



# Development of 3 new Special Economic Zones in Gabon

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January 2020



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**Together, we made GSEZ,  
a success story...**

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# Together, we made GSEZ, a success story...

## GSEZ, a success story | Key figures

Gabon Special Economic Zone (GSEZ) started in 2010 as a **joint venture** between **Olam International Ltd.**, the Republic of Gabon, and **Africa Finance Corporation**



GSEZ SA has mandate to develop infrastructure, enhance industrial competitiveness and build a business-friendly ecosystem in Gabon



NKOK SEZ was created after ban on log export from 1st January 2010 with an **OBJECTIVE TO PUSH TIMBER PROCESSING** within Gabon

**1<sup>st</sup> transformation**



Round wood and sawn wood

**2<sup>nd</sup> transformation**



Plywood and veneer

**3<sup>rd</sup> transformation**



Construction material and furniture



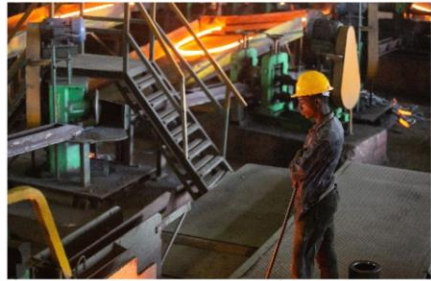
**Others achievements**

- Mineral Port
- Port (cargo, containers,..)

The SEZ actively participated in the industrialization process of the wood sector in Gabon, as part of the **Strategic Plan Gabon Emergent**

# Together, we made GSEZ, a success story...

## GSEZ, a success story | Key figures



### OPERATIONS



**730 000**

Volume of wood processed in Nkok [in cbm]

**43 %**

of total processed wood products in national exports

### INVESTMENTS



**468 billions**

Foreign Direct Investment (XAF)

**228 billions**

Invested by GSEZ SA (XAF)

### IMPACT



**14 825**

Jobs to be created (2021), 8 185 jobs already created (2019)

Enterprise Activities and Empowerment: Training of 50 young Gabonese fishermen

75,000 patients have been screened and consulted

3,000 cataract surgeries have been completed,...



**1st VENEER PRODUCER IN AFRICA**  
**2nd PRODUCER IN THE WORLD**



**...Other countries implemented Special Economic Zones as well...**




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# ...Other countries implemented Special Economic Zones as well...

## Benchmark with other SEZ (1/2)

### Best practices benchmark

- The table highlights good practices related to Special Economic Zones
- We carried out a comparative analysis on success models identified in Nigeria, Côte d'Ivoire and China.

	 <b>NKOK SEZ, Gabon</b>	 <b>Ogun-Guangdong Ogun state,</b>	 <b>PK 24 Abidjan*</b>	 <b>Shenzhen Chine</b>
<b>Location</b>	PK-27, NKOK, Gabon 27 km from Libreville	Igbessa Region of Ogun State, 30 km from Lagos international airport	Akoupé-Zeudji, north-west of Abidjan	Pearl River Delta, between Hong Kong, and China
<b>Type of zone</b>	Special Economic Zone	Mixed use: manufacturing, logistics, commercial and residential property	Industrial zone	Mixed use: manufacturing, technology, logistics, commercial and residential property
<b>Legal &amp; regulatory framework</b>	Law 010/2011 on the regulation of economic zones	Free Zone Law	Investment code	Special Economic Zones High-Tech Industrial Development Zones
<b>Area</b>	1390 ha (550 ha Developed)	Phase I: 250 ha Phase II: 1,750 ha	1 067 ha	198 500 ha
<b>Estimated investment commitments</b>	\$380 million	Phase I: \$220 million Phase II: \$280 million	\$400 million	Not Available

\* Under construction



# ...Other countries implemented Special Economic Zones as well...

## Benchmark with other SEZ (1/2)

### Best practices benchmark

- The table highlights good practices related to Special Economic Zones
- We carried out a comparative analysis on success models identified in Nigeria, Côte d'Ivoire and China.

### Incentives to enhance investment

### Ownership structure

### Impact on national economy



#### NKOK SEZ, Gabon

Assuming that no more than 25% of the production can be sold locally

- 0% income tax for 10 years, then 10% for the next 5 years
- VAT and property tax deletion
- Custom duties deletion for both imports and exports

OLAM: 40.5%  
RoG: 38.5%  
AFC: 21%

- 8,185 jobs created up to 2019
- 18,475 containers exported in 2019
- 821,466 cbm of wood processed in 2019



#### Ogun-Guangdong Ogun state,

- 100% tax holiday for all Federal, State and Local Government taxes, rates, duties and levies
- Provision of offsite infrastructure
- Duty-free and tax-free import of raw materials and components for goods destined for re-export

