



INDUSTRIAL PARK GUIDELINES POLICY BRIEF



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the European Union

Objective of the Guidelines

To initiate the implementation of green (industrial ecology) principles, in particular circular economy and symbiotic infrastructures.



To support UFZA and UIA in refining its value proposition for the 3 Industrial Parks/Freezones.



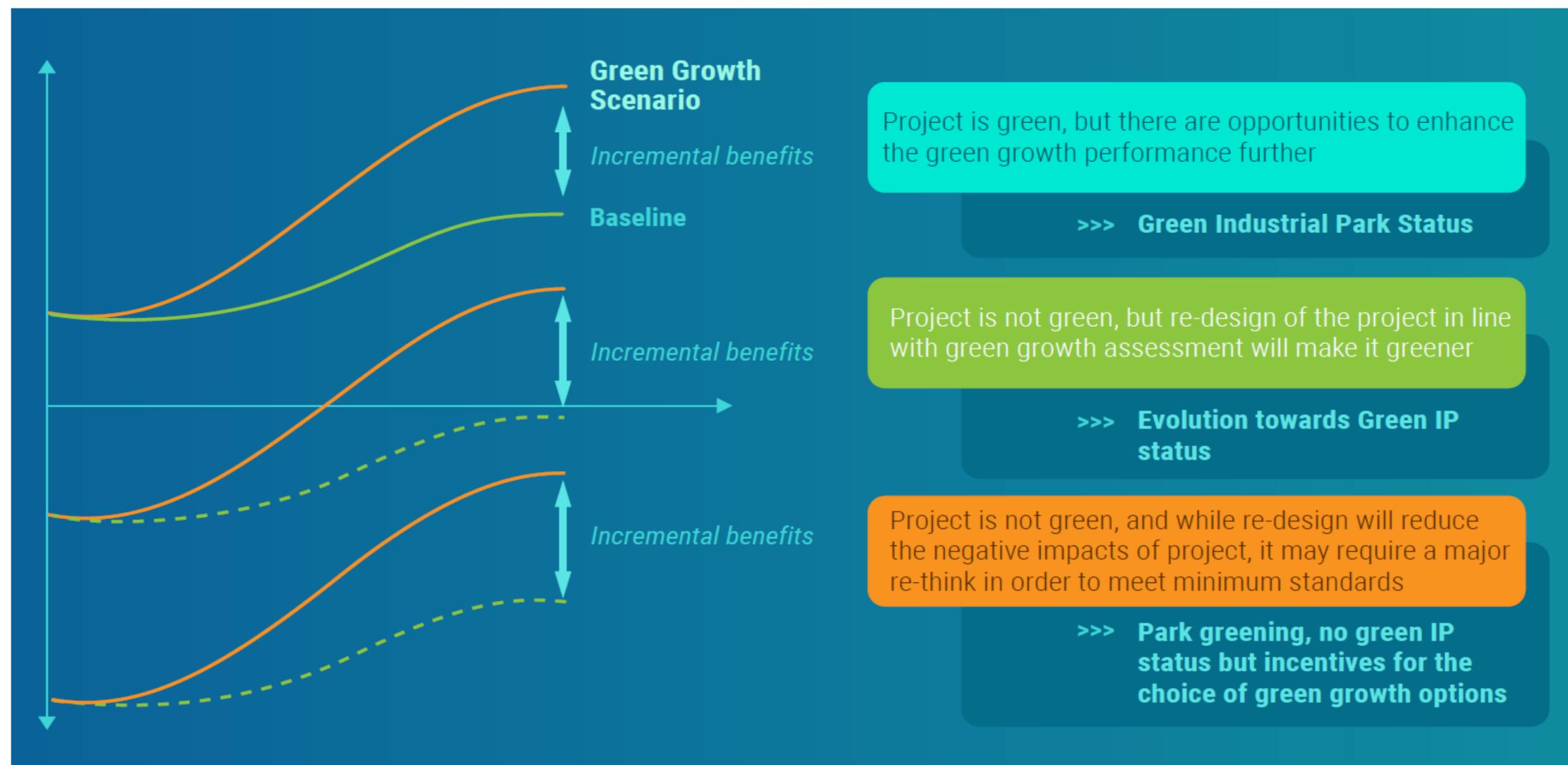
To identify opportunities for innovation.



