



*Ministry of National Economy
Governorate of Jenin*

A feasibility analysis of the Jenin Sustainable Industrial and Logistics District

Scientific Responsibility:

Federico Perali, Michela Sironi

Research team:

Maikol Furlani, Mirko Meneghelli, Stefania Lovo, Alexandrina Scorbureanu, Alessandro Franchini

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The context of the initiative

Relations between the European Union and Mediterranean countries involve both bilateral and regional cooperation under what is called the Euro-Mediterranean partnership. The objective of this partnership is to create a common area of stability and shared development in the Mediterranean region. Regarding the Middle East, specifically Israel, Palestine and Jordan, trade relations make up only a small share of actual capacity at the moment, but they are gradually increasing in spite of the political and institutional situation. Development scenarios in the region predict an acceleration of economic growth, supported by both a significant increase in international funding, particularly in Palestine, and an increase in foreign investments in the entire Middle-Eastern area.

Project objectives

It is generally agreed that peace is not possible without development and vice versa, and numerous studies have shown the disastrous state of the Palestinian economy and the poverty in which the majority of the population lives. The years of isolation and economic crises since the year 2000 have laid waste to an entrepreneurial network of already weak SMEs and micro-companies, inducing many businessmen and the most highly qualified workers to emigrate thereby shattering hopes of a better future for those left behind and weakening the entire social network. Poverty is increasing dramatically and the lack of jobs deprives a great number of families of essential means for their livelihood, exacerbating the already unstable political situation in the area.

The Strategic Plan for development in Jenin

The position of Jenin is logistically strategic as it is located in the northern part of the West Bank about 40 km from Haifa Port, 30 km from the Sheikh Hussein border of Jordan and 40 km from Syria.

The initiative in Jenin is intended to create a model of balanced and long-term permanent development in order to promote the growth of economic and industrial activities in the governorate of Jenin, quickly and

with a rapid impact on income and the social status of the population. A specific objective is the creation of a logistics and industrial complex. With the systematic involvement of local communities and the use of existing potential, it will be possible to create the most appropriate and favorable local background for the economic development of the area. These were the goals of the Oslo Accords of 1993 which have been reaffirmed in international agreements both in bilateral meetings and in the Quartet Statement of May 2008. These are also the goals of the "Palestinian Reform and Development Plan" presented by the Palestinian government.

The Jenin Industrial and Logistics Area (JILA) project will involve an area of about 90 hectares destined for industrial development and will consist of the following subprojects:

- industrial area (66.34% of the overall area);
- land port (27.59%);
- security checkpoint (2.30%);
- power plant from alternative sources of energy (1.94%);
- water management facility (0.62%);
- administrative area development (1.21%).

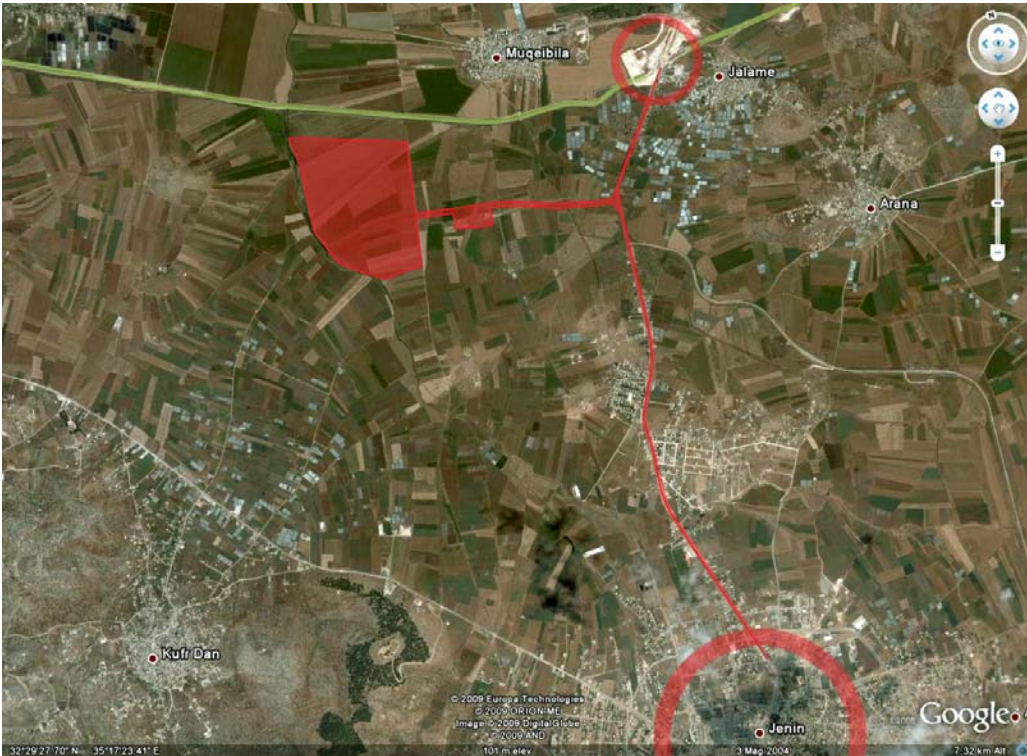
The socio-economic impact

The investment is expected to generate approximately 160 factories set up in JILA, about 5000 new direct employment opportunities in Jenin, plus an indirect employment effect in the West Bank area as large as 1.5 times the direct effect. Forecasts indicate an average gross national product growth of 30-40% for the Jenin area under the current conditions of labor mobility within the Palestinian Territories. The estimated economic internal rate of return on the investment is 89%.

The impact of the project

The aim of this project is to set up a self-sustainable industrial area involving an integrated cluster of firms and a logistics center in Jenin. It will be of considerable significance to the involved area and will be an important opportunity to:

- develop and support the local economy and the country as a whole by providing an immediate opportunity for the creation and expansion of firms operating in specific sectors of economic development;
- facilitate the manufacture, distribution and export of industrial and agricultural products coming from the West Bank;
- facilitate the importation of products in demand by the Palestinian community inside the West Bank;
- generate employment, within a short time, for both skilled and unskilled workers;
- establish relations between the Palestinian and Israeli economies and take advantage of the close proximity of major Israeli industrial and consumer markets and the Israeli port of Haifa;
- improve security through efficient scanning techniques to allow freer movement;
- open the Palestinian economic enclave;
- encourage Palestinian economic diversification through new trade agreements, new infrastructures, and the adoption of productivity enhancing technologies;
- provide a formal and predictable environment for the facilitation of joint venture operations between Israeli and Palestinian firms and, indeed, foreign firms;
- encourage industrial development projects independently for energy and water supplies, using technologies with low environmental impact.



Location of the industrial area in the north-west of the Jenin district; just north of it lies the green line and the Al Jalama checkpoint



North-west general view of the Jenin Industrial & Logistics Area