- Ogun-Guangdong Free Trade Zone Company (82%)
- Ogun State (18%)

- 32 potential firms
- Over 6,000 jobs created
- Average output value of over 234 million U.S. dollars per annum



#### PK 24 Abidjan\*

- Tax exemption on business profits;
- Exemption from the contribution of patents and licenses;
- 90% reduction in the amount of the contribution to the charge employers;
- Exemption from tax on land assets;
- Exemption from registration fees in the event of a capital increase

- Cote d'Ivoire State (Share to be defined)
- Private sector (Share to be defined)

- 65 potential firms
- Over 6,000 jobs created

\* Under construction



#### Shenzhen China

- Tax exemption on business profits;
- Exemption from the contribution of patents and licenses;
- 90% reduction in the amount of the contribution to the charge employers \*;
- Exemption from tax on land assets;
- Exemption from registration fees in the event of a capital increase

Not Available

- Over U.S.\$338 billion GDP in 2017
- Over 30 millions US dollars total exports (2014)
- Over 9 millions jobs created (2014)





**...Encouraged by this success, we plan to extend the project in the whole country...**

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...Encouraged by this success, we plan to extend the project in the whole country

## Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

The Gabonese government's strategy is to steer the country **to move from an oil-based rent economy to a diversified economy**.

At the heart of this strategy, **special economic zones**, set up to attract foreign investors.

3 cities offer opportunities for the development of Special Economic Zones, focused on specific activities.

### Location

### Franceville

- Timber Plantation
- Agriculture Investment Zone
- Wood Processing Zone
- Agri Processing Zone

### Lambaréné

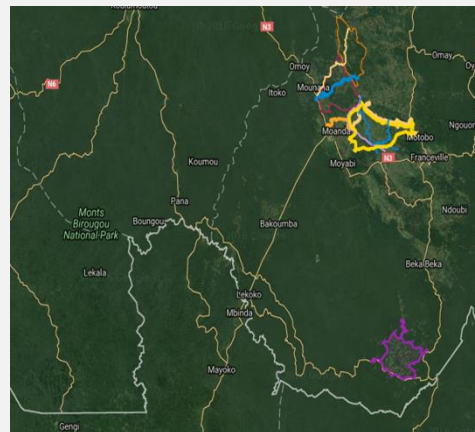
- Veneer Manufacturing
- Plywood Manufacturing
- Saw Mills
- Furniture Manufacturing
- Other Manufacturing Industries

### Port Gentil

- Chemical & Petrochemical Units
- Oil Service Companies
- Mineral & Metal Processing
- Fertilizer Manufacturing
- Timber Processing
- Other Manufacturing Industries

### The SEZ development strategy has the following main objectives:

- Contribute to the development of agriculture and food self-sufficiency
- Strengthen the industrialization of the wood sector
- Attract investors
- Create skilled and sustainable jobs
- Fighting expensive living
- Promote country development



...Encouraged by this success, we plan to extend the project in the whole country  
Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

**35,450**

Jobs to be generated

The project will promote the creation of 35,450 direct jobs in its implementation areas

**151,487  
billions XAF**

Of annual payroll

The importance of the annual payroll, calculated by combining the average salary and the number of employees, makes perfect sense within the purchasing power of the populations and the impact on consumption.

**More than 56  
billions XAF**

Of social and tax contributions per year

Assumptions have been made by considering that part of the annual payroll will feed social contributions on the one hand, and value added tax, due to the increase in purchasing power, on the other hand.

...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | **Franceville SEZ** | Lambaréné SEZ | Port Gentil SEZ

## Project Description



### Timber Plantation

- Plantation of Eucalyptus and/or Acacia for production of plantation timber for production of:
  - Plywood
  - MDF
  - Particle Board
  - Other Wood Panel
  - Pulp & Paper
  - Charcoal



### Agriculture Investment Zone

- Development of farming land along with requisite support facilities for production of:
  - **Staple Crops & Cereals:** Rice, Maize/Corn, Wheat, Cassava, Yum
  - **Vegetables:** Green peas & beans, Potato, Onion, Bottle Gourd, Pumpkin, Bitter gourd, Okra, Carrots, Tomato, Cauliflowers, Cabbage, Broccoli, Asparagus, Spinach
  - **Fruits:** Pineapple, Banana, Orange, Papaya, Guava, Coconut, Water melon, Musk Melon, Lemon, Avocado
  - **Commercial Crops:** Oil Palm, Rubber, Coffee, Cocoa, Sugarcane
  - **breeding and processing** (beef, sheep, pigs, poultry, etc.)



### Wood Processing Zone

- This zone will be focusing on processing of plantation timbers as well as timber from natural forests in surrounding region.



