



Promoting Industrial Zones and Investment Mobilization

USAID WB/G SO1: Expanding Economic Opportunities

Contract No. 294-C-00-00-00071-00

Local Industrial Estate Projects

Briefing for USAID WB/G

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Background

- **Initial Focus in Cross-Border Projects**
 - **Gaza Industrial Estate**
 - Delay in scheduled build-out of expansion phases
 - Employment at existing tenants down 50 percent
 - **Khadoury Technology Development Center**
 - Never completed engineering design stage
 - Stalled under current access and security situation
 - **Rafah Enterprise Development Center**
 - Never moved past feasibility assessment stage
 - Stalled under current access and security situation
- **Challenge: Support Meaningful LIE Projects Under Current Conditions**

NEW Local Industrial Estate Concept

- **New Market Needs and Solutions**
 - **Local investment to replace FDI due to political situation**
 - **Small and medium-scale enterprises demand for space**
 - **Requires collaborative institutional framework**
- **Focus on SME Industry**
 - **Expansion of firms with constraints**
 - **Appropriate land and facilities**
 - **Access to required infrastructure and services**
 - **Relocation of firms with “temporary” permits**
 - **Relocation of inappropriately located firms**
 - **Creation of New SME Industries, increased space availability**

Local Industrial Estate Concept

- **Institutional Framework**
- **PIEFZA & Municipality PARTNERSHIP: Each institution retains rights for licensing and fees**
- **Public Development Corporation: Created as a public and private investment**
- **LIE to be managed by a Third Party Operational Company**
- **Ownership**
 - **Land owned by Municipality**
 - **LIE Owned by Development Corp.**
 - **Public Corporation Owned 50% by Private Sector**

LIE Discussions to Date

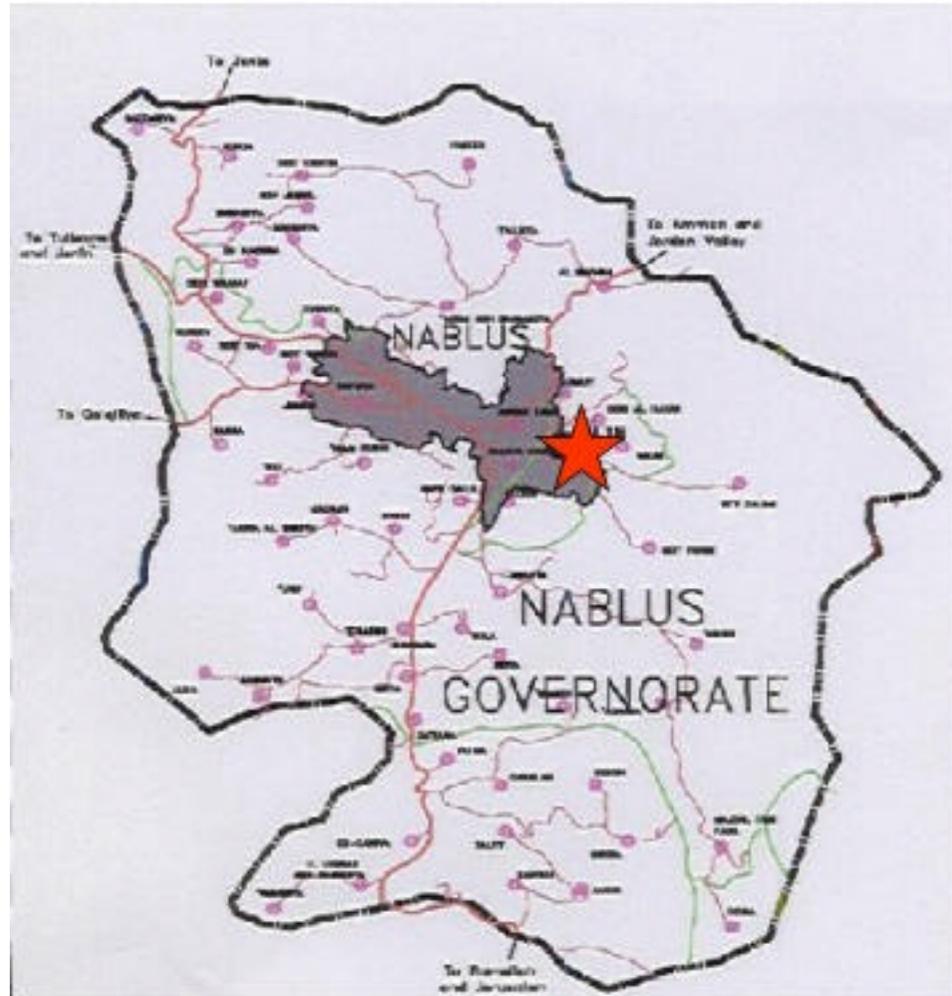
- **USAID Agreement to Evaluate Projects**
 - **MOI Proposals In Nablus, Gaza City, Rafah**
- **Market Assessment**
 - **Demand Projections Based On Survey Data**
- **Preliminary Engineering Studies**
 - **Feasibility Studies and Analysis**
 - **Development Cost Estimates**
- **Partnership Negotiations**
 - **PIEFZA, Municipalities, and WAQF**
(Differs With Each LIE Site)

