

**Palestinian Industrial Estates and
Free Zones Authority**

**Japan International
Cooperation Agency**

**Japanese Technical Cooperation Project
On
Institutional Strengthening
For
Industrial Park Development in the West Bank**

Final Report

March 2013

PADECO Co. Ltd.

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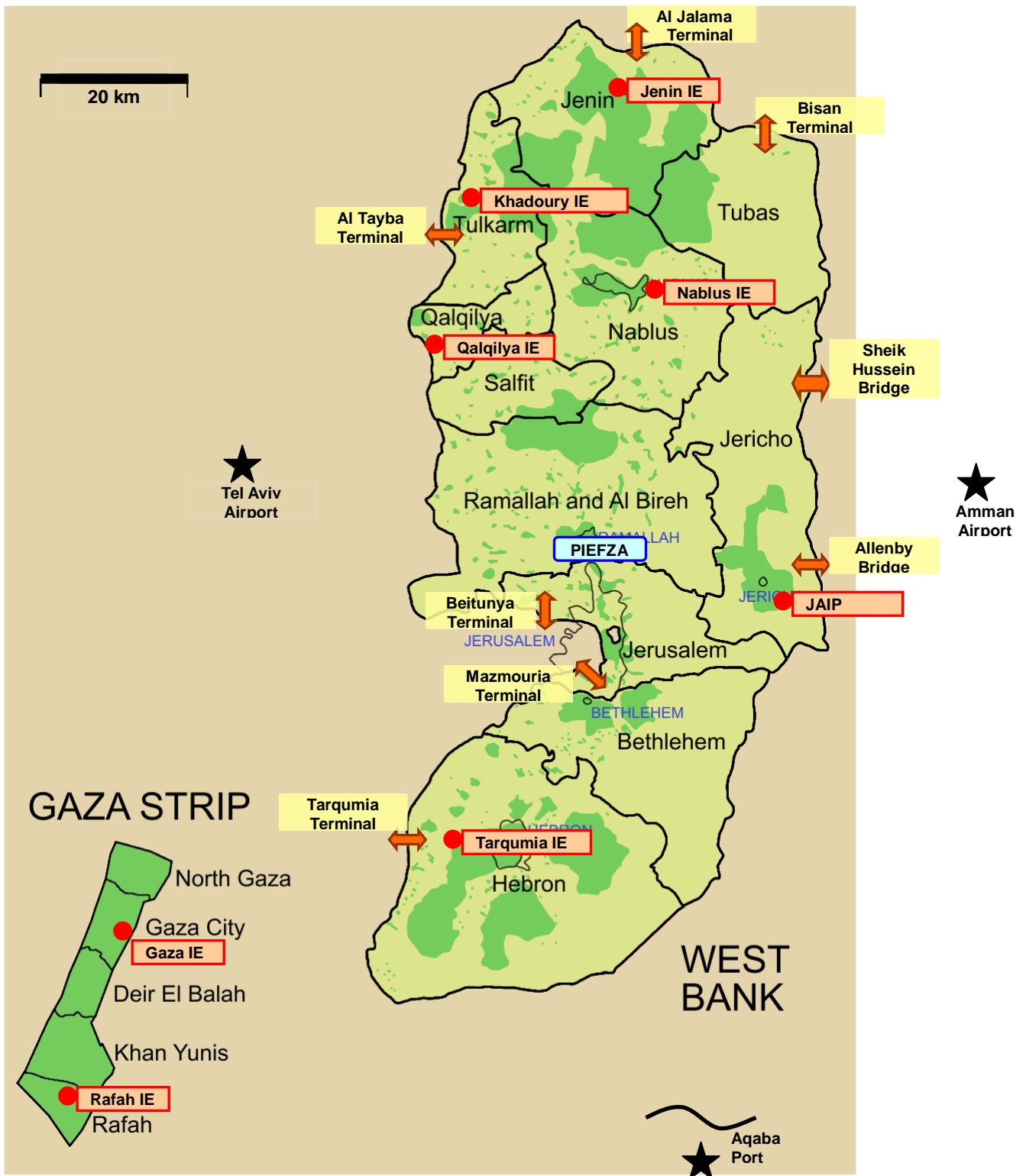
Attachments

Attachment I:	History of Change from the Original Plan
Attachment II:	Minutes of JCC
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Abbreviations and Acronyms

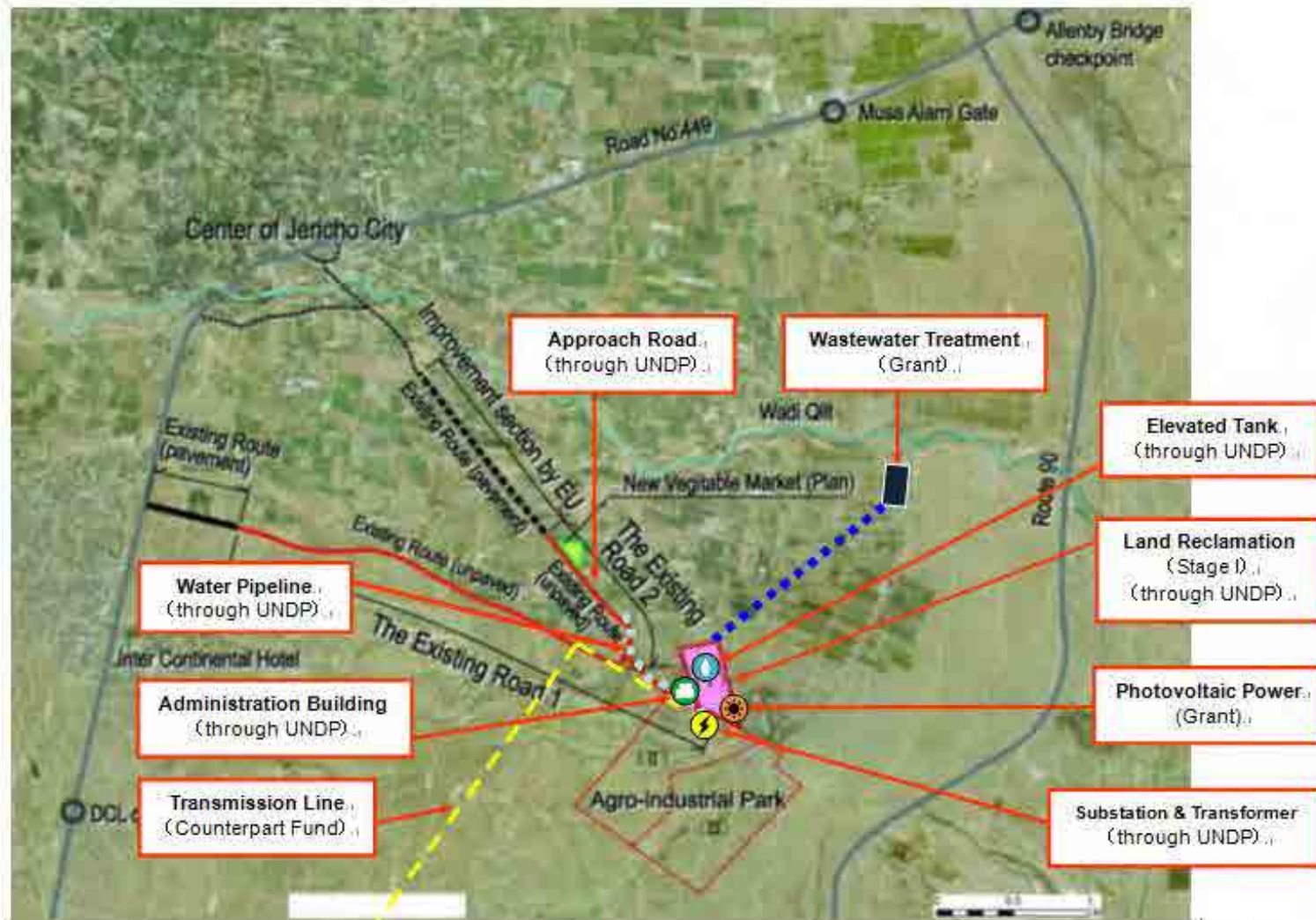
ADG	Acting Director General
AfD	Agence Française de Développement
BDS	Business Development Service
B to B	Business to Business
C/P	Counterpart
DG	Director General
EOI	Express of Interest
JAIP	Jericho Agro-Industrial Park
JCC	Joint Coordinating Committee
JICA	Japan International Cooperation Agency
JV	Joint Venture
LOI	Letter of Interest
MONE	Ministry of National Economy
MOPAD	Ministry of Planning and Administrative Development
MOU	Memorandum of Understanding
MM	Man Month
MSME	Micro Small Medium Enterprise
OSS	One Stop Service
PA	Palestinian Authority
PIEFZA	Palestinian Industrial Estates and Free Zones Authority
PIPA	Palestine Investment Promotion Agency
PMU	Project Management Unit
PRICO	Palestine Real Estate Investment Co.
PSI	Palestinian Standard Institute
R/D	Record of Discussion
PDM	Project Design Matrix
PRIDE	Partnership for Regional Investment, Development and Employment
RFP	Request for Proposal
S/C	Steering Committee
SWOT	Strength, Weakness, Opportunity, Threat
TOR	Terms of Reference
USAID	United States Agency for International Development
W/G	Working Group
WS	Workshop

Industrial Parks in the West Bank



Note) This figure includes industrial parks which were planned in the past but suspended.

Location of JAIP



Layout Plan of JAIP



1. Outline of the Project

1.1 Background

This is a technical assistance project, started in September 2010 and continued till March 2013 (the original plan was till March 2012), to support a core project of the initiative called the “Corridor for Peace and Prosperity” proposed by Japan.

In July 2006, Japan proposed the initiative as a medium/long-term effort towards the co-existence and co-prosperity between Israelis and Palestinians. Based on the idea that a two state solution is essential for achieving peace between Israel and Palestinians, this concept aims to strengthen Palestinian economic independence and industrial infrastructure, focusing on the establishment of an agro-industrial park while promoting confidence-building among Palestinians and their neighboring countries, particularly Israel and Jordan.

In October 2005, the Japan International Cooperation Agency (JICA) conducted a development study in Jericho and the Jordan Valley for medium/long-term regional development in the social and economic sectors. Based on this study, JICA decided to start the “Jericho Regional Development Program”, which included three sub-programs: Social and Community Development Sub-Program, Agriculture and Agribusiness Development Sub-Program, and a Tourism and Urban Environment Sub-Program. In the context of JICA's study and its sub-programs, the Palestinian Authority and Japanese Government agreed to cooperate on the development of an industrial park for agro-industry and logistics improvement as a measure to realize the initiative of “Corridor for Peace and Prosperity” through discussions with Israel and Jordan. Based on the agreement, JICA conducted the “Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley (Phase I and II)” from March 2007 to May 2009. The Four-Party Consultation Unit, consisting of the Palestinian Authority, Israeli Government, the Jordanian Government, and the Japanese Government, has started dialogue for realization of the project since 2007.

Several donor surveys pointed out that the development of industrial parks, in which particular incentives are provided, is an effective approach for industrial promotion in the Palestinian Territories. There exists in the territories, various limitations on business activities such as control of movement and access, control of information and other examples which are set by Israel. Nonetheless, some donors actually support the development of industrial parks. For example, the German government has engaged in the industrial park development in Jenin, but it has taken more time than planned for land acquisition and developer selection. Likewise, the French government supports PPP (Public Private Partnership) based development of the industrial park in Bethlehem.

The Palestinian Industrial Estates and Free Zones Authority (PIEFZA)¹ is in the process of establishing the Jericho Agro Industrial Park (hereinafter referred as “JAIP”). There are various issues in PIEFZA such as division of the organization from PIEFZA in Gaza, lack of staff with necessary knowledge and experience, and lack of budget causing insufficient promotion activities as well as one-stop service for investors for JAIP by PIEFZA in Ramallah. In addition, considering that the Palestinian Territories’ political and economic relationship with Israel and the worldwide recession beginning in late 2008, it has not been easy to develop an industrial park through Foreign Direct Investment (FDI), which was proven effective in the experience of

¹ Headquarter of PIEFZA is located in Ramallah and has 17 staff members (14 of them are professional) as of March 2013. There is also an office in Gaza (it has approximately 40 paid employees), but it is not operational at present. In 1998, PIEFZA Law set headquarters in Jerusalem.

industrialization in ASEAN and other regions/countries. Furthermore, difficulties in developing industrial parks through FDI are compounded by competition with FDI-oriented industrial park development in neighboring countries.

Nevertheless, through the availability of spacious land and the strategic location of JAIP, the industrial park is expected to provide economic opportunities for the Palestinian companies that are currently constrained by the lack of space for expansion in their present sites and have plans to promote export markets through the Allenby Bridge which is the only gateway to Jordan. In order to facilitate potential tenants' moving into JAIP, additional incentives need to be analyzed and prepared.

“Preparatory Survey for Assistance to Small and Medium Sized Enterprises” conducted in July 2009 examined “soft” functions of JAIP, such as SME promotion and logistics improvement, to follow up the feasibility study (F/S) for JAIP and summarized potential tenant companies for JAIP having international competitiveness in sectors such as food processing. In the F/S, it was noted that the institutional strengthening and development of a strategic implementation structure is important for developer and PIEFZA. An essential condition for JAIP establishment is the capacity development of staff in the working group for JAIP, which is under preparation by PIEFZA.

In this situation, the Palestinian Authority (PA) requested a technical assistance project aimed towards the capacity development of PIEFZA and various tasks required for development and operation of JAIP. The Japanese Government adopted the request in April 2010.

JICA and PA agreed on the basic plan, an implementation structure and their responsibilities, and signed the Record of Discussions in the discussion held in June 2010.

Based on the aforementioned background, PADECO Co., Ltd. contracted with JICA for implementation of this technical assistance project from September 2010. This Final Report (F/R) explains the works and outputs of activities.

1.2 Objectives

This project aims to support the strengthening of the capacity of PIEFZA to develop industrial parks (JAIP in particular) as shown below.

< Overall Goal >

Trade, investment and economic activities in the West Bank are promoted through development of industrial parks

< Project Purpose >

To enhance the capabilities of PIEFZA for smooth and effective development of industrial parks, in particular Jericho Agro-Industrial Park (JAIP).

➤ Indicators

1. Delay of JAIP development is minimum.
2. Preparation meeting with a developer is completed.

< Output >

Output 1: Capacity of PIEFZA to develop and supervise industrial parks will be enhanced.

➤ Indicators

1. PIEFZA's organization chart is modified by following "Institutional and Capacity Building for PIEFZA".
2. Progress of JAIP development is managed by "Overall Schedule for JAIP Development".
3. Trainings are conducted by following "Institutional and Capacity Building for PIEFZA".

Output 2: Business plan of JAIP is finalized.

➤ Indicators

1. Incentives for the tenants, JAIP logistic plan, contents of the basic utility services, and the rate of lease or concession are finalized.
2. Details of the Business Development Services Center is finalized.

Output 3: Information on JAIP is disseminated to potential tenants.

➤ Indicators

1. PIEFZA and JAIP' Websites are regularly updated.
2. More than 700 JAIP leaflets are distributed.
3. 100 companies are participated in the three investment seminars.

1.3 Implementation Structure

Effective implement structure for the project was considered based on the initial work plan and discussion with C/P and the members of the Joint Coordination Committee (JCC, see the table below). Accordingly, the project team of C/P and Japanese experts (including sub-contract consultants under the project for daily technical cooperation to PIEFZA) was formed.