To perform a sectoral prioritization taking into account economic, environmental, and social impacts.



Green Growth Scenarios for Industrial Parks and Freezones: A green industrial guideline that integrates all levels of green engagement from compliance to beyond.



Overarching Concept

The definition adopted by UNIDO since 2016 describes Eco-Industrial Parks as “a community of manufacturing and service businesses located on common property. Members seek enhanced environmental, economic and social performance through collaboration in managing environmental and resource issues.” (Lowe 1997). A particular emphasis is placed on park management. “Industrial-urban symbiosis fosters inclusive and sustainable industrial development through outward integration”



Elements in the guidelines.

The diagram highlights the main components covered in the text.



GREENFIELD EIP IMPLEMENTATION STAGES

1 Stage 1: Site Selection



- Apply eligibility criteria.
- Identify relevant legislation

2 Stage 2: Business Case Development



- Business Case.
- Leadership committee/board.
- Select Developer and Operator.
- Land acquisition and site master plan.
- Infrastructure needs.
- Mobilize businesses and co-investors.
- Design incentive packages.
- Companies' selection.
- Marketing, KPIs skills strategy, partnerships

3 Stage 3: Set-up



- Park management structure
- Land acquisition process and site masterplan
- Lease and rental agreements
- Natural resource governance

4 Stage 4: Construction



- Update the EIP Business Case
- Monitor green growth KPIs related to the construction phase.
- Operational arrangements for the management of common infrastructures including PPP.
- Plot allocation to favor RECP and symbiosis
- Ecosystem services payment set-up
- Community infrastructure upgrade
- Vocational training

5 Stage 5: Operational



- EIP Operational Plan
- Compliance and financial incentives
- Manage infrastructures and services/ One Stop Center facilities.
- Community, ecosystem or training initiatives.
- Marketing and communication

6 Stage 6: M&E

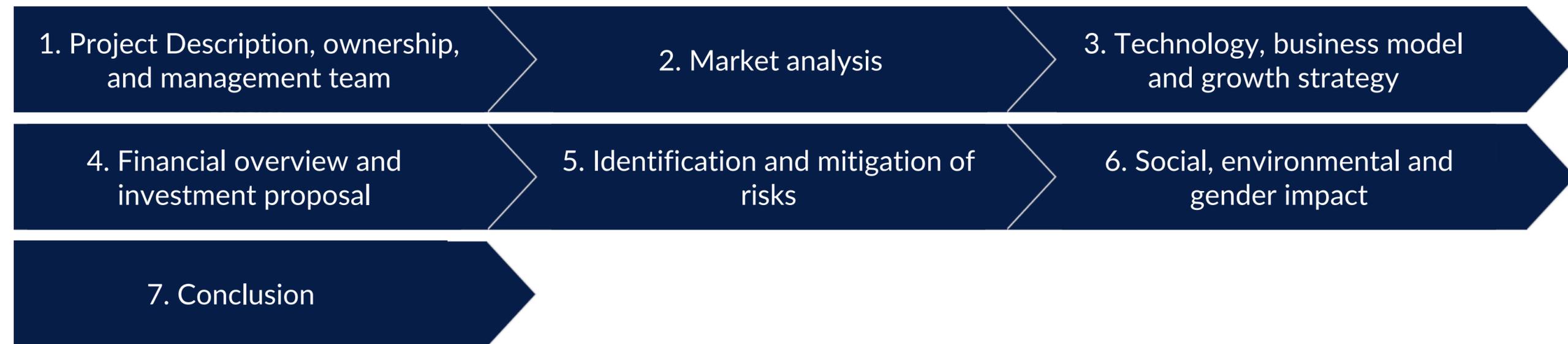


- Self- monitoring and reporting of collective performance
- Assist in individual companies Green Growth performance.
- Capacity building initiatives (ex. RECP training) and peer-to-peer learning (together with partners)
- External audits & certifications

7 Stage 7: Evolution



- Scale-up, equilibrium, merger, revitalization or spill-over of the EIP.



ECO-INDUSTRIAL PARK (EIP) BUSINESS PROPOSAL

The business case provides justification for undertaking the Industrial park or freezone project. These must be built on a business case that demonstrates why serviced industrial lands are needed and what the benefits of the project will be when it is finalized. The business case should be prepared early in the project cycle before any decision is made to initiate the project. A carefully developed business case must examine both the project's opportunities as well as its risks, and convincingly detail the project's rationale.

