



## The Sustainability Practices of Special Economic Zones

**In an increasingly competitive and challenging market for international investment, special economic zones (SEZs)<sup>1</sup> continue to grow across the world, with more countries either adopting new SEZ models or revitalizing existing ones.** In 2019, UNCTAD estimated that there were more than 5400 SEZs - zones with a distinct regulatory regime including free trade zones, foreign-trade zones and processing zones - across 145 economies, with at least 500 more announced that year.<sup>2</sup> Science parks, prevalent in developed countries, are also part of this landscape. The International Association of Science Parks and Areas of Innovation counts 350 members across 77 economies.<sup>3</sup>

**As SEZs continue to expand globally, they face the challenge of navigating an evolving trade and investment environment, shaped by global trends such as sustainable development.** The UN Sustainable Development Goals (SDGs) and the Paris net-zero climate targets are influencing business decisions and driving foreign direct investment (FDI) towards environmental technologies, a significant growth area. Regulatory measures, such as the European Union's Carbon Border Adjustment Mechanism, which imposes a carbon tax on imports, further push SEZs to adopt sustainable practices.

**The Global Alliance of Special Economic Zones (GASEZ) was created to help SEZs become key policy tools for sustainable development (box 1).** GASEZ aims to enhance cross-border collaboration, advocate for enabling policy frameworks, and promote peer-learning among SEZs to advance sustainability-related goals. As more SEZs are developed, GASEZ aims to support their evolution into platforms for sustainable growth.

<sup>1</sup> UNCTAD defines them as “geographically delimited areas within which governments facilitate industrial activity through fiscal, regulatory incentives and infrastructure support” (UNCTAD World Investment Report 2019: Special Economic Zones). SEZs go by many names including free trade zones and industrial parks.

<sup>2</sup> UNCTAD (2019). *World Investment Report: Special Economic Zones*.

<sup>3</sup> IASP: *Global Network of Science & Technology Parks & Innovation Districts – IASP*.

**Box 1****The Global Alliance of Special Economic Zones**

In 2022, UN Trade and Development (UNCTAD) joined hands with seven global, regional and national associations (including industrial parks, free and foreign-trade zones as well as science parks and areas of innovation) to establish the Global Alliance of Special Economic Zones (GASEZ). GASEZ seeks to drive the modernization of SEZs across the world and maximize their contribution to the UN SDGs. By pooling the expertise of its members, GASEZ fosters collaboration among SEZs, advocates on their behalf, and enhances their role in advancing sustainable development. Given the diverse membership of the GASEZ founding member associations, GASEZ adopts a broad definition of SEZs which includes science parks and areas of innovation.

In 2023, GASEZ launched its “SDG Model Zone Partners” initiative during the UNCTAD World Investment Forum in Abu Dhabi, United Arab Emirates. The initiative seeks to raise awareness of the contributions of SEZs to sustainable development, recognize leading zones in this area, and share best practices by SEZs that can inspire and be replicable by other zones.

The founding members of GASEZ include: The Africa Economic Zones Organization (AEZO), the Free Trade Zones Association of Ibero-America (AZFA), the Green Partnership for Industrial Parks of China (GPIPC), the International Association of Science Parks and Areas of Innovation (IASP), the National Association of Foreign-Trade Zones (NAFTZ), UN Trade and Development, the World Free and Special Economic Zones Federation (FEMOZA), and the World Free Zones Organization (World FZO).

Source: UNCTAD, GASEZ ([gasez.org](http://gasez.org)).

**One key initiative is the SDG Model Zone Partners, launched by GASEZ, which identified 50 SEZs working to enhance their contributions to sustainable development.** These zones were selected based on their commitments to the criteria from UNCTAD’s 2019 World Investment Report, namely; attracting SDG-relevant investments, upholding high environmental, social, and governance (ESG) standards, and promoting inclusive growth through linkages.<sup>4</sup> The initiative ensures representation across different regions and levels of development, including Least Developed Countries. In September 2024, GASEZ launched a new call for applications to expand the initiative.<sup>5</sup>

**This note summarizes the main findings from a recent survey of the 50 SEZs which reveals insights into their sustainability practices.** The results were presented at the 3rd Annual GASEZ Conference in Xiamen, China. Of the 50 zones, 42 (84 per cent) participated in the survey (annex 1). The survey, along with ongoing stakeholder feedback and dialogue, supports GASEZ’s mission of raising awareness and guiding SEZs toward sustainable development.

**SEZs are expanding their focus beyond traditional economic goals and include sustainability objectives, often in line with country-level sustainable development plans, including net-zero goals and nationally determined contributions (NDCs).** The most cited sustainability objectives by respondents include promoting urban and environmental sustainability, adopting circular economy models, fostering education and innovation, and promoting diversity and inclusion.