After signing of the concession agreement with the developer (Jericho Agro Industrial Park Corporation)² on June 2012, Steering Committee (S/C) was set up for decision making together with Working Group (W/G) for preparatory discussion. Technical Committee (T/C) and its three Sub-Committees (infrastructure, incentive, and marketing) were also formed as part of the structure. Project Team assisted discussions between PIEFZA and JAIP Co. in these committees.

Table 1-1 Formation of JCC

Chairperson	Chairman of PIEFZA Board/ Minister of National Economy
PA Side	(Acting) Director General, PIEFZA
	Jericho Governor
Japanese Side	Chief Advisor of the Project
	Representative of Japan to PA
	Chief Representative of JICA Palestine Office

² Joint venture set up by PRICO (Palestine Real Estate Investment Co.) and PIF (Palestine Investment Fund)
<http://www.prico.ps/> <http://www.pif.ps/>

1.3.1 Formation of the Project Team

Three Japanese experts travelled to PIEFZA, while Palestinian consultants and local project staff (hired for the project) worked consistently in the C/P office. Input of their work is summarized in the next Chapter.

Table 1-2 Main Scope of Works of Japanese Experts

Assignment	Name	Tasks
1 Chief Advisor/ Industrial Park Development, Project Implementation	Takeo Matsuzawa	<ul style="list-style-type: none"> ➤ Overall project management ➤ Capacity development of PIEFZA for development, operation and management of industrial parks ➤ Assistance for developer selection ➤ Assistance for materialization of Business Plan ➤ Assistance for improvement of promotion tools ➤ Organization of investment seminar
2 Marketing Plan, Dissemination Plan	Katsumi Kurita	<ul style="list-style-type: none"> ➤ Assistance for materialization of Business Plan ➤ Assistance for marketing planning ➤ Assistance for dissemination activities ➤ Assistance for improvement of promotion tools ➤ Organization of study visit in Asia ➤ Organization of investment seminar
3 Project Coordination	Koichiro Tamura	<ul style="list-style-type: none"> ➤ Project formation/ preparation ➤ Organization of study visit in Asia (Vietnam, Indonesia and Malaysia) ➤ Project administration ➤ Assistance support for materialization of Business Plan ➤ Assistance for improvement of promotion tools

1.3.2 Formulation of the Palestinian Side

PIEFZA is the counterpart of the project and Director General of PIEFZA who is appointed as the Project Director responsible for managing and supervising the project. The Minister of National Economy, who is also the Chairman of the Board of PIEFZA, is appointed as the chairman of JCC to monitor the progress and output of the project.

From a practical aspect, PIEFZA has assigned a Project Director for JAIP (Mr. Alaa Melhim) and organized working groups by major tasks in the middle of February 2011. JICA Project Team, comprising of Japanese experts, local consultants and assistants, has provided necessary

technical advice and support to PIEFZA. Organizations listed in the table below were involved in discussion to coordinate issues surrounding the project.

Concession Agreement was signed between PIEFZA and the developer as joint venture (JV) of PRICO Co. and PIF (Palestine Investment Fund) on June 2012. Since then, the coordination structure comprising of S/C and its sub-committees has been established between PIEFZA and the developer.

Table 1-3 Organizations Relating to the JAIP Project

	Item	Palestinian Organizations	Other Organizations
Infrastructure	Electricity	<ul style="list-style-type: none"> • JDECO (Operation) • Palestinian Electricity Regulatory Committee (Regulation) 	<ul style="list-style-type: none"> • UNDP (Development) • ROJ (Financial assistance)
	Water	<ul style="list-style-type: none"> • Jericho Municipality (Operation, pricing) 	<ul style="list-style-type: none"> • UNDP (Development) • ROJ (Financial assistance)
	Waste Water	<ul style="list-style-type: none"> • Jericho Municipality (Operation) • Inter Continental Hotel (Temporary treatment) 	<ul style="list-style-type: none"> • JICA (Development, financial assistance)
	Admin. Building	<ul style="list-style-type: none"> • Jericho Municipality (Building license) 	<ul style="list-style-type: none"> • UNDP (Development) • ROJ (Financial assistance)
Incentive	Tax	<ul style="list-style-type: none"> • PIPA (Regulation) 	
	Logistics	<ul style="list-style-type: none"> • MONE, MOPAD (Regulation) 	<ul style="list-style-type: none"> • ROJ (Coordination with the Israeli side)
	PRIDE	<ul style="list-style-type: none"> • Ministry of Finance, MONE (Regulation) 	<ul style="list-style-type: none"> • ROJ, EU (Financial assistance, scheme design)
	One Stop Service	<ul style="list-style-type: none"> • Ministry of Local Governments, Jericho Municipality (Demarcation in licensing) • PIPA (Regulation) 	

* ROJ: Representative Office of Japan

1.4 Work Flow

The actual work flow throughout the project period is as shown in the table below.

The original work flow was affected by the delay of the concession agreement between PIEFZA and the developer, since the plan in the second project year presumed earlier signing. Therefore, it was decided to extend the project until March 2013, based on the PA's request for one year extension and recommendation in the ex-post evaluation in October 2011.

2. Inputs of the Project

2.1 Personnel Input

Table in the next page summarizes the staffing schedule throughout the project period from 3rd September 2010 to 29th March 2013. In addition to the Japanese experts, local sub-consultants and local project staff listed in the table below worked jointly for technical assistance and continual support.

Table 2-1 Input of Local Consultants and Staff

	Position	Name	Period
Consultants	Business Development Consultant	Said Sabri	2010/10 – 2013/3
	Institutional Development Consultant	Mohammed Abu-Zayed	2010/10 – 2011/2
	Developer Selection	Sigma Arabesque Consulting Engineers	2010/12 – 2011/2
	Legal Consultant	Haytham Al-Zubi	2011/5 – 2013/2
	CG Model	ZEINA tech co. ltd.	2012/12 – 2013/2
Local Project Staff	Project Administration/ Finance	Nora Hamdan Huda Takrouri	2010/9 – 2011/8 2011/9 – 2013/3
	Coordination	Haneen Jarrar	2012/7 – 2013/2
	Finance	Tala Wa'ri	2012/4 – 2013/2
	Marketing	Majd Nabut	2011/1 – 2013/2
	Logistics	Nelly Soudah	2011/1 – 2011/8
	Engineering	Ferjeah Adel Amodi	2012/7 – 2012/11

Table 2-2 Personnel Schedule

Assignment	Name	Grade	First Year			Second Year					Third Year					M/M													
			2010			2011					2012					2013			First		Second Year		Third Year		Total				
			Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Home	Field	Home	Field	Home	Field	Home
Work in Field	Chief Advisor /Industrial Park Development, Project	Takeo Matsuzawa	2	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	5.50	5.50	8.00	4.90	18.40				
	Marketing Plan, Dissemination Plan	Katsumi Kurita	2		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	3.63					3.63	3.80	3.00	10.43
	Project Coordination	Koichiro Tamura	6	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	2.20								
Total																			11.33	12.87	10.50	34.70							
Work in Home	Chief Advisor /Industrial Park Development, Project	Takeo Matsuzawa	2	□		□		□				□								□	0.30	0.30	0.23	0.60	1.13				
	Marketing Plan, Dissemination Plan	*****	2	□	□	□	□	□	□			□								□	0.67					0.67	0.20	0.40	1.27
Total																			0.97	0.43	1.00	2.40							
Deliverables	JAIP Business Plan (Draft)				▽															▽									
	Marketing Plan (Draft)				▽																▽								
	Joint Coordination Committee (JCC)				△				△							△					△								
	Ex-Post Evaluation														△														
	Inception Report			△																									
	End-Term Report							△														△							
	Progress Report											△																	
Final Report																					△								
Total																			12.30	13.30	11.50	37.10							

■ :Field
 □ :Home
 ■ :Temporary Return by Own Expens

2.2 Input of Equipments

The Project Team procured equipments listed below and transferred to C/P at the end of the project.

Table 2-3 Equipment List

Month	Item	Specification	Qty.	Use
October 2010	Screen	Tripod 1.5 x 1.5m	1	For presentation in meetings and promotion activities
April 2012	Video Conference System	Polycom HDX 7000-720	1	For promotion in foreign countries

2.3 Change from the Original Plan

The third project year was added to the original plan (September 2010 – March 2012) due to delay in selection of the developer, extending the project till March 2013. The original input and work flow were revised by contract amendments, which were made three times throughout the whole project period. Major changes of the plan are summarized in the table below and the detail is shown in the Attachment I.

Table 2-4 Major Changes from the Original Plan

Category	Change	Month	Background
Output 1 Capacity Development	Additional tasks of Legal Consultant	July 2011	To address extra legal works, including revision of the PIEFZA law
Output 2 Business Plan	Additional M/M to Chief Advisor and Coordinator (1 st year)	January 2011	To evaluate proposals for developer selection after extension of the deadline
	Additional position of Developer Selection	December 2011	To expedite RFP drafting and procurement process
	Additional tasks of Business Development Consultant and local project staff	July 2011	To address re-evaluation and coordination for developer selection
	Trip of Chief Advisor to Jordan	June 2011 April 2012	To explain logistic incentives to members involved in the Four Parties' Consultative Unit Meeting in advance
	Preparation of financial assistance scheme to tenants	February 2012	To set up financial assistance scheme as an incentive utilizing Japanese supplementary budget
Output 3 Marketing	Making CG	February 2012	For more effective marketing and promotion
	Additional investment seminars	February 2012	To make a trial run of business development service as a role of C/P for promotion
Project Administration	Study visit to Malaysia	July 2011	To learn an advanced case in Asia based, utilizing triangular cooperation framework

	Extension of project period	February 2012	To achieve project outputs affected by delay of developer selection
	Procurement of video conference system	February 2012	To enable enhanced information dissemination to foreign countries under the circumstances of constrained mobility.

3. Activities of the Project

3.1 Principles of Technology Transfer

Principles of technology transfer are summarized in the table below. The project team assisted setting clear targets to be handled by individual staff and divisions under capacity constraints of human resource and budget. Based on the targets, the project team advised necessary actions to address issues and processes along the development time frame. Customer oriented approach is one of the key principles, and the project team arranged workshops, seminars, and study visits (to Vietnam, Indonesia and Malaysia) for improvement of capacity in proactive actions, needs finding, information dissemination, and external coordination.

Table 3-1 Project Outputs and Principles of Technology Transfer

Outputs	Principles of Technology Transfer
<Output 1> Capacity of PIEFZA to develop and supervise industrial parks will be enhanced.	Mind and process needed for each development step of JAIP are to be acquired through implementation under clearly assigned job demarcation. Experiences are to be compiled as a manual for future reference of C/P.
<Output 2> Business plan of JAIP is finalized.	Business plan is to be drafted through discussion among staff.
<Output 3> Information on JAIP is disseminated to potential tenants.	Dissemination activities are to be made proactively to deliver timely information that tenants need.

3.2 Outline of Project Activities

The table below summarizes main activities of this project. Planned schedule of the project was sometimes affected by absence of a decision maker due to change of Acting Director General of PIEFZA and Minister of National Economy. Also, the project implementation was subject to the external environment factors such as demonstrations appealing the UN statehood status and delay of salary payment caused by political tension with Israel.

Under such circumstances, the project team conducted necessary assistance to achieve desired outputs by extending the project period.

Table 3-2 Major Activities of the Project

	Year	Month	Activities	
First Year	2010	September	Start of the project / approval of the Inception Report	
		November	First JCC / Draft of Business Plan and Marketing Plan	
		November	Launch of JAIP website http://www.jaipark.com/	
		November	EOI announcement for developer selection	
		December	RFP issuance to 4 pre-qualified companies	
	Second Year	2011	January	Explanation session for 4 companies at Jericho
			January	JAIP WS in Hebron
			February	Submission of Institution Plan
			February	JAIP WS in Nablus and Ramallah
			February	Change of PIEFZA Acting Director General
February			Deadline of proposal (resulted in single bid)	
March			Proposal evaluation	
Third Year		2012	May	Study visit to Vietnam and Indonesia
			July	JAIP seminar in Jericho
			October	JICA ex-post evaluation (PA requested 1 year extension)
	October		Second JCC	
	November		Resignation of Minister of National Economy, PM doubled as the position	
	December		Determination of project extension	
	February		MOU between the developer and PIEFZA as a basic agreement	
	April		Four Parties' Consultative Unit Meeting at working level (Jordan)	
	May		Third JCC	
	May		Appointment of Minister of National Economy	
Third Year	2013	June	Concession Contract with the developer	
		July	JAIP seminar in Jericho	
		July	Steering Committee	
		August	Removal of PIEFZA Acting Director General (recruitment of the position)	
		October	JAIP seminar in Amman	
		October	Fourth JCC	
		November	B to B matching seminar in Jericho	
		December	MOU agreement on PRIDE scheme	
		January	Study visit to Malaysia	
		January	Final draft of Business Plan and Marketing Plan	
February	Participation in exhibition in Dubai			
February	Submission of draft of the PIEFZA law revision			
March	Fifth JCC			

3.3 Project Preparation (Task 0)

3.3.1 Data collection and summary in Japan (Task 0-1)

<First Year> Project team reviewed the existing studies of international donors and updated project information. Also, the project team collected feedback provided by Palestinian Authority (PA) and information related to the Four Parties' Consultative Unit Meeting in March 2010 from JICA and the stakeholders.

3.3.2 Dispatch of questionnaire to the Palestinian Authority via the JICA office (Task 0-2)

<First Year> Answers to the questionnaire were given on; i) status of PA's decision for earlier development of JAIP; ii) progress of other industrial parks in Jenin and Bethlehem; iii) institutional, personnel, and financial conditions of PIEFZA; and iv) status of foreign investors meeting planned by the PA.

3.3.3 Preparation of Inception Report and explanation to C/P (Task 0-3)

<Each Year> Inception report was submitted after discussion among JCC members. In the first JCC, members of the project team promoted understanding of the project objectives and the importance of PA's action for earlier development of JAIP. Work plans of the second and third project years were made via power point slides.

3.3.4 Confirmation of recent activities of the Palestinian Authority (Task 0-4)

<First Year> Answers to the questionnaire were given on; i) status of PA's decision for earlier development of JAIP; ii) progress of other industrial parks in Jenin and Bethlehem; iii) institutional, personnel, and financial conditions of PIEFZA; and iv) status of foreign investors meeting planned by the PA.

3.3.5 Selection of local consultants and conclusion of sub-contract (Task 0-5)

<First Year> Local consultants were procured based on TORs to achieve project outputs and JICA's procurement guideline. Project team consulted with C/P and JICA to elaborate the TORs. After the selection process, the project team contracted with Institutional Development Consultant and Business Development Consultant; however, selection of Marketing Consultant ended in failure. Instead, a consultant for Developer Selection was procured for necessary technical inputs to the task.

<Second Year> A position of Legal Consultant was added and selected following processes complying with the JICA guideline. Project team consulted with C/P and JICA to elaborate the TOR. Contract with Institutional Development Consultant terminated at the end of the first project year.

<Third Year> Project team consistently worked with Business Development Consultant and Legal Consultant and procured a new sub-contractor to make CG and diorama model for promotion of JAIP.

3.3.6 Formulation of Project Team and clarification of role sharing (Task 0-6)

<First Year> Project team was formed comprising of PIEFZA, local consultant, and Japanese experts with clear individual demarcation corresponding to project outputs. Additionally, working structure was established to report and provide feedback regularly in order to promote better cooperation and decision making on necessary actions for steady project implementation.