Economic Performance Considerations in Planning

- Profitability
- Level of exports, import replacement
- Employment: direct, indirect, decent, wage
- Income above Household Economic Analysis value (and minimum wage)
- Level of local procurement
- Reduction of post-harvest loss
- Local Business & SME promotion
- Business continuity, etc.

Environmental Performance Considerations in Planning

- Water, energy consumption
- Waste, hazardous materials
- Carbon emissions
- Biodiversity conservation
- Risk management frameworks, etc.

Social Performance Considerations in Planning

- Social inclusion
- Occupational health
- Social infrastructures
- Vocational skills training
- Women Employment
- Grievance mechanism, etc.

Types of Risks

1. PLANNING RISKS

- Planning compliance
- Surrounding population density
- Traffic and congestion
- Adjacent project
- Utilities capacity
- Enterprise layout
- Land acquisition (see Chapter 5.1)
- Demand risks
- Economic justification

2. STRATEGIC & OPERATIONAL RISKS

- Construction risks
- Supplier and partner nonperformance risks
- Policy instability
- Promoter capacity
- Operations
- Governance
- Technology
- Regulatory framework

3. FINANCIAL RISKS

- Stock exchange /capital market fluctuations
- Exchange and interest rate fluctuation
- Liquidity / cash low
- Fraud
- Financial viability

4. MARKET, COMMERCIAL & INTELLECTUAL PROPERTY RISKS

- Competitors/ Market Share Reputational.
- Business interruption.
- Counterfeits.
- Copyright pirates.
- Trade secret thieves.

5. HUMAN RESOURCE, OCCUPATIONAL & SOCIAL RISKS

- Accidents/health
- Operational safety
- Knowledge management
- Emergency support
- Management
- Community conflicts
- Discrimination, Gender.

6. ENVIRONMENTAL & HAZARDS

- Natural disasters (ex: storm, flood, fire...)
- Industrial disasters (hazardous materials handling, waste and wastewater disposal...)
- Climate Change
- Interruption of ecosystems services or depletion of natural stocks.
- Pests control
- Genetic contamination

7. FIXED ASSET RISKS

- Security
- Energy supply
- Property/Infrastructure damage
- Machinery breakdown