### Agri Processing Zone

- This zone will focus on storage, controlled warehousing and processing of produces from the Agriculture Investment Zone. The aim of zone would be to reduce the import of food items in the country and produce high quality food products for exports to Europe and West Africa.



## List of infrastructures to be undertaken by GSEZ SA

To support the development of these activities, GSEZ SA commits to carry out:

- Land Preparation
- Tree seedings of Eucalyptus and/or Acacia
- Infrastructure & Utilities Development
  - Road
  - Drainage
  - Sewerage
  - Electrical distribution
  - Water supply including sourcing, storage and distribution etc.
- Common Buildings
  - Single Window Facility Building
  - Staff houses
  - Banks
  - Schools
  - Commercial Centre
  - Warehousing
  - ...

...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | **Franceville SEZ** | Lambaréné SEZ | Port Gentil SEZ

## Expected benefits



### **135 companies will set up**

The Franceville SEZ will drain, according to forecasts, 135 companies (40 for Agriculture Investment Zone, 75 for Wood Processing Zone and 30 for Agri Processing Zone)



### **19,000 jobs to be generated**

The project will generate around 19,000 jobs for Franceville and its surroundings (1 500 for Timber Plantation, 5 000 for Agriculture Investment Zone, 10 700 for Wood Processing Zone and 1 800 for Agri Processing Zone)



### **Payroll / purchasing power**

**55,812 billions XAF** per year will be paid as salary to employees,.

12.6 billions XAF per year will be paid as social contributions.



### **Infrastructure**

GSEZ will finance a series of infrastructure which will also be beneficial for the populations

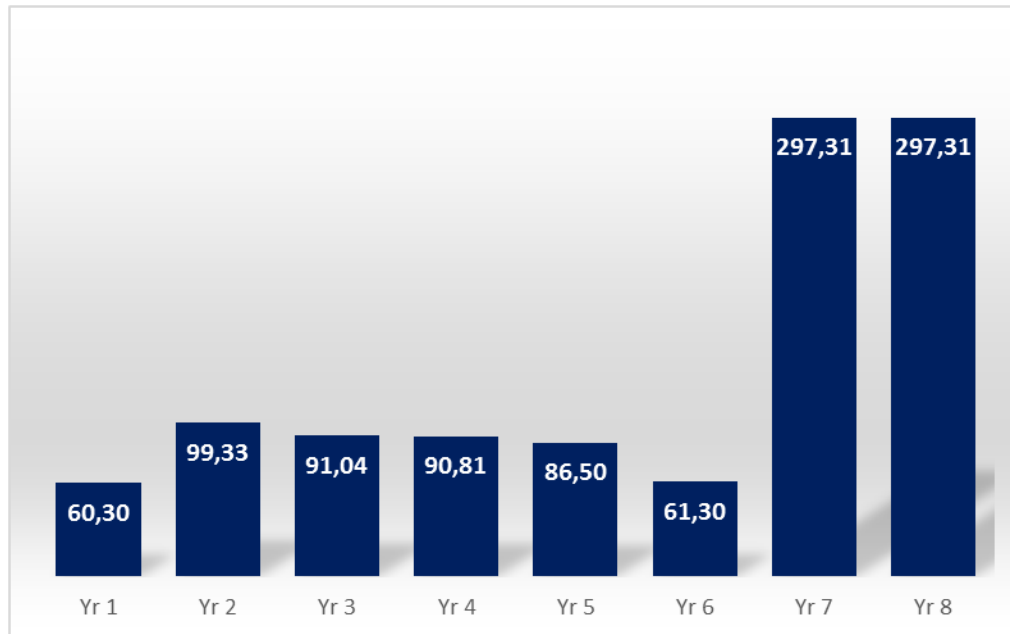
...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | [Franceville SEZ](#) | [Lambaréné SEZ](#) | [Port Gentil SEZ](#)