<Second Year> Following the assignment of JAIP Project Manager in January 2011, Project Management Unit (PMU) was formulated by the PIEFZA staff. It was decided to set weekly meetings and working groups to discuss specific issues in assistance with local consultants and Japanese experts at the beginning of the second project year. Almost all the PIEFZA staff were involved in one or more working groups based on their request. In the structure, feedbacks were

given to the Acting Director General and core staff to make consensus of necessary actions based on the progress report from working groups.

<Third Year> Practical dialogues between PIEFZA and the developer (Jericho Agro Industrial Park Co.) opened after signing of the concession agreement in June 2012. They coordinated their respective actions and deadlines in the framework of W/G and T/C, where Japanese experts and local consultants advised to PIEFZA.

3.4 Capacity Development of PIEFZA to Develop and Supervise Industrial Parks (Task 1)

3.4.1 Collection and summary of information on authorized power, capacity, budget of PIEFZA and status of consideration on JAIP (Task 1-1)

<First Year> Local expert, hired by JICA before this project, gave answers to questionnaire items sent by the project team. Based on the information, the project team collected additional information through interview from PIEFZA staff together with the project local consultant.

3.4.2 Collection of basic information on the organization and allocation of human resources of PIEFZA (Task 1-2)

<First Year> Local expert, hired by JICA before this project, summarized the present status of institutional structure, staff capacity, and existing capacity. Based on the information, the project team collected additional information through interview from PIEFZA staff together with the project local consultant. C/P also summarized related information.

3.4.3 Examination on validity of the present institutional structure of PIEFZA with consideration of tasks required for building JAIP (Task 1-3)

<First Year> According to collected information through the above tasks, it was found that necessary activities should include planning/monitoring of off-site infrastructure (water, waste water, electricity, solid waste management, etc.), coordination with developer in charge of on-site infrastructure (on-site road, utility network, logistics centre, etc.), and business operation such as marketing for potential tenants based on demarcation with the developer. Through discussion on the subject with the Acting Director General of PIEFZA, it was summarized that the existing organizational structure was complex for individual staff to recognize personal responsibility and it caused passive attitude to prevent proactive planning and activities.

3.4.4 Examinations and suggestions on institutional reforms as necessary (Task 1-4)

<First Year> Analysis in the above Task 1-3 found that it would difficult for PIEFZA to fulfil their role in supervision of industrial park development/operation and preparation of incentives for tenants by themselves. Also, discussion was carried out on degree of decentralized management between the headquarters in Ramallah and three ongoing industrial parks (Jericho, Bethlehem and Jenin as of December 2010). Presuming on these conditions, Institution Plan for PIEFZA was proposed, as shown in the figure below, after discussion with the Acting Director General of PIEFZA. The remarkable change is to set three Directorates under Director General in order to clarify responsibility and command line in PIEFZA. This suggestion includes set up of the Business Operation Directorate with staff in charge of OSS and BDS, which would be important after completion of industrial parks.

<Second Year> Specific proposal on institutional structure of PIEFZA was made based on the above tasks and recruitment plan as of December 2010, and it was reported to JCC on October 2011. Project team assisted in the revision of the proposal as per the comments from the Chairman that it should comply with internal regulations of the PA. Also, the project team assisted in examining the structure of PIEFZA along with its role and vision in short, medium, and long terms, since the institutional reform were discussed in the context of reform of the PA as a whole in 2012.

Renewal of the PIEFZA law was widely recognized, as the current law, in order since 1998, did not reflect reform of ministries and also, did not stipulate OSS and authority of the Board. Legal Consultant supported in drafting a policy paper on the law concept, following direction by the Chairman (Dr. Abu Libdeh, at that time) in October 2011.

<Third Year> Continuous support was provided to PIEFZA for staff recruitment. In spite of cabinet approval of 8 additional staff members, it has not been realized by March 2013 due to shortage of budget caused by suspension of tax transfer in Israel since November 2012. Meanwhile, a few staffs resigned or moved and other staff sometimes participated in strikes, which resulted in destabilization of institutional foundation. Furthermore, the problem in confusion and delay of command still remains, since Director General with authorized power has not been assigned for a long time.

Legal Consultant assisted with renewal of the PIEFZA Law. The basic concept of revision was approved by the Chairman, and draft of revision awaits cabinet approval.

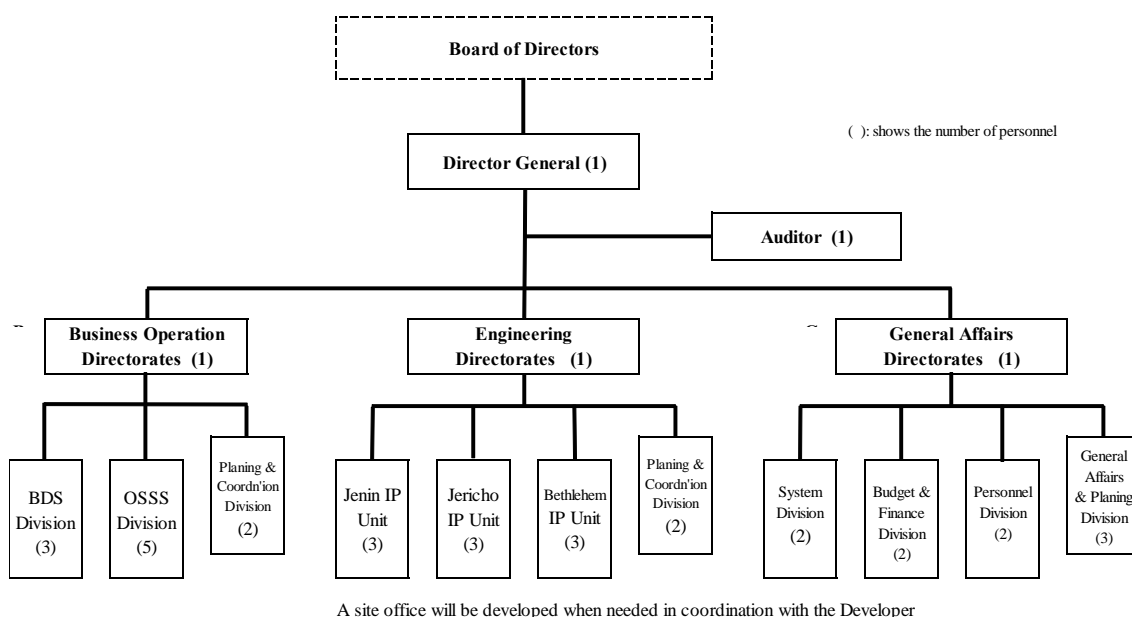


Figure 3-1 Proposed Institutional Framework of PIEFZA

Table 3-3 Basic Ideas of the New PIEFZA Law (Proposal)

<p>1)The new draft law enables PIEFZA to play the role of one stop shop (OSS) in practice and gives it the real power to be the competent regulatory body to issue the needed permits and licenses.</p> <p>2)The new law assigned PIEFZA with the legal powers to play the role of PIPA over and within the boundaries of industrial Parks and to be able to grant tax incentives as well</p>

as other additional incentives.

- 3) The new draft law suggests needed legal concept and mechanism to ensure and enable provision of collaterals by the tenants and investors to the bank to obtain financing without the need to put the land as collateral and without involving the issue of ownership.
- 4) The new law removed the applicability of the landlord and tenant law and the related protection and subjected the contracts to the contract law.
- 5) The new law provides mechanism for resolving disputes among the investors and the developer in a smooth and efficient manner.

3.4.5 Examination on contents of outsourcing and scheme of collaboration with developer (Task 1-5)

<First Year> Project team discussed with the Acting Director General on clarification of role sharing between developer (JAIP Co.) and PIEFZA in the development stage of infrastructure and operation stages after tenants' coming in. Cases in Bethlehem and Jenin were referred to examine the outsourcing scheme. After selection of the developer, PIEFZA and the developer signed MOU to stipulate roles to be undertaken even before entering concession.

3.4.6 Assistance for C/P's examination on contract conditions with developer and services (Task 1-6)

<First Year> Project team assisted in deciding on a selection policy while referring to the cases in Bethlehem and Jenin, stating that quality of proposals (both technical and financial aspects) should be carefully examined. Concession fee was set as a fixed ratio of net profit following the contract of Bethlehem Industrial Estate. Concession fee and lease rate were included in the criteria to evaluate technically qualified proposals from developer. Project team assisted in making the decision that the concession rate and average land lease rate for tenants without building should be evaluated based on the weight agreed in advance.

3.4.7 Examination on selection, evaluation and criteria of developer (Task 1-7)

<First Year> Both cases of industrial parks in Bethlehem and Jenin was negotiation with a specific company. Although it was only a case of selection based on proposal in Gaza, it was difficult to collect documents for the selection process. Therefore, the project team referred to standard documents of Yen loan projects and others and drafted materials including announcement, selection process, and evaluation criteria for two stage evaluation using EOI and RFP. Project team consulted with the Acting Director General of PIEFZA to help make decision on the contract documents.

3.4.8 Advice and assistance required when C/P conducts evaluation and selection of developer (Task 1-8)

<First Year> Project team assisted C/P to prepare EOI, RFP, and other related forms for evaluation by referring to standard documents for Yen loan projects and others. Project team also assisted with each important step of actual selection.

<Second Year> The bid closed at the end of February 2011 and it resulted in single bidding. Evaluation committee was formed by C/P and assessed the relevance of single bid procedures and quality of the proposal with consultation to the PIEFZA Board and Chairman. Then, the committee decided on conditional approval of the proposal in April 2011. After the decision, the project team assisted administrative procedures and documentation for negotiation by the PIEFZA Chairman in order to ensure fairness and impartiality of the process. In December 2011,

PIEFZA Board approved a submitted commitment letter of implementation as developer. Based on that, the Memorandum of Understanding (MOU) was agreed on January 15th, 2012, which noted that both parties would officially enter into negotiation to sign concession agreement³. Project team assisted drafting the MOU, including check from the legal point of view. Based on this MOU, the draft concession agreement was sent to the developer side on January 23rd, 2012, and reached basic agreement on the English version in the end of March.

<Third Year> The concession agreement was signed on June 12th, 2012, after appointment of the new Minister of National Economy (H.E. Dr. Jawad Najji).



(President Abbas in center and Mr. Nabil, President of JAIP Co. at right)

Figure 3-2 Signing Ceremony of the JAIP Concession Agreement

3.5 Formulation of Business Plan of JAIP (Task 2)

3.5.1 Formulation of work plan for two years showing required tasks until start of tenants' operation in JAIP (Task 2-1)

<First Year> Project team assisted in making work plan and confirming PIEFZA's understanding on issues like developer selection, land acquisition, off-site infrastructure development, marketing, and so on. Corresponding to the progress, project team provided follow up assistance for more detailed planning.

3.5.2 Examination of substance of utility services (water, electricity, sewage) provided as basic services of JAIP, reviewing cases in other countries (Task 2-2)

<First Year> It was defined that basic utility services of JAIP would include water, waste water, electricity, telecommunication, and solid waste management. Project team provided C/P with information of service package and management structure in foreign countries for reference of JAIP. C/P sorted related issues in the first project year, in spite of uncertain

³ This contract is based on approval of the PIEFZA Board and the PIEFZA Law, which stipulates rights and duties on operation of the industrial park and enables land use for 49 years. The contract is signed between PIEFZA and the new JV company as developer. Duties of the developer include planning of on-site infrastructure, setting lease rate, and setting concession fee to be paid to PIEFZA. At the same time, the contract stipulates obligations to PIEFZA and scope of its supervision.

discussion on service structure for water and waste water. Study visits were organized to collect information on advanced practices in the second and third project years.

3.5.3 Examination of required staff and procurement method for supplying utility services (Task 2-3)

(Same as above)

3.5.4 Examination of conditions including utility services and pricing plan as basic information for contract negotiation with tenants and developer (Task 2-4)

<First Year> Water and waste water services were supposed to be provided by the Jericho Municipality, but the service cost to JAIP, considering development and operation costs, had not been decided. Meanwhile, fee structure of electricity was subject to change through governmental discussion. Project team assisted preparation of C/P so that they can start discussion with the developer on incentive conditions, such as supply limit, installation, and fee plan, immediately after selection.

<Second Year> It was decided that water and electricity got support from the Japan-Palestine Fund through UNDP and the Project Committee was set which JAIP PMU members of PIEFZA participated in for project implementation. Project team advised that PIEFZA should make respective specialist/engineer clarify important points that PIEFZA had to confirm as supervisor. It was repeatedly emphasised that PIEFZA should not persist in every detail but make use of external expertise, considering their constraint in human resource.

Regarding waste water, PIEFZA got answers to their technical questions on the waste water treatment plan in a meeting with Japanese design consultant arranged by JICA Palestine Office. Engineer in charge of Bethlehem also attended the meeting.

PIEFZA had a discussion with Joint Service Council on solid waste management, and they confirmed respective contact point.

Although there was no specific role of PIEFZA in telecommunication, PIEFZA recognized necessity of coordination between PALTEL and developer on installation of lines.

<Third Year> Project team provided necessary advice to PIEFZA for discussion among stakeholders. Project team assisted in enhancing practical coordination ability in order for PIEFZA to negotiate with stakeholders to determine price incentives.

3.5.5 Examination of type services serving as incentives for tenants (Task 2-5)

<First Year> C/P visited candidate tenant companies for exchange of ideas with a Japanese marketing expert, following information from the past studies and opinions of local chambers of commerce. Through the meetings, it was found that desired incentives included preferential tax, logistics, financial support, and business development services. Incentive package was drafted referring to the laws and practices for each incentive.

<Second Year> PIEFZA was willing to provide One Stop Service (OSS) to tenants, however, it was found that a cabinet approval was needed to sanction the kind of authority stipulated in the PIEFZA Law Activities in the second project year included clarification of necessary registration and license, interview to the related ministries, and cultivation of understanding of PIEFZA staff. Legal consultant and the project team assisted in drafting MOU between PIEFZA

and ministries in charge of related licensing needed for provision of OSS. Also, project team assisted in the recruitment of civil engineer needed for works concerning building permit and for receiving assistance from France (AfD).

Experienced staff had to be employed to provide OSS in JAIP. Project team advised that necessary institutional structure should be built, since there was not enough capacity in JAIP PMU at that time or PIEFZA in terms of number and experience.

<Third Year> Project team provided continuous support for revision of the PIEFZA Law, as explained in Task 1-4 above. For instance, a comparison table of revision was made reflecting the opinions of related ministries.

3.5.6 Advice to C/P on the role sharing plan between PIEFZA and developer and the scope of works for the operator of JAIP (Task 2-6)

<First Year> Role sharing between PIEFZA and developer was summarized according to development and operation stages. Accordingly, TOR of developer was drafted by the project team and finalized through discussion with PIEFZA and JICA.

3.5.7 Formulation of draft financial plan (expense plan and revenue plan) for operation of JAIP (Task 2-7)

<First Year> Simplified financial model (Excel format) on operation of JAIP from the developer's viewpoint was made in order to allow the project manager and financial staff to learn the concept and sensitivity of variables and interpret the model. The data was updated following the review of investment amount to on-site infrastructure.

<Third Year> Developer prepared their financial model (Excel format) to determine lease rate of land and factory building to be collected from tenants. Project team assisted with confirmation of the model concept and elaboration to make it realistic. Developer and PIEFZA reached common understanding on the model after repeated discussions and revisions.

