Executive Summary

In the course of our study of the urban conditions facing Bedouins in Israel's Negev, we discovered two issues that required more intensive analysis than was available from existing materials. This document presents the results of these two studies.

The first study addresses the issue of local finance. It was clear that the elected and appointed leaders in the Bedouin towns lacked funds to meet the many needs of their towns. It was also clear that part of the problem lay in the weak municipal tax base. It was felt that grants from the government were also problematic, in that these poor towns appeared to be receiving less than their rich neighbors, and less than they were entitled to under existing formulae. As a result, we asked Prof. Eran Razin to prepare a short paper for us, analyzing the various sources of local government revenue in the Bedouin sector, and comparing them to similar towns in the Negev and in Israel generally.

We are pleased to present in this collection a copy of Prof. Razin's report. He demonstrates quite conclusively that our basic assumptions were correct, that there is a serious problem of a lack of a tax base, and even with recent improvements, the grant system still discriminates against the Bedouin towns. At first glance the aggregate data do not seem to support that conclusion, but when the data are disaggregated, to account for the generally smaller size of the Bedouin towns, the disparities in grants are clearly demonstrated.

The second issue is a consequence of the first. We wanted to learn what exactly the business base was in the Bedouin towns, since business is an important contributor to local tax revenues in two ways: directly through tax levies on businesses; and indirectly, through the payment of salaries that enable local homeowners to contribute their share of property taxes. Earlier studies revealed a paucity of businesses, numbering fewer than 25 if firms of five and more workers only are counted. We wanted to learn more about those firms, what they produced, whom they employed, and what barriers to expansion they believed they were facing.

To enable this analysis, we attempted to survey all businesses in the seven towns with five or more employees. It proved impossible to get all firms to respond, but we did receive thirty detailed responses to our questionnaire.

As reported in the second study presented in this collection, they indicate that with only two exceptions, the firms are small, have mainly local markets, and with several important exceptions, employ workers from their own towns. The total employment in our sampled firms was under 600, under 4% of the potential local labor force. But a large number of these workers are from the territories and from the unrecognized settlements, so that the proportion of the urban labor force employed by local business is under 2%. Given their limited sales and profitability, it is clear that they are able to contribute very little to the local tax base, directly or indirectly.

Our questionnaire also wanted to find out what the major barriers to expansion were, and they were found to be the lack of investment funds, and planning barriers at the local and national levels. Any attempt to inject some dynamism in local business must therefore find ways to overcome these barriers.

The second study concludes with a directory of surveyed firms in the Bedouin towns, providing summary and comparative data. Such a directory should be expanded regularly and can serve as an initial introduction to business opportunities in the sector.

Harvey Lithwick
Editor

Study 1

The Fiscal Capacity of the Bedouin Local Authorities in the Negev

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Introduction

The urban Bedouin settlements in the Negev are among the youngest localities in the State of Israel, and the local authorities that manage them were established for the most part in recent years. The older Bedouin local authorities – the municipality of Rahat and the Tel-Sheva Local Council – were established in 1980 and 1984 respectively, before which these towns were incorporated in regional councils. The younger five Bedouin towns were incorporated at first in two Bedouin regional councils, one established in 1988 for Kseifa, Arara (BaNegev) and Segev Shalom, and the second established in 1990 for Hura and Laqiya. The Bedouins fiercely opposed the attempt to integrate several settlements into regional authorities. Thus, in 1996 the Minister of Interior decided to dismantle the regional councils and to establish instead a separate local council for each of the five settlements.

The development of a municipal system and an urban infrastructure in these localities began at a very low starting point. To a great extent this was due to the extremely low economic status of the residents, and, in all likelihood, to Bedouin traditional social characteristics that made it difficult to run a local authority in a modern manner. Actually, Bedouin local authorities were run for many years by Jewish mayors appointed by the Minister of Interior. Elections in the five smaller and younger Bedouin local authorities were held only in September 2000, replacing their appointed mayors with elected ones. It is not surprising, therefore, that the Bedouin local authorities suffer from financial weakness, resulting from the residents' low economic status, the lack of business land uses that could pay high municipal taxes, and discrimination against the Bedouin towns in the allocation of government grants.

The aim of this survey is to illuminate this issue by analyzing financial parameters of the Bedouin local authorities in the Negev. The data pertaining to the Bedouin local authorities are examined in comparison to Jewish local authorities in the Negev, Arab local authorities elsewhere in Israel, and all of the local authorities in Israel. The study is intended to explain the source of the financial weakness of the Bedouin local authorities, to analyze the extent to which they suffer from discrimination in the allocation of resources, and to ascertain whether or not their situation is fundamentally different from that of other Arab local authorities. The financial data used in this study are from 1998, and they were obtained from the Ministry of the Interior's Department of the Comptroller for Municipal Authorities. More detailed data on the distribution of income in the development (extraordinary) budget for 1997 were obtained from the Central Bureau of Statistics. Time-series analysis, examining the changes in financial parameters in the Bedouin local authorities over the years, was not conducted because most of these local authorities are such recent creations.

Fiscal Disparities between Arab and Jewish Local Authorities in Israel

The issue of gaps in financial strength between Israeli Jewish and Arab local authorities was dealt with in a previous study (Razin, 1999). That study confirmed that Arab local authorities do indeed suffer from great budgetary weakness. This stems both from government discrimination and from internal weakness due to residents' low economic status, low income from municipal taxes (even when the residents' status is taken into account), and the lack of business assessment.

Discrimination in the distribution of government grants has declined over the past decades. In per capita terms, this discrimination was completely eradicated in the last few years. At present, a resident of an Arab local authority even enjoys, on average, a general grant which is high relative to that received by a resident of a Jewish locality. However, comparison of an Arab local authority with a Jewish local authority having identical numbers of residents and similar economic status reveals that the Arab authority still suffers certain forms of discrimination. The relatively high general grants that Arab local authorities receive today can be explained by the latter's limited size and the low economic status of their residents (in the allocation of general grants, small local authorities and those with weak populations are favored). Regarding development budgets, the relatively high dependency of the Arab authorities on government participation stands out. The Arab authorities also suffer from a low level of infrastructure, due to discrimination in the development budgets of past years. Therefore they are demanding affirmative action (compensatory positive discrimination) in this area.

The Arab local authorities have had extremely low “own income” (self-generated revenues) per capita, and in this area there has been only modest improvement. The expenditures per capita in the Arab local authorities were also low, but the gap between Arab and Jewish local authorities in this respect has been reduced, mainly due to the increase in government grants.

The Financial Capacity of the Bedouin Local Authorities in the Negev:
A Comparative Aggregative Perspective

An examination of aggregated financial parameters for all of the seven Bedouin urban localities in the Negev, and their comparison with aggregative data for local authorities of other types (Table 1.1) makes it possible to formulate initial generalizations about the financial capacity of the Bedouin local authorities. It should be noted, however, that the aggregated parameters may present a somewhat distorted picture, because they do not take into account economic differences between residents of localities of various types or differences in the size of localities (smaller localities are weaker than larger ones). The comparison presented in Table 1.1 must therefore be complemented by a specific examination of financial parameters for each local authority, and this in fact will be done.

Own income per capita was very low in the Negev Bedouin localities. It reached only about 30% of the own income per capita in Jewish municipalities and local councils in the Negev (not including Mitzpe Ramon and Eilat), and approximately 24% of the own income per capita in all of the local authorities in Israel. Own income per capita in the Bedouin localities was even lower than own income per capita in the other Arab localities in Israel (Table 1.1).
In contrast, the Negev Bedouin localities did receive government grants that were slightly higher in per capita terms than those received by other Arab localities. They were also higher and than those received by Jewish municipalities and local councils in the Negev. The grants were much higher than grants per capita for all the local authorities in Israel taken together

(Table 1.1). Especially striking is the high general grant received by Negev Bedouin localities compared to all other groups of local authorities, except for the regional councils. As noted, this figure does not necessarily testify to the lack of discrimination against Bedouin authorities, because it does not adjust for the low economic status of the residents of these authorities nor for the generally small size of the Bedouin localities. Nevertheless, the data do indicate that the government does invest substantial resources in the municipal systems of the Bedouin sector.

As a direct outcome of the very low own income and the higher general grants, the percentage of own income in the current budget of the Negev Bedouin localities is extremely low. It accounts for only 19% in the Bedouin local authorities, compared to 26% in other Arab localities, 49% in Jewish municipalities and local councils in the Negev, and 60% in all local authorities in Israel. The government grants do not fully compensate for these low own incomes. As a result, expenditures per capita in the current budgets of the Negev Bedouin localities are lower than those of any other group of local authorities in Israel. The expenditures per capita in the development budgets, in contrast, are especially high, compared to all other types of local authorities except for the regional councils.

The debt burden in the Arab local authorities is relatively low, because of the limited ability of the weaker Arab authorities to acquire credit and accumulate debts. In the young Bedouin local authorities the debt burden is particularly low. Moreover, the Bedouin authorities have balanced budgets, in contrast to both Jewish and Arab local authorities elsewhere, and in stark contrast to the Jewish municipalities and local councils in the Negev, where the deficit per capita is particularly high.

טבלה 1.1

and Jewish Local Authorities in the Negev:
A Detailed Comparison

A detailed comparison of Bedouin and Jewish local authorities in the Negev is necessary not only to understand the variability in their financial characteristics, but, more importantly, to determine the extent to which the comparative aggregated data presented in Table 1.1 are influenced by differences in the residents' economic status and the size distribution of local authorities in each sector.

Table 1.2: Jewish and Bedouin Cities and Local Councils in the Negev by Fiscal Indicators, 1998

	Number of Residents	Socio-Economic Index (Category)	Own Income per Capita*	Total Government Grants per Capita*	Thereof: General Grants per Capita*	Educational and Welfare Grants per Capita*	Own Income as a Percent of Total Revenue
Bedouin Cities and Local Councils in the Negev							
Rahat	27,500	1	0.67	1.87	0.80	1.07	26
Hura	5,000	2	0.50	2.87	1.40	1.47	15
Kseifa	5,400	1	0.29	3.24	1.75	1.49	8
Laqiya	3,500	1	0.55	3.42	2.05	1.36	14
Arara	8,600	1	0.45	1.89	1.05	0.85	19
Segev Shalom	3,600	1	0.95	4.90	1.60	3.30	16
Tel Sheva	8,900	1	0.45	2.10	1.49	0.61	18
Jewish Cities and Local Councils in the Negev							
Ofaqim	22,600	2	1.05	3.02	1.64	1.37	25
Beer Sheva	163,700	5	2.29	1.31	0.24	1.07	64
Dimona	33,400	3	1.40	2.57	1.35	1.22	35
Arad	22,600	6	1.95	2.54	1.07	1.47	43
Qiryat Gat	46,800	3	1.65	2.30	0.69	1.61	40
Sederot	18,600	3	1.65	3.11	1.57	1.54	34
Yeroham	8,900	3	2.24	3.80	2.46	1.33	36
Lehavim	3,000	10	2.62	2.01	1.50	0.51	57
Metar	5,200	10	2.09	1.62	1.14	0.48	56
Netivot	18,500	3	1.20	2.65	1.35	1.31	31
Omer	5,800	10	2.89	1.60	0.68	0.92	64

Table 1.2, continued

	Total Expenditures per Capita*	Thereof: Salary Expenses per Capita*	Operations Expenses per Capita*	Loan Payments per Capita*	Debt Burden per Capita*	Annual Surplus (Deficit) per Capita*	Expenditure per Capita (Development Budget)*	Tax collection Rate (Arnona)
Bedouin Cities and Local Councils in the Negev								
Rahat	2.54	1.08	1.18	0.17	1.33	0.00	1.71	76
Hura	3.40	1.62	1.62	0.01	0.24	-0.03	1.48	25
Kseifa	3.53	1.50	1.59	0.27	1.94	0.00	2.51	8
Laqiya	3.96	1.43	2.22	0.00	0.10	0.01	2.70	19
Arara	2.29	1.16	1.01	0.05	0.35	0.06	0.68	78
Segev Shalom	5.84	3.07	2.52	0.11	1.33	0.01	2.24	33
Tel Sheva	2.55	0.90	1.21	0.10	0.78	0.00	1.95	56
Jewish Cities and Local Councils in the Negev								
Ofaqim	4.46	2.03	1.96	0.27	1.37	-0.33	0.54	63
Beer Sheva	4.30	1.75	1.93	0.26	1.78	-0.69	0.95	79
Dimona	4.32	1.58	2.11	0.47	2.95	-0.35	0.77	80
Arad	4.84	1.67	2.56	0.40	2.63	-0.35	1.25	91
Qiryat Gat	4.81	2.39	1.82	0.28	1.55	-0.63	0.69	86
Sederot	5.35	1.82	2.83	0.56	3.27	-0.52	0.92	67
Yeroham	6.20	1.51	3.25	0.92	5.10	-0.01	1.59	105
Lehavim	4.93	1.55	2.98	0.36	1.09	-0.29	0.66	101
Metar	3.94	1.32	2.19	0.40	1.65	-0.23	1.18	97
Netivot	4.17	1.52	2.10	0.29	1.42	-0.31	1.11	80
Omer	4.67	2.16	2.28	0.15	0.81	-0.18	5.76	97

Source: Department of the Comptroller for Local Authorities, Ministry of the Interior. *Financial Report on Local Authorities, 1998*, Jerusalem, 1999.
Socio-Economic Index 1999 - Central Bureau of Statistics.
* Figures are in thousands of NIS.
All data refer to the current budget, except that of the expenditures per capita in the development budget.

The population of the Negev Bedouin localities is characterized by an extremely low socioeconomic status, as shown in the ranking of localities produced by the Central Bureau of Statistics (Table 1.2). The Bedouin local authority with the highest ranking, Hura, is similar in socioeconomic status to the lowest-ranked Jewish locality, Ofaqim. Six of the eleven Jewish municipalities and local councils in the Negev stand out by their very low ranking, but this is somewhat higher than that of the Bedouin localities. In contrast are the three Jewish “villa” suburbs of Omer, Metar and Lehavim, which are in the highest socioeconomic category, and the cities of Arad and Beer Sheva, which have an average ranking.

The Bedouin localities in the Negev are small, and all, except for Rahat, numbered less than 10,000 residents in 1998. Accordingly, the finances of the Bedouin authorities suffer not only from their residents' low socioeconomic level, but also from the lack of economies of scale. The Bedouin localities therefore suffer from the need to maintain municipal systems, with their fixed administration costs, whose burden in per capita terms is high. The Jewish municipalities and local councils in the Negev are on the whole larger, except for the three well-off "villa" suburbs. However, the size of weak Yeroham is similar to that of Tel Sheva and Arara BaNegev, so that it is possible to make a comparison that is unbiased by the size difference factor. The only Bedouin city – Rahat – is similar in size to Jewish development towns like Dimona and Ofaqim, so that it is possible in this case too to make a valid comparison.

Data from the 1998 financial reports (Table 1.2) indicate that own income per capita in each of the Bedouin local authorities was significantly lower than in the Jewish local authorities. The highest own income per capita in the Bedouin sector was 0.67 thousand NIS in Rahat and 0.95 thousand NIS in Segev Shalom, whereas in the Jewish sector, the lowest own income per capita, in Ofaqim and Netivot, was 1.05 thousand NIS and 1.20 thousand NIS respectively. Especially high own income per capita was found in Omer, which ranked 52nd among all local authorities in Israel according to this criterion, and in Lehavim, which ranked 71st (Table 1.3).

The percentage of own income in the total income in the current budget was extremely low in the Bedouin localities, between 8% in Laqiya and 26% in Rahat, whereas in the Negev's Jewish localities this figure was between 25% in Ofaqim and 64% in Beer Sheva and Omer (Table 1.2). The Bedouin local authorities showed considerable weakness in the collection of municipal taxes as well. The only Bedouin locality that had any significant collection of taxes was Rahat. The relatively high rates of municipal tax collection in Tel Sheva and Arara BaNegev resulted mainly from wide scale tax-exemptions. It should be noted however, that Bedouin localities characterized by the most minimal rates of tax collection are the youngest, and it may be that the 1998 data do not reflect future trends. The tax collection rate in Rahat was not different than in the Jewish sector, and even surpassed that in some Jewish localities – Ofaqim and Sederot.

Table 1.3: Ranking of Jewish and Bedouin Cities and Local Councils, by Fiscal Indicators, 1998

	Own Income per Capita	Total Government Grants per Capita	Salary Expenses per Capita	Operations Expenses per Capita	Loan Payments per Capita	Debt Burden per Capita	Annual Surplus (Deficit) per Capita	Expenditure per Capita (Development Budget)
Bedouin Cities and Local Councils in the Negev								
Rahat	218	171	233	242	204	186	64	87
Hura	241	84	125	194	248	244	103	115
Kseifa	257	56	154	199	157	133	81	44
Laqiya	237	52	168	127	257	250	47	33
Arara	247	170	219	257	240	242	28	224
Segev Shalom	188	21	19	98	223	187	52	53
Tel Sheva	249	141	249	239	228	223	69	68
Jewish Cities and Local Councils in the Negev								
Ofaqim	181	73	58	161	160	181	179	239
Beer Sheva	95	225	93	165	162	145	226	176
Dimona	157	104	133	142	58	60	181	214
Arad	120	108	108	94	83	74	182	140
Qiryat Gat	145	121	35	174	149	167	223	223
Sederot	144	67	78	78	43	50	207	178
Yeroham	101	37	153	56	20	22	92	100
Lehavim	71	155	137	69	105	206	174	228
Metar	109	201	192	129	82	155	155	152
Netivot	171	99	146	145	145	178	175	161
Omer	52	204	43	118	209	222	145	7

Source: Department of the Comptroller for Local Authorities, Ministry of the Interior, *Financial Report on Local Authorities, 1998*, Jerusalem, 1999.
The table represents the place of the local Authorities in the ranking including all local authorities in Israel, aside from two local industrial councils. The number of local authorities included in the rankings is 262 or 261 .
All data refer to the current budget, except that of the expenditure per capita in the development budget.

Great variability in government transfers per capita characterized the different localities in each sector (Table 1.2). The Bedouin localities of Laqiya, Kseifa, Segev Shalom, Tel-Sheva and Hura enjoyed relatively high equalization grants (the Ministry of Interior's general grant), similar to those received by the weak Jewish development towns in the Negev. However, the Bedouin localities are smaller than the Jewish ones, and the only locality similar in size – Yeroham – received a grant larger than did any of the Bedouin localities. The larger Bedouin locality – Rahat – received a small general grant per capita, compared to Jewish localities of similar size. It should be noted that the aggregated data of the Jewish municipalities and local councils are influenced by the extremely low general grant per capita received by Beer Sheva, the largest city in the Negev. In contrast, the well-off ”villa” suburbs received very high per capita grants, especially Lehavim and Metar. It may be concluded therefore that there is still some discrimination against the Bedouin localities in the allocation of the general grants, similar to that existing among all the Arab local authorities. Notwithstanding, the Bedouin localities did enjoy relatively high grants in per capita terms, inasmuch as the general grant does favor small localities.

This last finding is clearly evident when Bedouin local authorities are compared to Arab and Jewish local authorities of similar population size and socio-economic status categories (Table 1.4). The Bedouin local authorities received larger general grants per capita than other local authorities of similar socio-economic status. However, this advantage was a result of their small population size. When local authorities of similar size categories are compared, Bedouin local authorities still come out as receiving lower general grants than Jewish local authorities although slightly higher than grants received by other Arab municipalities.

Expenditure per capita in the current budget was relatively low in the Bedouin localities, except for Segev Shalom, which enjoyed especially high government grants. The low level of expenditures per capita in the Bedouin sector (except for Segev Shalom) was striking in both the operations and wages categories (Tables 1.2, 1.3). Expenditures for repayment of loans was minimal in the Bedouin sector, inasmuch as the Bedouin local authorities have balanced budgets and their debt burden is small (although this does vary from locality to locality). In this area there is a large gap between the Bedouin localities and the Jewish municipalities and local councils in the Negev. The latter have particularly high deficits (especially Beer Sheva, Qiryat Gat and Sederot), and some have an extremely heavy debt burden (especially Yeroham and Sederot).

The Development Budget

If in the realm of expenditures per capita in the current budget, the Bedouin local authorities still suffer from weakness, in the area of expenditures in the development budget those localities showed a very high level in 1998 (Tables 1.2, 1.3). Development expenses cover multi-year projects and may fluctuate significantly from year to year, in accordance with the beginning and end of projects in specific local authorities. One must be careful therefore not to draw far-reaching conclusions about expenditures on development in certain localities from data for only one year. However, it is possible to come to conclusions with a high degree of certainty regarding the Bedouin localities as a whole, in comparison to other local authorities. In 1998 development expenditures per capita were very high in five out of the seven Negev Bedouin local authorities. All five were among the first 100 localities in Israel in a ranking according to expenditures per capita in the development budget (Table 1.3). In contrast, the Jewish municipalities and local councils in the Negev were characterized, for the most part, by low expenditures per capita in the development budget. In 1998 Ofaqim, Lehavim and Qiryat Gat were among the localities with the lowest development expenditures per capita in the state as a whole.

Table 1.4: Total General Grant per Capita in Jewish, Arab and Bedouin Local Authorities in the Negev, Whose Populations are Weak , by Size of Population, 1998*

	Number of Municipalities and Local Councils			General Grant per Capita (thousand NIS)		
Population Size	Jewish Local Authorities	Arab Local Authorities	Bedouin Local Authorities in the Negev	Jewish Local Authorities	Arab Local Authorities	Bedouin Local Authorities in the Negev
All Local Authorities	29	78	7	0.93	1.08	1.16
Up to 10,000 Residents	10	55	6	2.13	1.44	1.47
10,001-20,000 Residents	7	16	0	1.34	0.97	-
20,001-30,000 Residents	5	5	1 (Rahat)	1.15	0.76	0.80
30,001-50,000 Residents	4	1 (Um El Fahem)	0	0.73	0.63	-
50,001-80,000 Residents	2	1 (Nazareth)	0	0.50	0.45	-

Note: As measured by the Social Economic Index of the central Bureau of Statistics, categories 1-4. The table does not include regional councils.

Table 1.5: Jewish and Bedouin Cities and Local Councils in the Negev by Categories of Income in the Development Budget, 1997 (Percentages)

	Government Participation and Loans from the Treasury	Loans from Banks and Organizations	Participation of Organizations and Donations	Allocations from the Regular Budget, Participation of Owners, Authority Funds Sales of Assets, etc.	Total
All Local Authorities in Israel					
	37	20	7	36	100
Bedouin Cities and Local Councils in the Negev					
Rahat	69	5	25	0	100
Hura	68	5	0	27	100
Kseifa	37	31	32	0	100
Laqiya	59	0	37	4	100
Arara	92	4	0	4	100
Segev Shalom	43	20	36	1	100
Jewish Cities and Local Councils in the Negev					
Ofaqim	68	12	17	3	100
Beer Sheva	51	0	0	49	100
Dimona	40	32	0	28	100
Arad	48	31	0	21	100
Qiryat Gat	38	16	24	22	100
Sederot	56	33	9	2	100
Yeroham	49	27	10	14	100
Metar	69	23	8	1	100
Netivot	62	9	26	4	100
Omer	35	0	0	65	100

Source: Central Bureau of Statistics, *Local Authorities in Israel, 1997, Financial Data*, Jerusalem, 1999
Note: The table does not include data from Tel Sheva (data not available) and Lehavim (insiginificant net income for the irregular budget in that year).

The Bedouin local authorities in the Negev were highly dependent on government transfers to finance their development expenditures (Table 1.5). The dependence of the Jewish municipalities and local councils in the Negev on government transfers was also much greater than that of the local authorities in Israel as a whole. However, the dependence of the Bedouin localities was even greater. The Bedouin local authorities also stood out in the negligible proportion of self-generated revenues of various types in the development budget and in the low proportion of loans from banks and institutions - this, in comparison to all the local authorities in Israel, and in comparison to the Jewish local authorities in the Negev. Almost the only source of income in the development budget of the Bedouin localities, besides government transfers, were transfers from institutions and donations (Table 1.5). These data indicate that the relatively high level of expenditure in the development budget of Bedouin localities was made possible only by public, mainly governmental, support.

Conclusions

The financial data indicate that the Bedouin local authorities in the Negev do indeed suffer from financial weakness, similar to other Arab local authorities in Israel. The main aspect of this weakness is expressed in the extremely low level of own income. On the whole, the Bedouin local authorities have balanced budgets and the device of deficit financing was not used by them as an additional means of financing expenditures.

The Bedouin localities, like the other Arab localities in Israel, still suffer from a certain degree of discrimination in the allocation of government transfers, although there is no longer any of the blatant discrimination which was practiced against Arab local authorities in the past. Actually, the Arab local authorities, and the Bedouin local authorities among them, enjoy the advantages of smaller local authorities which are built into the formulae for the allocation of government transfers, primarily the general grant. On the face of it, this favorable discrimination on behalf of the smaller local authorities compensates for the discrimination that still exists in the allocation of grants according to formal criteria. However, these formulae are designed to cover the high costs of the development of infrastructure and the provision of municipal services in the Bedouin localities, which are relatively small and distant from other localities and have low housing density. While this compensation for the lack of economies of scale does in fact reflect these disadvantages, it is far from a perfect substitute for the discrimination that still exists in allocation of public funds to the current budgets of the Bedouin local authorities, compared to Jewish local authorities of identical size and similar socioeconomic level.

In the final tally, the financial weakness of the Bedouin local authorities is best revealed in the relatively low level of expenditures per capita in the current budget. The Bedouin localities were characterized by a high level of development expenditures, thanks to significant government support. Raising the level of expenditures and services in Bedouin localities to equal that in the Jewish localities means eliminating the remaining discrimination in government transfers vis à vis the Arab sector, but the more important requirement is a significant increase in the local authorities' own income. Achieving this latter component necessitates both improving the collection of municipal taxes from the residents and (the few) businesses located in these local authorities, and developing local businesses to provide relatively higher revenues for the local authority. Although the dependence of Bedouin local authorities on government transfers will remain high, because of their population's low socioeconomic status and their peripheral location, there is no reason for the Bedouin local authorities to be significantly more dependent on grants than the weaker Jewish development towns in the Negev.

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Study 2

Investment Opportunities in the Bedouin Urban Sector

Harvey Lithwick
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Introduction

Our recently released report, *A Way Ahead: A Development Plan for the Bedouin Towns in the Negev,* indicated that the absence of economic activity within the seven towns in the Negev was a major source of the private and public deprivation that characterized those places. Without business activity, there are fewer jobs available, especially for women, lower incomes, and a limited municipal tax base, as Prof. Razin's study clearly demonstrates. That in turn means less infrastructure and fewer urban amenities, which tend to repel new businesses. It also contributes to social and communal breakdown, making the towns increasingly unattractive for skilled and educated Bedouins, who should be the natural leaders of these communities.

It was felt that a study of existing businesses in these areas might help explain the reasons for the lack of such activity. There is some information on existing firms and their activities, but it is partial and incomplete. The objective of this study has been to develop a more complete database of existing firms. Analysis of this database gives us a sense of which types of firms exist, their size and range of activities, and barriers they faced in first starting up, and then in expanding. Such information may then be used by development planners and/or investors to identify promising local entrepreneurs. With the aid of professional advisers, business plans can be drawn up for new activities or the expansion of existing ones. These plans can serve as the vehicles for attracting financial assistance.

The project was conducted under the joint supervision of The Center for Bedouin Studies and Development, and The Negev Center for Regional Development, both at Ben-Gurion University. The principal investigator was Prof. Harvey Lithwick.

Project Design

The first step was to develop a standard reporting form. (Appendix 2.1) It was used to identify information that is required to help inform potential investors. This form was filled out by an experienced Bedouin interviewer, Mr. Salim Abu Rtewish, who attempted to conduct personal interviews with all the businesspersons in the seven towns. For purposes of expediency, we decided to limit the firms surveyed to those with five or more employees (including the owner). Smaller firms are almost all family-owned retail shops serving neighborhood markets, and hence have very little potential to expand.

The study was patterned in part after the Negev Center's biennial *Industrial Survey of the Negev*. One of the coordinators of this research, Ms. Roni Blustein-Livnon, assisted in the design of our survey form. Our survey, however, was not limited to manufacturing, but covered all areas of business and the professions.

To identify potential interviewees, a comprehensive list was developed in cooperation with senior officials in the towns responsible for business development. In addition, local lawyers and accountants were consulted for further names. Several small-scale training projects have been conducted for potential entrepreneurs, and names of participants, kindly provided by the trainer, Ms. Dafna Schwartz, were added to our list. Interviews were carried out in August and September of 2000.

What follows is a report on the results of the survey. We begin with some observations on the size and characteristics of our sample compared to other information available. We then analyze first the overall results, and then the results for each town. In Appendix 2.2, we present a directory of the sampled firms, and identify some of the more promising firms from among them. Efforts to encourage expansion of the towns' economic bases could usefully begin with providing assistance to these firms, primarily to develop business plans with a view to obtaining support either from government or from private investors. A list of proposed strategies is presented to help focus such efforts.

Description of the Sample

A crosscheck with other surveys to ensure comprehensiveness was undertaken. We succeeded in interviewing 30 firms. In several places, and in particular Arara and Tel Sheva, we encountered substantial resistance to the interviews so that we do not have a complete count of firms. Fortunately, those firms that agreed to be interviewed permitted senior managers to meet with us, and they proved to be most cooperative in supplying useful information.

These results may be compared with the findings presented in the *Statistical Yearbook for the Negev Bedouin 1999*, for similar sized firms, and the results are summarized in Table 2.1.

Table 2.1: Sample Returns

Town	Number of Firms Identified	
	Our Survey	*SYNB 2000**
Rahat	13	12
Tel Sheva	2	6
Kseifa	2	0
Arara	0	2
Segev Shalom	1	1
Laqiya	7	0
Hura	5	2
Total	30	23

Note: * Table IV/12, p. 59.

Our survey, in the fall of 2000, has 30% more firms, but the deficiency in Arara and Tel Sheva can be readily seen. The larger numbers for the newer towns of Laqiya and Hura probably reflects the fact that our data are more recent.

Overall Results

Overall, the numbers confirm the almost total lack of business activity in the towns. Because the firms are generally small, their total impact on employment is also small. Table 2.2 summarizes the information we have collected on the firms, for the towns individually, and for all combined. Because of the huge impact of a few firms, especially two in Laqiya, we have presented both unweighted and weighted averages for some variables. The unweighted figure treats each town's average as a single observation, whereas the weighted takes into account each individual firm. The latter is therefore a more useful summary of the firm data, whereas the former is a more useful summary of the town data.

Our first statistic is the average age of firms, which is just over 6 years. Rahat, one of the older towns, has the youngest firms, no doubt reflecting the recent growth of a number of firms there. In the newer towns, the age is quite high, indicating little new activity. It is also high in Tel Sheva, probably for the same reason, although our sample of two is too small to draw any firm conclusions.

The sampled firms in these towns employed a total of 598 workers. This represents less than 4% of the total available labor force, but it is misleading in two ways. First, female employees account for 32% of all employees. That is, male workers numbered about 400, which would be slightly more than 5% of the total male labor force. The other distortion, which is a major one and affects virtually all our figures, is that one very large weaving cooperative in Laqiya employs mostly employees from the unrecognized villages. An agricultural firm in Segev Shalom together with another in Hura employ large numbers from the unrecognized villages, and a firm in Laqiya employs a substantial number from the territories. The result is that fully 60% of the employees in the surveyed towns are not from the seven towns, leaving only some 240 townspersons employed. That constitutes about 1.5% of the towns' potential labor force.

Among these employees, each town tends not to employ many persons from other towns. There are modest linkages in several, with Tel Sheva employing a fair proportion from Kseifa, and Kseifa employing a similar proportion from Laqiya. Clearly, this interdependence is an area for future expansion as industry grows, regional public transportation improves, labor becomes more highly trained and urban markets become more integrated.

Of the total number of employees, 63% were Bedouins. Twenty-three percent had finished high school, and only three percent had higher degrees, mostly in the few professional firms, which were located in Beer Sheva. As expected, most of the employees were in the age category 21-35, but even this is understated due to the fact that virtually all the female workers in the Laqiya cooperative are older than this.

Sales figures show a wide dispersion, due to several very large firms, in Rahat and Hura. Sales growth was quite healthy in the past year for most firms. The markets are quite diverse for the various towns, reflecting their product mix and location. One thing does stand out and that is the very limited markets that exist in the other Bedouin towns. Most of the markets are in Beer Sheva, the rest of the Negev and the Rest of Israel.

With respect to financing, 85% reported that it came from the entrepreneurs' own resources, and only 10% came from banks. Virtually none came from government grants or loans.

As to the future, 80% of the firms indicated they would like to expand, but most faced major barriers. Most significant is the absence of funding, and in particular suitable government financing, but also private, bank financing. The next major barrier was the inability to secure an appropriate location, followed by inadequate sized plots and the difficulty in securing local and national planning approvals. The availability of qualified workers was a barrier to expansion for 30% of the firms and lack of customers was a barrier for 20%. Without barriers, in the aggregate the firms felt they would be able to double employment within one year, and double it again over the next five years. It must be emphasized that these were only rough guesses rather than detailed business plans, but they do indicate that there is substantial room for expansion under more favorable circumstances.

The survey revealed that all firms possessed mobile phones and almost all had faxes although only 30% had computer access to e-mail and the internet.

לוח 2.2

Table 2.3: Industry Breakdown

Industry	Firms		Employees		Average Size	Notes
	number	*percent*	*number*	*percent*		
Professions	4	13.3%	28	4.7%	7.0	
Advertizing, Printing	2	6.7%	11	1.8%	5.5	
Retail Commerce	4	13.3%	43	7.2%	10.8	
Commercial Agriculture	5	16.7%	236	39.5%	47.2	One very large, 170 workers
Light Industry	3	10.0%	173	28.9%	57.7	One very large, 160 workers
Construction	4	13.3%	32	5.4%	8.0	
Heavy Transport Equipment	3	10.0%	26	4.3%	8.7	
Light Transport	3	10.0%	32	5.4%	10.7	
Garage	2	6.7%	17	2.8%	8.5	
TOTAL	30	100.0%	598	100.0%	19.9	

In conclusion, our survey paints a rather dismal picture of local business in the Bedouin towns. Although we looked only at firms with five or more employees, in most other places firms of this size (small and medium-sized enterprises, or SMEs) dominate the economic scene. In the Bedouin towns, they are limited in number, in average size and hence in employment. Only two can be considered large firms.

Directory of Firms

We have summarized the data for the individual firms, and it is presented in Appendix II.2. It follows the general format of the Negev Center's *Industrial Surveys*. We have left out any information that might be considered a violation of confidentiality, but what remains gives a fair snapshot of each firm. Based on these data and on some discussions with informed persons, we have tried to identify which of the firms might be best able to expand with some assistance in the removal of barriers and with financial support.

Recommendations

As noted, a number of firms would appear to have the capacity to expand but face major barriers in a variety of areas, especially in obtaining investment funds, and in planning matters. A concerted effort to boost the local business sector would likely have substantial social, economic and communal payoff at modest cost. To do so, much more detailed information is required about the individual firms and their prospects. The material provided in Appendix 2.2 should be a useful first step in this effort.

In terms of how to obtain this assistance, we put forward the following recommendations:

i. That the preliminary data set developed herein be expanded to include all firms in the Bedouin towns, and that it be kept current thereafter by the responsible Bedouin authority, such as the proposed Bedouin Urban Development Agency (BUDA), working closely with each town's development officer.

ii. That a Development Bank be seriously investigated as a way to mobilize local savings and to allocate them to appropriate local firms. Assistance by national (i.e. Bank of Israel) and international agencies (World Bank, IMF, European Development Bank) will be required in the design and initial operations of the Development Bank.

iii. That business loans provided by the Development Bank be guaranteed by the Government of Israel for an initial start-up period of between five and ten years. A second guarantor, such as the Government of the United States, would help to lower interest rates to very competitive levels.

iv. That the Development Bank also attempt to mobilize investment funds from abroad, including governments, non-government organizations and private investors.

v. That detailed investment and loan criteria be developed whereby firms may be judged on their qualifications.

vi. That promising firms who meet these criteria be assisted in the preparation of business plans by a team of experts recruited from Ben-Gurion University's School of Business Administration.

vii. That the Bedouin Urban Development Agency (BUDA) work with the Development Bank and the Government to help eliminate other barriers to business expansion, especially excessively restrictive planning requirements and the shortage of land at appropriate locations.

viii. That a job registry be created and maintained for each town to help identify qualified workers for new and existing firms.

ix. That local chambers of commerce be created, and that one of their tasks should be to begin to work together to foster a more integrated market among the towns for products and services of this sector.

Appendix 2.1

Standard Reporting Form

Bedouin Urban Industrial Survey

A. Information on the Interviewee

1. Name ___________________
2. Address __________________
3. Town ____________________
4. Telephone:Work __________; Home__________; Pelephone_________
5. Fax: ______________
6. E-mail_________@___________
7. Position in firm____________________
8. Date of Interview: Day ______/Month_______/2000
9. Place of Interview_______________________ (home, office, etc.)

B. Background Information on the Firm

10. Name of Firm ____________ (If English Version, add here:__________)
11. Owner of Firm _________________
12. Is the Owner a Bedouin from the Negev________
13. Full Address of Firm______________________
14. Year Established__________________

15. *Field(s) of Activity - Circle the most appropriate*
    (1) Heavy Manufacturing
    (2) Light Manufacturing
    (3) Construction
    (4) Heavy Transportation (Trucking, Haulage, etc.)
    (5) Light Transportation (Taxi, etc.)
    (6) Automobile Garage and Repairs
    (7) Storage
    (8) Commercial Agriculture
    (9) Financial Services (Banking, Insurance, Real Estate)
    (10) Business Services (Accounting, Law, Architecture)
    (11) Personal Services (Health, Education and Training)
    (12) Wholesale Trade
    (13) Retail Trade
    (14) Other (Specify as completely as possible)_____________________________

C. Employment

16. Total Number of Employees (excluding owner) ________
17. Number of Bedouin Employees___________
18. Of Above, How Many are the Owner's Immediate Family Members_______

19. Of Above, how many are Female Employees ________
20. Number of Workers who have Completed High School______
21. Number of Workers with a University or College Degree_________
22. Number of Part-Time Workers ______
23. Of the Above, how many are Female employees ______
24. Number of Workers Aged 16-20______
25. Number of Workers Aged 21-35 ______
26. Number of Workers over Age 35 ______

Number of Workers from the Following Locations:

27. Rahat _____
28. Tel Sheva______
29. Segev Shalom_____
30. Kseifa______
31. Arara_______
32. Hura________
33. Laqiya_______
34. Unrecognized Settlements_______

D. Markets

16. Value of Sales/Services in 1999_______NIS
17. Value of Sales/Services in 1998_______NIS

37. *Circle Those Towns that are your Most Important Markets. Indicate a Rough Percentage of Sales/Services to those Markets*

(1) Rahat _____
(2) Tel Sheva______
(3) Segev Shalom_____
(4) Kseifa______
(5) Arara_______
(6) Hura________
(7) Laqiya_______
(8) Unrecognized Settlements_______
(9) Beer Sheva______
(10) Other Negev Towns ______
(11) Rest of the Country______
(12) Exports to West Bank or Gaza_______
(13) Exports to other Neighboring countries _____
(14) Exports to the Rest of the World______

E. Inputs

38. *Circle Those Towns that are your Most Important Source of Inputs (Expenditures).*

(1) Rahat
(2) Tel Sheva

(3) Segev Shalom
(4) Kseifa
(5) Arara
(6) Hura
(7) Laqiya
(8) Unrecognized Settlements
(9) Beer Sheva
(10)Other Negev Towns
(11)Rest of the Country
(12)Imports from West Bank or Gaza
(13) Imports from other Neighboring Countries
(14) Imports from the Rest of the World

39. How Large is Your Building ______ square meters
40. How Large is Your Plot of Land ______square meters

Circle the Correct Answer
41. Do you Own the Land? (1) Yes; (2) No
42. Do you Own the Building? (1) Yes; (2) No

F. Sources of Financing

43. *Circle those Sources of Financing that are Most Important to your Business. Indicate the Proportion of Financing from those Sources*
(1) Personal and Family Funds______%
(2) Friends_______%
(3) Other Private Investors______%
(4) Local Bank Branches________%
(5) National Banks/Head Offices_______%
(6) Government Grants_________ (Specify the program____________)
(7) Government Loans__________ (Specify the program_____________)
(8) Other Barriers (specify)

G. Barriers to Start-up

Indicate which Barriers most Affected Starting your Business. Circle the Appropriate Codes.
44. Approvals by Local Planning Authorities (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
45. Approval by National Planning Authorities (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
46. Adequate Size Sites: (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
47. Suitably Located Sites: (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
48. Lack of Bank Finance: (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier

49. Lack of Government Support: (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
50. Lack of Suitable Workers: (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
51. Other Barriers (Specify in Detail)_________________________

H. Barriers to Expansion

52. Do you wish to expand your business: (1) Yes; (2) No

Indicate which Barriers Most Affect the Expansion of Your Business. Circle the Appropriate Codes.

53. Approvals from Local Planning Authorities (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
54. Approval from National Planning Authorities (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
55. Adequate Size Sites (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
56. Suitably Located Sites (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
57. Lack of Bank Finance (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
58. Lack of Government Grants (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
59. Lack of Suitable Workers (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
60. Lack of Customer Access (1) Major Barrier; (2) Minor Barrier; (3) Not a Barrier
61. Other Barriers (Specify in Detail)________________________________

If these barriers were lifted, and you could expand, how many additional workers would you hire?

62.In the coming year? ______

63. Over the next three years? ______

I. Business Equipment

Do you use the following devices in your business: *(Circle the appropriate answer)*

64. Mobile Phone:	(1) Yes;	(2) No
65. Fax Machine	(1) Yes;	(2) No
66. Computer for Internet	(1) Yes;	(2) No
67. Computer for e-mail	(1) Yes;	(2) No

Appendix 2.2

Directory of Firms

Bedouin Urban Business Survey

RAHAT

Name:	**Kal Alnakab**
Contact:	Hussein Ramili
Address:	Shopping Center
Telephone:	053-365938
Branch of Industry:	Printing, Publishing, Advertising
Year Established:	1999
Number of Employees:	5
Major Barriers to Expansion:	Local Planning, Finance, Workers, Customers
Prospects:	Early, but Promising

Name:	**Dor Bareh**
Contact:	Abd El-karim Al-Rumali
Address:	New City Market
Telephone:	054-387463
Branch of Industry:	Construction, Steel Doors
Year Established:	1999
Number of Employees:	5
Major Barriers to Expansion:	Government Grant, Customers
Prospects:	Early

Name:	**Hatifei Hadarom Ltd.**
Contact:	Megid Zuadneb
Address:	Industrial Zone
Telephone:	050-545949
Fax:	07-9917061
Branch of Industry:	Light Industry
Year Established:	1998
Number of Employees:	8
Major Barriers to Expansion:	Location, Finance, Customers
Prospects:	Fair

Name:	**Feed and Flour**
Contact:	Zouadna Malaki
Address:	Industrial Zone
Telephone:	07-9310448
Branch of Industry:	Commercial Agricultural Products, Wholesale
Year Established:	1996
Number of Employees:	5
Major Barriers to Expansion:	Site Size, Location and Finance
Prospects:	Moderate

Name:	**Extra Biton**
Contact:	Sa'af Al-Obra
Address:	Industrial Zone
Telephone:	07-9917171
Fax:	07-9912275
Branch of Industry:	Cement Products from Imports
Year Established:	1994
Number of Employees:	16
Major Barriers to Expansion:	Local and National Planning Approvals
Prospects:	Good

Name:	**Elmanar**
Contact:	Hafez Al-Amor
Address:	
Telephone:	07-9919012
Branch of Industry:	Print Shop
Year Established:	1992
Number of Employees:	6
Major Barriers to Expansion:	Planning, Site, Finance, Customers, Workers
Prospects:	Moderate

Name:	**Hashalom Garage**
Contact:	Iyyad Abu Zaid
Address:	Industrial Zone 129
Telephone:	051-563596
Branch of Industry:	Garage – Car Maintenance and Repair.
Year Established:	1999
Number of Employees:	5
Major Barriers to Expansion:	Planning Approval, Site, Finance
Prospects:	Fair

Name:	**A. M. Bakery**
Contact:	Halil Abu Madem
Address:	Industrial Zone 29
Telephone:	07-9910667/7
Fax:	07-9910672
Branch of Industry:	Bakery
Year Established:	1996
Number of Employees:	9
Major Barriers to Expansion:	Site, Finance, Kashruth Approval
Prospects:	Good

Name:	**Testing Institute**
Contact::	Ibrahim Al-Obra
Address:	Industrial Zone
Telephone:	07-6283836
Branch of Industry:	Heavy Industry, Transport – Testing for License
Year Established:	1998
Number of Employees:	8
Major Barriers to Expansion:	Planing Approval, Site, Finance, Workers
Prospects:	Fair

Name:	**Commercial Center**
Contact::	Isam Abu Da'am
Address:	Commercial Center
Telephone:	03-7700911
Branch of Industry:	Construction, Wholesale
Year Established:	1996
Number of Employees:	6
Major Barriers to Expansion:	Planning, Site, Finance
Prospects:	Fair

Name:	**Al-Rumali**
Contact::	Said Al-Rumali
Address:	41/24
Telephone:	051-474705
Branch of Industry:	Heavy Transport
Year Established:	1998
Number of Employees:	5
Major Barriers to Expansion:	Bank Finance
Prospects:	Fair

Name:	**Al-Obra**
Contact::	Talal Al-Obra
Address:	Rasco 240, Beer Sheva
Telephone:	07-6232131
Fax:	07-6233380
Branch of Industry:	Lawyer
Year Established:	1989
Number of Employees:	12
Major Barriers to Expansion:	Site Location
Prospects:	Fair

Name:	**Salon Anan**
Contact::	Sala Al-Romali
Address:	24/1
Telephone:	07-9918678
Fax:	07-9919555
e-mail:	590D@inter.co.il
Branch of Industry:	Electrical and Mobile Phone Supplies
Year Established:	1987
Number of Employees:	5
Major Barriers to Expansion:	
Prospects:	Fair

TEL SHEVA

Name:	**Blockim**
Contact::	Sala Al-Riati
Address:	N7/POB12
Telephone:	
Branch of Industry:	Light Industry
Year Established:	1991
Number of Employees:	5
Major Barriers to Expansion:	Site, Finance, Workers
Prospects:	Fair

Name:	**Abu Asa Co.**
Contact::	Abu Asa
Address:	POB 314, Chavat Bartal
Telephone:	07-6899097
Branch of Industry:	Commercial Agriculture
Year Established:	95
Number of Employees:	6
Major Barriers to Expansion:	Finance
Prospects:	Fair

KSEIFA

Name:	**Bene Maon**
Contact::	Ismail Abu Matir
Address:	43/70
Telephone:	050-750991
Fax:	07-9953350
Branch of Industry:	Light Transport
Year Established:	1992
Number of Employees:	7
Major Barriers to Expansion:	Government Grant
Prospects:	Fair

Name:	**Hazrika Guest House**
Contact::	Ibrahim Al-Zaberka
Address:	POB 421
Telephone:	052-914420
Fax:	07-9950486
Branch of Industry:	Tourism
Year Established:	1998
Number of Employees:	5
Major Barriers to Expansion:	Local Planning, Site Size and Location, Finance, Customers
Prospects:	Fair

SEGEV SHALOM

Name:	Ganei Amim Ve'am
Contact::	Amin Abu Selah
Address:	
Telephone:	07-6284532
Branch of Industry:	Commercial Agriculture
Year Established:	1995
Number of Employees:	30, most from unrecognized settlements
Major Barriers to Expansion:	Government Grant
Prospects:	Good

LAQIYA

Name:	**MH (Mischar ve Haklaut) Co.**
Contact::	Alian Al-Sana
Address:	8/2, POB 1105, Lod
Telephone:	053-208034
Branch of Industry:	Commercial Agriculture
Year Established:	1998
Number of Employees:	25, most from Territories
Major Barriers to Expansion:	Finance and Customers
Prospects:	Moderate

Name:	**Abu Shriki Accounting**
Contact::	Said Abu Shriki
Address:	Weizman 8/4 Beer Sheva
Telephone:	07-6270288
Fax:	07-6283571
e-mail:	shriki77@netvision.net.il
Branch of Industry:	Accountant
Year Established:	1983
Number of Employees:	5 (2 are Bedouins)
Major Barriers to Expansion:	Site and Finance
Prospects:	Moderate

Name**:**	**Amutat Sedre: Laqiya**
Contact::	Hassan Al-Sana
Address:	POB 1855, Omer
Telephone:	050-340614
Fax:	050-210327
e-mail:	Lakiya@netvision.net.il
Branch of Industry:	Light Industry, weaving
Year Established:	1991
Number of Employees:	160,mostly elderly women from unrecognized settlements
Major Barriers to Expansion:	Local Government Planning, Government Grant
Prospects:	Very Good

Name:	**Kochav Hadorom Ltd.**
Contact::	Mahmud Al-Sana
Address:	POB 10133, Beer Sheva
Telephone:	07-6209324
Fax	07-6209324
Branch of Industry:	Commercial Agriculutre
Year Established:	1995
Number of Employees:	170, mostly from territories
Major Barriers to Expansion:	Government Grant, Workers
Prospects:	Moderate

Name:	**Abu Shriki Personal Transport**
Contact::	Salah Abu Shriki
Address:	POB 5723 Beer Sheva
Telephone:	050-315199
Branch of Industry:	Light Transport - Taxi
Year Established:	1993
Number of Employees:	20
Major Barriers to Expansion:	Local Planning, Government Grant, Workers
Prospects:	Fair

Name**:**	**Or Tochniot Limud (Educational Programs)**
Contact::	Adnan-Al Sana
Address:	15 Amnon, Beer Sheva
Telephone:	07-6109847
Fax:	07-6109847
Branch of Industry:	Teaching/Study Materials, Tourism, Active Vacations
Year Established:	1998
Number of Employees:	6
Major Barriers to Expansion:	Planning, Site, Finance
Prospects:	Good

Name**:**	**Planning Engineers**
Contact::	Mansour Al-Sana
Address:	Trumpledor 101/3, Beer Sheva
Telephone:	07-6283583
Fax:	07-627-6852
Branch of Industry:	Engineering
Year Established:	1991
Number of Employees:	5
Major Barriers to Expansion:	Finance, Workers
Prospects:	Fair

HURA

Name:	**Shayish Nanaja**
Contact::	Raja Abu Alkean
Address:	POB 5747, Beer Sheva
Telephone:	07-6518650
Branch of Industry:	Construction
Year Established:	1997
Number of Employees:	5
Major Barriers to Expansion:	Planning, Site, Finance
Prospects:	Fair

Name:	**Hamed El-Atuna**
Contact:	Hamed El-Atuna
Address:	199/1
Telephone:	07-6510131
Fax:	07-6518274
Branch of Industry:	Wholesale, Retail, Cigarettes, Beverages
Year Established:	1980
Number of Employees:	9, Very large volume of sales
Major Barriers to Expansion:	Planning, Site, Finance, Workers
Prospects:	Moderate

Name:	**Hura Garage Ltd.**
Contact::	Attiya Abu Al-Kean
Address:	6/10
Telephone:	07-6518399
Branch of Industry:	Transport, Garage
Year Established:	1992
Number of Employees:	12
Major Barriers to Expansion:	Planning, Site, Financing
Prospects:	Fair

Name:	**Al-Atouna Ltd.**
Contact::	Faiz Al-Atouna
Address:	123/1
Telephone:	050-202889
Branch of Industry:	Earth Moving Equipment
Year Established:	1992
Number of Employees:	13
Major Barriers to Expansion:	Planning, Site, Finance
Prospects:	Moderate

Name:	**Ashnan**
Contact::	Namer Abu Sharem
Address:	Erez Industrial Zone
Telephone:	054-329164
Branch of Industry:	Wholesale, Retail, Dairy Products
Year Established:	1995
Number of Employees:	20
Major Barriers to Expansion:	Planning, Site, Finance, Workers
Prospects:	Good

Note: Ranking in ascending order: fair, moderate, good, very good.