## Others metrics

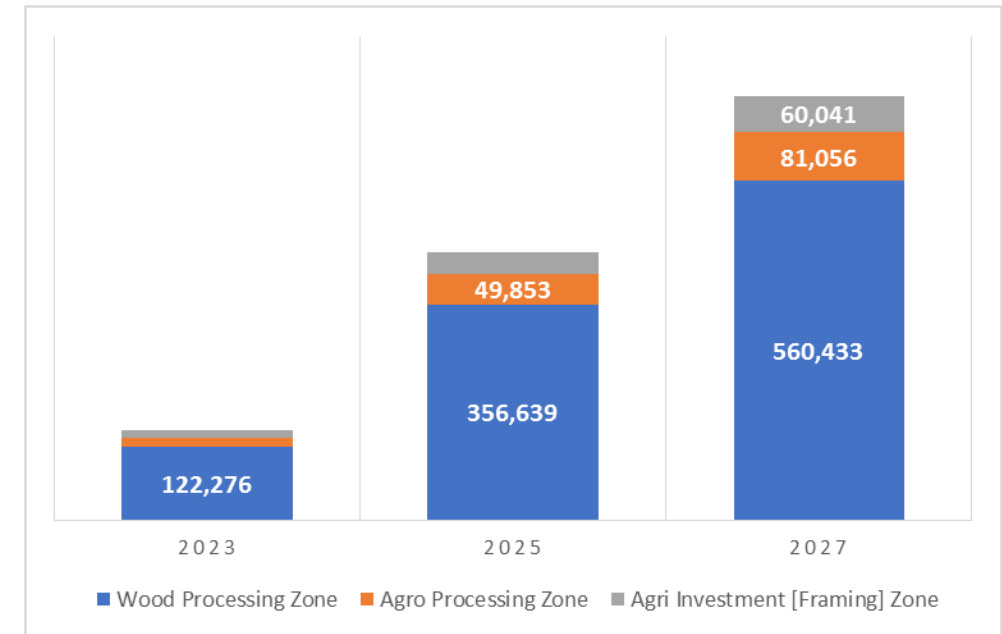
### More than 1,000 billions XAF

For project CAPEX



### More than 701 billions XAF

For value of production / export (by 2027)





...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | **Franceville SEZ** | Lambaréné SEZ | Port Gentil SEZ

## Support expected

Franceville SEZ	
<b>Tax advantages</b>	<ul style="list-style-type: none"> <li>• <b>Favourable tax regim</b></li> </ul>
<b>Land</b>	<ul style="list-style-type: none"> <li>• Forest concession of <b>1,000,000 ha</b> in Franceville for supply of timber for wood processing units in Franceville SEZ</li> <li>• <b>250 ha, with road connectivity</b></li> </ul>
<b>Source of power</b>	<ul style="list-style-type: none"> <li>• <b>50 – 60 Megawatt</b></li> </ul>
<b>Other resources</b>	<ul style="list-style-type: none"> <li>• Extraction of Ground Water [<b>10 MLD</b>]</li> <li>• Lifting of surface water from Ogooué River [irrigation purpose]</li> </ul>
<b>Other advantages</b>	<ul style="list-style-type: none"> <li>• Unrestricted authorization to repatriate funds</li> <li>• Flexibility in Labor laws, in terms of the number of foreign workers recruited</li> </ul>

...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Project Description



 **Veneer Manufacturing** \_\_\_\_\_

 **Plywood Manufacturing** \_\_\_\_\_

 **Saw Mills** \_\_\_\_\_

 **Furniture Manufacturing** \_\_\_\_\_

 **Other Manufacturing Industries** \_\_\_\_\_



### List of infrastructure to be undertaken by GSEZ SA

To support the development of these activities, GSEZ SA commits to carry out:

- Land Preparation
- Infrastructure & Utilities Development
  - Road
  - Drainage
  - Sewerage
  - Electrical distribution
  - Water supply including sourcing, storage and distribution etc
- Common Buildings
  - Single Window Facility Building
  - Common Facility Centre
  - Banks
  - ...

...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Expected benefits



### **30 companies will set up**

The Lambaréné SEZ will drain, according to the forecast, 30 companies



### **3,750 jobs to be generated**

The project will generate around 3 750 jobs for Lambaréné and its surroundings



### **Payroll / purchasing power**

**13,125 billions XAF** per year will be paid as salary to employees.

2.9 billions XAF per year will be paid as social contributions



### **Infrastructure**

GSEZ will finance a series of infrastructure which will also be beneficial for the population.

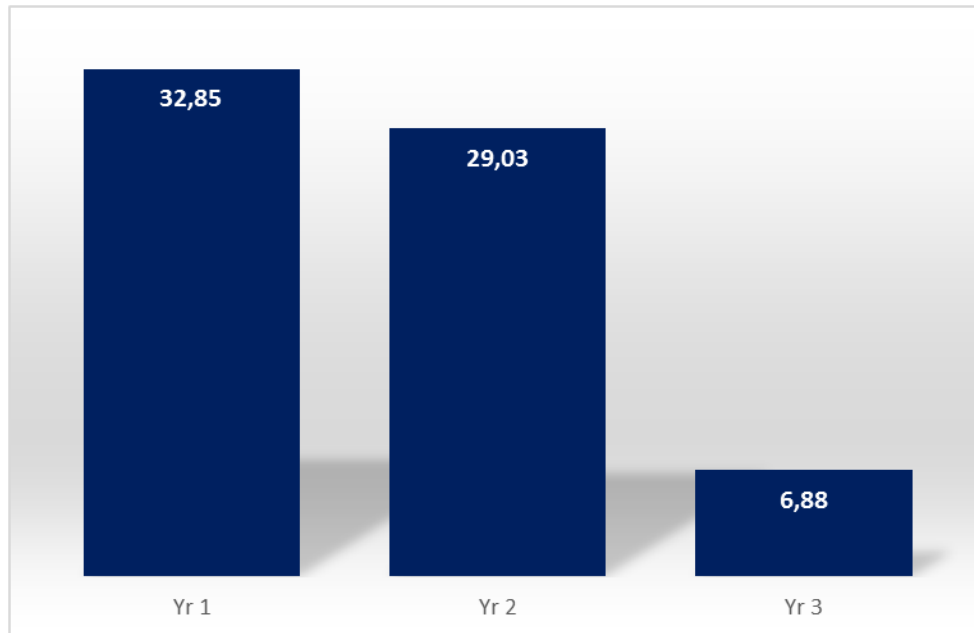
...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Others metrics