3.5.8 Preparation of draft business plan of JAIP showing task flow up to establishment of JAIP by summarizing the plans above (Task 2-8)

<First Year> First Business Plan was drafted in November 2010 and presented in the first JCC following initial work schedule. Modified draft reflected a comment on revision of incentives for tenants at the JCC

3.5.9 Assistance for completion of JAIP business plan by C/P through coordination with related organizations of the PA based on the draft business plan (Task 2-9)

<Second Year> Inconsistency of laws⁴ was an external factor of the project in Palestine, though it should be addressed in order to materialize incentives for tenants and the Business Plan. In October 2010, Chairman of the JCC (Dr. Hasan Abu-Libdeh, at that time) suggested that incentives as a package could be authorized with approval of the cabinet and the President, since it would be quite difficult to make revisions of the all related laws. Project team assisted to draft the incentive package following the comment. However, process to get cabinet approval

⁴ For example, there was supposed to be discrimination in exemption period of corporate income tax between companies investing inside of industrial parks and ones investing outside. However, revised investment promotion law cleared the discrimination and entered in force in January 2011 without any discussion. Though freeze of the law was discussed after that, it was not clearly discussed to exempt industrial parks from the freeze.

had to be abandoned, since related governmental bodies advised it would be nearly impossible, considering the political situation at that time after resignation of the Chairman (Dr. Hasan Abu-Libdeh). After that, vice minister directed to draft incentive package for ongoing three industrial parks again on April 2012, while investment seminars were being prepared. Project team assisted drafting works by PIEFZA and coordination among project directors so that the draft could be approved by vice minister and the related governmental organizations.

Specific proposal on logistic plan to improve movement of goods and investors as an incentive for JAIP tenants was examined; potential tenants had expectation or it and anticipated the location to be close to the Allenby Bridge⁵. Most incentive items had to be negotiated with Israel and Jordan in the Four Parties' Consultative Unit Meeting in association with the Japanese government. Project team assisted drafting of the plan led by the Japanese government by adding ideas from the existing best practices and coordinating with the PA institutions. Japanese experts accompanied on site observation of Allenby Bridge and explained attractiveness of the incentives for investment in JAIP to both Israeli and Jordanian governments. Also, Chief Advisor of the project participated in the Four Parties' Consultative Unit Meeting held on April 29th, 2012, as an observer based on request by JICA Palestine Office. In the meeting which took place in October 2002, actions of each government were clarified with deadlines, and timing of the next meeting was agreed upon.

Financial support to small and medium enterprise, which utilized Japanese grant through EU, was designed specifically for potential JAIP tenants in the West Bank based on Japanese supplementary budget of the financial year 2010 and agreement with EU in December 2011. Project team assisted with drafting of the scheme including management structure. Substantial actions of this financial support, named as PRIDE (Partnership for Regional Investment, Development and Employment) started based on MOU between PIEFZA and EU in early March of 2013.

Regarding BDS, project team assisted with examination of contents of incentive service for JAIP tenants. MONE requested for setting up new MSME (Micro Small Medium Enterprises) Agency to JICA, and project team assisted PIEFZA in submitting official request of technical cooperation to JICA through MOPAD.

<Third Year> The Four Parties' Consultative Unit Meeting planned for discussion on the logistic plan was not held due to political tension between Palestine and Israel. Palestinian organizations prepare final draft of official response to comments from the Israeli side regarding some part of the plan.

PRIDE scheme became widely known through workshops for local industries⁶, which were organized by PIEFZA staff and local project staff hired for the project. Some companies started online application on the PRIDE webpage (<http://www.pride.ps/>) after MOU between the developer and tenants in February 2013. For the scheme, EU decided to grant additional fund to the Japanese portion as part of private sector support in the West Bank.

Project team assisted B to B (Business to Business) matching seminar as a trial of BDS function in November 2012. 6 foreign companies, including 2 Japanese companies, were invited to talk with 30 Palestinian companies in the seminar, and an actual deal of Palestinian dates was made during the period. Also, this seminar provided learning opportunities for PIEFZA, developer, and Palestinian companies to understand room of improvement for international marketing.

⁵ 4 lanes 120m bridge across Jordan River (new bridge was completed in March 2001 by Japanese grant), which is the only gateway to abroad for Palestinians.

⁶ In Ramallah, Hebron, Nablus, Jenin and Jericho

Although trial of facilitation of cross-border movement was made with assistance from JICA office, some invitees could not enter in time due to delay of preparation of required documents.

3.5.10 Recommendation to C/P for preparatory works including budget arrangement of the PA to follow task flow in the JAIP business plan (Task 2-10)

<First Year> Financial assistance to some incentive items were decided parallel to the approval process of the draft Business Plan by the PIEFZA Chairman. Project team assisted PIEFZA's preparation works and coordination with related ministries from the viewpoint of financial sustainability of JAIP.

<Second Year> Tasks written in the Business Plan are interrelated, so one delay could cause serious delay of the whole schedule. In order to avoid such situation, project team recommended the PA to do timely preparation such as budgeting and reviewing the overall schedule regularly. Financial assistance to some incentive items for tenants was decided parallel to the approval process of the Business Plan. For example, Japan provided financial support via EU, administration building construction via UNDP from the Japan-Palestine fund, and transmission facilities using C/P fund. Project team continuously assisted PIEFZA in conducting steady preparation works in order to realize timely and sustainable assistance to JAIP.

<Third Year> Project team supported timely preparation works to follow the implementation schedule. Regular meetings with the developer were held to clarify responsibility and deadline of each task. Under such environment with mutual responsibility and tension for outputs, PIEFZA gradually acquired proactive attitude and speed of action.

3.6 Dissemination of Information on JAIP to Potential Tenants (Task 3)

3.6.1 Assistance to C/P in implementation of SWOT analysis and examination of basic information on logistics, domestic and foreign markets, operational resources (such as human and facility) relating to JAIP (Task 3-1)

<First Year> Japanese experts facilitated SWOT analysis session of PIEFZA staff related to JAIP. It was agreed that the SWOT analysis (see the table below) should be utilized for clarification of PIEFZA's action with its periodic review in accordance with decision on incentives and other uncertain issues. Reviewing session was held with facilitation by the local consultant in January 2011.

<Second Year> Periodic review of the SWOT analysis was continued for specification of issues and actions reflecting updated situations on incentives and uncertain factors. Project team assisted with collection of additional data including logistic conditions, internal and external market environment, management resource in the PA, and so on.

Table 3-4 SWOT Analysis (as of October 2010)

	Opportunities	Threats
Strengths	<ul style="list-style-type: none"> • Nearest to Jordan Boarder • New export products with high value generates new employment opportunity • Various agriculture products are available. Particularly even in winter season. • Organic products become common. It is high value products. • Japan's support, such as Solar Energy, can be expected. • Water is available at affordable rate. • Logistic incentives encourage exports. • Social situation in Jericho is very stable. 	<ul style="list-style-type: none"> • Good road network for persons' trip, but workers may feel difficulty. • Present labor cost is cheap, but continuity is not sure. • Private sectors have already started their own investments outside of JAIP. • Low cost electricity depends on Jordan support. • Industrial park can enjoy tax incentives, same as others. • Commitment of Israel to JAIP is not trusted by the tenants.
Weaknesses	<ul style="list-style-type: none"> • Bad condition of roads from other cities cause damage to good transportation • Based on agriculture, various related industries may grow with support. • To improve the competitiveness, advanced technology (particularly cold storage for agricultural products) should be introduced. • Waste water treatment does not exist. Japan's assistance should be secured. • There is no financial support to tenants so far. 	<ul style="list-style-type: none"> • Land acquisition is delayed. • Skilled labor in Jericho is limited. It causes additional cost for the tenants. • Several products are not competitive without additional support mechanism. • Stable supply of electricity is the condition to introduce "Robot manufacturing" • Solid waste dumping site does not have enough scale. • Foreign investors have negative image of Palestine (ex. Occupation).

3.6.2 Assistance of formulation of cost strategy through detailed examination on logistics costs for procurement and shipment, labor cost in JAIP, and costs for using facility, equipment, and services (Task 3-2)

<First Year> C/P and local consultant jointly analysed cost and production system of potential export products from JAIP, and they concluded the reduction of logistic cost as one of the biggest issues in terms of competitiveness in the international market. It was also found necessary to finance facilities for quality control in order to ensure competitiveness in the international market.

3.6.3 Assistance for targeting tenants (as candidates) by C/P through research of potential domestic and foreign markets of products in JAIP (Task 3-3)

<First Year> Trend in domestic and export markets was analysed and it implied only product complying international standards, such as Global GAP, could secure stable export market; domestic market is limited and import of materials were unstable because of control of Israel companies; Palestinian companies which moved to Jordan suffered severe price competition; and Jordanian companies in same fields rather expected merits of investing in Palestine considering water resource and scope of free trade agreements. Local consultant participated in a seminar organized by USAID in order to review market situations in Jordan. Also, the local project staff assisted C/P in deciding on target companies through interviews over phone. It was suggested that Stage II could accommodate not only agro-industry but also supporting industries such as plastic for packaging.

3.6.4 Assistance for examination of competitive products in a products supply plan, assistance for allocation plan of tenants, and list up of candidates based on the strategy (Task 3-4)

<First Year> Project team assisted with collection of market information by major export products in order to assess potential of future export promotion. Also, project team assisted C/P in targeting of more specific, potential products for export such as high value added agro products and halal⁷ or healthful products. Tasks for the second project year were specified as listing up of companies interested in the target products and networking to collect information on other potential products.

<Third Year> B to B matching seminar was held as an opportunity to know the evaluation of foreign markets on Palestinian products. Participated companies included an Indian supermarket operating in Abu Dhabi, for instance. This kind of opportunity was proven valuable for many domestic companies to know the evaluation of their products.

3.6.5 Regular dissemination of information on progress and schedule of JAIP development to candidate tenants with C/P (Task 3-5)

<First Year> C/P opened homepage of JAIP⁸ and reformed the existing PIEFZA's page. Project team assisted with C/P's initiative to organize workshops to inform potential tenants of progress and schedule on JAIP in cooperation with local chambers of commerce.

3.6.6 Examination of making promotion materials and a 3D model of JAIP (Task 3-6)

<First Year> Project team assisted C/P to create leaflets for distribution at workshops and chambers of commerce.

<Third Year> Production of CG and diorama model of JAIP was commissioned to a local design company. Coordination with the developer was made to ensure consistency with the master plan. The diorama was sized to 1.5 x 2.8 m (1/500 scale) and CG was equipped with the function to jump to enlarged and internal views of picked up facilities. These will be displayed in the JAIP administration building after storing in the developer office until its completion.

3.6.7 Assistance for formulation of strategic marketing plan for JAIP considering cost, targets, and product strategy examined in the tasks above (Task 3-7)

<First Year> First draft of Marketing Plan was submitted in December 2010, which described the action plan indicating timing of investment seminars, update of leaflets, and so on. Project team assisted in updating the plan in January 2011.

3.6.8 Assistance for formulation of strategy and plan for preliminary promotion activities to proposed target countries and regions as customers (Task 3-8)

<Second Year> Project team assisted with marketing and dissemination activities both inside and outside of the West Bank following the Marketing Plan. Production of DVD video was outsourced as a promotion material to explain investment promotion measures in Palestine and

⁷ Halal represents compliance with the Islamic law and prohibited items should be excluded. There are systems and organizations for halal certification, not only of food products but a variety of products and services.

⁸ Management of the page was transferred to the developer after selection.

roles of three industrial parks. Project team let PIEFZA working group take initiative of selection of a video producer so that C/P could get accustomed to the procurement process. However, production management caused a significant delay, and the work ended with production of only some materials such as interviews and industrial park CGs. Project team recommended to learn from the experience and improve time management and external coordination.

In addition, project team assisted major revision of the project website as a promotion channel to reach target countries/regions.

<Third Year> Another producer finalized DVD video by taking in ready-made materials and comments from C/P. This video was used for promotion activities such as B to B matching seminar.

PIEFZA reviewed the developer's marketing plan of JAIP. Meanwhile, Marketing Director of PIEFZA drafted PIEFZA's own 5 years marketing plan reflecting ideas of the staff. This proactive action can be deemed as great progress compared with the situation in the first year of this project.

3.6.9 Assistance and advice for implementation of promotion activities by C/P following formulated promotion plan (Task 3-9)

<Second Year> C/P made active and continuous efforts to keep tenants' interest while the selection process was delayed. Project team advised to maintain customer-oriented approach and review process. Project team also assisted in getting then more familiarized with the project outline through update of the Marketing Plan.

JAIP investment seminar was held in Jericho in July 2011, though developer could not be involved as a co-organizer due to delay in the selection process. PEFZA Board Chairman/ Minister of National Economy were joined by a lot of participants at the seminar, which was broadcasted by local TVs. Lecturers were invited from Japan to the seminar to introduce Japanese technologies on energy saving and cold chain. The lecturers also visited potential tenants and gave advice to them. Through this activity, it was implied that BDS would be beneficial as a future activity and coordination with the developer enriched PIEFZA's experience.

Written format of Letter of Interest (LOI) was prepared and encouraged to submit through seminars and workshops. As a result, 27 LOIs were collected by April 2012. In addition, e-newsletter was prepared to provide update information to companies. Project team assisted with drafting of monthly issue, starting from January 2012.

Palestinian investors living outside Palestine were also considered as one of the target audience. In order to know opinions of Palestinian investors in Jordan, video conference was held connecting PIEFZA and JICA Jordan Office by JICA-net in November 2011. Old facility in PIEFZA could not enable the video function but was able to participate in the conference via voice communication to Jordan. Through this conference which was carried out in Arabic, it was noticed that there were gaps in information access and perception on key factors for investment. Both sides appreciated benefit of this video conference. After the conference, project team renewed the video conference system.

<Third Year> Investment seminar in Jericho was held in July 2012 inviting Japanese cold chain specialist again.

Seminar in Amman was also held using network developed in the previous video conference. Developer also participated in this seminar and explained progress of the project.

In addition, JAIP booth was set in an international agro-business exhibition called Gulfood in Dubai in February 2013 with financial assistance from USAID. PIEFZA staff joined the exhibition a for investment promotion to industrial parks in Palestine. A number of participating companies not only from the Gulf area but from Asia showed interest to JAIP and took promotion materials. On the other hand, lots of pamphlets on productions were obtained, and such information would benefit tenant companies.



PRIDE Workshop in Hebron
(November, 2012)



B to B Matching Seminar
(November, 2012)

Figure 3-3 Seminar Photos

3.7 Project Management

3.7.1 Submission of Project Progress Report (Task 4-1)

<Second Year> Progress Report was drafted and presented to stakeholders, which summarizes outputs, progress, issues, actions, and external factors surrounding the project.

3.7.2 Establishment and arrangement of Joint Coordinating Committee (Task 4-2)

<Every Year> Timing of JCC tended to be delayed under unstable political situation. In the mean time, discussions among most JCC members were occasionally made to deal with issues like developer selection. Project team assisted PIEFZA to make arrangement and prepare materials for these meetings. Minutes of each JCC is compiled in Attachment II.

