerment, and creative industries to drive economic transformation in Africa. Collaborative efforts between governments, private sectors, and international partners are crucial for achieving sustainable and inclusive growth.





7. Key Themes and lessons from Day 2

Morning Sessions: SEZs as Catalysts for Economic Transformation and Sustainability

1. Innovation in SEZs:

- SEZs must embrace innovation beyond traditional export processing models.
- The Fourth Industrial Revolution (4IR) offers opportunities to accelerate SEZ development.

2. Enhanced Integrated Framework (EIF) & SEZs:

- EIF supports Least Developed Countries (LDCs) in trade and industrial development.
- Over \$1 billion in exports stimulated and \$2 billion leveraged for project funding.
- Success stories from Rwanda and Malawi showcase SEZ-driven economic gains.

3. Supporting SMEs and the Green Transition:

- SEZs provide vital infrastructure, market linkages, and customs support for SMEs.
- SMEs struggle with green transition due to resource constraints; EIF integrates climate considerations into SEZ planning.

4. Enhancing SEZs for Economic Resilience:

- SEZs must move beyond raw exports to value-added industries.
- Post-COVID resilience strategies focus on integrating SEZs into local and regional value chains.
- The AfCFTA presents a key opportunity for SEZ-driven economic transformation.

5. Strategic Focus for SEZs:

- Improving sanitary and phytosanitary standards can enhance SEZ export potential.
- SEZs should target key sectors like pharmaceuticals and agriculture to drive industrialization.
- African SEZs should shift focus from global exports to intra-African trade.



Afternoon Sessions: Enhancing SEZ Competitiveness

1. Critical Success Factors for SEZs:

To attract investment and drive transformation, SEZs must focus on:

- **Policy & Governance:** Strong regulatory frameworks ensure a business-friendly environment.
- **Infrastructure:** Reliable infrastructure is crucial for competitiveness.
- **Human Capital:** Building an innovative, skilled workforce is key.
- **Sustainability:** SEZs should integrate green growth initiatives.
- **Technology:** Digital transformation enhances efficiency.
- **Strategic Partnerships:** Collaboration with governments, private sector, and global institutions strengthens SEZ impact.

2. Advancing Local Pharmaceutical Production in Africa:

- Africa imports 70% of its medicines, highlighting the need for local pharmaceutical production.
- SEZs can play a role by providing dedicated infrastructure, regulatory streamlining, and fiscal incentives.
- Leveraging AfCFTA can enhance SEZ-based pharmaceutical clusters.

3. Reorienting SEZs for African Markets

- SEZs should focus on regional trade integration instead of dependency on external preferential market access (e.g., AGOA).
- Intra-African trade is growing rapidly, offering SEZs new market opportunities.
- SEZs can enhance supply chain resilience by sourcing more from within Africa.
- Addressing Labor, Gender, and Youth Employment in SEZs
- SEZs should ensure adherence to international labor standards and promote gender equality.
- Upskilling and vocational training programs are necessary to bridge employment gaps.
- SEZs should provide secure, productive jobs rather than focusing on low-tech industries.

Gala dinner

On the second day of the AEZO Annual Meeting, a gala dinner was organized to honor excellence within the Special Economic Zones (SEZ) ecosystem. This event served as a platform to acknowledge exceptional accomplishments and significant milestones achieved by various SEZs throughout Africa in the past year.

A prominent feature of the evening was the African SEZ Awards, which recognized the outstanding contributions of SEZs in promoting investment, economic development, and industrial transformation across the continent. Notable awardees included Kenya's Tatu City SEZ and the Special Economic Zones Authority (SEZA), highlighting the nation's dedication to cultivating a robust SEZ environment.

The awards ceremony showcased exemplary practices, innovations, and impactful initiatives implemented by SEZs, emphasizing their vital role in fostering sustainable economic growth. Additionally, the gala dinner facilitated networking, collaboration, and the sharing of ideas among industry leaders, investors, and policymakers, thereby enhancing partnerships within the African SEZ ecosystem.