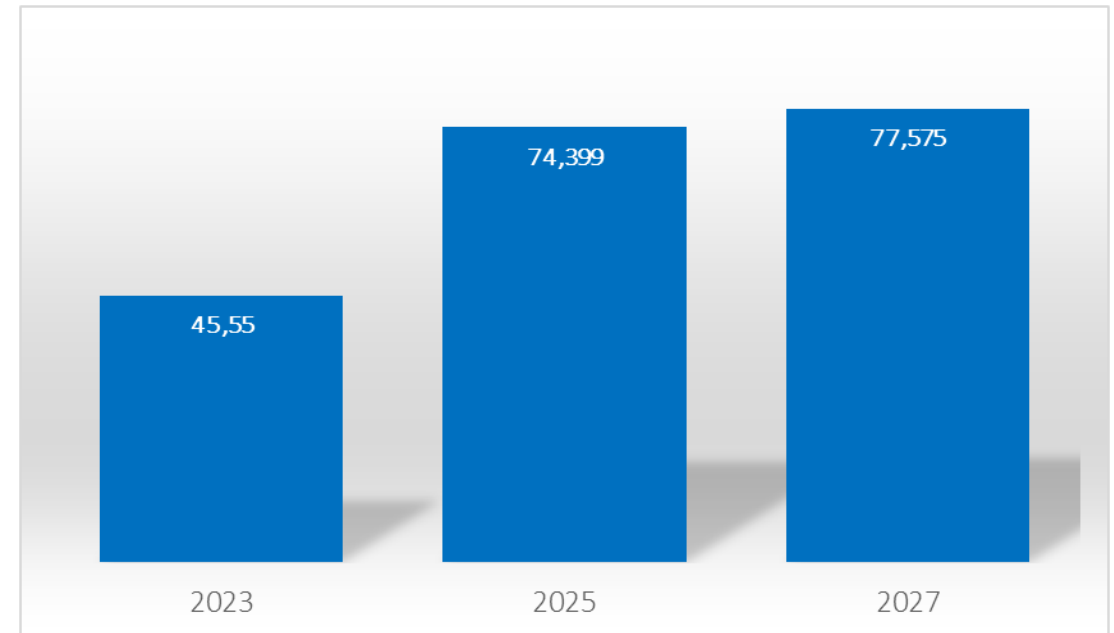
### More than 68 billions XAF

For project CAPEX



### More than 77 billions XAF

For value of production / export (by 2027)



...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | **Lambaréné SEZ** | Port Gentil SEZ