3.7.3 Arrangement of Overseas Study Visit (Task 4-3)

<Second Year> Study visit to foreign countries was planned as an opportunity where C/P could have clearer understanding on their issues in industrial park development by comparing with successful examples in Asia. Project team assisted in making travel arrangements and selecting suitable participants (2 from JAIP PMU and 1 marketing staff) in coordination with both Palestinian and Japanese sides. JICA offices in Vietnam and Indonesia greatly helped with coordination among the visiting countries despite delay of decision in the Palestinian side. Marketing expert of the project team assisted in making travel arrangement and appointments in each country.

Stay in Indonesia had to be shortened by 1 day because of cancellation of flight from Vietnam. During the whole trip, participants could visit a number of industrial parks and implicative examples that allowed tenants to start building their factory even while off-site infrastructure development was going on. They organized a feedback session to share their experience to other PIEFZA staff after returning to the office.

Table 3-5 Outline of Study Visit in the Second Project Year

Period	19th~30th May, 2011 (12 days)
Participants	3 members (JAIP Project Director / Marketing Director / Civil Engineer) (Attended by K. Kurita and K. Tamura from the project team)
Places visited in Vietnam	Ministry of Planning & Investment / Hanoi Industrial & Free Zone Authority / Palestine Embassy / JICA Vietnam Office / Mr. Nghien – ex-Vice General Secretary of Hanoi / Thang Long Industrial Park(TLIP) / Fujikin Vietnam Co., Ltd. (factory) in TLIP / Zamil Steel Co. in Noi Bai Industrial Park (Steel fabricator from Saudi Arabia) / Rhythm Precision Vietnam Co. Ltd.(factory) in Noi Bai Industrial Park / Vietnam-Singapore Industrial Park(VSIP)
Places visited in Indonesia	Ministry of Foreign Affairs / Karawang Industrial Park City / Palestinian Embassy

<Third Year> Study visit to examine the Malaysian experience in industrial park development and operation was organized in line with triangular cooperation framework among Japan, Palestine, and Malaysia. Although it was originally planned in January 2012, it was reschedule to January 2013 and junior to medium level staff of PIEFZA were finally nominated for the visit.

Participants prepared a questionnaire in advance so they could get detailed information in the actual visit. They learned not only present operation and services but also efforts made at the very beginning stage of development. Halal Industry Development Corporation (HDC) was found to be one of the key organizations with knowhow, idea, training capacity, and possibility of future cooperation in halal certification⁹, which could be a value adding service in JAIP.

Feedback session was held to share findings and ideas for future cooperation with presence from JICA Palestine Office.

Table 3-6 Outline of Study Visit in the Third Project Year

Period	19th~26th January, 2013 (8 days)
Participants	4 members (Deputy Project Managers of JAIP, Bethlehem, and Jenin and engineer of JAIP PMU) (Attended by coordinator of the project team)
Places visited in Malaysia	Ministry of Foreign Affairs / Selangor State Investment Centre (SSIC) / Plau Indah Industrial Park / Port Klang Free Trade Zone / Halal Industry Development Corporation (HDC) / Selangor State Development Corporation (PKNS) / Palestinian Representative / Mr. Jegathesan, former Director of MIDA / JICA KL Office

⁹ Certification of halal products based on internationally agreed standard and the Islamic law. PSI (Palestine Standard Institute) is in charge of this certification in Palestine.

3.7.4 Assistance to Project Completion Evaluation (Task 4-4)

Project team assisted in preparation of basic information for ex-post evaluation in October 2011 by summarizing achievements of technical cooperation based on specification in PDM. The result was as shown in the next chapter.

Project team also assisted in information collection by policy evaluation mission of Japanese Ministry of Foreign Affairs, which visited Palestine in November 2012.

3.7.5 Submission of Project Completion Report (Task 4-5)

Project team prepared Final Report of the project and reported to C/P, PA, and JICA Palestine Office.

4. Outputs of the Project

4.1 Indicators and Achievements

The following table summarizes achievement level of the indicators set by respective project output at ex-post evaluation in November 2011.

Table 4-1 Achievement Level of Project Outputs and Indicators

Outputs and Indicators	Achievement
<p><Output 1> Capacity of PIEFZA to develop and supervise industrial parks will be enhanced.</p> <p><Indicator 1> PIEFZA's organization chart is modified by following "Institutional and Capacity Building for PIEFZA".</p> <p><Indicator 2> Progress of JAIP development is managed by "Overall Schedule for JAIP Development".</p> <p><Indicator 3> Trainings are conducted by following "Institutional and Capacity Building for PIEFZA".</p>	<p><Achievement> Units in charge were assigned in every step of JAIP development, and they learned necessary process and approach through working together with the JICA Project Team. That experience was summarized in manuals for future reference.</p> <p><Indicator 1> Plans for institutional reform, personnel structure, and human resource development were drafted in the first project year. The draft plans were elaborated and discussed through coordination with related organizations in the following project years. However, it has not been realized due to freezing of new employment caused by the PA's budget shortage.</p> <p><Indicator 2> Work structure was established that required the staff assigned to specific issue to make monthly/weekly action plan and report progress in regular meetings in the first project year. In the following project years, ownership was raised through regular meetings for manager to discuss organizational plan and working groups for all related staffs to deal with individual issues. Technical Committee and its Sub-Committees were established after selection of the developer in the third project year. In addition, Steering Committee led by PIEFZA Board Chairman/ Minister of National Economy was set for higher level discussion and decision. PIEFZA coordinated the committee as the secretariat and involved the Representative Office of Japan and the developer for discussion on both practice and policy. Structure was set up to report monthly progress on infrastructure, incentive, and marketing to Steering Committee members.</p> <p>Selection methods of developer and procedure manuals were developed in the first project year.</p> <p><Indicator 3> In the first project year, institutional development consultant summarized issues to every staff and organized theme based seminars in Arabic. In May 2011, 3 staff members went to Vietnam and Indonesia on a study visit to learn from the experiences of those countries through site observations and interviews from public authorities, developers, and tenants. Other 4 staffs visited Malaysia to learn from their experience and strategic development approach.</p>

Outputs and Indicators	Achievement
	<p>Feedback sessions were held after seminar and workshop in order to promote self-evaluation and improvement. Findings on the sessions were gradually reflected in the following period.</p>
<p><Output 2> Business plan of JAIP is finalized.</p> <p><Indicator 1> Incentives for the tenants, JAIP logistic plan, contents of the basic utility services, and the rate of lease or concession are finalized.</p> <p><Indicator 2> Details of the Business Development Services Center is finalized.</p>	<p><Achievement> Business Plan was prepared through discussion between PIEFZA and the developer.</p> <p><Indicator 1> Basic framework of the incentive package including tax exemption and logistics was organized through review of issues and existing practices and coordination among stakeholders.</p> <p>Manual was made which clarified roles of the developer and utility service providers of water, waste water, electricity, and communication. PIEFZA approved the detailed manual prepared by the developer.</p> <p>Concept to decide concession and lease rates was examined by referring the cases of other industrial parks in the first project year. Lease rate structure proposed by the developer was approved after clarification of PIEFZA's view on it.</p> <p><Indicator 2> Basic concept of BDS was examined in the first year. In the second project year, trial activities were conducted such as introduction of Japanese technology and advisory to individual companies. After specification of BDS activities in the third project year, the request for technical cooperation project was submitted to JICA via MOPAD in August 2012. B to B matching seminar was held as trial in November 2012, where some issues were found.</p>
<p><Output 3> Information on JAIP is disseminated to potential tenants.</p> <p><Indicator 1> PIEFZA and JAIP' Websites are regularly updated.</p> <p><Indicator 2> More than 700 JAIP leaflets are distributed.</p>	<p><Achievement> Structure for timely and proactive dissemination of information meeting companies' needs was organized.</p> <p><Indicator 1> Management of the project web page launched in the first project year has been transferred to the developer in the third project year. C/P monitors updates and access to the site together with the developer.</p> <p><Indicator 2> Promotion materials developed in the first project year were revised in line with progress of the project. More than 700 copies were distributed to seminar participants, chambers of commerce, and visitors of PIEFZA.</p>

Outputs and Indicators	Achievement
<p><Indicator 3> 100 companies are participated in the three investment seminars.</p>	<p><Indicator 3> More than 100 companies attended two investment seminars in Jericho and one in Amman, Jordan.</p> <p>PIEFZA received letters of interest from 32 potential tenants before signing with the developer, and it contributed a lot to marketing of the developer.</p>

4.2 Capacity of PIEFZA to Develop and Supervise Industrial Parks

PMU was involved in the overall process of industrial park development and increased basic knowledge on operations to be undertaken by PIEFZA and capacity to supervise work progress. However, PMU have not yet been capable enough to address potential problems to be managed in advance without assistance from Japanese experts. Although W/G members and Sub-Committee leaders became active in participating in meetings and make their own opinions, group meetings could not be held as planned sometimes since some members had other tasks. Way of discussion was improved by introducing specification of issues by SWOT analysis, time framing in action plan, and so on. In the meantime, decision on external coordination tended to be delayed. In particular, actions presuming concession contract were likely to be suspended, even though some actions could be carried out. This tendency was partially because the Acting Director General (ADG), assigned in 2011, did not get enough handover from the former person and substantial authority from the Chairman. Although a new DG position is being recruited publicly after removal of this ADG and the Chairman in 2012, a smooth command line is still missing.

Developer Selection PIEFZA completed the selection process, though knowhow of the process was kept by ADG and JAIP Project Director and not disclosed to other staff of the organization due to confidentiality. This experience had a great influence on improvement of organizational capacity of PIEFZA. Project team contributed a lot to this process. ADG and JAIP Project Director led drafting works of MOU and contract negotiation, having substantial discussion with the project legal consultant. Position of legal affairs in PIEFZA got vacant when ADG was removed in February 2011. Since then, negotiation process has not been summarized for future reference. Currently, only one staff has sufficient understanding of the whole process, since ADG, during the negotiation time, was also removed.

One Stop Service PIEFZA works to sign MOU with the related ministries to confirm that PIEFZA can be a focal point of necessary procedures for tenants and ensure smooth transaction. Project team (especially legal consultant) has assisted the preparation process, but there is no division/staff specialized in OSS in PIEFZA. It is assumed that PIEFZA has to depend on the developer to certain extent for the meantime. Structure has to be developed as an important function of PIEFZA in the medium to long term, where foreign investments increase. It is expected that renewal of the PIEFZA Law would provide clearer authority to expedite the institutional development.

Implementation Plan and Management System PIEFZA regards it realistic to manage structure based on the developer's business plan, since the developer plays a major role in implementation. Meanwhile, it takes time to build a management structure with enough staff in PIEFZA, considering unsolved budget problem of the PA.

Human Resource Development and Operational Plan As per request from ADG, project team drafted the plan and explained to the Chairman in JCCs since the first project year. PIEFZA examined the plan by themselves and discussed in the Board. However, the plan has not been realized, since the PA decided to freeze new employment in the governmental organizations due to financial shortage in the late 2012. A few numbers of staff means that discussion on organizational and personnel arrangement directory relates to the individual's post, which seems to prevent concrete planning with priority within the limited budget.

4.3 Capacity to Formulate Business Plan of JAIP

Basic Utility Services Offered to Tenant Companies Capacity as engineers has been strengthened through opportunities such as examination of Japanese financial assistances and exchange of opinions among project committees, JICA Palestine Office, and related consultants. Information and specific knowledge are accumulated through regular meetings with the developer, though those are not organized enough as capacity of C/P.

Incentives Change of the PIEFZA Chairman affects principle of incentive arrangement, which is supposed to make the incentive package legally binding based on approval by the Cabinet and the President. Meanwhile, PIEFZA understands necessity of early decision on the package for detailed explanation to tenant companies. Then, it is currently planned to get the cabinet approval on preferential rates of tax and utility after board decision of PIPA based on the current Palestinian Investment Promotion Act. Logistic incentives are under materialization, based on Japanese assistance, for discussion with the Israeli government. Financial incentives are provided under schemes such as PRIDE, which has been committed and designed. These items of the incentive package were discussed by the Acting Director General, Project Director, and related staff with the assistance of the legal consultant of the project. Similar examples in foreign countries introduced by the Japanese experts facilitated discussion and their understanding.

Concession Rate and Lease Rate for Tenants It was agreed that PIEFZA was to utilize knowledge of the developer and approve framework on the rates prepared by the developer, following the experience in Bethlehem. Japanese experts repeatedly emphasized that price paid for various services were also important to recover investment besides the leasing fee, as experienced in Asia and the world.

Basic Concept of BDS Working Group discussion in C/P found importance of BDS functions including financial support, information support, training, marketing support, and so on. As requested by MONE, the Acting Director General of C/P deepened understanding on present issues in a workshop by JICA on assistance to Micro Small Medium Enterprise Agency. Understanding on public and private cooperation framework was formed through consensus building on establishment and operation of BDS with the Jericho Chamber of Commerce. In August 2012, MONE and MOPAD submitted request for JICA technical cooperation to the Japanese government.

4.4 Capacity to Disseminate Information on JAIP to Potential Tenants

Project Homepage Project homepage opened in the first project year and was renewed by C/P in the second project year. Developer took over management of the page and updated contents more frequently. Access number to the page has increased since renewal (cumulative visitors after June 2011 is 6,471 as of April 2012 and 10,051 as of March 2013). Although

Facebook page for the project was opened for interactive communication and promotion, it has not yet been utilized as effectively as expected.

Promotion Materials C/P updated leaflets several times for seminars and got capacity to update by themselves. Also, a DVD video was produced, although it took time to manage time frame of the work and coordinate various opinions.

Investment Seminar C/P got capacity for preparing the action plan, chairing, and reporting seminars through a series of workshops at Chambers of Commerce. However, there is still room for improvement to make preparation with enough time in advance. Developer took over the role of issuing e-newsletters for follow up information dissemination under monitoring by PIEFZA staff. It is planned to issue e-newsletter through online subscription for timely information dissemination to Palestinian investors living outside Palestine.

Awareness of JAIP by Private Companies and Chambers of Commerce Awareness of JAIP has greatly improved in Palestine. 30 potential tenants have submitted Letter of Interest (LOI) to the developer in writing by February 6th, 2013. This is partly because of increase of foreign investors who participated in the seminar in Jordan and B to B matching seminar in Jericho held in the third project year. Expansion of networking with external investors was also sought at food industry exhibition in Dubai in February 2013. Furthermore, it is discussed in PIEFZA to build a network with Palestinian investors living the Israeli territory. PIEFZA staff have become conscious to raise awareness of industrial parks including JAIP. It is expected that closer communication with investors in Jordan and the Gulf would increase with renewed video conference system.

Mindset of C/P has substantially changed to make its own proactive actions. For instance, C/P drafted their own five year marketing plan and proposed video conference to other donors (e.g. France).

4.5 Deliverables

Deliverables specified in the TOR were submitted as summarized in the table below. Although the revised business plan and marketing plan were affected by delay in developer selection and internal approval, final drafts were submitted by the end of January 2013. Other documents prepared in this project are listed in Attachment III.

Table 4-2 Deliverables of the Project

Project Year	Report Name	Submission
First Year	Inception Report (JP/EN)	September 2010
	Completion Report (First Year) (JP)	March 2011
	Draft Business Plan (EN) *	March 2011
	Draft Marketing Plan (EN) *	March 2011
Second Year	Progress Report (JP/EN)	August 2011
	Completion Report (Second Year) (JP)	May 2012
Third Year	Revised Business Plan (EN) *	January 2013
	Revised Marketing Plan (EN) *	January 2013
	Completion Report (Third Year) (JP)	March 2013
	Final Report (JP/EN)	March 2013

* Technical cooperation deliverables

5. Lessons and Recommendations

5.1 Lessons and Remained Issues

This section summarizes lessons learned and issues found in this technical cooperation project concerning assistance to the Palestinian Authority and JAIP as a flagship project of the “Corridor for Peace and Prosperity” concept. Discussion on JCC on March 3rd, 2013 is reflected.