8. GLOBAL RISKS: EPIDEMICS, POLITICAL, ECONOMICS

- Covid-19
- Global
- Financial crisis
- Conflict

9. IT/DATA PROTECTION RISKS

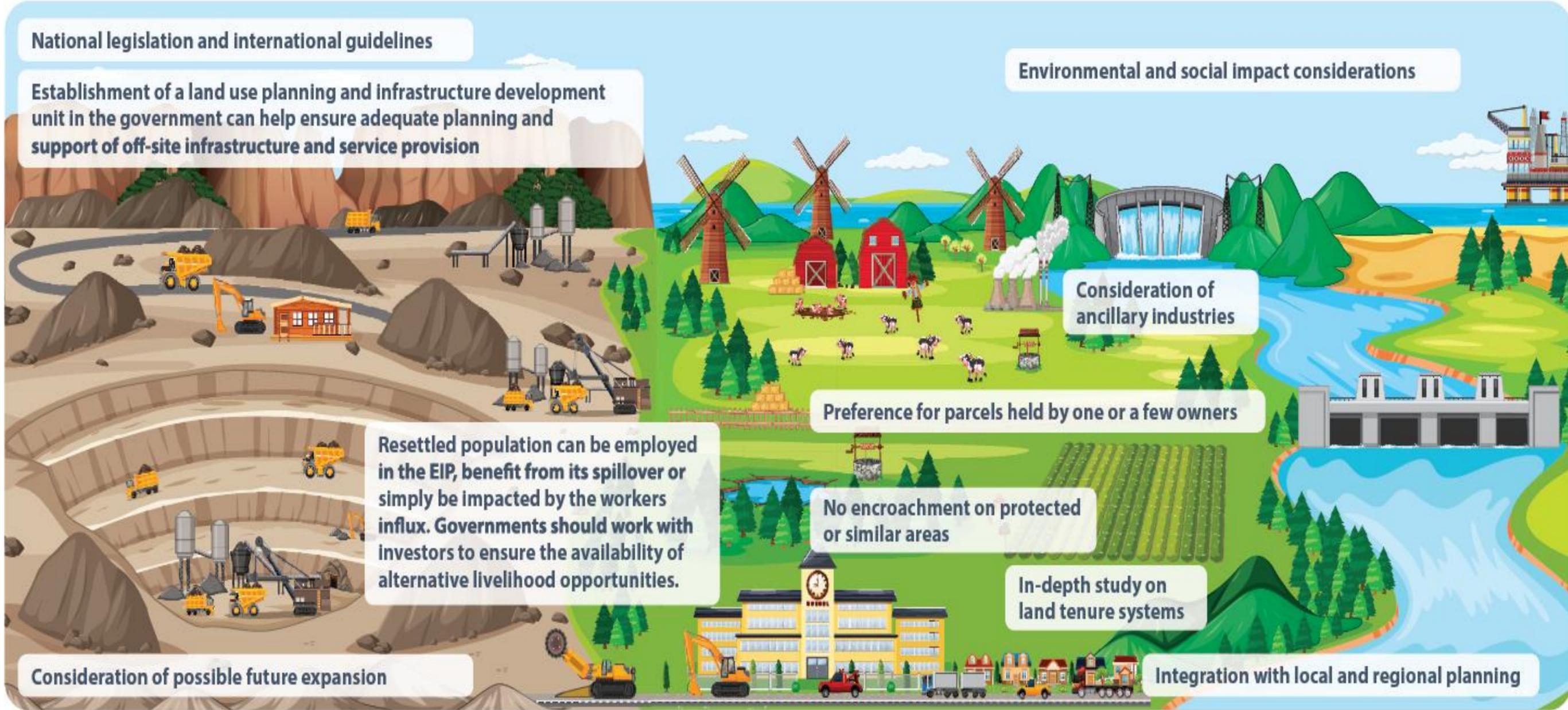
- Hardware and software failure
- Malicious attacks and viruses
- Loss & theft of personal data

INDUSTRIAL PARK (IP) ELIGIBILITY CRITERIA FOR UGANDA

(GREEN) SPECIAL ECONOMIC ZONES REQUIRE ADDITIONAL CONDITIONS (IN GREEN)



EIP LAND ACQUISITION



National legislation and international guidelines

Establishment of a land use planning and infrastructure development unit in the government can help ensure adequate planning and support of off-site infrastructure and service provision

Environmental and social impact considerations

Consideration of ancillary industries

Preference for parcels held by one or a few owners

No encroachment on protected or similar areas

In-depth study on land tenure systems

Integration with local and regional planning

Resettled population can be employed in the EIP, benefit from its spillover or simply be impacted by the workers influx. Governments should work with investors to ensure the availability of alternative livelihood opportunities.

Consideration of possible future expansion

IP LAND ACQUISITION : resettlement/relocation



Greenfield parks are designed as part of the urban masterplan. IP land allocated on a cost base and negotiating PPP arrangements for common infrastructures.

Land cost valorization as a motivator for environmental compliance and good management of public goods (not market price based). May refrain to clear public (free of charge) landscapes (Corruption risks)

Avoid relocation and resettlement. Resettlement management plan and appropriate compensation using the best valuation methodology. Compensation for lost earnings. The plan should feature the resettlement sites selection and preparation, influx management, relocation schedule, and assistance, replacement of services and enterprises, restoration of livelihood, cultural property, greenspaces, entertainment/wellbeing, and special assistance to vulnerable groups. eCBA to assess different land acquisition scenarios.

Negotiation with landholders and/or users, based on free, prior, and informed Inclusive consultation mechanism. Communication campaigns and services, grievance redress mechanism

Avoid impediments on access to natural resources. Baseline survey and cadastre map, the location of common resources and infrastructure; any sacred grounds and physical property.

