



Sustainable Industrial Areas
INTERNATIONAL CONFERENCE

Addis Ababa | Ethiopia | 8th - 10th of April 2019

Report on Fostering Sustainable Development through Chinese Overseas Economic and Trade Cooperation Zones: Status Quo and Practical Guidelines for the Way Forward

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International Conference

Sustainable Industrial Areas

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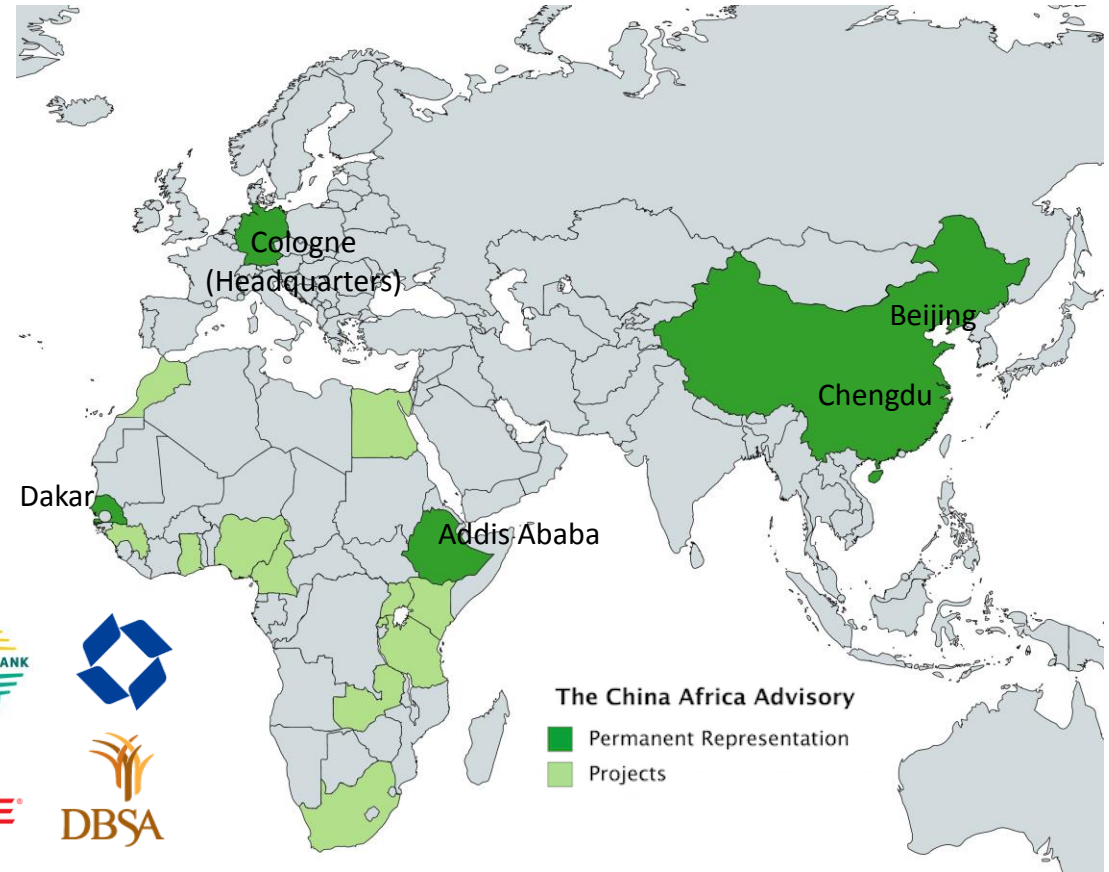




About us



- Independent German advisory firm with a focus on China-Africa relations
- Working at the nexus of policy and business to advance sustainable development in African countries
- Sustainable industrialization, infrastructure and energy
- Selected clients:



Empowered lives.
Resilient nations.





Outline



1. Context
2. Why is this report significant?
3. Overview on Chinese Overseas Economic and Trade Cooperation Zones (COCZs)?
4. How do COCZs contribute to sustainable development?
5. Practical Guidelines for Sustainable COCZs
6. Recommendations



Context



Report by CAITEC & UNDP as input to the 2nd Belt and Road Forum on International Cooperation

- Status quo of Chinese Overseas Economic and Trade Cooperation Zones' (COCZs) contribution to sustainable development
- Practical Guidelines for Sustainable COCZs





Why is this report significant?