(1) Commitment of C/P under Presumption of Political Instability

Political situation in Palestine was unstable, affected by actions inspired by “Arab Spring” movements and those against the US presidential election in the project period. Decision on general election has been suspended, that is to form a unified government of Gaza and the West Bank within 1 year after general resignation in 2011. Political events such as application of the UN statehood and approval as a UN observer state invited delay in transfer of tax collected by the Israeli government on behalf of the PA, which caused frequent strikes by public officers of the PA.

Once agreed incentives to investors were abolished as a result of financial crisis declaration based on the revenue decrease, there was inconsistency of the policy. Under these circumstances, C/P could not afford to pay the expenses of the project by themselves, so the project team had to cover.

Change and delay of appointment of the PIEFZA Chairman/ Minister of National Economy and Director General caused delay in decision making and decreased staff motivation, which interfered capacity strengthening of the organization.

The lesson learned here is to make agreement in advance for smooth handover if Project Director or Project Manager, trained through this project, is changed. JCC was held 5 times in total of 2.5 years, though it was originally proposed by the PIEFZA Chairman to hold every quarter. Frequency of JCC should be agreed in advance as well. It would be an option to appoint a substitution of the Chairman if he is extremely busy with foreign trips. Regarding project expense under continuing financial crisis, it would be desirable to agree; a) to minimize burden on the Palestinian side; and b) to utilize the Japanese C/P fund to some extent.

(2) Change of Mind on Transfer of Power in the Organization

PIEFZA has a mission to develop, operate and manage industrial parks as an organization based on the PIEFZA Law; however, mission and responsibility of individual staff member are not clear at all. Official Director General could not be appointed due to lawsuit of the former DG (closed in the end of 2012). Under this special situation, Chairman takes care of approval in daily operation and signing of external documents, which causes delay in decision making.

Although Acting Director General (ADG) assigns tasks to staff, coordination with individual staff member is necessary every time because of unclear responsibility by division. This structure prevents the staff from working proactively. Although this situation has been somewhat improved after clear demarcation with the selected developer, actions with unclear responsibility are still likely to be delayed. Because of this structure, staff evaluation system does not function and there are some cases that staff members do not follow order when he/she is personally unsatisfied with it. An established organizational culture in which all staff members work for one objective as the organization is still non-existent.

Selection of foreign study visit had to follow process starting from open application in the organization, recommendation in an internal committee, and decision by the Chairman. Staff,

however, distrusted this process, because judgement criteria in the committee were unclear and the Chairman did not respect the recommendation. As a result, this process fostered discord among the staff and prevented information and knowledge in the visit from being shared.

Lessons learned here are importance of definite transfer of power to Director General and clarification of responsibility in the organizational structure before starting work. Situation would be improved if JICA office notices specification of subject staff in writing. It is also important to monitor renewal of the PIEFZA Law which proposes clarification of the Board's authority and strengthening of check and control function.

(3) Strengthening of Cooperation with Private Sector

Exchange of information with private sector is essential for success in industrial park development, considering speed of change in the economic situation and limitation of PIEFZA staff in terms of both number and experience. Such exchange with local Chambers of Commerce became more active compared with the situation before this technical cooperation project. Also, cooperation grows with Palestinian Investment Promotion Authority and PALTRADE which work closely with the private sector. Networking with Palestinian investors living abroad should be strengthened through cooperation with such organizations and participation in exhibitions such as one held in Dubai.

Although some members of the PIEFZA Board are nominated from private sector, including the developer, substantial understanding on PPP (Public Private Partnership) has not been stimulated among them. So, discussion seems to end in claiming each interest.

Lessons learned here are to send clear message on importance of partnership between the PA and private sector and to promote better understanding in the Palestinian side through active discussion on assistance for private sector development in a donor sub-committee.

(4) Systematic Accumulation of Knowledge and Experience

At the beginning of the project, management system of documents was not organized at all and most staff members did not know the existence of the reports of the past JICA studies. Manuals made in this project are stored in file, but that is still not well organized and the staff cannot access them promptly when needed. As a result, same information had to be provided repeatedly and outdated information was sometimes used mistakenly.

Project team proposed organization of information and knowhow in server with the help of an ICT expert in PIEFZA, but it was not realized. That is because of lack of budget, lack of problem consciousness, and attitude to keep information as personal property in order to maintain own expertise. Although there was a request to information management software, project team thought it would function well enough as expected under such mindset.

Lesson learned here is to provide assistance for knowledge management as an organization together with submission of deliverables in order to ensure maximum use of the documents. It is also desirable to assess necessity of hardware assistance such as increase of server capacity before starting a project.

(5) Visualization of Impacts of the Assistance

Progress of JAIP development is an effective visualized output of assistance by the project aiming institutional strengthening of PIEFZA. Record of digital image of each development component did not start from the beginning, since it was not regarded as a direct output at that moment.

Lesson learned here is to keep and disclose not only direct outputs but also digital images of other visual outputs regularly from the beginning of project in order to raise awareness among the Palestinian side.

5.2 Recommendations

(1) Continuous Promotion to Tenant Companies of JAIP

Developer has signed MOU with 15 companies, which stated that both parties should target signing sub-lease contract within 90 days. However, there are still some issues to be settled such as determination of utility charge, approval of sub-lease contract form by PIEFZA, approval of the developer's internal regulation by PIEFZA, and so on. Closer cooperation between PIEFZA and the developer is essential for early contract with tenant companies before they lose interest.

(2) Strengthening of Legal Basis by Renewal of the PIEFZA Law

It is expected that draft of the revised PIEFZA Law would grant a clear legal basis of advantages of industrial park by stipulating incentives in industrial parks and PIEFZA's role in one stop service. Assistance to approval process is necessary with regular report on progress by PIEFZA, while it is said that the draft is being discussed as a priority matter in the Cabinet. It would be worth considering assisting as part of legal system reform program of the World Bank.

(3) Medium to Long Term Consideration of Projects

The limited number of PIEFZA staff can only deal with short term daily actions and cannot prepare medium to long term plan in advance. Stage II development of JAIP will be started when a certain area of Stage I is occupied (developer assume it will be after 70% occupation). Examination for preparation of the next stage will take some time for both Palestinian and Japanese sides, so it should be reminded that necessary applications have to be submitted in advance along with medium to long term consideration of the project. Regular talk is necessary in S/C and WG among the developer, the PA, and Japanese government.

(4) Role Sharing between PIEFZA and the Developer

It is necessary to clarify roles of PIEFZA in order to not disrupt speedy actions taken by the developer. There are still some roles to be played by PIEFZA for providing further incentives, but current capacity of PIEFZA is not enough to do so. For example, important roles of PIEFZA include BDS to tenants such as information collection for marketing of Palestinian products to the Gulf, Europe, and Asia regions and provision of strategy to tenants based on the information. As an action to achieve it, networking with Palestinian investors' associations and Palestinian representative offices abroad is to be strengthened by utilization of video conference system, for instance. In the trial of B to B matching seminar, entry permits for some participants from the Gulf countries were not issued on time. Yearly schedule should be made in order to secure enough time for registration of participants' information. Regarding trainings for tenant companies, targeting and pricing should be well considered. Improvement of financial access of tenants needs facilitation of information sharing among tenants, banks, and the monetary authority. Tenants are interested in new technologies, such as energy saving technology, and information on investment cost for the technologies. Short term experts should prepare explanation of technology with a range of its investment cost estimation. Assistance to programs such as incubation and internships should be designed in coordination with Jericho Municipality, so that those would benefit the local economy and society. Regarding assistance from Indonesia and Malaysia, JICA's support would be effective to PIEFZA which should bridge the information gap of tenants and candidates. It is necessary to make such demarcation and service

structure in PIEFZA.

(5) Collaboration with Other Assistance Projects

Impact of industrial park development should be enhanced by collaboration with other ongoing projects by Japanese government and JICA and requested assistance for BDS (as mentioned above (4)).

JAIP administration building can be used for promotion activities such as sale of local speciality to be specified in the upcoming JICA project for technical cooperation in tourism sector. The administration building itself will be equipped with a car park and a canteen, so it would be one of the tour sites.

In an agricultural technical cooperation project, JAIP can be used for training or for conducting seminars on Global GAP certification for new products and coordination with processing factories.

Regarding halal products, PSI and PIEFZA can collaborate for strategic promotion in cooperation with Malaysia.

Regarding Indonesia's assistance to incubation, it can be implemented in JAIP as part of BDS in cooperation with Jericho Municipality.

Attachment

I. History of Change from the Original Plan

(1) First Project Year

	Item	Plan	Change	Reason
①	Increase of MM for developer selection process	Chief Advisor 5.33MM (Field) Coordinator 2.00MM (Field)	Chief Advisor +0.33MM (10days) Coordinator +0.33MM (10days)	To extend field work at the ending stage of the project year in order to assist in evaluation of proposals for developer selection due to extension of the deadline.
②	Extension of deadline of the final deliverable	First year completion report to be submitted until March 7 th of 2011	First year completion report to be submitted until March 14 th of 2011	
③	Shift of MM between field work and home work	Chief Advisor Field: 154 days Home: 10 days Marketing Advisor Field: 114 days Home: 15 days	Chief Advisor Field: 155 days Home: 9 days Marketing Advisor Field: 109 days Home: 20 days	To adjust with date of JCC and local holidays, considering progress of tasks in charge
④	Procurement of Local Consultants	Positions include: - Institution Development - Business Development - Marketing	Additional position for "Developer Selection"	To facilitate works relating developer selection process based on discussion in JCC
⑤	Diversion between budget items	Local consultants are selected by designated competitive bidding.	Diversion of general budget for expense of local consultant selection	To spend fee for newspaper advertisements and honorarium for a selection committee member

(2) Second Project Year (Before Second Contract Amendment)

	Item	Plan	Change	Reason
①	Study visit in Malaysia	Assistance in study visit to foreign countries	Assistance in two study visits to foreign countries (Vietnam, Indonesia and Malaysia)	To learn an advanced case in Asia based, utilizing triangular cooperation framework
②	Additional task on legal matters	Assistance in institutional reform Legal Consultant 441,342 JPY/month	Assistance in legal, regulatory and institutional reform Legal Consultant 612,975 JPY/month	To make highly professional inputs to assist in legal and regulatory frameworks necessary for provision of one stop service

③	Additional tasks for developer selection	Assistance in developer selection -Business Development Consultant -Project Assistant -Marketing Assistant -Logistics Assistant 9 MM each	Assistance in preparation and evaluation works for developer selection -Business Development Consultant -Project Assistant -Marketing Assistant -Logistics Assistant 10 MM each	To assist in re-evaluation works for developer selection during Ramadan due to delay in the process
④	Trip to Jordan	Assistance in finalization of the JAIP Business Plan in coordination with related organizations	Relating to the task in left, Chief Advisor trips to Jordan (2 days) for coordination with related persons there	To prepare discussion in the Four Parties' Consultative Unit Meeting on proposal of logistics incentives
⑤	Shift of MM between field work and home work	Marketing Advisor Field: 84 days (2.80MM) Home: 3 days (0.10MM)	Marketing Advisor Field: 81 days (2.70MM) Home: 6 days (0.20MM)	To prepare arrangement of Japanese lecturers for investment seminar

(3) Second Project Year (Second Contract Amendment)

	Item	Plan	Change	Reason
①	Contract period	22 April 2011 ~ 30 March 2012	22 April 2011 ~ 12 May 2012	C/P requested extension, since it was found that some tasks were difficult to be accomplished due to delay in developer selection, according to the ex-post evaluation mission in October 2011.
②	Assistance in establishment of JAIP	Assistance in preparatory works for establishment of JAIP following the schedule shown in the Business Plan	Assistance in preparatory works for establishment of JAIP including financial assistance to tenants funded by Japan, following the schedule shown in the Business Plan	To set up financial assistance scheme as an incentive utilizing Japanese supplementary budget

③	Marketing and information dissemination	Assistance in drafting marketing plan with targeting and strategy	Assistance in drafting marketing plan with targeting and strategy and making computer graphic model of JAIP (CG to be made in the third project year)	CG model was thought as an effective tool to explain plan of JAIP after selection of the developer.
④	Marketing and information dissemination	Assistance in dissemination activities following the Marketing Plan	Assistance in dissemination activities such as several investment seminars following the Marketing Plan	To make a trial run of business development service as a role of C/P for promotion
⑤	Equipment	Equipments to be installed are examined after assessment of the project office.	To assist installation of a “video conference system”	To enable enhanced information dissemination to foreign countries under the circumstances of constrained mobility.
⑥	Deliverables	<Second Project Year> Second Year Completion Report At the end of second project year (January 2012) Final Report At the end of second project year (February 2012)	<Second Project Year> Second Year Completion Report At the end of second project year (7 May 2012) <Third Project Year> Third Year Completion Report At the end of third project year (March 2013) Final Report At the end of third project year (March 2013)	To adjust timing of reports in line with extension of the project
⑦	Technical Cooperation Deliverables	Following deliverables shall be submitted with completion report of respective project year - Draft Business Plan (March 2011) - Draft Marketing Plan (March 2011)	Following deliverables shall be submitted with completion report of respective project year - Draft Business Plan (March 2011) - Draft Marketing Plan (March 2011) - Revised Business Plan (May 2012) - Revised Marketing Plan (September 2012)	To reflect contents coordinated with the developer

(4) Third Project Year

	Item	Plan	Change	Reason
①	Extension of deliverables and some tasks	- Revised Business Plan (September 2012) - Revised Marketing Plan (September 2012)	- Revised Business Plan (November 2012) - Revised Marketing Plan (November 2012)	Board approval has to be obtained after a new Director General is assigned by November.
②	Extension of deliverables and some tasks	- Revised Business Plan (November 2012) - Revised Marketing Plan (November 2012)	- Revised Business Plan (January 2013) - Revised Marketing Plan (January 2013)	To reflect further updates made during continuous absence of the new DG
③	Change of field work MM and flight route	<Flight> Chief Advisor: 4 times Narita-Kuala Lumpur- Abu Dhabi (round trip) Coordinator: 2 times <Field Work> Marketing Advisor: 105days Coordinator: 63 days	<Flight> Chief Advisor: 3 times Coordinator: 3 times Narita-Kuala Lumpur (round trip) <Field Work> Marketing Advisor: 90 days Coordinator: 78 days	Chief Advisor increases field input for closer work with C/P, while Coordinator takes care of study visit in Malaysia. Marketing Advisor made good progress with his tasks, so his MM can be transferred.
④	Diversion between budget items	General Operation Cost 23,258,000 JPY Local Consultant 18,094,000 JPY	Transfer 1,600,000 JPY from General Operation Cost to Local Consultant fee	Cost for computer graphic and diorama model is supplemented with remaining in the General Operation Cost affected by change in exchange rate and study visit plan

II. Minutes of JCC

(1) 1st JCC

Minutes of Meeting on Joint Coordinating Committee
for Japanese Technical Cooperation Project on Institutional Strengthening
for Industrial Park Development in the West Bank

1. Date/Time : November 14th, 2010 17:05-18:30
2. Venue : Meeting room in Ministry of National Economy
3. Members : (Palestinian Side)
H.E. Dr. Hasan Abu-Libdeh, Minister of National Economy
Chairperson of Joint Coordinating Committee
Eng. Abdelrahman Shtayeh, Acting Director General PIEFZA
(Japanese Side)
Mr. Naofumi Hashimoto, Representative of Japan to PA
Mr. Tsukasa Uemura, Deputy Director General, Middle Eastern
and African Affairs Bureau, Ministry of Foreign Affairs Japan
Mr. Toshihiro Aiki, Deputy Chief of Mission, Embassy of Japan
Mr. Hideaki Yamamoto, Deputy Representative of Japan to PA
Mr. Seiichi Koike, Chief Representative, JICA Palestine office
Mr. Eiji Kubo, Representative, JICA Palestine Office
(Technical Cooperation Team)
Mr. Takeo Matsuzawa, Chief Adviser
Dr. Said Sabri, Business Development Consultant
4. Discussion/Decision :
 - H.E. Minister as the Chairperson of this committee delivered the welcome speech and informed that Jericho Governor and his deputy could not attend.
 - Mr. Hashimoto expressed his appreciation to start this important meeting.
 - Technical Cooperation Team (hereinafter referred as “Team”) explained the progress and schedule up to the end of the year according to the presentation material as per attached.
 - As for Business Plan (1-1);
 - H.E. Minister requested the tax incentives should be more carefully examined from legal point of view, particularly new investment promotion law and income law provision.
 - H.E. Minister made a warning that this financial analysis should be treated as strictly confidential.
 - As for Selection of the Developer (1-2);
 - H.E. Minister made a comment that the schedule should be carefully examined

and the Developer should be selected by the end of February 2011 at latest.