Determine whether critical conservation objectives for a particular area/species can coexist with respect of the rights of resource-dependent communities

7 Stages	Primary Responsible	Greenfield IP Implementation Stages Key activities (see roles and responsibilities in the tables above)
1. Site selection	Regulator	<ul style="list-style-type: none"> Apply eligibility criteria for site selection to identify possible sites or to verify the acceptability of a site proposal. Identify relevant legislations applying for the site and if there are hampering or enabling ones.
2. Business Case Development (proposal)	Regulator/ Developer	<ul style="list-style-type: none"> Develop Business Case on a range of analysis: goals, stakeholders, feasibility analysis comprising Productive, Natural and Social capitals and impacts assessment and extended cost-benefit analysis eCBA including to justify site selection. Establish a leadership committee/board to evaluate the IP Business Case, policies and targets. Business Case proposals examination. Select Developer and Operator: Hold a legal tender and use an objective scoring system to select a developer and operator. There should be a competitive tender especially if the IP is publicly-owned. Initiate the design of the land acquisition process and the site masterplan following green growth (sustainability) principles. Identify infrastructures needs both within and in the vicinity of the IP as well as PPP opportunities. Mobilize businesses and co-investors. Design incentives packages. Start companies' selection willing to meet industrial ecology/green growth principles based on pre-defined criteria (and Charter), manage purchase, lease and rental agreements. Identify or set up natural resource governance mechanisms. Initiate marketing Initiate KPIs definition Identify skills strategy needs Identify/Initiate possible partnerships
3. Set-up	Developer/ Regulator	<ul style="list-style-type: none"> Design a park management structure for both construction and operational phase. Finalize the land acquisition process and site masterplan Continue companies' selection and manage purchase, lease and rental agreements. Continue natural resource governance mechanisms set-up
4. Construction	Developer/ Regulator	<ul style="list-style-type: none"> Park Management to update the IP Business Case such as verification of compliance of good construction practices, review on site/ common infrastructures set-up, marketing, charter... Monitor green growth performance indicators related to construction phase. Setup the operational arrangements for the management of common infrastructures including PPP. Plot allocation to favor RECP and symbiosis Ecosystem services payment set-up Community infrastructure upgrade if applicable (housing, schools, hospitals) Vocational training initiation if applicable

5. Operational	Operator/ Regulator	<ul style="list-style-type: none"> • Development of an IP Operational Plan based on the Business Case • Monitor and enforce compliance. Attribute the performance based/ green fiscal and financial incentives • Continue to manage purchase, lease and rental agreements. • Manage infrastructures and services and coordinate One Stop Center facilities. • Pursue or start community, ecosystem or training initiatives. • Pursue marketing and communication efforts
6. Monitoring and Evaluation	Operator/ Regulator	<ul style="list-style-type: none"> • Park management to do self- monitoring and reporting of collective performance and preferably assist in individual companies Green Growth performance. Facilitate capacity building initiatives (ex. RECP training) and peer-to-peer learning (together with partners) • External audits & certifications
7. Evolution	Developer/ Regulator	<ul style="list-style-type: none"> • Scale-up, equilibrium, merger, revitalization or spill-over of the IP.