<sup>4</sup> UNCTAD (2019). World Investment Report: Special Economic Zones

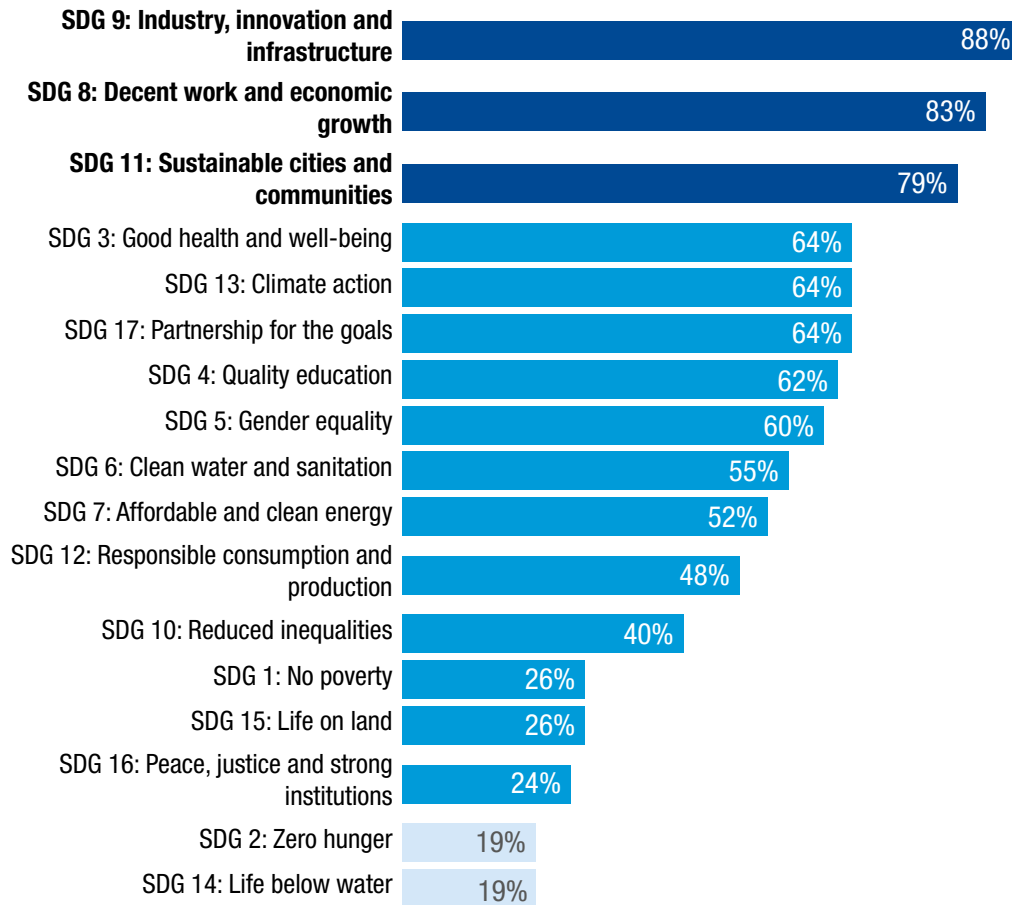
<sup>5</sup> Call for applications: GASEZ SDG Model Zone Partners Initiative





**Figure 1**  
**Priority SDGs for SEZs**

(surveyed SEZs from March to July 2024, multiple answers possible)



Source: UNCTAD

**SEZs are increasingly incorporating sustainability into their institutional frameworks, with 90 per cent of surveyed zones designating a sustainability focal point.** While some have established dedicated sustainability teams, others are just beginning this transition.

**Eighty-eight per cent of zones are prioritizing SDG 9 (industry, innovation, and infrastructure) by offering collaborative spaces for industrial innovation and leveraging technology, including artificial intelligence.** In addition to SDG 9, many zones address other sector-specific priorities including climate action (64 per cent), health (64 per cent), and education (62 per cent) (figure 1). Cross-cutting goals, like SDG 8 (decent work and economic growth) and SDG 11 (sustainable cities and communities) are also central to their efforts, with 83 per cent and 79 per cent of zones prioritizing them, respectively.

**To support these goals, SEZs are facilitating environments that promote well-being by providing in-zone medical facilities, daycare, schools and green spaces.** They are also promoting sustainable lifestyles through digital tools that track and reward CO2 emission reductions, while collaborating with local authorities on urban sustainability initiatives such as waste management and sustainable mobility solutions. Sixty per cent of zones are also promoting gender equality (SDG 5) by gathering gender-disaggregated data and addressing gender skills gaps in key sectors.