- Includes results of a first-of-its-kind global survey of COCZs on economic, environmental and social sustainability aspects
- Brings together two key objectives of the Belt and Road Initiative (BRI):
 1. Using COCZs as vehicle for investment and trade cooperation with BRI countries
 2. Contributing to the achievement of the United Nations 2030 Agenda for Sustainable Development
- Offers practical guidance to COCZs developers and operators
- Highlights linkages with SDG targets and indicators



Overview on COCZs



Definition

Chinese Overseas Economic and Trade Cooperation Zones refer to industrial parks with independent legal entities established overseas by Chinese-owned companies that are registered in the People's Republic of China (excluding Hong Kong, Macao and Taiwan). COCZs need to provide sound public services, promote industrial clustering and play a catalytic role for the local development.

(Ministry of Commerce)



Overview on COCZs

COCZs as of November 2018

- 113 COCZs across 46 countries (82 operational / 31 under dev.)
- USD 42.14 billion total investment
- 4,742 companies
- 302,000 local jobs

(Ministry of Commerce)



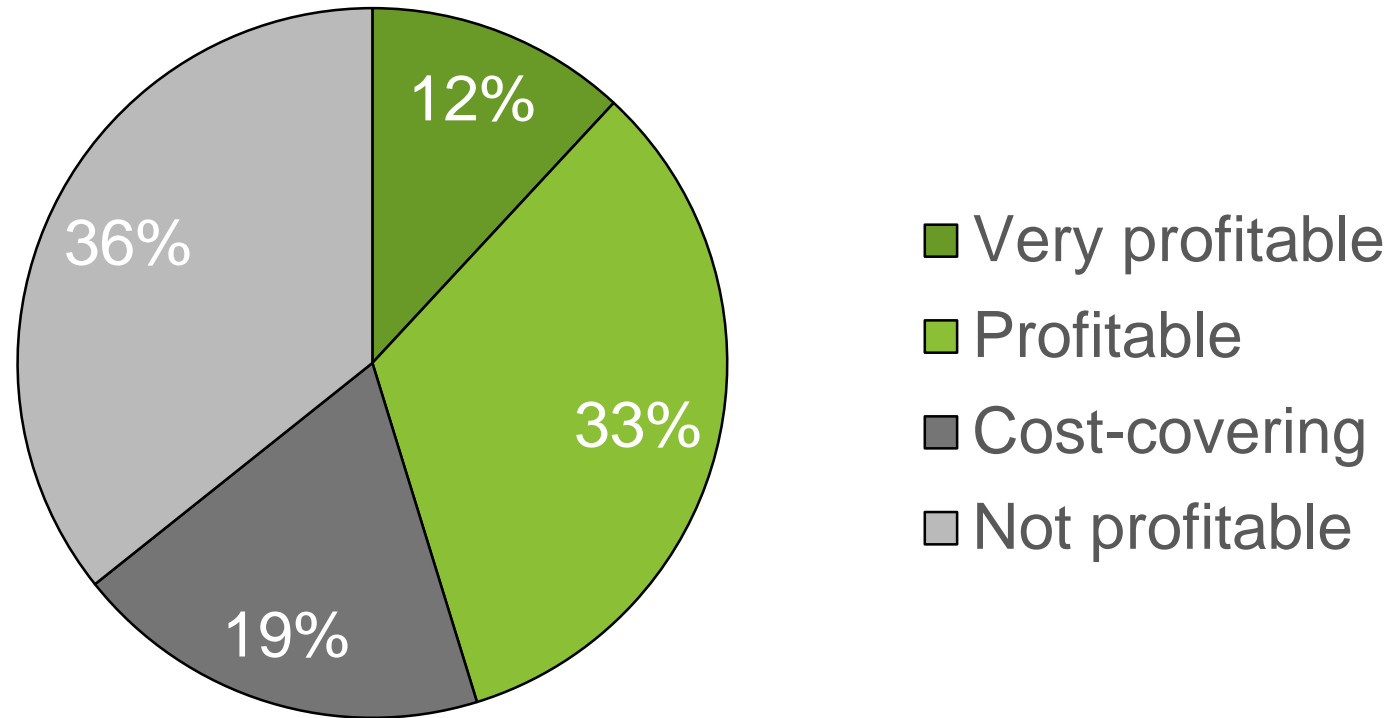
How do COCZs contribute to sustainable development?