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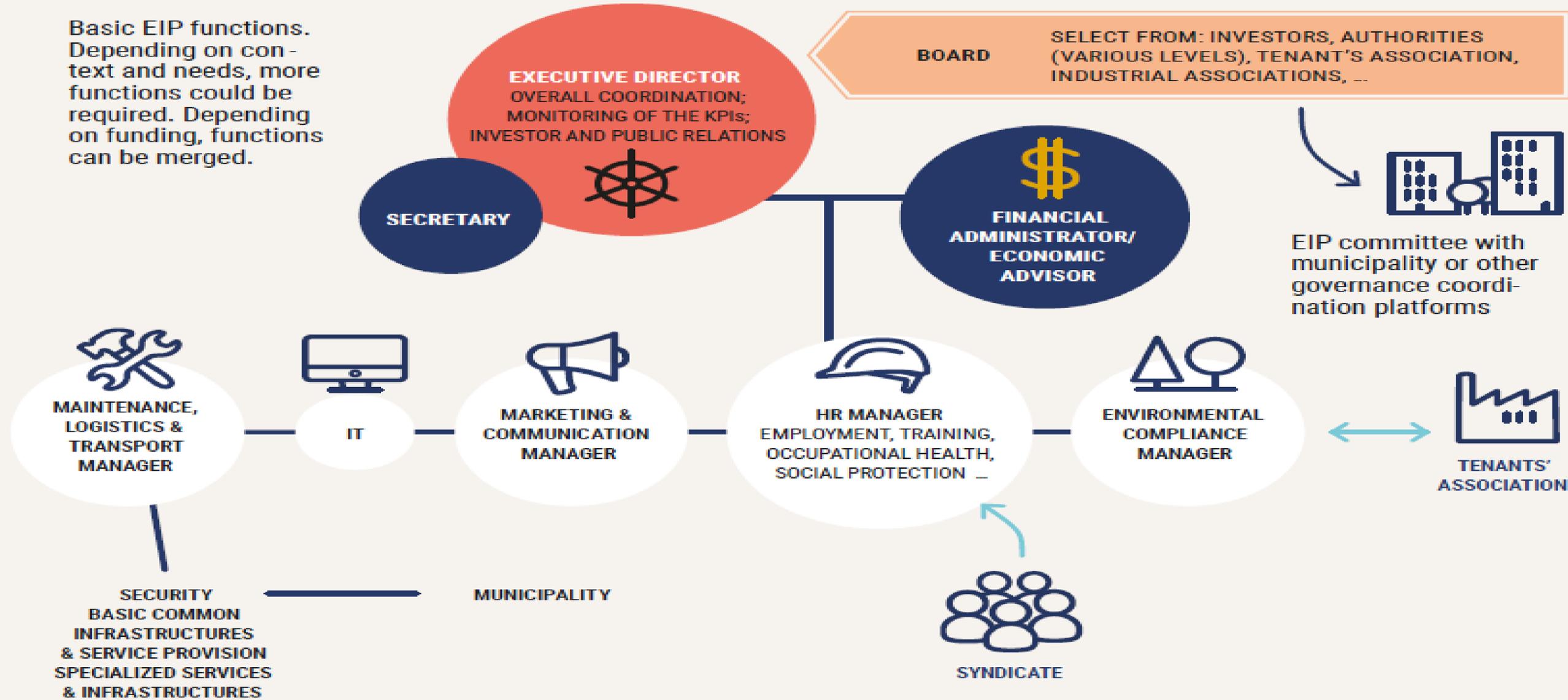
7 Stages	Primary Responsible	Brownfield IP Revitalization Stages Key activities (see roles and responsibilities in the tables above)
1. Site selection	Regulator	<ul style="list-style-type: none"> Apply eligibility criteria for site selection to identify possible revitalization sites, to verify the acceptability of a site proposal or relocation.
2. Business Case Development (proposal)	Regulator/ Developer	<ul style="list-style-type: none"> Develop an IP Revitalization Business Case. Establish a leadership committee/board to evaluate the IP Revitalization Business Case, policies and targets. Business Case proposals examination. The IP should already present a leadership and management structures but those can be assessed and revised for better performance. Select Developer and Operator in case the activities are not directly implemented by the EIP management. Initiate the design of the land acquisition process and the site masterplan following green growth (sustainability) principles in case of IP extension, infrastructures upgrades or off-site PPP are required. This includes possible remediation. Mobilize businesses and co-investors. Review incentives packages. Enforce compliance through appropriate penalties and if applicable start companies' selection willing to meet industrial ecology/green growth principles based on pre-defined criteria (and Charter), manage purchase, lease and rental agreements. Identify or set up natural resource governance mechanisms if not already existing. Review marketing strategy Review KPIs definition to integrate Green Growth Identify skills strategy needs Initiate possible partnerships
3. Set-up (optional)	Developer/ Regulator	<ul style="list-style-type: none"> If applicable, land acquisition process and site masterplan for park extension or PPP infrastructures. Companies' selection in case of extension or companies' replacement and manage purchase, lease and rental agreements. Natural resource governance mechanisms set-up if not already existing.
4. Construction (optional)	Developer/ Regulator	<ul style="list-style-type: none"> Park Management to update the IP Revitalization Business Case such as verification of compliance of good construction practices, review on site/ common infrastructures set-up and construction, nature-based redesign, marketing, charter... If applicable land remediation or relocation. Monitor green growth performance indicators related to construction phase. Set up the operational arrangements for the management of common infrastructures including PPP. Plot reallocation to favor RECP and symbiosis if applicable Ecosystem services payment set-up if not already existing Community infrastructure upgrade if applicable (housing, schools, hospitals)

5. Operational	Operator/ Regulator	<ul style="list-style-type: none"> • Development of an IP Operational Plan based on the Business Case • Monitor and enforce compliance. Attribute the performance based/ green fiscal and financial incentives • Continue to manage purchase, lease and rental agreements. • Manage infrastructures and services and coordinate One Stop Center facilities. • Pursue or start community, ecosystem or training initiatives. • Pursue marketing and communication efforts
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EIP MANAGEMENT ORGANIZATIONAL CHART EXAMPLE

Basic EIP functions. Depending on context and needs, more functions could be required. Depending on funding, functions can be merged.



