

**REGIONAL FOCUS GROUP : MOROCCO SESSION**

# **Local entrepreneurship promotion within African SEZs**

**Preliminary findings of the UNCTAD – AEZO study**

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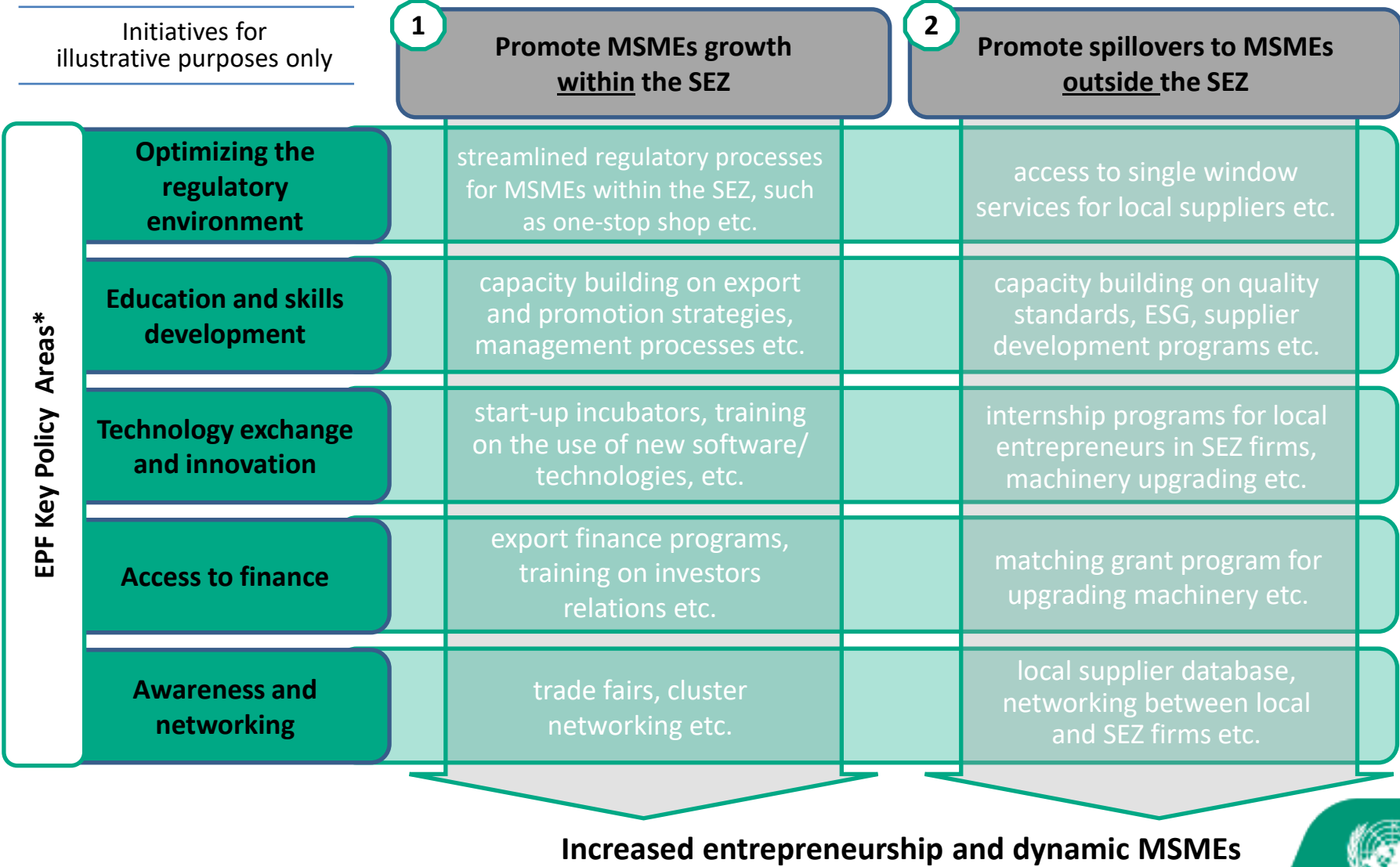
# Agenda

- The link between local entrepreneurship and SEZs
- The current state of play in African SEZs
- Conclusion and next steps

# Context

- Joined AEZO – UNCTAD project
- Objective: Prepare a Guide on the promotion of local entrepreneurship in and around SEZs in Africa
- Increasing economic opportunities in and around SEZs will strengthen value chains and facilitate technology transfer with the goal of increasing economic activity and employment
- Key to consider options vis-à-vis a changing international regulatory landscape

