Improving Infrastructure and Special Economic Zones (SEZs) in Africa

South-South Knowledge Exchange Hub

Printing Date: 27 August 2017

Report Permalink: http://www.knowledgesharingfordev.org/result-story/1075

Source: http://www.knowledgesharingfordev.org

Providing Country(ies): China


Topic(s): Industry and Trade

Funding Source: South South Facility

Funding Amount: US $104,778

Start Date: August 26th, 2010

End Date: June 30th, 2011

Key Contact: Philip Karp

Last Updated: July 9th, 2012

Summary:

The governments of Africa want to improve the investment climate and reduce poverty in their countries through modernization and industrialization. Learning from the Asian experience, many governments are developing Special Economic Zones (SEZs) to achieve these goals. Chinese knowledge, experience, and investment have been invaluable in developing these zones. However, most African countries still lack the infrastructure to make such SEZs effective and competitive on international markets. To help address the problem, the World Bank facilitated a conference and study tour for high-ranking African government officials. These leaders visited China to meet with Chinese and international experts and learn global best practices for infrastructure development, especially those pertaining to SEZs. Organizers also hoped the exchange would improve the policy, institutional, and financial frameworks used to support infrastructure development.

“African countries want to learn about China’s development experience, particularly about overcoming poverty and sustaining economic growth," World Bank President Robert Zoellick said at the start of the conference. “[The] initiative [will] expand Chinese investment in Africa beyond the minerals, energy, and infrastructure sectors into activities that offer greater opportunities for creating jobs and transferring know-how.”

The exchange provided African participants with concrete lessons on how to undertake innovative reforms to infrastructure development and SEZs in their respective countries. The conference, which was the third annual high-level event between the partners, also promoted continuing China-Africa cooperation. The African delegates learned how to incorporate, build on, and improve some of the strategies that China had used to achieve faster development and poverty reduction through rapid industrialization. They also understood the importance of political commitment for transforming ideas into actual reforms and learned about the critical importance of infrastructure development for growth and poverty alleviation.

Strategic Context:

*Capacity Building Goals:*

Effectiveness of Organizational Arrangements
Developing reliable and functional infrastructure to support the manufacturing sector and improve productivity and competitiveness in international markets is of utmost importance for Africa’s development. However, many African governments face challenges formulating and implementing effective policies to build, strengthen, and manage the sectors. A number of African countries have looked to Special Economic Zones (SEZs) to enhance manufacturing and create jobs. Most African SEZs have not been as successful as those in China, however, where SEZs played a major role in attracting foreign direct investment (FDI) and achieving export-led growth.

So, with the help of the World Bank, African governments have set out to learn from China’s SEZ experience in a series of knowledge exchanges over four years. The first several focused on specific knowledge gaps in effective zone planning and design, sustainable zone management, design and implementation of incentive regimes, increasing trade, improving the functioning of customs, skills development, and public-private partnerships. The African countries also wanted to learn how to improve the policy, institutional, and financial frameworks that support infrastructure development, including how to divide responsibilities between the central and local authorities and between public and private actors. The result was this knowledge exchange between the partners. Its focus on infrastructure contributes significantly to overcoming existing challenges.

Description:

**Exchange Instruments**

Conferences
Study Tour

Before the exchange activities began, the delegations participated in the thirtieth anniversary celebration of the World Bank’s engagement in China, an event attended by both Chinese President Hu Jintao and World Bank President Robert Zoellick. The exchange program, which was the third annual High-Level China Africa Experience Sharing event, opened the next day with a two-and-a-half day workshop in Beijing (September 14-16, 2011), which included presentations and intense panel discussions. The participants then took four-day field visits (September 17-21) before returning for a half-day wrap-up session (September 22) in Beijing. This sequence was effective: participants first received technical information in the workshops, then gained firsthand experience visiting sites and meeting with practitioners and local government officials.

The workshop included sessions on linking infrastructure and SEZs with growth and poverty reduction, investment in SEZ development and trade, financing infrastructure development, and improving rural infrastructure. The participants closed the workshop with a policy dialogue on Africa-China cooperation in industrial parks and rural infrastructure. During the study tour, the African delegates visited the Suzhou Industrial Park, where they heard about the role of government in construction, planning, and implementation of SEZ, as well as the zone’s implication for development. They also saw a one-stop service center and a utility company that supports SEZs. In addition to visiting another industrial park, the Africans toured factories, a food processing company, and irrigation and rural biogas projects. The wrap-up session gave participants a chance to share their impressions and feedback on the program and helped organizers catalogue participants’ key take-aways and lessons learned.