Three Industrial Estate Sites



- **Nablus: West Bank**
 - 5.5km from Nablus City Center
- **Gaza: Gaza Strip**
 - 4km from Gaza City Center
- **Rafah: Gaza Strip**
 - 2 km off the eastern boundary of Rafah City

Nablus Site Location



- The NABLUS LIE Is Located In The Southeast Of The City

Nablus Industrial Site



- View to the Southeast



- View to the Northeast

Nablus LIE: Development Proposal

- **LIE Development Site**
 - Initial Phase: 10 donums/100,000 m²
 - Potential Size: 444 donums/ 4,440,000 m²
 - **Site Issues**
 - Land Ownership/ Expropriation by Municipality
 - Infrastructure Improvements Needed
 - Environmental Conditions: Wind/Temperature
 - Community Resistance
- **Preliminary Development Costs**
 - On-site Infrastructure: \$5,883,500
 - Off-site Infrastructure: \$373,313

Nablu LIÉ: Fee Structure

- **Fee Structure:**

- **CAPEX: US \$ 500/ m2**

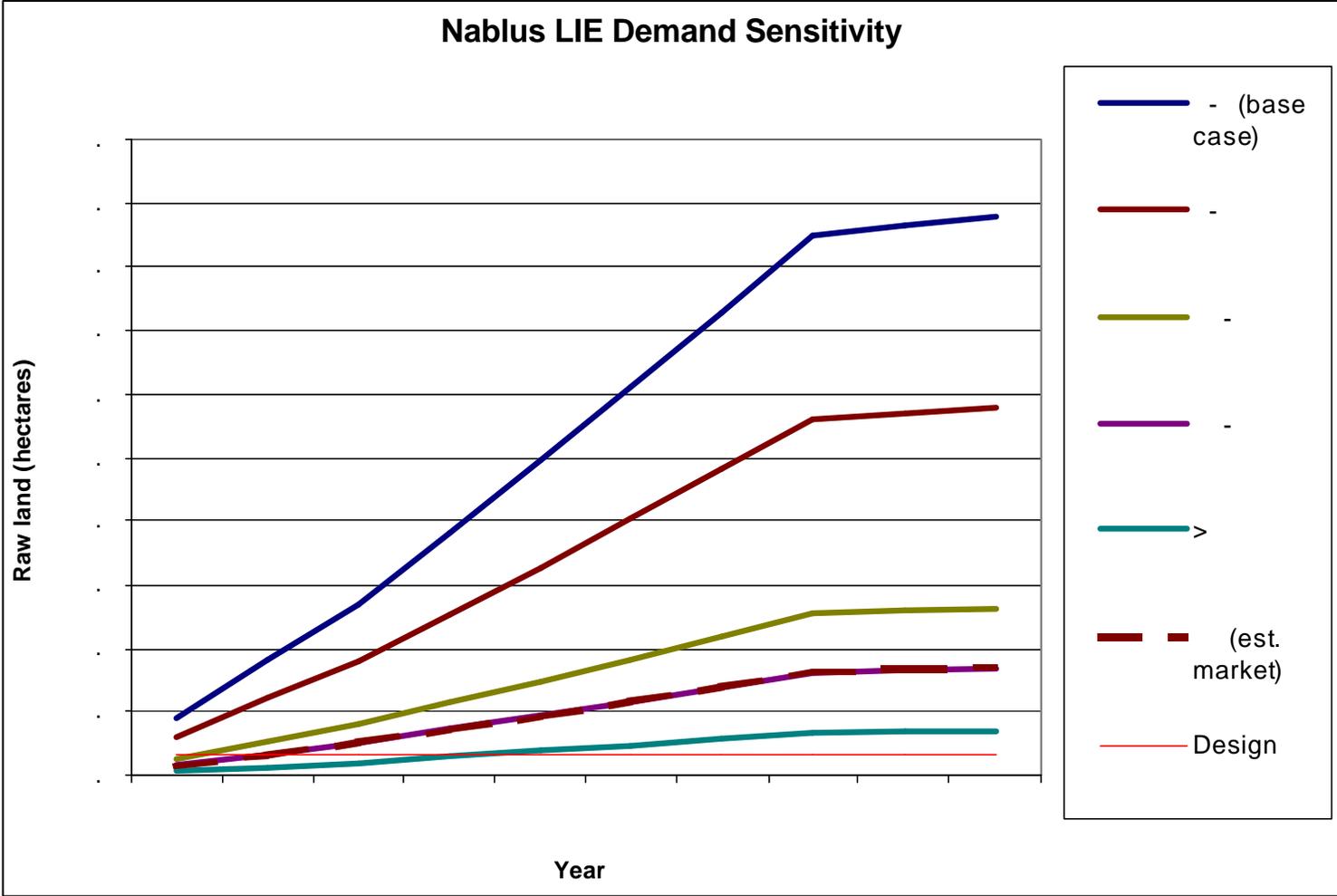
- **OPEX: US \$ 5.20/ m2/ year**

- **Accepted Rent (survey): US \$ 15.00/year/m2**

- **Business Profitable Rent: US \$ 35.00/ year/ m2**

- **Most Provable rent Rate: US \$ 25.00/ year/ m2
(profitable @ 10 ha)**

Nablus:LIE Market Demand



Gaza City Site Location



- The Gaza City LIE Is Located In The Southeast Of The City

Gaza City Industrial Site



■ View to the North



■ View to the East

Gaza City LIE: Project Development Proposal

- **LIE Development Site**
 - **Initial Phase: 10 donums/100,000 m²**
 - **Potential Size: 73 donums/730,000 m²**
- **Site Issues**
 - **Land Agreements: Municipality/WAFQ**
 - **Infrastructure Improvements Needed**
- **Development Costs**
 - **On-site Infrastructure: \$690,100**
 - **Off-site Infrastructure: \$1,584,500**