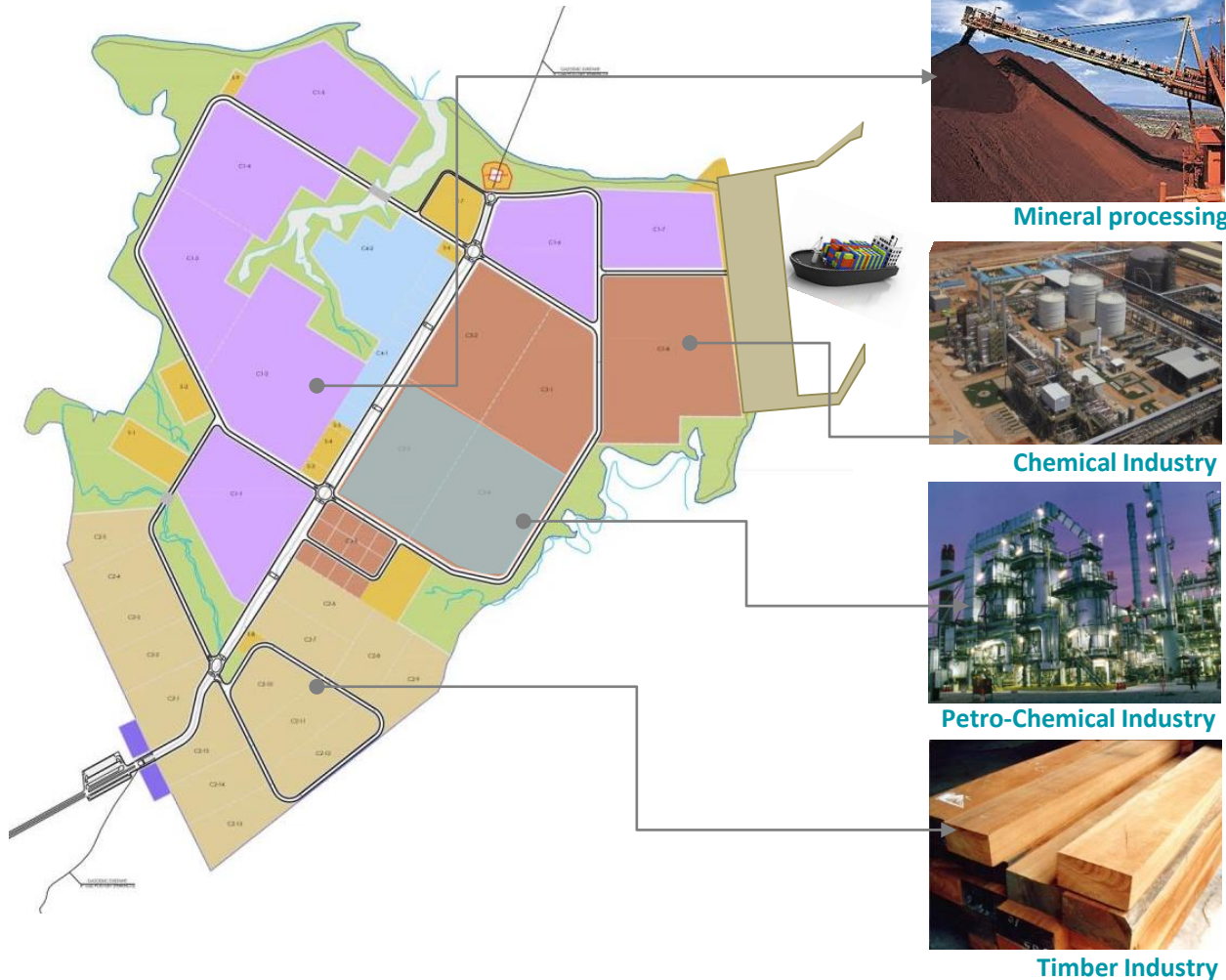
## Support expected

Lambaréné SEZ	
<b>Tax advantages</b>	<ul style="list-style-type: none"> <li>• <b>Favourable tax regim</b></li> </ul>
<b>Land</b>	<ul style="list-style-type: none"> <li>• Forest concession of <b>500,000 ha</b> in Lambarene for supply of timber for wood processing units in Lambarene SEZ</li> <li>• <b>330 500 ha</b> of which <b>300 000 ha</b> for Timber Plantation, <b>30 000 ha</b> for Agriculture Investment Zone and <b>500 ha</b> for Wood &amp; Agro Processing Zone</li> </ul>
<b>Source of power</b>	<ul style="list-style-type: none"> <li>• <b>20 Megawatt</b></li> </ul>
<b>Other resources</b>	<ul style="list-style-type: none"> <li>• Extraction of Ground Water [<b>3 MLD</b>]</li> </ul>
<b>Other advantages</b>	<ul style="list-style-type: none"> <li>• Unrestricted authorization to repatriate funds</li> <li>• Flexibility in Labor laws, in terms of the number of foreign workers recruited</li> </ul>

...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Project Description



### List of infrastructure to be undertaken by GSEZ SA

To support the development of these activities, GSEZ SA commits to carry out:

- Land Preparation
- Infrastructure & Utilities Development
  - Road
  - Drainage
  - Sewerage
  - Electrical distribution
  - Water supply including sourcing, storage and distribution etc
- Common Buildings
  - Single Window Facility Building
  - Common Facility Centre
  - Banks



...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Expected benefits



### **More than 90 companies will set up**

The Port Gentil SEZ will drain, according to the forecast, between 90 and 110 companies



### **12,700 jobs to be generated**

The project will generate around 12 700 jobs for Port Gentil and its surroundings



### **Payroll / purchasing power**

**82,55 billions XAF**  
per year will be paid as salary to employees,  
18 billions XAF per year will be paid for social contributions



### **Infrastructure**

GSEZ will finance a series of infrastructure which will also be beneficial for the populations