Following the exchange, the participants received a book on SEZs in China and a CD with all the presentations and related resource materials so they could disseminate the lessons learned upon returning to their countries.

**Outcomes:**

*Intermediate Capacity Outcomes*

Enhanced Knowledge and Skills
Enhanced Networks
Increased Implementation Know-how
The workshop and field visits taught African participants concrete lessons on innovative approaches to infrastructure development and Special Economic Zones (SEZs). In this regard, the program enhanced the participants’ capacity to undertake reforms in their respective countries. The exchange also strengthened continued China-Africa cooperation. A great impetus for this development was the fact that the exchange coincided with the 30-year anniversary celebration of the World Bank’s engagement with China, which both Chinese President Hu Jintao and World Bank President Robert Zoellick attended.

“China’s cooperation with Africa is by no means new. What is new, however, is the level and significance of China’s partnership with Africa,” Mr. Zoellick said.

The African delegations engaged fully in the discussions and visits, enhancing their knowledge of approaches to fast development and poverty reduction through rapid industrialization. As a result, they wanted to know more about how China achieved such transformation. The African delegates, however, also understood that their countries face different conditions—not only compared to China, but also to each other—and that there is no one-size-fits-all solution to industrialization and poverty reduction. They also saw how they could improve upon some of the Chinese strategies to reduce their countries’ dependence on exports and highly capital-intensive goods, a situation that had significant negative environmental and social impacts for China. The African participants learned that China had since implemented a more balanced approach to growth to create a cleaner, greener, and more sustainable economy.

“If there is one key lesson for other developing countries from China’s experience, it is to be pragmatic; to experiment with new ideas, assess what works and replicate it, but not to be afraid to abandon what doesn’t work,” said Philip Karp, Lead Specialist in the East Asia and Pacific Region of the World Bank.

The African delegates also understood the importance of political commitment in transforming ideas into actual reforms and how each country’s leadership must steer its own development process. Another take-away from the exchange was that infrastructure development is critical for growth and poverty alleviation, especially infrastructure that links producers to markets. Finally, they realized that they would need to create connections between foreign firms and local companies and supply chains to fully benefit from foreign investment and the new skills and know-how associated with it.

Long Term Impact:

South-South learning between China and Africa has remained an ongoing, vital activity, as this third High-Level Exchange in China on agricultural development attests. The close coordination between the World Bank’s East Asia and Pacific and Africa regions and the World Bank Institute ensures that the knowledge exchange remains dynamic. The discussions with Chinese government officials have advanced the joint learning on the topic of infrastructure development and China’s engagement in Africa.

As this event coincided with the celebration of the thirtieth anniversary of the World Bank’s engagement with China, the success of the program further solidified the Bank’s multifaceted relationship with the Government of China.

Lessons for Effective Knowledge Exchange:

- Knowledge exchanges are two-way learning events. Although the African delegations were the major knowledge recipients in this case, the Chinese learned a lot about the situation in Africa. Just as there was no one-size-fits-all solution to African development, the Chinese realized that investors should
consider the sometimes dramatic differences among the 53 countries on the continent when doing business there.

- “Knowledge exchange is key for development,” said Klaus Rohland, Country Director for China and Mongolia at the World Bank. “The Bank’s role is not teaching people and government what works, but informing them about the policy options, and how they have worked or not worked in other countries, and then working with government to make their own choices.”

Knowledge Providers:

Over 50 high-ranking government officials, university professors, and international development practitioners participated in the exchange on the Chinese side. Below is a partial list:

- Li Yong, Vice Minister, Ministry of Finance
- Zhang Shaochun, Vice Minister, Ministry of Finance (MOF)
- Zhu Guangyao, Vice Minister, MOF
- Zheng Xiaosong, Director General, International Department, MOF
- Zhang Yansong, Deputy Director General, Agriculture Department, MOF
- Chong Quan, Deputy China International Trade Representative, Ministry of Commerce (MOC)
- Yu Yingfu, Commerce Counselor, Department of Aid to Foreign Countries, MOC
- Lv Jijian, Deputy Director-General, Office of Overseas Economic and Trade Cooperation Zone, MOC
- Zhang Lei, Director General, Department of International Cooperation and Social Mobilization, LGOP
- Wu Zhong, Director General, International Poverty Reduction Center in China (IPRCC)
- Shu Zhan, Ambassador, African Department, Ministry of Foreign Affairs (MOFA)
- Zhang Yansheng, Director General, Institute for International Economic Research, NDRC
- Guo Xiaobei, Director General, Institute of Comprehensive Transportation, National Development and Reform Commission (NDRC)
- Tang Min, Deputy Secretary General, China Development Research Foundation
- Wang Jianye, Chief Economist, Export-Import Bank of China