# SEZs can promote local MSME growth through two channels and along a number of dimensions



\* EPF policy area 1 “Formulating National Entrepreneurship Strategy” excluded due to being out of scope



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# Survey responses cover countries from across the continent

**53**

Entities from

**27**

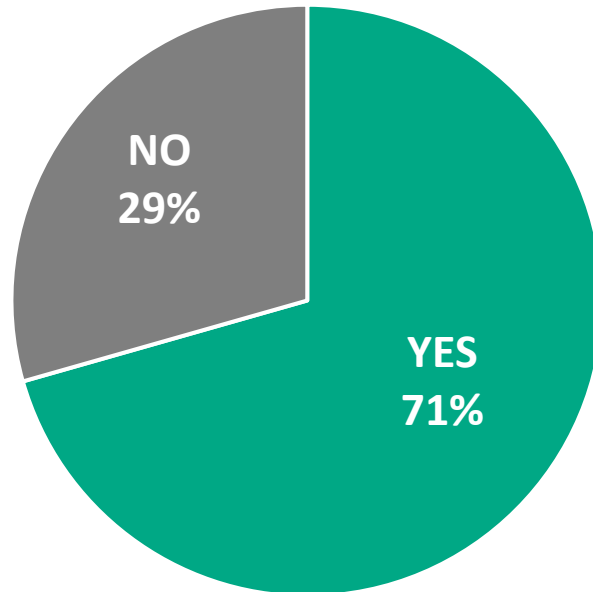
Countries\*

Respondents include: Special Economic Zones (SEZs); Free ports and SEZs Authorities. Two of the respondents are still not operational

\*Angola, Cameroon, Capo Verde, Central African Republic, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Kenya, Libya, Mali, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Sudan, Tanzania, Togo, Tunisia, Zambia

# 70% of survey respondents report having specific measures in place to promote local entrepreneurship and MSME growth

Existence of measures to support local entrepreneurship by percentage of respondents\*



*Responses show that measures are not always specific to local MSMEs and can be general to all firms within the zone*

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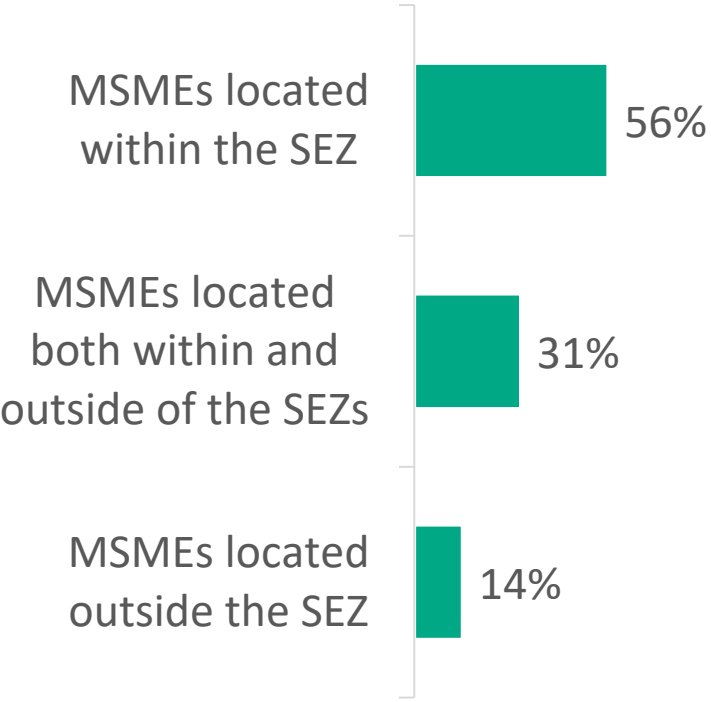
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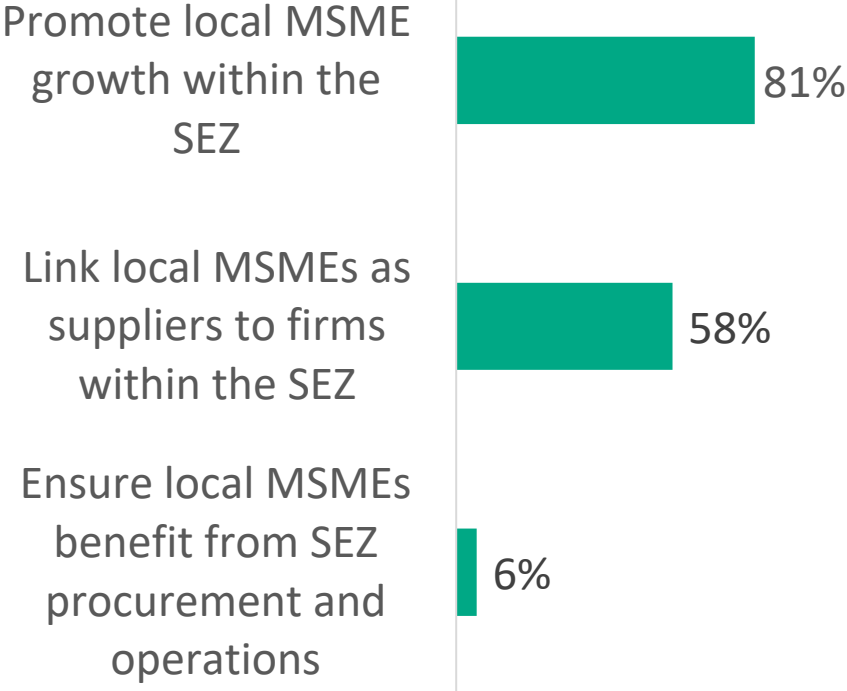
*\*Based of 51 operative respondents*