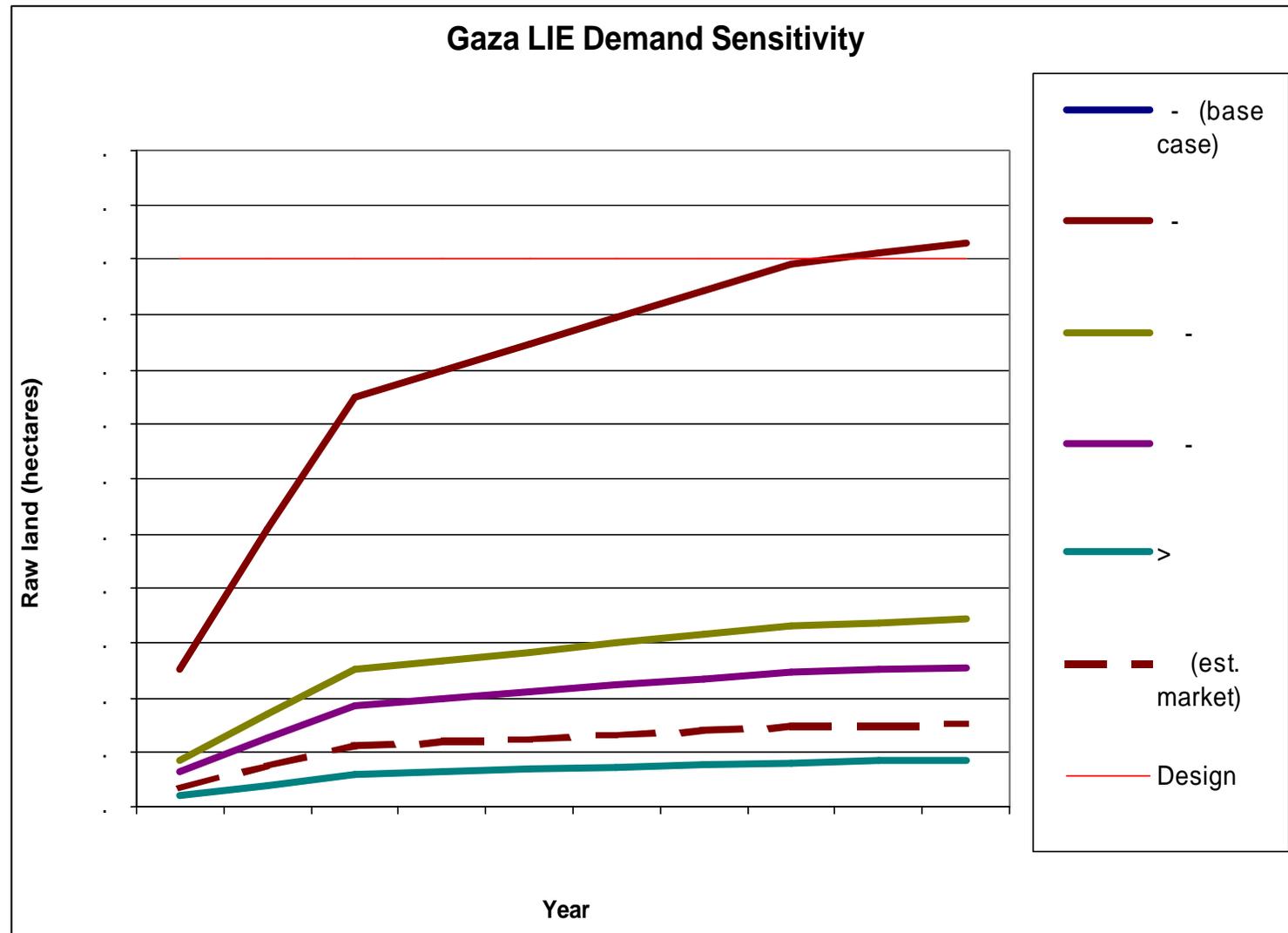
Gaza City LIE: Fee Structure

▪ Fee Structure:

- **CAPEX: US \$ 180/ m2**
- **OPEX: US \$ 1.60/ m2/ year**

- **Acceptable Rent (survey): US \$ 15.00/year/m2**
- **Business Profitable Rent: US \$ 25.00/ year/ m2**
- **Most Provable Rent Rate: US \$ 25.00/ year/ m2 (profitable @ 10 ha)**

Gaza City: LIE Market Demand



Rafah Site Location



- The Rafah LIE Is Located In The Southeast Of The City

Rafah Industrial Site



■ View to the North



■ View to the South

Rafah LIE:

Project Development Proposal

- **LIE Development Site**
 - **Initial Phase: 10 donums/100,000 m²**
 - **Potential Size: 150 donums/1,500,000 m²**

- **Site Issues**
 - **Security Issues: 500m from Green Line**
 - **Infrastructure Improvements Needed**

- **Development Costs**
 - **On-site Infrastructure: \$1,387,500**
 - **Off-site Infrastructure: \$511,250**