**Fifty per cent of surveyed SEZs are offering government fiscal and financial incentives linked to sustainability performance.** These incentives include support for investments in sectors like climate change adaptation and mitigation, health, food security, research and development, and digital innovation. Other examples include tax reductions or financial support to access training related to sustainability sectors, the adoption of ESG and sustainability standards, using energy efficient equipment, and implementing green technologies and sustainable practices. Additional incentives focus on encouraging inclusive employment practices and local sourcing, including participation in green and sustainable supplier development programmes.

**Among the surveyed SEZs, facilitation services are evolving and increasingly tailored to meet the sustainability needs and demands of investors.** Zones are focusing on green infrastructure, with 76per cent providing clean energy and 71per cent offering waste management services. These zones are also supporting tenant companies in improving their environmental performance through self-assessment tools and advisory services. Furthermore, 62 per cent of SEZs provide training in sustainability-related fields, and 40 per cent support tenant companies in accessing sustainability certifications (figure 2).

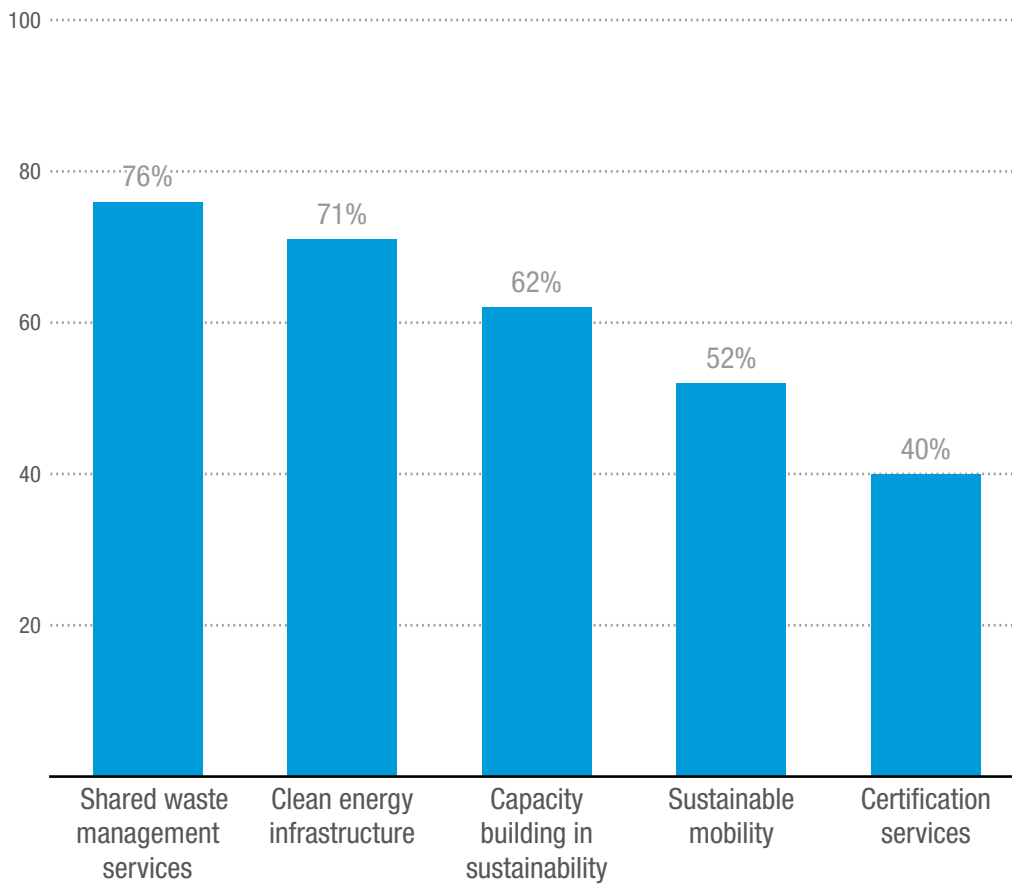


**Figure 2**

**SEZs are including sustainability services as part of their investment facilitation offering**

Top 5 sustainability areas in which SEZs provide tenant companies with facilitation services

(Surveyed SEZs from March to July 2024)



Source: UNCTAD



**In response to increased investor demands for skilled labour in priority sectors linked to the SDGs, a majority of surveyed SEZs are becoming talent hubs for sustainability.** Seventy-six per cent of respondents reported collaborating with academia and vocational institutions to assess skills gaps and develop specialized curricula tailored to meet the needs of tenant companies in sectors such as innovation, technology, and climate change.

**Surveyed SEZs are creating sustainability ecosystems that are closely linked to the local economy. They promote local employment through apprenticeship programmes, matchmaking initiatives, and by providing companies with information on available local talent.** Additionally, they support entrepreneurship in sustainability sectors and foster linkages with local businesses through green and sustainable supplier development programmes (box 2).

**Fifty-eight per cent of surveyed SEZs report on their sustainability activities, focusing on two areas. The first is environmental sustainability, which includes progress and targets for waste reduction, energy and water consumption, CO2 emissions, and the adoption of green technologies and efficient construction.** The second area is education, encompassing metrics such as the number of partnerships with educational institutions, the number of people trained, and the funding SEZs provide for training programmes.