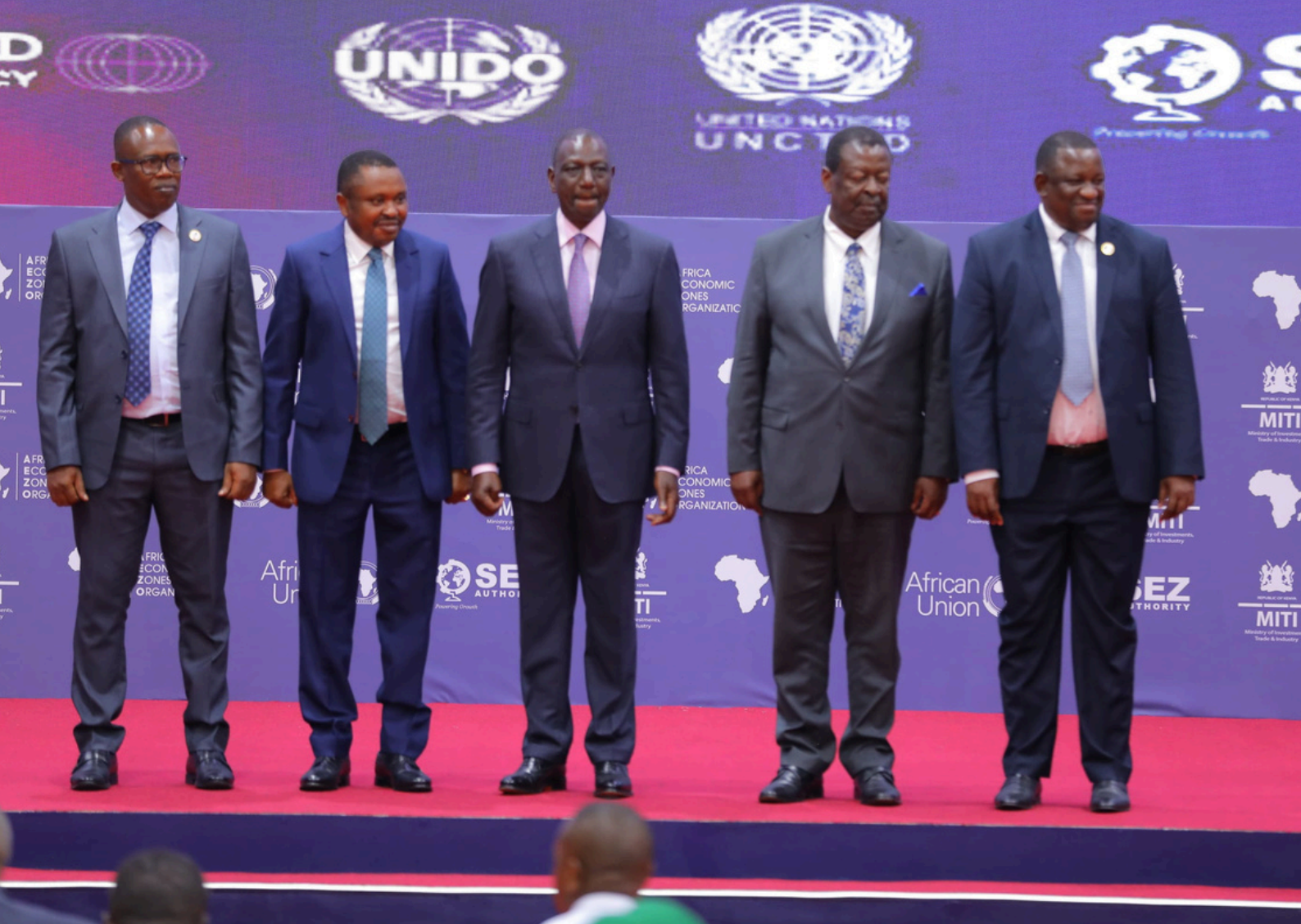


Conclusion

SEZs in Africa must evolve beyond traditional models to become drivers of industrialization, innovation, and sustainable economic transformation. By prioritizing value addition, green growth, regional integration, and strategic partnerships, SEZs can enhance their role in Africa's economic future.

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8. Key Themes and lessons from Day 3

Morning Session:

The morning sessions at the AEZO meeting on the third day highlighted Africa's growing potential as an investment destination, with SEZs playing a crucial role in attracting FDI, promoting local economic development, and integrating sustainable practices.