Insights from first COCZs global survey on **economic, environmental and social sustainability**, conducted from December 2018 to February 2019 (54% response rate)



Survey: COCZs and Economic Sustainability

Profitability of COCZs

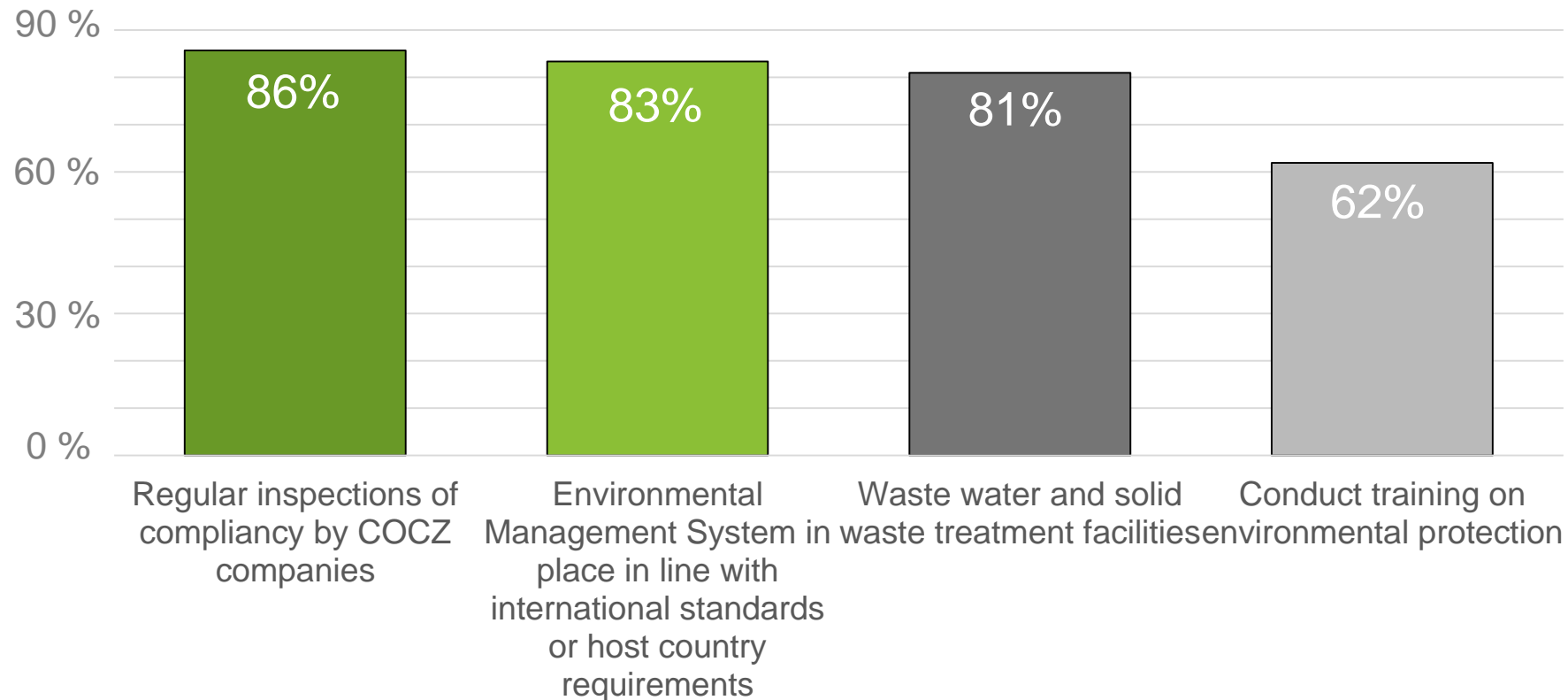




Survey: COCZs and Environmental Sustainability



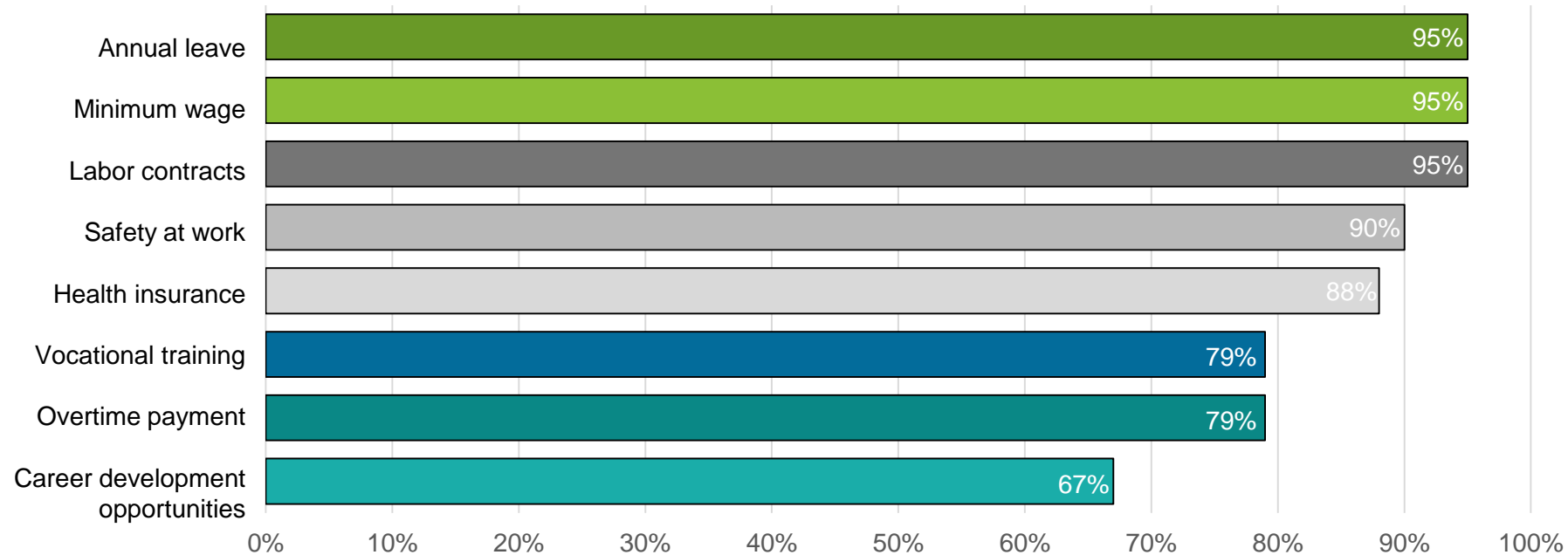
Measures taken by COCZs





Survey: COCZs and Social Sustainability

Which of the following aspects does the COCZ require from its tenants to protect the basic rights and interests of local employees?





Survey: COCZs and Sustainable Development



Key findings

- Most of the zones are profitable after 5-7 years of operation, often mainly relying on profits that the zone operator makes through its own industrial activities within the zone. However, financing remains one of the main challenges.
- While most zones are committed to environmental and social sustainability and require their tenants to comply with various aspects in this regard, there is still room for improvement



Practical Guidelines for Sustainable COCZs



Methodology

- Comprehensive desk review of existing approaches to economic, environmental and social sustainability practices in special economic zone planning, development and operation
- First-hand insights from COCZ and other SEZ developers, operators, companies and workers through a total of 67 semi-structured interviews conducted in Cambodia, China, Egypt, Ethiopia, Indonesia, Nigeria and South Africa



Practical Guidelines for Sustainable COCZs



Overview





Practical Guidelines for Sustainable COCZs



Business cases

- Recycling programme
- Roof-top solar
- Community housing for workers
- Waste water treatment facility
- Green building design
- Incentive systems for workers





Recommendations

- Establish a model Sustainable COCZ
- Create an experience and knowledge sharing mechanism for COCZs and COCZs tenants
- Explore new ways for COCZ financing (diversify income streams; low-emission, climate-resilient inclusive development)



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Thank you!

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