# The focus of existing support measures in African SEZs is on promoting MSME growth within the zones

## MSMEs targeted by the measures\*



## Channels for the support of local entrepreneurship\*



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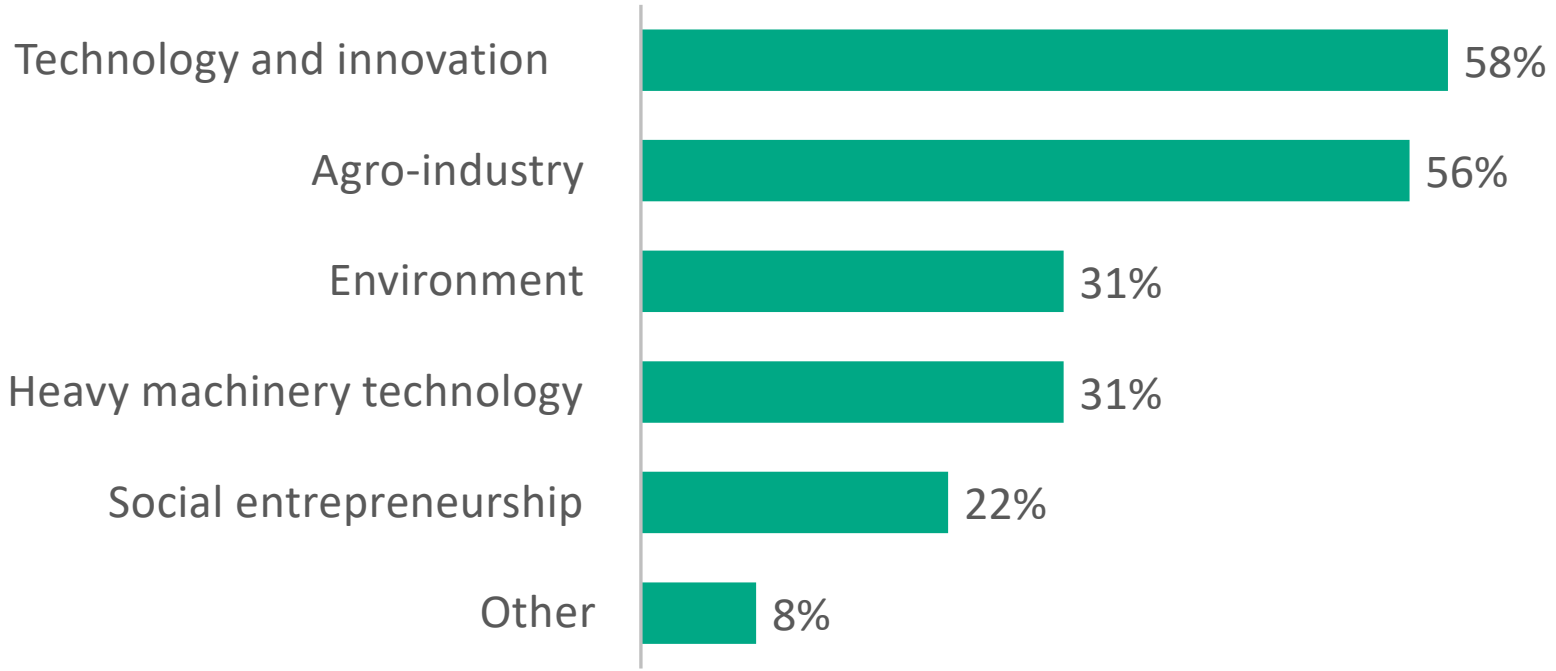
\*Based on 36 respondents who reported the existence of measures to support local entrepreneurship





