



CASE – Center for Social and Economic Research

The Political Economy of Place-Based Policies with a Focus on Special Economic Zones



DIRECTIONS IN DEVELOPMENT
Countries and Regions

Building Engines for Growth and Competitiveness in China

Experience with Special Economic Zones and Industrial Clusters

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Editor



Global Experiences of SEZs: What Can We Learn?

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World Bank

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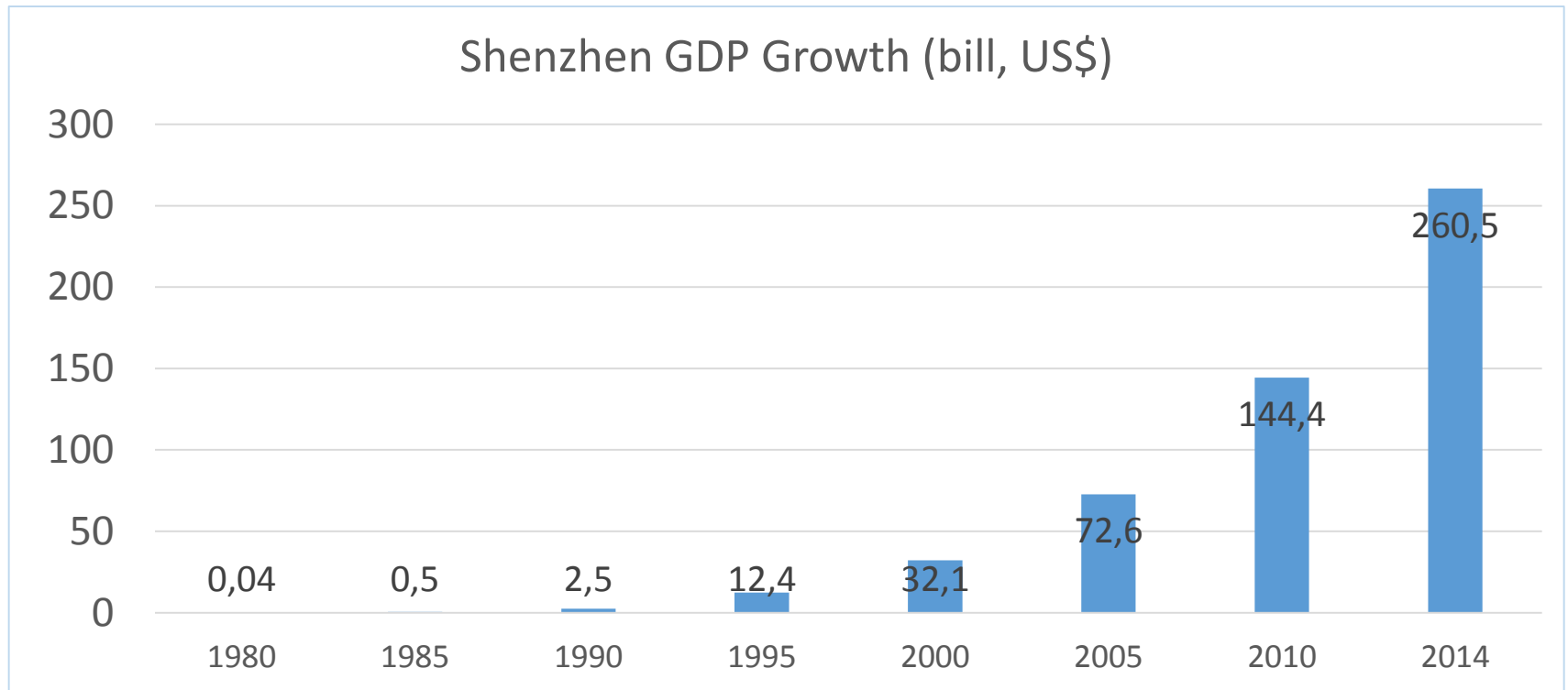
- ❑ SEZ is not a panacea to be used to solve all problems – *many have failed*
- ❑ Successful SEZ programs often possess the following features:
 - A national SEZ strategy with highest level of Government support
 - Effective as pilots for reform especially when designed ex-ante to be prototypes for broader national reforms
 - Careful location of zones and sound infrastructures
 - Commercial viability (IRR) and significant ERR
 - A robust legal & regulatory and institutional framework
 - Integration with urban/spatial/regional development
 - Linkages with local economy
 - Strong public-private partnership (PPP)
 - Effective marketing and promotion & smart incentives

First SEZ in China – Shenzhen (1)



Shenzhen (2)

- Achieved 38% GDP growth CAGR;
- Per capita GDP: \$89 (1978) – \$24,336 (2014)



World Bank Group's Engagements on SEZs/Industrial Zones

Key instruments

A. Technical Assistance

Studies: An assessment of 6 industrial zones in Nigeria – “*An Overview of Six Economic Zones in Nigeria: Challenges & Opportunities*”, 2012.

Training, including workshops, seminars, forums, and study tours (e.g.: The Africa–East Asia (Singapore-China-Malaysia) *South–South Exchange Program on Special Economic Zones & Competitive Clusters*, 2009)

Advisory services: consulting services (legal and regulatory framework, feasibility study/master planning, etc.): e.g, the Bagamoyo SEZ (the largest SEZ in Tanzania); and resident advisors, etc.

B. Investment Lending (5-10 years): e.g., *Ethiopia Competitiveness & Job Creation Project*.

C. Development Policy Lending (1-3 years): provide direct budget support to governments for policy and institutional reforms.