

Mobilizing Industrial Parks as Instruments for Growth in Gaza

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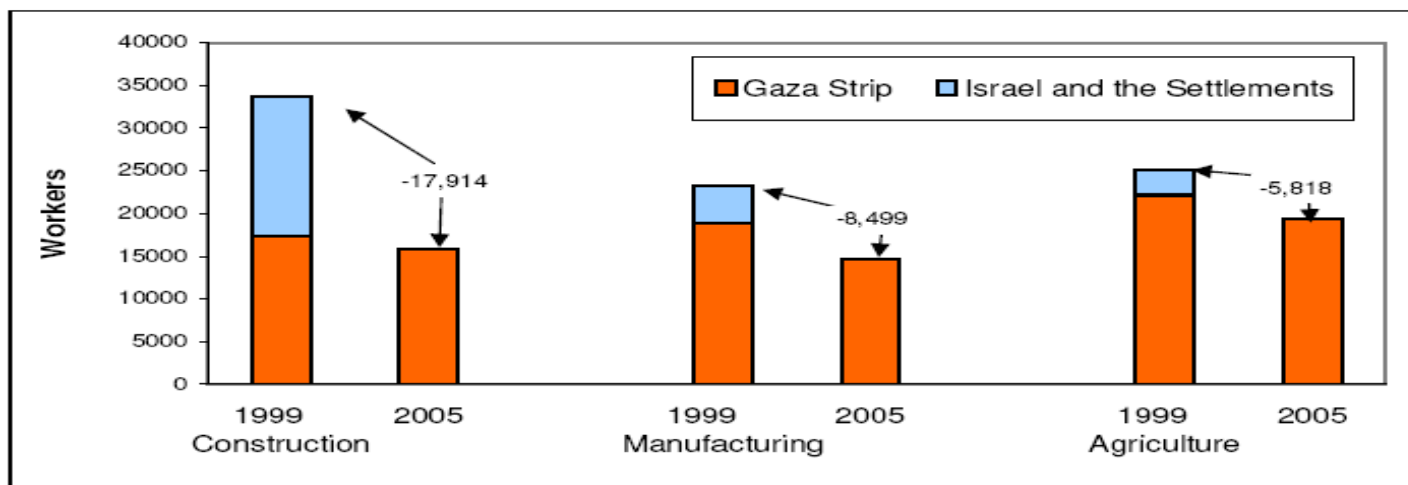
London, 13 December 2005

Agenda

- Need for Job Creation in Gaza
- Mobilizing Industrial Parks for growth
 - Improving investment climate at the local level
- An effective Public-Private Partnership model: Business association networks
 - How can we create centers of excellence in Gaza?
- Moving Forward
 - Industry for Peace Initiative

Gradually Declining Employment Opportunities in Gaza

- In 1986, 50 % of the workforce in Gaza was employed in Israel (46,000 workers)
- In 1999, 26 % (28,400 workers)
- In 2005, 0.5 % (546 workers)
- By 2008, after disengagement, NO Palestinian workers will be permitted in Israel



What next?

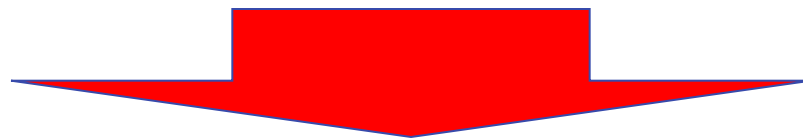
- Job creation will be highly critical for stability and peace
- Solution lies in industrial development



- Manufacturing base as well as the capacity to promote such activities is very limited
 - **First-best option:** Building overall capacity, build industrial infrastructure, improve investment climate *(takes a long time but the need is urgent...)*
 - **Second-best option:** Mobilizing Industrial Parks as instruments for job creation and economic growth *(can be done in short term if there is a strong dialogue mechanism)*

Why Industrial Parks for Growth?

- Clustering is useful
- Governments cannot deliver adequate services everywhere equally and efficiently



- Second-Best Solution: Certain areas can be designated as more equal (i.e. superior infrastructure, faster permits & licenses)
- Investment Climate at the local level can be improved via PPPs

Starting up and Managing Industrial Parks in Gaza

- Site selection & Land purchase
- Infrastructure construction
- Security arrangements
- Overcoming access problems
- Investment promotion
- Leasing & Reselling Land
- Effective service delivery
 - Infrastructure
 - Regulations

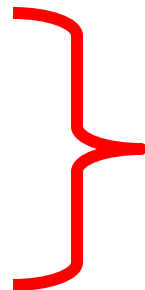
**Require
special status
and special
arrangements**

Improving Investment Climate at the Local Level

■ Effective Service Delivery: Removing constraints to doing business

→ Infrastructure

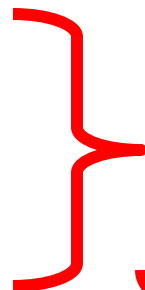
- Energy
- Roads
- Telecom



Can be done privately

→ Regulations

- Licenses and Permits
- Customs
- Taxation



Need to have public involvement



Public-Private Partnerships

Industrial Parks in Gaza

- A very unique and special case
 - Effective coordination with both PA and Israel
 - Promoting Public-Private Partnerships

- Business Association Networks can play important roles in the process
 - e.g. Ankara Forum (Turkish, Israeli and Palestinian Chambers)
 - A Strong Policy Dialogue Mechanism for effective coordination
 - Leveraging Turkey's Industrial Park Experience
 - Revitalization of the Erez Industrial Estate is a beginning, its success can set a model in the region

Turkey's Experience in a Nutshell

- 200+ Organized Industrial Zones, 70 fully operational
- Started as a urban development tool in the 1960s, with a loan from the World Bank
- **Private-public partnerships were facilitated through the local chambers**
- Evolved over time to obtain regulatory oversight
- The Law on OIZs was enacted in 2000

Moving Forward: TOBB-BIS

■ Industry for Peace Initiative

→ Ankara Forum

→ Revitalization of the Erez Industrial Estate
(Palestinian Industrial Free Zone)

→ Middle East Center for Industrial Development

- Research and Publications
- Policy Dialogue Mechanisms
- Capacity Building
- Project Development