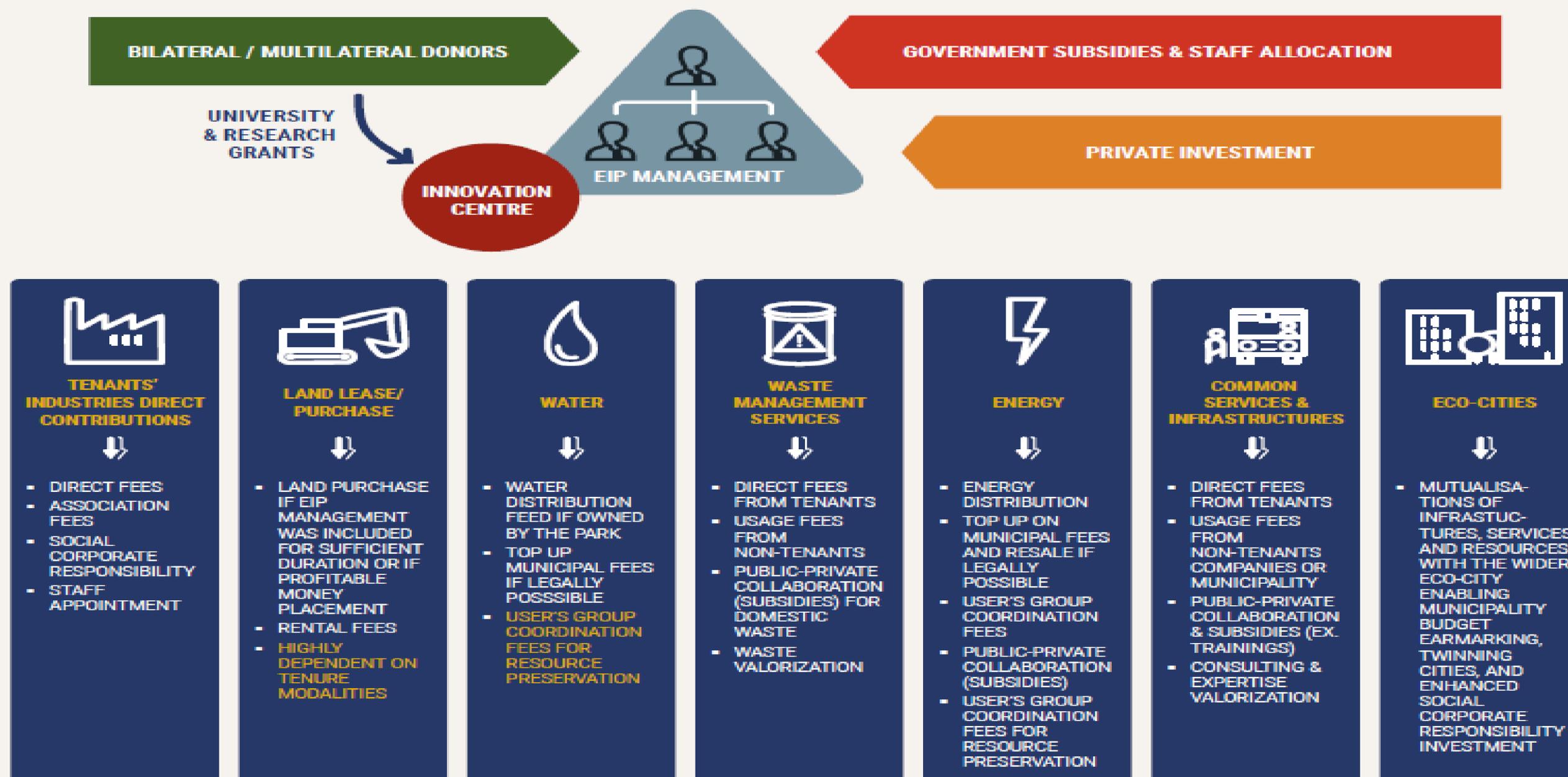
EIP SOURCES OF REVENUE (NON-EXHAUSTIVE)

EIP operational management should aim for self-sustainability and value for money in service provision.