# Technology & innovation and the agroindustry sector feature most prominently among the support measures

**Fields that benefited most from the SEZ entrepreneurial policy \***



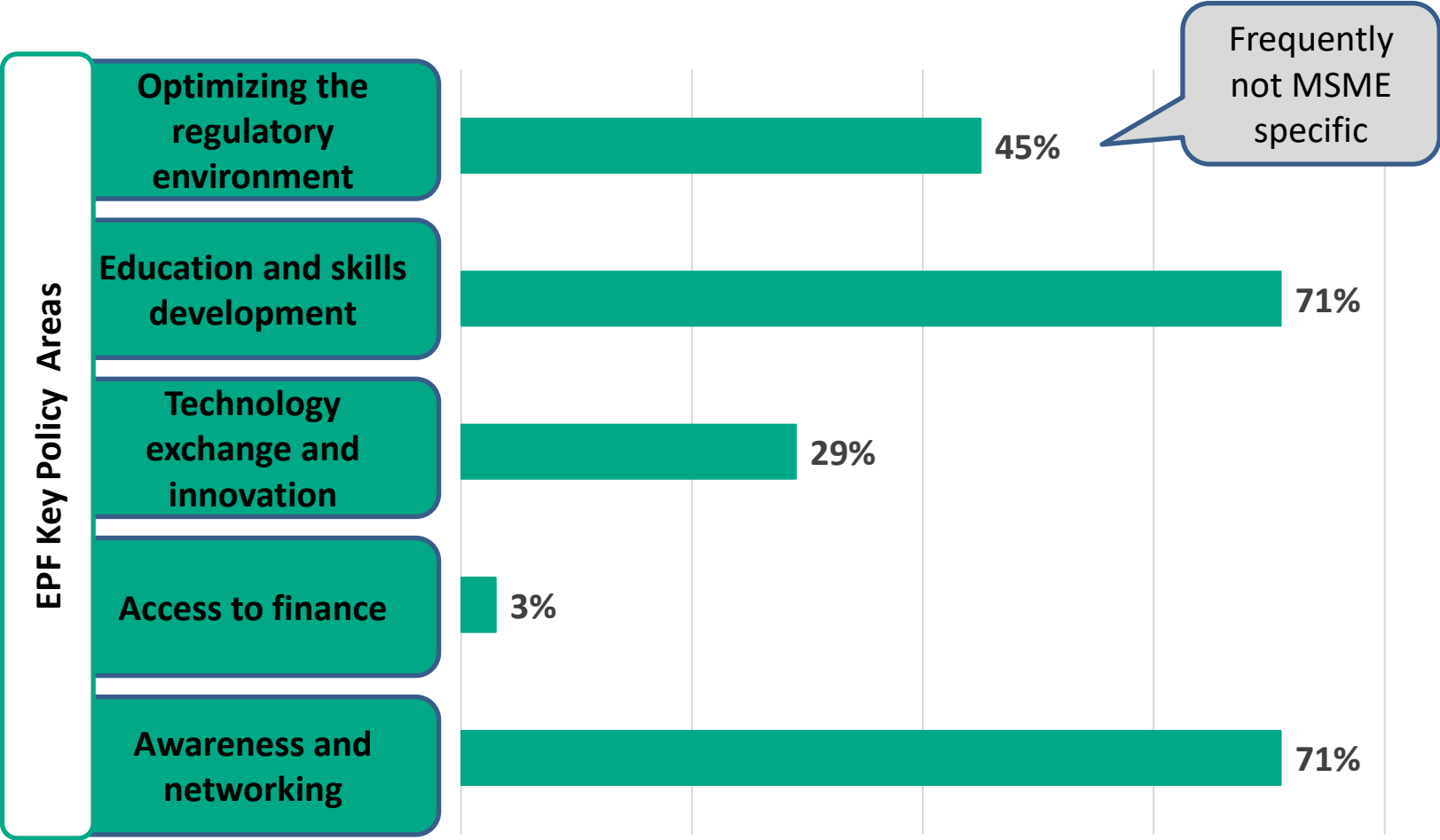
*Other fields cited include: Transport and logistique, commerce, lighting, ready made garments , light industries, pharmaceutical. Terminal Operation and Automotive ecosystem, etc.*