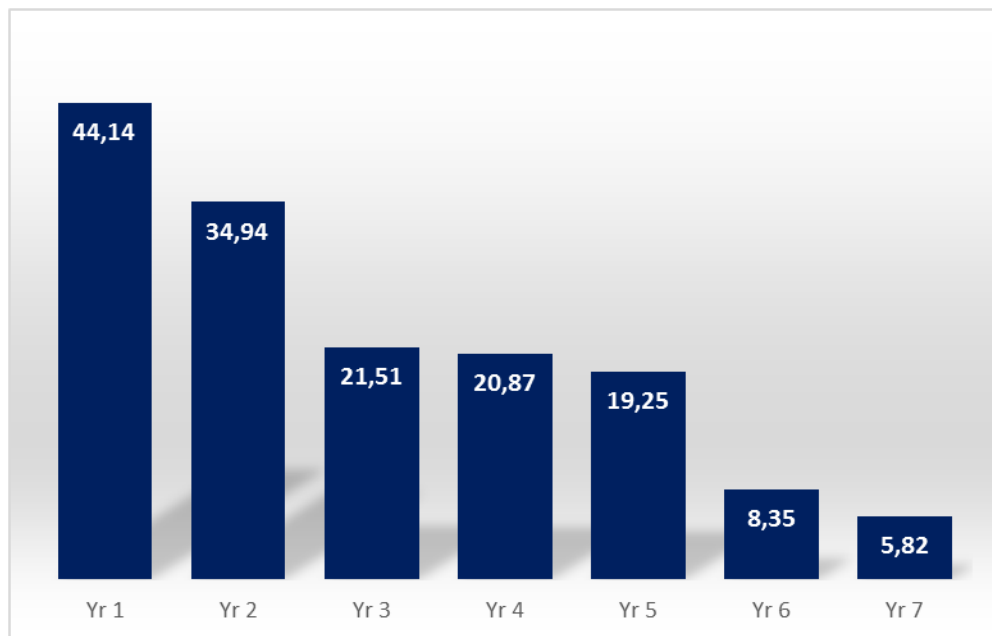
...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Others metrics

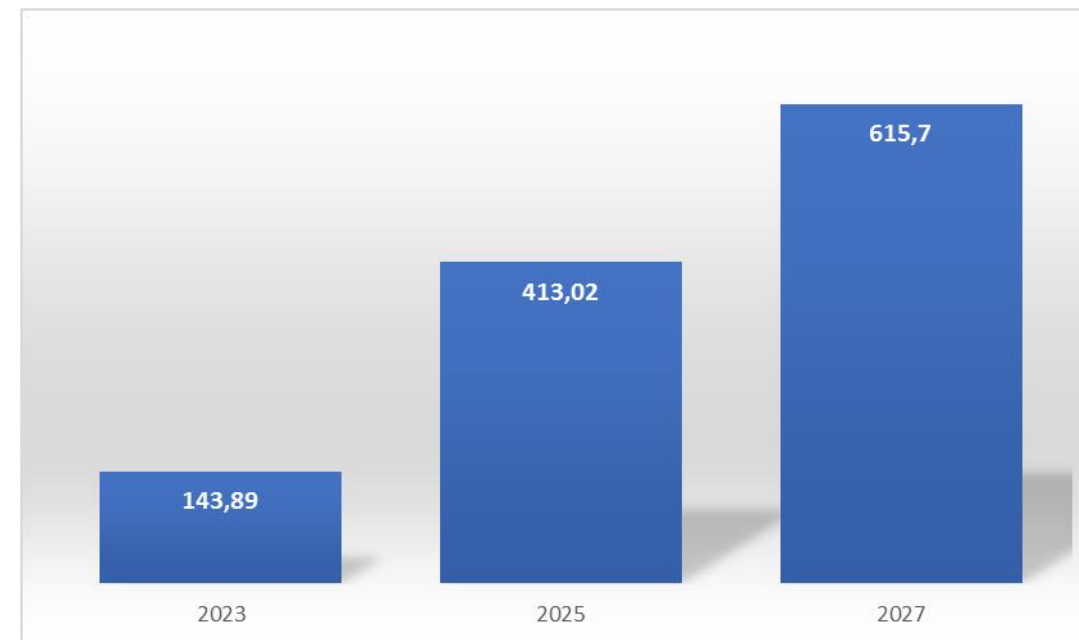
### More than 154 billions XAF

For project CAPEX



### More than 615 billions XAF

For value of production / export (by 2027)



...Encouraged by this success, we plan to extend the project in the whole country