For saving time, two procedures, “Technical Evaluation & Clarification” and “Financial Evaluation & Clarification”, will be taken together.

- H.E. Minister made a comment that in order to receive the enough number of the applicants, EOI should be announced to international news papers as well, if possible Economist, and suggested to extend the period for EOI submission.
- (To answer the question by Mr. Koike “What is the approval procedure?”)
Approval is made by the chairman of PIEFZA board.
- As for Marketing Plan (1-3);
 - H.E. Minister mentioned that marketing is most important element for success. Web site is one of the important tools. Therefore, not only development of JAIP project web but also improvement of PIEFZA web site should be done within two weeks.
 - H.E. Minister suggested that marketing team should be strengthened by professionals from outside, not limited to PIEFZA staff.
- As for Analysis of PIEFZA (1-4) ; no particular comments
- As for Selection of the Developer (2-1);
 - Proposal to hire a local consultant to review B/Q and cost estimate of on-site infrastructure development by Team has been given the consent of the committee.
 - (To answer the question of Mr. Kubo “How is the progress of land acquisition?”)
H.E. Minister mentioned that it takes two months to settle. However H.E. Minister suggested that RFP is able to be prepared based on the assumption to purchase the whole Stage II area on time.
- As for Incentive Package (2-2);
 - (To answer the question of Mr. Uemura “When the special treatment and arrangement for logistic services are to be finalized among the concerned parties?”) Team considers that it is most preferable if the special treatment and special arrangement could be shown to the Developer when RFP is sent (by the end of December) and if it is agreed among the concerned parties at latest, by the time when the official land lease sales starts (June, 2011)
 - H.E. Minister suggested to refer to USAID’s experience and to hire a consultant if necessary to prepare incentives for logistic services, stressing its importance.
 - H.E. Minister pointed out incentives package should be decided by the Cabinet and lobbying by Japanese side to the Prime Minister during his visit to Japan would be very helpful.
- As for Seminar in December (2-3)
 - H.E. Minister mentioned that preparation should be made properly and that the seminar should be organized after confirmation of the preparation.
- As for On-site Training (in Asia) (2-4);

- H.E. Minister mentioned that the timing should be carefully examined. After selection of the Developer, Director General of PIEFZA and the project director of JAIP, it should be considered.
- H.E. Minister also suggested not only East Asia, Turkey is also considered as success model of industrial park development. Therefore, destination should not be limited in East Asia.
- Others;
 - H.E. Minister requested to make a detailed TOR of JCC.
 - Next meeting is tentatively agreed to hold at the end of January, 2011.
 - Mr. Hashimoto requested H.E. Minister to report the result of this meeting to the Prime Minister before his forthcoming visit to Japan.

(End)

(2) 2nd JCC

JCC (2nd Meeting) MoM

Venue: MoNE meeting hall- MoNE

Date: 26th, October, 2011.

Time: 8:00 am

Subject: JCC Meeting

Attendance:

< PIEFZA >

H.E. Dr. Hasan Abu libdeh	PIEFZA's Chairman
Mrs. Reem Najjar	Acting Director General -PIEFZA
Eng. Ramziyeh Jaayssa	JAIP Offsite Infrastructure- PIEFZA

<Jericho Governorate>

Mr. Khalid Hamad	D. G Planning and Development Department- Jericho Governorate
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< Japanese Representatives >

H.E. Naofumi Hashimoto	Representative of Japan to The Palestinian Authority
Mr.Hideaki Yamamoto	Deputy Representative of Japan to The Palestinian Authority
Ms. Keiko Honda	Second Secretary, Japanese Representative Office

<JICA>

Mr. Izumi Tanaka	Chief Representative, JICA Palestine Office
Mr. Naoto Mukai	Senior Representative, JICA Palestine Office
Mr. Eiji Kubo	Representative, JICA Palestine Office
Mr. Raslan Yasin	Representative, JICA Ramallah Office

<JICA Terminal Evaluation Team>

Mr. Manabu Iida	Advisor, Industrial Development and Public Policy Department, JICA
Mr. Atsushi Tokura	Terminal Evaluation Team Analyst, JICA

<Technical Cooperation Team>

Mr. Takeo Matsuzawa	Chief Advisor, JICA
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Below are the main points raised in today's JCC meeting (26th, October, 2011) held at MoNE meeting hall:

- Firstly, H.E. Dr. Hasan welcomed the attendance and expressed his appreciation for all the efforts being exerted to make this project a success story. Then he mentioned some of the challenges that hinder the project progress.
- Then Mr. Hashimoto emphasized the importance of the project's streamlining.
- After that Mrs. Reem delivered a presentation on the overall progress of JAIP, H.E. Dr. Hassan added that the process of expropriating of another 15 ha is going on, so that we can compensate the land owners of the 50 ha of Stage I.
- Regarding the developer, H.E. Dr. Hasan mentioned that there will be a meeting next week to follow up on this issue, and he will update Mr. Hashimoto about this next Tuesday.
- Mr. Matsuzawa presented the major activities of JICA's capacity building team, then H.E. Dr. Hasan asked the project team to prepare the incentives package as a standalone package and not to lean on the Law of Encouragement of Investments since it is going to be changed in order to get the cabinet decree.
- Then the evaluation team for the technical cooperation project delivered a presentation on the terminal evaluation for the capacity building project, where the team recognized the necessity to extend the project for another year and to dispatch Japanese consultants to achieve the remaining project tasks. Based on request from Palestinian side, the project team will ensure final decision for extension in the Japanese side.
- H.E. Dr. Hasan welcomed basically extension of the project period and requested the project team to prepare a concept note for the reasons behind the extension of the capacity building project, and he stressed that tasks which are not externally conditioned; meaning to say, not related to Israeli obstacles or things that require cabinet approval should be finalized before

the end of the project or as soon as possible.

- H.E. Dr. Hasan also raised the issue of PIEFZA's role in helping the developer to mobilize once selected in order to shorten the preparation time.
- Regarding the proposed restructuring plan H.E. Dr. Hasan mentioned that in spite of the importance of this plan; however, this is not our way of doing things. Project team should prepare a thick document in Arabic where a standard organizational structure is maintained, this document should discuss the development aspects, the staffing required, job descriptions and functions of each staff member.
- Regarding the increase of the staffing H.E. Dr. Hasan requested to prepare a document with the job descriptions and the basic qualifications for each staff member, so that he will try to get an exceptional decree from the cabinet or to move some staff from other ministries to PIEFZA.
- It was decided that the next JCC meeting will be held on March 2012.
- Finally H.E. Dr. Hasan thanked the attendance.

<Meeting Ended>

(3) 3rd JCC

JCC (3rd Meeting) MoM

Venue: MoNE meeting hall- MoNE

Date: 3rd, May, 2012

Time: 12:15 ~ 13:15

Subject: JCC Meeting

Attendance:

< PIEFZA >

H.E. Mr. Abdel Hafiz Nofal	PIEFZA's Chairman
Mrs. Reem Najjar	Acting Director General -PIEFZA
Eng. Alaa Melhim	JAIP Project Director- PIEFZA

<Jericho Governorate>

Eng. Majed Al-Fityani	Governor- Governorate of Jericho and Al-Aghwar
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< Japanese Representatives >

Mr. Hideaki Yamamoto	Deputy Representative of Japan to The Palestinian Authority
Ms. Keiko Honda	Second Secretary, Japanese Representative Office
<JICA>	
Mr. Izumi Tanaka	Chief Representative, JICA Palestine Office
Mr. Eiji Kubo	Representative, JICA Palestine Office
<Technical Cooperation Team>	
Mr. Takeo Matsuzawa	Chief Advisor
Mr. Katsumi Kurita	Marketing Adviser
Dr. Said Sabri	Industrial Park Development Expert
<p>Below are the main points raised in today's JCC meeting (3rd May, 2012) held at MoNE meeting hall:</p> <ul style="list-style-type: none"> • Firstly: Mr. Nofal welcomed the attendance and expressed his appreciation for all the efforts being exerted to make this project a success story. Mr. Nofal made reference to the official visit of Japanese Minister Foreign Affairs, Mr. Genba on JAIP, which indicated the continuous support of Japan to JAIP. • Mr. Yamamoto expressed sincere thanks to official acceptance of the Minister and appreciation that every stakeholder showed the strong interest to make JAIP success. He also appreciated the constructive participation by Palestinian side to the latest meeting of the Four Parties. • Mr. Yamamoto stressed that new stages will start on the ground once the concession contract is signed with the developer to be. Mr. Yamamoto proposed that a new mechanism of consultation and coordination among the Palestinian Authority, the Developer and Japanese side (Representative Office and JICA), mainly for the incentive package, infrastructure (on-site as well as off-site) development and relationship between public and private be established and its first meeting be held in the second half of this month. Mr. Nofal has accepted the proposal, stressing the importance to define roles of each party. As Palestinian side expressed no objection, it was requested PIEFZA to make a draft terms of reference for such a mechanism and a draft agenda of the first meeting. • Mr. Yamamoto mentioned to the importance of exploring the possibility of getting a loan from Islamic Development Bank for the needed infrastructure development for the Stage II, referring to his recent contact with Palestinian representative to IDB. • Mr. Nofal explained that Palestinian Authority has already taken the initiatives to hold 3 days seminar in the middle of June with IDB in order to strengthen the relationship and suggested to include the JAIP issue in the agenda of the seminar. • Mrs. Reem explained the minutes of meeting on the last JCC meeting, stressed that important decision is made on the institutional restructuring. 	

- No one raised the objection to the minutes of meeting. Mrs. Reem declared that the MOM of the last JCC meeting is approved.
- After that Mrs. Reem delivered a presentation on the overall progress of JAIP, Japanese side made following comments;
 - 1) Page 5: Connection pipes were handed over in May, 2012, not in 2011.
 - 2) Page 5: As for development of water supply system for Stage II, the agreement between municipality and water users association of Ein Sultan Spring has been expected.
 - 3) Page 5: Tender of waste water treatment was opened on March 27th, 2012, not on March 30th.
 - 4) Page 6: As for access road to connect Road #90, it was only agreed at the last meeting of the Four Parties that identification of possible access routes will be done by June and a most feasible route among them can be selected as soon as practically possible.
 - 5) Page 7: As for Administration Building, it is reminded that administration building will serve Stage I as well as Stage II. In addition Palestinian side committed to make a temporarily office by September.
 - 6) Page 7: As for BSS, it is reminded that a part of BDS and OSS, even it is pilot one, will start in July, 2012 in order to be consistent with the expected timing of first sub-lease contract(s) between the Developer and tenant(s) to be.
 - 7) Page 9: What kind of arrangement is planned when the concession contract is signed?
 - 8) Page 10: The latest list of LOI (27 companies) would like to be shared.
 - 9) Page 11: EU would like to finalize MOU with Palestinian side. Expedite necessary action for both side (EU and PA) is required.
- Responding to the above comments, Palestinian side made comments as following;
 - 2) Page 5: As for water, the agreement between municipality and water users association of Well #1 was already almost resolved. The issue is the obstruction made by Israeli on the rehabilitation works on Well #1. (by Jericho Governor)
 - 4) Page 6: Palestinian side pointed out mentioning to Route 90 itself in the agreed document with Israeli side is important.
 - 7) Page 9: It is not decided, however it is said that the press conference and ceremony is planned to invite Prime Minister Dr. Fayyad at Movenpick Hotel.
 - 8) Page 10: PIEFZA will share the latest LOI list soon.
 - 9) Page 11: (Replying to a question,) no contact has been made from EU side. The PA will organize a meeting in order to proceed in the requirement of EU.
- Mr. Matsuzawa presented the major activities of JICA's capacity building team and major activities from June 2012 to February 2013. Mr. Matsuzawa also explained that additional local expert would like to be proposed in order to respond the necessary coordination role with the developer.

- Mr. Nofal understood the requirement and expressed no objection to the major promotion activities as well as overseas study visit.
- Upon clarification requested by Mr. Yamamoto, Mr. Matsuzawa explained that seminars in Amman and Gulf have the intention to promote JAIP as well as other industrial parks. B to B matching is planned to focus on JAIP, however the flexible arrangement should be consider to respond the needs of private sectors
- Mr. Matsuzawa presented JICA team views on the necessity of PIEFZA institutional strengthening at three stages (urgent, by the end of 2012 and medium term). Upon clarification requested by Mr. Nofal, Mr. Matsuzawa expressed that Director General as well as Project Directors do not have clear authority to make a decision. From now on after the developer works with PIEFZA, timely and clear decision is required. In order to respond such needs, certain mandate of directors should be considered.
- Regarding the medium term issue on “Network for Overseas Investors”, responding to Mr. Yamamoto’s remarks, Mr. Nofal commented that overlapping the responsibility should be clarified. Dr. Sabri responded that although coordination with PIPA (Palestinian Investment Promotion Authority) is required, the interest of foreign investors on the industrial park is responsible to PIEFZA. Therefore supplemental role would be expected to PIEFZA.
- Upon request of Dr. Sabri on the further support to PIEFZA after the developer would work intensively with PIEFZA, Mr. Nofal responded that Chairman would like to arrange all necessary support to PIEFZA including the requirement mention in today’s presentation, therefore feel free to submit any issues, to be supported at any time.
- Mr. Yamamoto reiterated that next stage of development will start soon. From now on further cooperation and hard work between and by the Palestinian Authority, the Developer and Japanese Government would be required to achieve the target of starting JAIP operation before the end of this year.
- Finally Mr. Nofal thanked the attendance.