1. Opportunities for FDI in Africa

- Africa continues to attract foreign direct investment (FDI) in key sectors such as energy, mining, manufacturing, and technology.
- European countries, particularly Germany, have longstanding investment ties with Africa that should be strengthened.
- Special Economic Zones (SEZs) can act as gateways for European companies seeking access to African markets.

2. Global Investment Trends and SEZ Competitiveness

- Geopolitical shifts and economic challenges are pushing German and European companies to diversify supply chains, with Africa emerging as a key destination alongside the Middle East and India.
- African SEZs must enhance their competitiveness to attract investors, as they face strong competition from SEZs in the Middle East, India, China, and Eastern Europe.
- To stand out, African SEZs should provide sector-specific incentives and clearly communicate their value proposition to European investors.

3. Challenges Facing European Investors in African SEZs

- **Lack of Awareness:** Many European businesses are unaware of investment opportunities in African SEZs.
- **Regulatory & Infrastructure Barriers:** A stable regulatory environment, reliable legal services, and access to European banking systems are crucial.
- **Workforce Development:** Africa's youthful and skilled labor force is an advantage, but talent retention and political stability remain concerns.

4. Priority Sectors for Collaboration

- **Automotive:** Morocco and Egypt are growing hubs for automotive manufacturing and suppliers.
- **Renewable Energy:** With Europe transitioning away from Russian energy, African renewable energy projects are highly attractive.
- **Technology & Innovation:** Africa's rising tech hubs present strong opportunities for collaboration and investment.

5. The Need for Regional Cooperation

- African SEZs should collaborate to streamline investor processes and facilitate smoother cross-border expansion.
- A German company setting up in Kenya, for example, should not have to duplicate the same procedures when expanding to Tanzania.
- Regional cooperation will enhance economic diversification, bargaining power, and knowledge transfer.

6. Strategies to Attract More FDI

- **Government Support:** Tax incentives and a business-friendly climate remain important but are not enough on their own.
- **Public-Private Partnerships (PPPs):** Stronger collaboration with European businesses is key.
- **Investment in Workforce Training:** Upskilling local talent to meet investor needs is critical.
- **Better Communication & Visibility:** SEZs should actively engage with European investors through trade associations, Chambers of Commerce, and strategic consulting firms.
- **Hosting Investment Forums in Europe:** African SEZs should organize investment events in Europe, such as in Berlin, to directly engage European entrepreneurs.

Summary of the AU Commission & ISO Report on SEZs, Integration, and Local Economic Development

- The African Union Commission and ISO conducted a study on how SEZs can support local economic development (LED) and Small, Medium, and Micro Enterprises (SMMEs).
- The study reviewed SEZ models across 10 African countries and benchmarked against global best practices in India and China.

Key Findings

- SEZs are aligning with national priorities, particularly in sectors like agriculture, manufacturing, construction, and tourism.
- Emerging focus areas include biotechnology, pharmaceuticals, automotive, renewable energy, and AI.
- Many African governments are modernizing industrial policies to attract FDI, moving away from tax incentives toward business environment improvements.
- New SEZ models emphasize local supplier inclusion, subcontracting, and youth & women empowerment—for example, in Kenya's Tatu City SEZ, 80% of businesses are locally owned.
- SEZs play a crucial role in skills and technology transfer, with successful subcontracting models seen in South Africa, Rwanda, and Egypt.



Policy Recommendations

- Modernize SEZ regulatory frameworks to enhance SMME participation.
- Align SEZs with sustainable investment principles.
- Strengthen partnerships between SEZs, the private sector, and financial institutions.
- Encourage subcontracting and outsourcing to create stable markets for SMMEs.

Summary of the UNIDO Report on African SEZs

- The report is based on data from 63 operational SEZs across Africa, analyzing performance, opportunities, and challenges.
- A key focus was on tracking ESG (Environmental, Social, and Governance) transitions and ensuring sustainability compliance.

Key Findings

- **Governance & Management:** Effective planning, occupancy rates, and infrastructure quality remain challenges.
- **Energy & Sustainability:** SEZs need to invest in renewable energy (solar, geothermal, etc.) to support decarbonization efforts.
- **Digital Literacy Gap:** There is a disconnect between SEZ administrations and tenants in terms of digital skills.
- **Regulatory Frameworks:** While 92% of SEZs have regulatory frameworks, implementation is a challenge.