Outline of the 3 zones | Franceville SEZ | Lambaréné SEZ | Port Gentil SEZ

## Support expected

Franceville SEZ	
<b>Tax advantages</b>	<ul style="list-style-type: none"> <li>• <b>Favourable tax regim</b></li> </ul>
<b>Land</b>	<ul style="list-style-type: none"> <li>• Forest concession of <b>500,000 ha</b> in Port Gentil for supply of timber for wood processing units in Port Gentil SEZ</li> </ul>
<b>Source of power</b>	<ul style="list-style-type: none"> <li>• <b>40 MMSCFD of Natural Gas for the chemical/petrochemical industries</b></li> </ul>
<b>Other resources</b>	<ul style="list-style-type: none"> <li>• NA</li> </ul>
<b>Other advantages</b>	<ul style="list-style-type: none"> <li>• Unrestricted authorization to repatriate funds</li> <li>• Flexibility in Labor laws, in terms of the number of foreign workers recruited</li> </ul>



# Hereafter, our planning.

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# Hereafter, our planning.

## Risk management | Priority actions

		1	Operational risks related to access to production factors	
#	Risk	Risk factors	Prevention / mitigation measures	Risk level
1	<ul style="list-style-type: none"> <li>Risks related to infrastructure and logistics</li> </ul>	<ul style="list-style-type: none"> <li>Energy availability</li> <li>Railway capacity</li> <li>Conditions of the Lambaréné - Libreville road</li> <li>POG port capacity</li> </ul>	<ul style="list-style-type: none"> <li>Construction of the Transgabonaise</li> <li>POG Port Extension Project</li> </ul>	Acceptable
2	<ul style="list-style-type: none"> <li>Risks related to the workforce</li> </ul>	<ul style="list-style-type: none"> <li>Risk of insufficient quality and quantity related to the workforce</li> </ul>	<ul style="list-style-type: none"> <li>Training program with the Ministry of Vocational Training</li> </ul>	Acceptable

		2	social risks	
#	Risk	Risk factors	Prevention / mitigation measures	Risk level
1	<ul style="list-style-type: none"> <li>Land claim</li> </ul>	<ul style="list-style-type: none"> <li>Potential social demands related to land rights by village communities</li> </ul>	<ul style="list-style-type: none"> <li>Signing of agreements with the communities before starting the plantation work</li> </ul>	Acceptable
2	<ul style="list-style-type: none"> <li>Import of labor into production regions</li> </ul>	<ul style="list-style-type: none"> <li>Potential social tensions related to the integration of a large workforce from others regions</li> </ul>	<ul style="list-style-type: none"> <li>Prioritization of the local workforce</li> </ul>	Acceptable

		3	Environmental risks	
#	Risk	Risk factors	Prevention / mitigation measures	Risk level
1	<ul style="list-style-type: none"> <li>Soil erosion / Soil and water pollution</li> </ul>	<ul style="list-style-type: none"> <li>Soil erosion at the end of planting cycles</li> <li>Risk of water and soil pollution</li> </ul>	<ul style="list-style-type: none"> <li>Selection of of technical routes for forest species</li> </ul>	Acceptable
2	<ul style="list-style-type: none"> <li>Deforestation and imbalances in flora and fauna</li> </ul>	<ul style="list-style-type: none"> <li>Deforestation for plantations</li> <li>Risk of imbalance of the ecosystem by the change in living conditions</li> </ul>	<ul style="list-style-type: none"> <li>Prioritization of uncultivated savannah areas and areas with low agricultural interest</li> </ul>	Acceptable

# Hereafter, our planning.

## Risk management | Priority actions


General Objective	Initiation of the 3 new Special Economic projects in January 2020				
Specific objectives	Actions	Owner	Period	Estimated cost	
<b>To strengthen the existing legal framework</b>	Drafting of the implementing decrees of law n ° 036/2018 of 8/02/2019 on the regulation of SEZs	Ministry of Investment Promotion / Ministry of Economy	1 <sup>st</sup> -20 january 2020		
	Promulgation of the median regimes for the three SEZs	Ministry of Investment Promotion	20-30th january 2020		
	Drafting of specifications per SEZs	Olam	1st-5th january 2020		
	Validation des cahiers de charges des trois ZES	Ministry of Investment Promotion / Ministry of Economy/Olam	25-30th january 2020		
<b>To set up the administrative authority</b>	Designation of AGs and their deputies of the Port-Gentil and Franceville SEZs	Ministry of Investment Promotion	1-5th january 2020		
<b>To increase timber plantations</b>	Designation of representatives of the administrations concerned	Ministry of Forests / Land attributions Commissions			
<b>To allocate agricultural land</b>		Ministry of Agriculture / Land Use Commissions			
<b>To attributes land rights</b>	Drafting and promulgation of decrees for the allocation of land rights	ANUTTC			






# Thank you!

 Gabon Special Economic Zone

 +241 66 00 58 88 / 56 08

 [gabonsez@olamnet.com](mailto:gabonsez@olamnet.com)

 [www.gsez.com](http://www.gsez.com)