Preliminary

*\*Based on 36 respondents who reported having specific measures to support local entrepreneurship*



# The majority of support programmes target “Education & skills development” as well as “awareness & networking”



Preliminary

\*Based on 36 respondents who reported having specific measures to support local entrepreneurship



# Specific initiatives in the key policy areas include...

## EPF Key Policy Areas

### Optimizing the regulatory environment

- Kenya & Mauritius: A dedicated agency to support MSMEs development
- Morocco: Several programs to support MSMEs implemented by the National Agency for the promotion of MSMEs
- Namibian government in process of reviewing the regulatory frameworks to benefit local entrepreneurs specifically

### Education and skills development

- Nigeria offers dedicated local training and skills development
- South Africa: Local content plan to ensure that MSMEs in and around the SEZ can benefit from procurement, providing training etc.

### Technology exchange and innovation

- Ethiopia: The IPDC has implemented a project supported by the World Bank (the Competitiveness and Job Creation Project) with several components including enhancing the zones linkages with local economy and supporting business linkages between domestic enterprises in producing and processing activities and marketing activities. Actions include skills development, and the support of the industrial upgrade through the financing of machinery

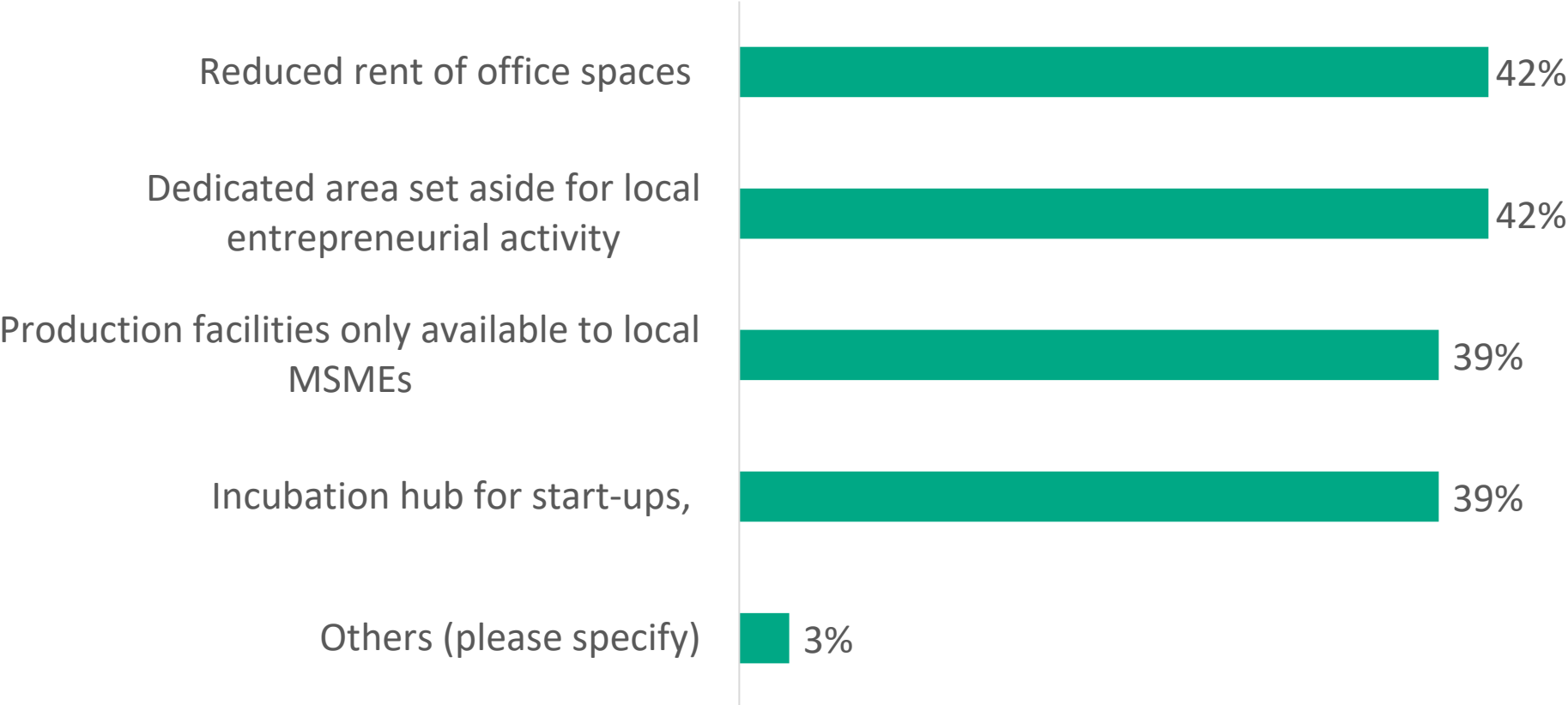
### Access to finance

### Awareness and networking

- Togo: Developing of an SME incubator and working with farmers to create collective ownership of a Soya factory within the zone.
- Gabon: SEZ sensitizes the MSMEs (in particular in the wood industry) for certification to enable better competitiveness in the international market

# Adapting the SEZ offering to the needs of MSMEs is also an important part of the current measures

## Specific facilities within the SEZ to support local MSMEs\*



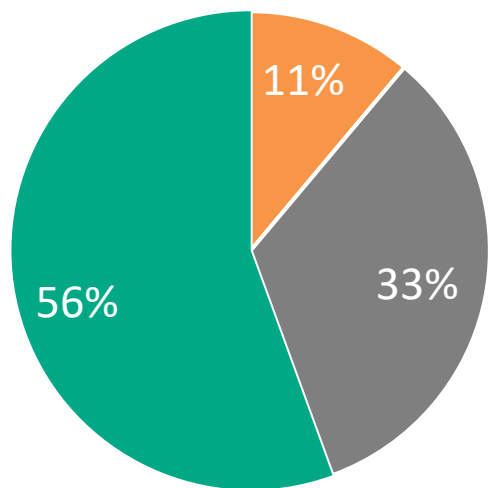
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\*Based on 36 respondents who reported having specific measures to support local entrepreneurship



# The majority of respondents considers the measures to be effective, however only a third reports them to be very effective

## Success of the zone in supporting MSMEs development\*



- Not successful
- Very successful
- Averagely successful

Preliminary

## Initiatives considered most effective

- ✓ **Financing support, capacity building, and specific tax incentives and subsidies** were widely cited
- ✓ **Initiatives involving different national stakeholders, including** partnerships between the public and private sectors