Rafah LIE: Fee Structure

- **Fee Structure:**

- **CAPEX: US \$ 250/ m2**

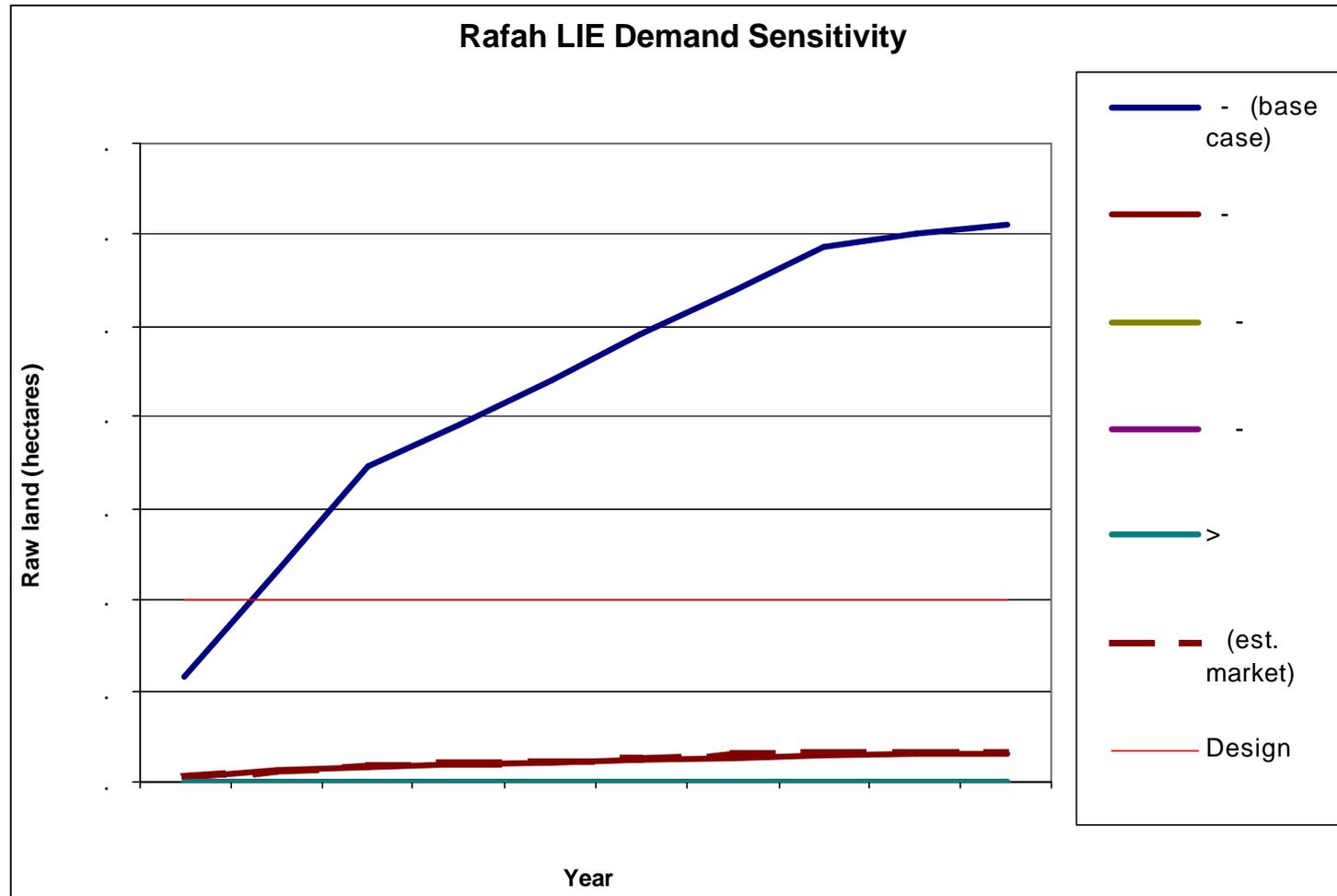
- **OPEX: US \$ 2.85/ m2/ year**

- **Acceptable Rent (survey): US \$ 7.00/year/m2**

- **Business profitable Rent: US \$ 30.00/ year/ m2**

- **Most Provable rent Rate: US \$ 15.00/ year/ m2
(profitable @ 30 ha)**

Rafah LIE: Market Demand



Recommendations: Preliminary Findings

- ✓ **The Gaza LIE shows good potential for development dependant upon an agreed upon MOU**
- ✓ **Timeline: Implementation first half of 2002**

- **The Nablus LIE can potentially be configured as an attractive project, pending additional discussions with the Municipality**
Timeline: Implementation second half of 2002

- **The Rafah LIE will be difficult to implement due to its location**
Timeline: Implementation 2002 dependant upon political situation.