<Meeting Ended>

(4) 4th JCC

JCC (4th Meeting) MoM

Venue: MoNE meeting hall

Date: 24th October, 2012

Time: 11:00 ~ 12:20

Attendants:	
<Ministry of National Economy>	
H.E. Dr. Jawad Naji	Minister of National Economy, Chairman of PIEFZA Board
Dr. Mohammad Abu-Koash	Advisor to the Minister
<PIEFZA>	
Eng. Alaa Melhim	Project Director of JAIP
<Japanese Representatives>	
Mr. Junya Matsuura	Japanese Representative to the PA
Mr. Makoto Honda	Deputy Japanese Representative to the PA
<JICA>	
Mr. Izumi Tanaka	Chief Representative of JICA Palestine Office
Mr. Naoto Mukai	Senior Representative of JICA Palestine Office
Mr. Eiji Kubo	Representative of JICA Palestine Office
<Technical Cooperation Team>	
Mr. Takeo Matsuzawa	Chief Advisor
Mr. Katsumi Kurita	Marketing Advisor
Mr. Haytham Al-Zubi	Legal Advisor
Mr. Koichiro Tamura	Coordinator
<p>Below are the main points raised in JCC meeting held on 24th October, 2012 at MoNE meeting hall:</p> <ul style="list-style-type: none">• Firstly: Dr. Naji welcomed the attendance and expressed his appreciation for all the efforts toward success of the project. Dr. Naji commented on Amman Workshop held on Oct. 22nd 2012 that more investment partners should be involved in future seminars/workshops by the cooperation of all parties concerned. He commented that he himself could introduce such investors, particularly in the case of seminar/workshop in Gulf countries.• Mr. Matsuura expressed thanks for cooperation of the Palestinian side to make progress of the project. Mr. Matsuura stressed the importance of early realization of tenant operation at JAIP on the ground. Therefore first tenant contract should be expedited. He introduced Mr. Honda, new deputy representative of Japan to the PA.• Mr. Matsuzawa presented progress, outcomes, activities and issues of the project, and he stressed that quick decision and action should be made toward the end of the project.• In response to clarification of H.E. Dr. Naji, Mr. Matsuzawa explained outline of the financial	

incentive scheme (PRIDE). Though current budget allocation to JAIP tenants is limited (2 million dollars), it would encourage applicants to decide investment earlier so that they can acquire the finance.

- Dr. Naji noted that providing incentive is part of policy and it is desirable that financial incentive should cover as many companies as possible in a manner that ensure equal treatment among potential inventors. Dr. Naji expressed his concerns that two million is not enough to cover the tenants of Phase I, if we consider the Phase II, much funding is required. Mr. Matsuzawa mentioned that JICA Project Team would like to make coordination with other donors to find sources for continuous provision of the financial incentive.
- In response to clarification of Dr. Naji, Mr. Al-Zubi explained that the PIEFZA law was made in 1998, before the basic law of Palestinian Authority was established. The law is somewhat old and includes articles which are not harmonized with other current relevant laws and regulations. Therefore, revision of the law is important to make the PIEFZA's role enhanced with proper legislative tools. Four main pillars to revise are; i) to avoid overlap with other organizations' function and pave the way for much more effective and functional centralized role of PIEFZA (e.g. OSS); ii) to clarify foundation to provide incentives especially Tax incentives. That is to say the industrial parks should enjoy sort of autonomous jurisdiction over granting incentives to investors and not be part of PIPA jurisdiction and its complications. In this PIEFZA will be in a much better position to deal with issues of incentives ; iii) to develop more transparent and efficient process on settlement of disputes to correspond to the nature of the activities conducted and to ensure proper functional quick mechanism for settling disputes; and iv) to establish consistency with other fundamental laws of the PA. As the current status creates confusion and conflict of authorities.
- H.E. the Minister recognized the importance of introducing a new law and expressed his strong support to the efforts of changing and updating the law and to introduce a developed new law that can be built on existing practical experiences.
- Dr. Naji mentioned that study visit to Malaysia would be a good opportunity to learn from experience of a foreign country. He suggested that Taiwan could be another option of the destination to be added. However, Mr. Matsuura noted Japan does not have diplomatic relationship with Taiwan. JICA Project team shall examine and submit the implementation plan to H.E. as soon as possible.
- Mr. Kurita told that Taiwanese companies currently had shifted to outside of the territory such as Indonesia. There are various kinds of active investors and industries in the industrial parks in South East Asia. That is why Malaysia can be recommended.
- Mr. Matsuzawa stressed that logistic facilitation for foreign participants to B2B seminar would be an important test so that they could have positive impression toward business environment of JAIP. Mr. Matsuzawa already asked JICA to follow up application documents in Israeli side, which were already submitted with requested information at the beginning of this month.

- Dr. Naji mentioned that he tried to hire a qualified person as the DG of PIEFZA who can manage the important role. However, it is assumed that salary for such person would be very expensive and could not be covered by public sector standard. Dr. Naji asked possibility that Japan could assist the expense as part of capacity development activities for a couple of years. Mr. Tanaka noted that JICA cannot cover salary, because JICA does not have any scheme to cover personnel expense of counterpart. Mr. Tanaka understood the importance of DG and requested appointment of the position as early as possible. Mr. Tanaka explained that JICA headquarter concerned viability of a succeeding project without DG, since the position is crucial for assisting capacity development.
- Dr. Naji mentioned 8 new employees of PIEFZA would be approved as a result of discussion with the Prime Minister. Dr. Naji considers Prime Minister will obtain the special permission from the President in spite of financial crisis situation. Meanwhile, he noted the new DG should be involved in the process of selection of new staffs.
- Dr. Naji informed that incentive package would be discussed in the Council of Ministers scheduled on 3rd or 4th of November.
- Dr. Naji stressed importance of connection to route 90 and mentioned he would keep coordinating, since no response had been confirmed from Israeli side. Mr. Honda would follow up this issue in coordination with the Embassy of Japan in Tel Aviv, which is the main counterpart with Israeli side.
- With regard to network of Palestinian investors abroad, Dr. Naji recommended the DG of PIPA as a right channel to approach overseas Palestinian investors.
- Mr. Honda introduced himself as a deputy representative to the PA and his past experience as Japan's various ODA scheme as well as real estate private business experience. He would like to make efforts to solve the issues to make the project success. Even if it would be difficult for Japan to respond all requests from Palestinian side, Japanese representatives would try their best to find alternative way by utilizing every Japanese scheme. He would appreciate continuous cooperation with Palestinian side to tackle with the issues.
- Dr. Naji appreciated Mr. Honda's remark and said that he would also make effort to make the project move forward for regional prosperity.

<Meeting Ended>

(5) 5th JCC

JCC (5th Meeting) MoM

1. Date and Time: March 3rd, 2013 (Sunday) 10:00~11:10

2. Venue: Ministry of National Economy
3. Member and: Minister of National Economy
Participants Mr. Abdelhafiz Nofal, Advisor to the Minister
 Dr. Ohan Balian, Senior Economic Advisor
 Mr. Hasan Abdeljabbar, Advisor to the Minister
Jericho Governor
 Eng. Majd Al-Fityani
Jericho Municipality Mayor
 Mr. Mohammed Jalaitah
Palestinian Industrial Estates and Free Zones Authority
 Eng. Abdel Rahman Shtayeh, Acting Director General (Operation)
 Eng. Alaa Melhim, Project Director of JAIP
Japanese Representative to Palestinian National Authority
 Mr. Junya Matsuura, Representative
 Mr. Makoto Honda, Deputy Representative
 Ms. Keiko Honda, First Secretary
JICA (Japan International Cooperation Agency)
 Mr. Hiromichi Murakami, Deputy Director General, Industrial
 Development and Public Policy Department, JICA Tokyo
 Mr. Izumi Tanaka, Chief Representative, JICA Palestine Office
 Mr. Naoto Mukai, Senior Representative, JICA Palestine Office
 Mr. Eiji Kubo, Representative, JICA Palestine Office
JICA T/A Project Team
 Mr. Takeo Matsuzawa, Chief Advisor
 Mr. Koichiro Tamura, Project Coordinator
 Mr. Haytham Al Zubi, Local Expert
4. Minutes: Below are the main points raised in JCC meeting held on 3rd March, 2013 at MoNE meeting hall:
 - Mr. Nofal explained that H.E. Dr. Naji had to attend the urgent cabinet meeting. He appreciated the initiative for CEAPAD (Conference on Cooperation among East Asian Countries for Palestinian Development) and expressed that various Asian countries' support is encouraging for Palestinian people. He also appreciated intense support of Japanese Government to Jericho.
 - Mr. Nofal noted some issues to be addressed:
 - Although the logistic center in Jordan is recently agreed between Jordan and Palestine, coordination with the Israeli and Jordanian sides is needed for movement and access issues such as connection to route 90 and logistics zone in Palestine.
 - Starting operation of tenants is a key as well as finding export markets, including the market in Japan. Incentive package is very important for JAIP, and extra benefit should be given

to companies when they invest to the industrial park or to JAIP. Examples of other countries' good practices, such as Turkey and other Asian countries, should be reviewed to attract investors.

- SME approach, which Japanese side raised, is worth adopting, since most of industries in Palestine are SME.
- Laws on industrial estates are too outdated to create good investment environment.
- Regarding financial assistance, coordination with the ministry and banks should be made. Palestinian side thinks that it is too much for three consultants to support PRIDE. Additional fund should be raised, since the current allocation would be small.
- Mr. Matsuura mentioned that he was impressed by progress of the JAIP site, when he visited few days ago. Conference on Cooperation among East Asian Countries for Palestinian Development (CEAPAD) was held recently in Tokyo, and many East Asian countries¹ showed willingness for cooperation to Palestine. Coordination with business sector would be sought.
- Mr. Matsuura anticipates the Four Parties Consultative Unit Meeting would be held soon. Representative Office of Japan will support coordination with the related parties to make further progress. COGAT of Israel currently hopes to visit the JAIP site (on 17th or 19th of March) in order to see what is actually going on the site. He would like to confirm who/how Palestinian side represents at the visit.
- Mr. Nofal and Jericho Governor, Eng. Majd Al-Fityani think the visit itself would not be a problem, while more detail on the visit (visiting members and items to be checked) is to be informed in writing.

- Mr. Matsuzawa made presentation according to the attached slide.

- In response to Mr. Nofal's clarification, Mr. Matsuzawa stressed clearer demarcation and strategy would be required regarding off-site and on-site infrastructure development between PIEFZA and the developer for Stage II. Although flexibility could be allowed to some extent same as Stage I, the principle that the developer shall be responsible for all on-site infrastructure development should be in mind.
- Dr. Balian questioned what PIEFZA should do and strengthen as its leading role. He also makes caution that absence of the Developer may not make hostage of the project.
- Mr. Shtayeh expressed that although Steering Committee could be held because of absence of the chairman of the Developer, in general the Developer completed on-site infrastructure in six months. It should be appreciated.
- Mr. Nofal repeated issues to be addressed; 1) incentives should be attractive compared with those of other countries; 2) more efforts on promotion and marketing should be made by both sides; 3) unsolved issues such as movement and electricity should be coordinated with the

¹ Asian participants are Indonesia, Malaysia, Singapore, Brunei, Thailand, South Korea, Vietnam and Japan.

Israeli side; and 4) actions to be done by PIEFZA should be clarified.

- Mr. Matsuura understood existence of many issues. He recommended specifying necessary actions and preparation for the next step under the limitation of resource to input.
- Mr. Nofal recognizes Jericho is important as the gateway city, so accelerated activities should be taken.
- Mr. Shtayeh raised some issues. Committee with other organizations should be formed. Electricity transmission line is necessary instead of temporary measure currently provided by JDECO. Access road is necessary for trucks to shortcut the city center. Work force coming into the industrial park should be considered.
- Mr. Nofal suggested explaining the issue on access road to road #90 when COGAT visits. Though we understand that it would be difficult for Israel to make an immediate decision, message should be sent, because this is very important for JAIP.
- Mr. Shtayeh claimed that there were no proper legal expert in PIEFZA and continuous support by Mr. Haytham would be needed for tasks relating to legal matters. Letter was given to ROJ.
- In response to Mr. Shtayeh's request, Mr. Tanaka asked Mr. Shtayeh to show detailed tasks to be done by the legal advisor, as JICA considered that finalization of amendment of the law is the task for Palestinian side. JICA would like PIEFZA to step out from too close assistance.
- Mr. Al-Fityani expressed appreciation to the progress of the project after lots of preparation works. He would like to keep cooperating with Japan as good partner.
- Mr. Murakami got positive impression on the progress, comparing with the situation in the last visit in one year and half before. He appreciated efforts of the Palestinian side. He noted that this project was supposed to be a business project, and it would be affected by rapid changes. In this regard, he recommended not losing timing to get tenants both from Palestine and from other countries.
- Mr. Murakami introduced very large food exhibition was recently held in Japan, where many developing countries were participated from Middle East and Africa. He believes high potential of Japanese market for such food industries.
- Mr. Nofal expressed appreciation to the project again on behalf of the minister and also expressed intention of cooperation to achieve success story.
- Mr. Matsuura also expressed intention to keep working together.

<Meeting Ended>

III. List of Documents Made in the Project

Category	Titles
Output 1	<p><Institutional and Organizational Development></p> <ul style="list-style-type: none"> - Capacity Building and Institutional Development Report - Institutional & Capacity Development Plan: Recommendations - Institutional and Capacity Building Plan for PIEFZA - Urgent Institutional Plan for PIEFZA - Proposal for BDS (draft) <p><Developer Selection></p> <ul style="list-style-type: none"> - EOI Document - EOI Evaluation - RFP - Memorandum of Understanding - Concession Contract - JAIP Concession Contract Obligation Status <p><PIEFZA Law Revision></p> <ul style="list-style-type: none"> - Policy Paper toward New PIEFZA Law
Output 2	<p><Business Plan></p> <ul style="list-style-type: none"> - Business Plan for JAIP <p><Financial Scheme></p> <ul style="list-style-type: none"> - Financial Scheme for SMEs in JAIP - Potential Financial Needs for Palestinian Investors in Jericho Agro-industrial Park - Application Procedures for Financial Support - Concept Paper of Financial Support Scheme (PRIDE) - Brochure for PRIDE (draft) <p><Logistics></p> <ul style="list-style-type: none"> - JAIP Logistics Plan - Logistic Position Paper - Summary of Movement within the West Bank - Permanently Staffed Checkpoints within the West Bank - Detailed Import Flow Chart - Export from the Israeli Side/ Export from the Jordanian Side <p><Incentive Package></p> <ul style="list-style-type: none"> - Incentive Package (draft)
Output 3	<ul style="list-style-type: none"> - JAIP Marketing Plan - JAIP Action Plan for Marketing Strategy

	<ul style="list-style-type: none">- Internal Lecture Materials Regarding Industrial Parks- Internal Manual for JAIP- Manual on Operation & Management- Internal Regulations for JAIP- List of Prospective Agro-Industries and Related industry for JAIP- Minutes of Workshops- Comparison List of Various Industrial Parks (Asia, Middle East etc.)- Pamphlet for JAIP- LOI Form- List of LOI companies- Follow up Information on Jericho Seminar- E-News Letter- Comment to Developer's Marketing Plan- JAIP Photo Gallery
Project Administration	<ul style="list-style-type: none">- Overall Schedule- Overseas Training Program- Introduction materials for Overseas Training- Overseas Training Program Report- JCC Presentation

IV. JAIP Photos

(1) Beginning of the Project (October 2010)



Land of Stage I



Approach Road

(2) Infrastructure (February 2013)



PV Panel



PV Office



Waste Water Treatment Plant



Elevated Water Tank

(3) On-site Works (February 2013)



Site Overview



Site Overview



Internal Road Pavement



Water Pipe



Electricity Line



Water Pipe