Challenges & Opportunities

- Many SEZs lack updated contact information, making them difficult for investors to reach.
- Landlocked countries face logistical challenges due to reliance on seaports, which handle 80% of global trade.
- SEZs should focus on sectoral diversification, sustainability, and regional integration to stay competitive.

UNIDO's Support & Digital Tools

- Feasibility Studies: Support for modernizing and rehabilitating SEZs.
- Investment Promotion Platform: A digital system to register SEZs, showcase infrastructure, and track investment inquiries.
- Eco-Industrial Parks (EIPs): Promoting sustainable SEZ models integrating ESG principles.



AEZO Annual General Meeting – Angola Chosen to host the 10th Annual AEZO meeting in 2025.

The AEZO Annual General Meeting (AGM) was held on the third day of the event, bringing together delegates from various African nations to deliberate on the future of Special Economic Zones (SEZs) and strategies to advance their collective agenda. Discussions focused on key priorities such as attracting investment and strengthening regional collaboration. Delegates explored investment promotion strategies, and measures to enhance the global competitiveness of African SEZs.

A major highlight of the AGM was the delegates' decision to select Angola as the host for the 10th AEZO Annual Meeting in 2025, emphasizing its growing significance in Africa's SEZ landscape. This selection reflects AEZO's dedication to inclusivity and expanding its impact across different regions of the continent.

Additionally, Kenya was elected to the AEZO Steering Committee, reaffirming the country's crucial role in advancing Special Economic Zone (SEZ) development throughout Africa. This role allows Kenya to impact SEZ policies, formulate regional economic strategies, and draw increased investment into economic zones.

The AGM further emphasized the importance of collaboration between SEZs, governments, and the private sector to address challenges such as infrastructure development, regulatory alignment, and sustainable industrialization. Strengthening these partnerships will enable African SEZs to serve as key drivers of economic transformation.

The resolutions adopted during the AGM set the stage for enhanced cooperation, knowledge exchange, and investment attraction, ensuring that African SEZs remain competitive and continue contributing to regional and global economic growth.

Afternoon Session – SEZ Site Visits

In the afternoon, delegates toured four major SEZs to observe Kenya's SEZ developments firsthand:

1. **Konza Technopolis SEZ** – A smart city and technology hub positioned as Africa's Silicon Savannah.
2. **Nairobi Gate SEZ** – A key industrial and logistics hub near Nairobi.
3. **Trific SEZ** – A growing industrial park attracting manufacturing investments.
4. **Tatu City SEZ** – One of Kenya's most successful mixed-use SEZs, with strong local business participation.

These visits were led by the SEZA team, showcasing Kenya's commitment to expanding its SEZ ecosystem and positioning itself as a top investment destination in Africa.



Conclusion

The morning sessions at the AEZO meeting highlighted Africa's growing potential as an investment destination, with SEZs playing a crucial role in attracting FDI, fostering local economic development, and integrating sustainable practices.

- The AU and ISO report emphasized aligning SEZs with national priorities, supporting local businesses, and modernizing regulatory frameworks.
- The UNIDO report stressed governance, infrastructure, digital transformation, and sustainability as key factors for SEZ success.
- **Angola was chosen** as the host of the 10th Annual AEZO meeting in 2015.
- Kenya's election to the AEZO Steering Committee marks a significant milestone in its SEZ leadership.
- The afternoon SEZ visits reinforced Kenya's commitment to SEZ growth and investor attraction.

To remain competitive, African SEZs must enhance their visibility, collaborate regionally, and actively engage with European investors. Strategic communication, partnerships, and sustainability will define the future success of SEZs across Africa.

9. Outcome

The 9th Annual AEZO Meeting provided a valuable forum for exchanging knowledge, cultivating partnerships, and identifying investment prospects within Africa's Special Economic Zones (SEZs). The effective organization and implementation of the event emphasized the critical role of collaboration among stakeholders in promoting the SEZ agenda across the continent.

This gathering not only enhanced the relationship between the Special Economic Zones Authority (SEZA) and the African Economic Zones Organization (AEZO) but also solidified Kenya's role as a significant advocate for utilizing SEZs as a mechanism for economic growth in Africa. The participation of various government ministries reinforced the necessity of

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