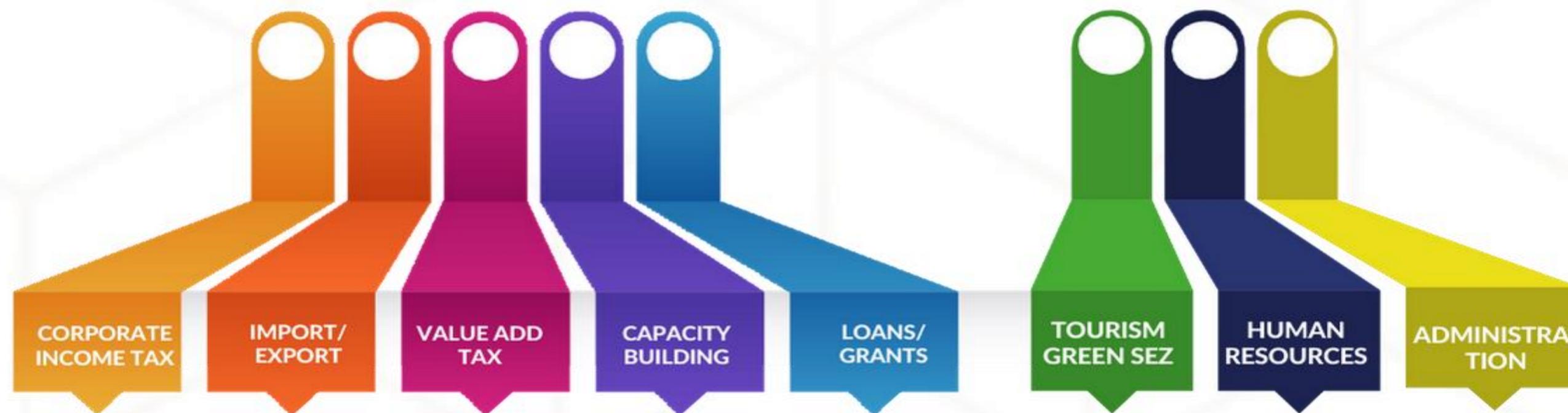


UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Consultant Nadia Zuodar



Main fiscal and non fiscal incentives for IP/freezones/ Green sez



- Reduced income taxes in the first 3 years of company set-up in the Green SEZ.
- Tax reductions based on green growth performance.
- Tax reductions as a % of CSR investment beyond a min. of 2% on profit.

- Exemption of VAT for import of equipment for company set-up.
- Exemption of VAT for import of green equipment/technologies.
- Reduced VAT on import/ export of green products.
- Ban or Increased VAT on products with negative environmental or health impact (plastics, excess in fat and sugars in processed foods, unsustainable fishing, resulting from deforestation, asn).
- Aup to negative list activities with particular negative environmental impact such as damageable fishing techniques or agriculture resulting from deforestation.

- Set-up free or cost-sharing RECP training programs, SMEs training programs, sectoral trainings, start-up incubation coaching, etc
- Knowledge transfer through free or cost-sharing assessments and audits to help with the design of new green growth interventions.

- Provision of grants for participation in green certification schemes, innovation, and assessments to design RECP measures.
- Provision of low-interest loans for the acquisition of greener technologies and implementation of RECP measures.

- Foreign property ownership facilitation for eco-tourism projects.
- A percentage of local taxes revenues should be dedicated to the preservation of the environment and cultural heritage

- Set up internship programs, student grants, and programs for placement of staff under unemployment subsidies in EIPs.
- Consider the placement of expertise within a Green SEZ or companies as secondment of government-funded staff

- Business license fast-tracked for green businesses.
- Visa facilitation for Green SEZ staff, exemption of visa fees for green technical profiles in demand

Management Options





Thank you



19th Floor Jeongdong Bldg. 21-15,
Jeongdong-gil, Jung-gu, Seoul,
Republic of Korea 04518

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