

大成 DENTONS

3rd annual meeting Africa Free Zones Organisation

Session 1: Legal & Fiscal incentives, infrastructures setup,
real estate and HR development: key fundamentals for
Economic Zones and Free Zones attractiveness

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Introduction



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Introduction

Different terminology:
free zone, industrial park,
economic zone with
privileged regime, etc.

Common feature:
Geographical area with
special status for
economic activities

Goal:
attracting investments –
value creation

Creation by law

Different models



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Different models

Industrial zone

- (i) Making available to enterprises a **developed area with the infrastructure and services able to meet their needs.**
- (ii) For example, industrial park without special fiscal and customs regime.
- (iii) However, enterprises may benefit from incentives provided for by laws and regulations (e.g., pursuant to the Investment Charter in force in the country).

Industrial zone + special fiscal and customs regime

- (i) Same characteristics as the industrial zone but with a **special tax and customs regime.**
- (ii) These zones may offer **other incentives** (for example, with respect to exchange regulation, employment of foreign workers, residence permits, etc.).

Industrial zone + special fiscal and customs regime + one stop-shop

- (i) Same characteristics as the industrial zone with special tax and customs regime but **with a one-stop shop.**
- (ii) **Two kinds of one-stop shop :**
 - first case: the one-stop shop is the **interface** between the enterprises and the relevant administrations of the country, or
 - Second case: the one-stop shop has by itself **all the prerogatives and powers of the relevant administrations** of the country.

Schemes applicable to the realization and operation of the economic zone

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Realization and operation of the zone

The setting-up of an economic zone implies:

- with regard to the **realization of the economic zone**: development and servicing of the site (roads and networks), realization of administrative and technical buildings, etc.
- with regard to **the operation of the zone**, various activities such as:
 - o technical operation of the zone (water and electricity distribution, liquid and solid sanitation, surveillance and safety, maintenance, etc.); and
 - o administrative management of the zone (issuance of authorizations, commercialization of plots, promotion of the zone, etc.).

As a general rule, these activities are **entrusted to the zone manager**, often a public entity.

Given the diversity of these activities and the investments involved in the realization of the zone and its operation, **PPP-type schemes can usefully be considered**.

It is not a question for the manager of the zone to sub-grant to a third party the entirety of its activities, but to **entrust to a partner, under his control, the activities related to the realization and the zone and its technical operation**.

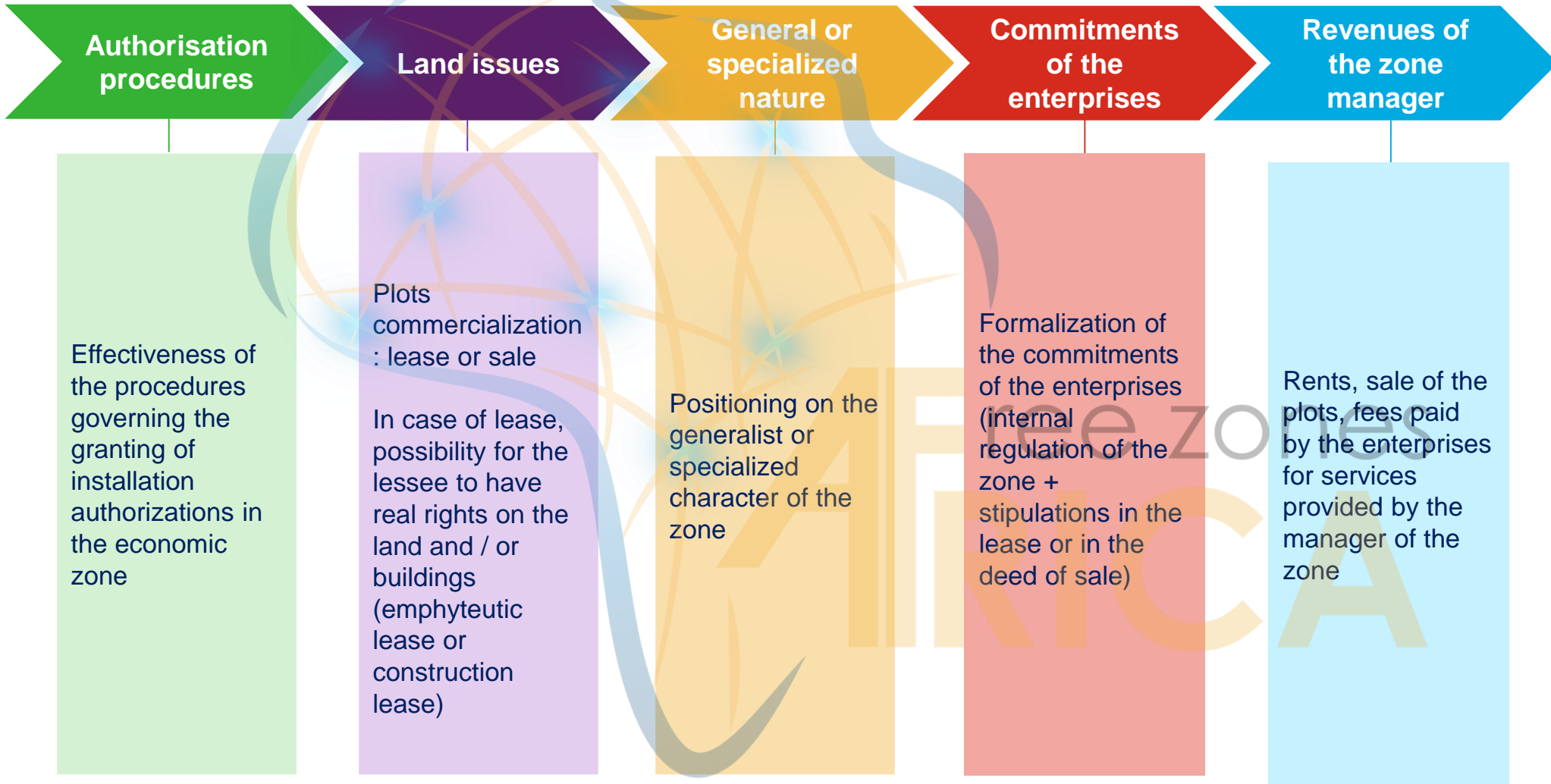
Thus, the partner will finance all or part of the investments and then, will carry out the technical operation of the zone, under the control of the manager of the zone.



Other key factors
to enhance the
attractiveness

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Other key factors to enhance the attractiveness



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