**SEZs are also tracking the adoption of a variety of certifications, seals, awards, and standards, highlighting the challenge in comparing sustainability performance.** The most frequently mentioned standards include those from the International Standards Organization (ISO) for quality management, environmental protection, occupational health and safety, cybersecurity, and sustainable cities. For green infrastructure, LEED certifications were the most frequently cited.

**Despite these efforts, 95 per cent identified significant barriers to advancing sustainability, including a lack of knowledge, guidance and capacity building.** SEZs expressed the need for technical training in areas such as low-carbon energy technologies, energy efficiency, and better understanding of ESG and SDG frameworks. They also sought guidance on reporting, evaluation and monitoring practices.

**As SEZs continue their global expansion, especially in developing countries, it is essential they are equipped to maximize their potential for sustainable development.** The international community, including governments and development partners, should prioritize providing targeted support, capacity-building, and technical assistance. Initiatives like GASEZ can play a vital role in this.



**Table 1**  
**SEZs are creating ecosystems with strong linkages to the local economy**  
(surveyed SEZs from March to July 2024)

Action area	Type of measures implemented by surveyed SEZs
<b>Facilitating local employment in sustainability sectors</b>	<ul style="list-style-type: none"> <li>• Conduct skills gap assessments for priority sustainability sectors to identify the talent and skills needed by SEZ tenant companies.</li> <li>• Establish employment, training, re-skilling, and up-skilling centers within SEZs, and create databases of skilled and unskilled workers who have completed SEZ training programs, in collaboration with local partners.</li> <li>• Promote inclusive employment through targeted training programs for youth, women, and surrounding communities, while providing advisory services on inclusive employment practices.</li> <li>• Facilitate apprenticeship programs and matchmaking initiatives between SEZ tenant companies and local talent to connect workers with opportunities in sustainability sectors.</li> </ul>
<b>Facilitating sustainable linkages between companies in the zones and local SMEs</b>	<ul style="list-style-type: none"> <li>• Establish sustainability incubators and accelerators within SEZs to support innovative start-ups addressing challenges like food security, climate change, and health, and raise their profile through initiatives such as SEZ sustainability entrepreneurship awards.</li> <li>• Facilitate sustainability and green supplier development programmes between SEZ companies and local enterprises.</li> <li>• Create and maintain databases of sustainable suppliers, and organize matchmaking fairs to connect local enterprises with SEZ companies, enhancing visibility and collaboration around sustainable practices.</li> </ul>

Source: UNCTAD





**Annex**

**List of special economic zones that responded to the survey**

(alphabetically by country)

<b>Name of SEZ</b>	<b>Country</b>
Luanda-Bengo SEZ	Angola
Lakeside Science and Technology Park	Austria
Techno PARQ	Brazil
Guangzhou Development District	China
Suzhou Industrial Park	China
Tianjin Economic- Technological Development Area	China
Zona Franca Bogotá	Colombia
Zona Franca Santander	Colombia
Coyol Free Zone	Costa Rica
La Lima Free Zone and Business Park	Costa Rica
Las Americas Free Zone Park	Dominican Republic
Zona Franca Multimodal Caucedo	Dominican Republic
Suez Canal Economic Zone (SCZone)	Egypt
American Industrial Park	El Salvador
Royal Science and Technology Park	Eswatini
Hawassa Industrial Park	Ethiopia
Sri City Operations	India
Isfahan Science and Technology Town	Islamic Republic of Iran
Jamaica Special Economic Zone Authority (JSEZA)	Jamaica
Konza Technopolis	Kenya
Tatu City	Kenya
Kaunas Science and Technology Park	Lithuania
Klaipeda Free Economic Zone	Lithuania
Parque de Investigacion e Innovación Tecnológica (PIIT)	Mexico
Tanger Med Zones (TMZ)	Morocco
Green Economic Zone Kaduna	Nigeria
Hattar Special Economic Zone	Pakistan
National Science and Technology Park (NUST)	Pakistan
Panamá Pacifico	Panama
Poznan Science and Technology Park	Poland
Magok Industrial Complex	Republic of Korea
DUBE TradePort	South Africa
Parque Científico y Tecnológico de Bizkaia	Spain
Tecnológico de Tenerife (PCTT)	Spain
Zona Franca Barcelona	Spain
Linköping Science Park	Sweden
Mersin Free Zone	Türkiye
Teknopark Istanbul / Deep Technology Center	Türkiye
Dubai Silicon Oasis	United Arab Emirates
Khalifa Economic Zones Abu Dhabi (KEZAD)	United Arab Emirates
Masdar City	United Arab Emirates
Zonamerica	Uruguay





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