

Mobilizing Industrial Parks as Instruments for Growth in Gaza

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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

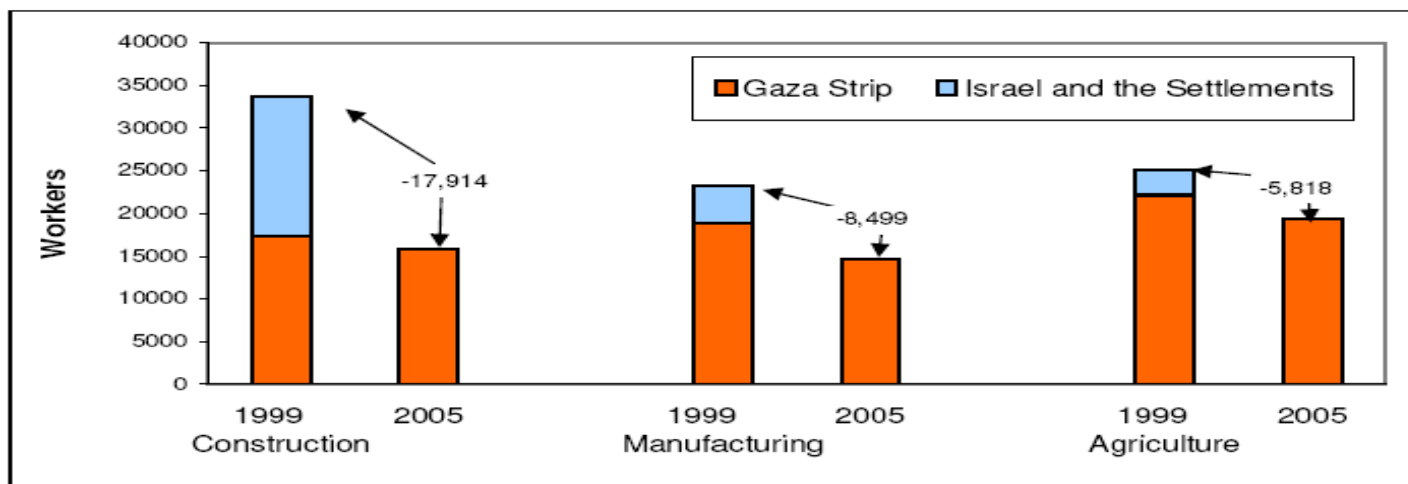
Gradually Declining Employment Opportunities in Gaza

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



Source: Nadan
(2005)

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

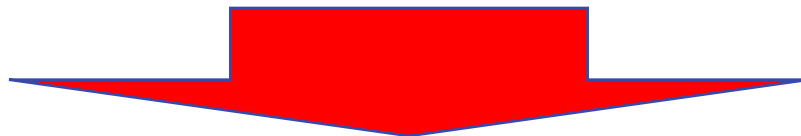
First-best option: Building overall capacity, build industrial infrastructure, improve investment climate *(takes a long time but the need is urgent...)*

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