- ✓ **Market linkages:** local market linkages for creating a successful value addition, preferential access to regional markets, support for export
- ✓ **Adapting the zone offer to the MSMEs needs**
- ✓ **Investment safety and business stability:** access to infrastructure, stability of the foreign exchange against foreign currencies and consistency and sustainability of the fiscal and economic policies
- ✓ **Special support to women**

\*Based on 36 respondents who reported having specific measures to support local entrepreneurship

# Access to finance, dialogue between the relevant actors and a SEZ offer not tailored to the needs of local MSMEs impact the effectiveness of the measures



## Factors contributing to the effectiveness of the measures

- **Access to financing**
- **Improved dialogue between stakeholders**
- Business networks in SEZ for enhanced collaboration and fostered synergies with local MSMEs;
- Additional incentives to selected industries that fall within the objective of the zone
- Political will, effective framework, constant monitoring
- Use of technology and renewable energy



## Factors hindering the effectiveness of the measures

- **Lack of financing**
- **Lack of dialogue between relevant stakeholders**
- Lack of technical expertise, knowledge, and necessary training
- Insecurity, lack of political support, public sector bureaucracy
- Informal business, aggregation of complementary activities
- **Offer of the zone inadequate with MSMEs needs**

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# Conclusion

- The majority of SEZs offers support for local MSMEs, with a focus on promoting MSME growth within zones
- Priority policy areas are skill development and networking followed by the provision of a conducive regulatory environment. Initiatives to improve access to finance and technology & innovation are more scarce
- SEZs also implement initiatives to adapt their offer to the needs of local MSMEs, by providing dedicated areas of production and reduced rent for local firms
- Measures are deemed somewhat successful to promote local entrepreneurship by the majority of respondents
- However, support measures are frequently not specific to MSMEs and a zone set-up not tailored to the needs of smaller firms makes it difficult for local MSMEs to benefit



## Next steps

- Detailed description and analysis of selected initiatives across African SEZs, covering different policy areas and options
- Summary of best practices for the promotion of local entrepreneurship and MSME growth in SEZs
- Development of a practical guide for policy makers



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For further information on the work on foreign direct investment, multinational enterprises and Special Economic Zones, please address inquiries to:

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