Knowledge Seekers:

The African participants represented the governments of Nigeria, Ethiopia, Mauritius, Zambia, Ghana, Uganda, Mozambique, Tanzania, Kenya, Senegal, Rwanda, Lesotho and Liberia.

- Tadesse Haile Tessema, State Minister, Ministry of Trade and Industry, Ethiopia
- Motuma Mekassa Zeru, Head, Mayor's Office and Cabinet Affairs, City Government of Addis Ababa, Ethiopia
- Mahama Ayariga, Deputy Minister, Ministry of Trade and Industry, Ghana
- Paul Christopher Mugo Kibati, Director General, Kenya Vision 2030 Delivery Secretariat
- Philip Githinji Nderitu, Director of Special Economic Zones, Ministry of Trade, Kenya
- Mohamed Omar, Director - Economic Pillar, Kenya Vision 2030 Delivery Secretariat
- O. Natty B. Davis II, Minister of State, Government of Liberia
- Ramsamy Chedumbhurum Pillay, Owner/Chairman, BIZ/IT Business School, Mauritius
- Indrany Chedumbhurum Pillay, BIZ/IT Business School, Mauritius
- Lekram Koonjobeeharry, Senior Financial & Management Analyst, Ministry of Finance & Economic Development, Mauritius
- Theodora Ayewoh Asinya, Senior Accountant, Nigeria Export Processing Zones Authority
- Amos Yeuyi Sakaba, Director, Office of the Executive Secretary, Nigerian Investment Promotion Commission
- Adelhelm James Mgoma Meru, Director General, Export Processing Zones Authority (EPZA), Tanzania
The participants also included representative from African embassies in Beijing.

- Mr. Assesa Biset Alemu, Acting Ambassador, Embassy of the Federal Democratic Republic of Ethiopia
- Mrs. Regina Appiah-sam, Commercial Counselor, Embassy of the Republic of Ghana
- Mr. Julius Ole Sunkuli, Ambassador, Embassy of the Republic of Kenya
- Mrs. Neh Rita Sangai Dukuly Tolbert, Ambassador Extraordinary and Plenipotentiary, Embassy of the Republic of Liberia
- Mr. Paul R. Lit Fong Chong Leung, Ambassador Extraordinary and Plenipotentiary, Embassy of the Republic of Mauritius
- Denys Uwimana, First Counselor, Embassy of the Republic of Rwanda
- Mr. Omar Ramadhan Mapuri, Ambassador Extraordinary and Plenipotentiary, Embassy of the United Republic of Tanzania
- Mr. Madibo Charles Wagidoso, Ambassador Extraordinary and Plenipotentiary, Embassy of the Republic of Uganda
- Mr. Brain Nyirenda, Minister, Embassy of the Republic of Zambia
- Mr. Sauka Chinji, First Secretary, Economy, Embassy of the Republic of Zambia

**Additional Resources:**

The conference also included over 50 participants from development agencies, including:

- Robert B. Zoellick, President, World Bank
- James Adams, Vice President, East Asia and Pacific Region, World Bank
- Obiageli Ezekwesili, Vice President, Africa Region, World Bank
- Klaus Rohland, Country Director, China, Mongolia, World Bank
- Marilou Jane Uy, Director, Finance and Private Sector Development, Africa Region, World Bank
- Thierry Tanoh, Vice President, Sub-Saharan Africa, Latin America & Caribbean, and Western Europe, International Finance Corporation
- Karin Finkelston, Director, East Asia and Pacific, International Finance Corporation
- Jean Philippe Prosper, Director, Eastern and Southern Africa, International Finance Corporation
- Steven Sabey, Policy Adviser, United Nations Development Programme (UNDP)
- Johan Cauwenbergh, Minister Counselor, EC Delegation, Beijing
- Edward Danjoy, Country Representative for China, French Development Agency

Additional links: