

I would like to add that between the peace agreement and the peace reality lies the economic success. (Peres – 1995)

Parallel to our commitment to peace comes our determination to achieve economic development, social welfare and good governance. (Arafat – Last message – 2004)

THE ECONOMIC DEVELOPMENT IN THE INTERNATIONAL AGREEMENTS FOR THE MIDDLE EAST

OSLO – 13 SEPTEMBER 1993

13 September, 1993 was a historic day for the Middle East. It witnessed the signing of the Declaration of Principles between Israel and the representatives of the Palestinian people and the handshake between Prime Minister Rabin and Chairman Arafat of the PLO. All the speakers in the White House ceremony noted the important nature of the event and expressed hopes that it will herald a new era for the Middle East.

The Oslo Agreement was, as the name implies, an agreement on the principles that are to guide the relationship between Israelis and Palestinians for a five-years period from 1993 to 1998.

The agreement was signed by the foreign ministers of Israel, the U.S., and Russia and by Mahmoud Abbas of the PLO and it spelled out the nature of the arrangements for the coming five years in terms of withdrawal, interim self-government, elections, security, law and order, transfer of power and economic cooperation.

It was clear – articles XI and XVI - that the fate of the agreement partly depended on economic development.

Article XI - Israeli-Palestinian cooperation in economic fields

Recognizing the mutual benefit of cooperation in promoting the development of the West Bank, the Gaza Strip and Israel, upon the entry into force of this Declaration of Principles, an Israeli-Palestinian Economic Cooperation Committee will be established in order to develop and implement in a cooperative manner the programs identified in the protocols attached as Annex III and Annex IV .

Article XVI – Israeli-Palestinian cooperation concerning regional programs

Both parties view the multilateral working groups as an appropriate instrument for promoting a "Marshall Plan", the regional programs and other programs, including special programs for the West Bank and Gaza Strip, as indicated in the protocol attached as Annex IV .

The two annexes about the economic cooperation were also included in the agreement:

Annexe III – Protocol on Israeli-Palestinian cooperation in economic and development programs

The two sides agree to establish an Israeli-Palestinian continuing Committee for Economic Cooperation, focusing, among other things, on the following:

1. Cooperation in the field of water, including a Water Development Program prepared by experts from both sides, which will also specify the mode of cooperation in the management of water resources in the West Bank and Gaza Strip, and will include proposals for studies and plans on water rights of each party, as well as on the equitable utilization of joint water resources for implementation in and beyond the interim period.
2. Cooperation in the field of electricity, including an Electricity Development Program, which will also specify the mode of cooperation for the production, maintenance, purchase and sale of electricity resources.
3. Cooperation in the field of energy, including an Energy Development Program, which will provide for the exploitation of oil and gas for industrial purposes, particularly in the Gaza Strip and in the Negev, and will encourage further joint exploitation of other energy resources. This Program may also provide for the construction of a Petrochemical industrial complex in the Gaza Strip and the construction of oil and gas pipelines.
4. Cooperation in the field of finance, including a Financial Development and Action Program for the encouragement of international investment in the West Bank and the Gaza Strip, and in Israel, as well as the establishment of a Palestinian Development Bank.
5. Cooperation in the field of transport and communications, including a Program, which will define guidelines for the establishment of a Gaza Sea Port Area, and will provide for the establishing of transport and communications lines to and from the West Bank and the Gaza Strip to Israel and to other countries. In addition, this Program will provide for carrying out the necessary construction of roads, railways, communications lines, etc.
6. Cooperation in the field of trade, including studies, and Trade Promotion Programs, which will encourage local, regional and inter-regional trade, as well as a feasibility study of creating free trade zones in the Gaza Strip and in Israel, mutual access to these zones, and cooperation in other areas related to trade and commerce.
7. Cooperation in the field of industry, including Industrial Development Programs, which will provide for the establishment of joint Israeli- Palestinian Industrial Research and Development Centers, will promote Palestinian-Israeli joint ventures, and provide guidelines for cooperation in the textile, food, pharmaceutical, electronics, diamonds, computer and science-based industries.
8. A program for cooperation in, and regulation of, labour relations and cooperation in social welfare issues.
9. A Human Resources Development and Cooperation Plan, providing for joint Israeli-Palestinian workshops and seminars, and for the establishment of joint vocational training centers, research institutes and data banks.
10. An Environmental Protection Plan, providing for joint and/or coordinated measures in this sphere.
11. A program for developing coordination and cooperation in the field of communication and media.
12. Any other programs of mutual interest.

Annexe IV- Protocol on Israeli-Palestinian cooperation concerning regional development programs

1. The two sides will cooperate in the context of the multilateral peace efforts in promoting a Development Program for the region, including the West Bank and the Gaza Strip, to be initiated by the G-7. The parties will request the G-7 to seek the participation in this program of other interested states, such as members of the Organisation for Economic Cooperation and Development, regional Arab states and institutions, as well as members of the private sector.
2. The Development Program will consist of two elements:
 - a. an Economic Development Program for the 'West Bank and the Gaza Strip.
 - b. a Regional Economic Development Program.
 - C. The Economic Development Program for the West Bank and the Gaza strip will consist of the following elements:
 1. A Social Rehabilitation Program, including a Housing and Construction Program.
 2. A Small and Medium Business Development Plan.
 3. An Infrastructure Development Program (water, electricity, transportation and communications, etc.)
 4. A Human Resources Plan.
 5. Other programs.
 - D. The Regional Economic Development Program may consist of the following elements:
 1. The establishment of a Middle East Development Fund, as a first step, and a Middle East Development Bank, as a second step.
 2. The development of a joint Israeli-Palestinian-Jordanian Plan for coordinated exploitation of the Dead Sea area.
 3. The Mediterranean Sea (Gaza) - Dead Sea Canal.
 4. Regional Desalinization and other water development projects.
 5. A regional plan for agricultural development, including a coordinated regional effort for the prevention of desertification.
 6. Interconnection of electricity grids.
 7. Regional cooperation for the transfer, distribution and industrial exploitation of gas, oil and other energy resources.
 8. A Regional Tourism, Transportation and Telecommunications Development Plan.
 9. Regional cooperation in other spheres.
3. The two sides will encourage the multilateral working groups, and will coordinate towards their success. The two parties will encourage intersessional activities, as well as pre-feasibility and feasibility studies, within the various multilateral working groups.

The **speeches** delivered at the Signing of the Israel-PLO Accord were significant:

Shimon Peres, Minister of Foreign Affairs of Israel

“We shall support the agreement with an economic structure. We shall convert the bitter triangle of Jordanians, Palestinians, and Israelis into a triangle of political triumph and economic prosperity.

We shall lower our barriers and widen our roads so goods and guests will be able to move freely all about the holy places and other places.”

Mahmoud Abbas, PLO Executive Committee

“Economic development is the principal challenge facing the Palestinian people after years of struggle during which our national infrastructure and institutions were overburdened and drained,

We are looking to the world for its support and encouragement in our struggle for growth and development which begins today.”

AD HOC LIAISON COMMITTEE – WASHINGTON - 1 OCTOBER 1993

The consequences of these Declarations of Principles were immediate.

An Ad Hoc Liaison Committee – AHLC was set up at the International Donors Conference in Washington on 1st of October 1993 to mobilize international assistance to the Palestinian. The AHLC consists of the co-sponsors of the peace process, the United States and Russia, the major donors to the Palestinians, and the two parties, Israel and Palestinian Authority. Norway has acted as chairman of the AHLC since 1993.

The AHLC was established to:

- coordinate and promote assistance efforts of individual donors to the Palestinian people;
- promote transparency in the activities of donors, Secretariat and recipient;
 - take particular responsibility for fostering private sector trade and investment;
- provide a forum for a dialogue regarding assistance activities in order to promote cooperation among donors;
 - inform on a regular basis the relevant groups of the multilateral forum of its activities;
 - monitor developments in the Palestinian economy as a whole;
 - review reports by the Secretariat and pledges made by the donors;
 - respond to the needs for assistance to the Palestinian people in the context of the Declaration of Principles.

At the Washington conference the Palestinians and Israelis reported on steps they are taking to implement and consolidate the Declaration of Principles signed on September 13. The Palestinians emphasized their intention to organize mechanisms to promote economic development and make effective use of external assistance. The Palestinians and Israelis made clear their intention to cooperate in fostering economic development in the West Bank and Gaza as foreseen in the Declaration of Principles.

The participants at the Conference agreed to support the historic political breakthrough in the Middle East through a broad-based multilateral effort to mobilize resources to promote reconstruction and development in the West Bank and Gaza. They shared the view that these needs require both immediate and longer-term action. The twin goals are to have near-term impact on economic prospects and living standards and to ensure that longer-term assistance lays the basis for launching sustained growth.

For these goals, at the Washington conference it was announced that \$ 600 Million would be pledged and \$ 2 billion would be committed for the Palestinian entity over five Years, short of the \$ 2.4 billion that the World Bank estimated was required for the coming five years.

PARIS – 29 APRIL 1994

Shortly after the signing in Oslo of the Declaration of Principles, negotiations commenced between Israeli and PLO delegations on the implementation of the interim agreement.

The first tangible result was in Paris on 29th of April 1994 with the signature of the Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people.

This Protocol was incorporated into the Agreement on the Gaza Strip and the Jericho Area, who was signed in Cairo on 4th of May 1994.

This protocol establishes the contractual agreement that will govern the economic relations between the two sides and will cover the West Bank and the Gaza Strip during the interim period

The preamble to the **Paris Economic Protocol** declares that economics is the “cornerstone” in the mutual relations of Israelis and Palestinians. It speaks:

PREAMBLE

“The two parties view the economic domain as one of the cornerstone in their mutual relations with a view to enhance their interest in the achievement of a just, lasting and comprehensive peace. Both parties shall cooperate in this field in order to establish a sound economic base for these relations, which will be governed in various economic spheres by the principles of mutual respect of each other's economic interests, reciprocity, equity and fairness.

This protocol lays the groundwork for strengthening the economic base of the Palestinian side and for exercising its right of economic decision making in accordance with its own development plan and priorities. The two parties recognise each other's economic ties with other markets and the need to create a better economic environment for their peoples and individuals.”

The subjects that were tackled in the protocol, cover the whole economy: import taxes and import policy, monetary and financial issues, direct taxation, indirect taxes on local production, labour, agriculture, industry, tourism, insurance issues.

Article II – The Joint Economic Committee

1. Both parties will establish a Palestinian-Israeli Joint Economic Committee (hereinafter - the JEC) to follow up the implementation of this Protocol and to decide on problems related to it that may arise from time to time. Each side may request the review of any issue related to this Agreement by the JEC.

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Article IX – Industry

1. There will be free movement of industrial goods free of any restrictions including customs and import taxes between the two sides, subject to each side's legislation.

2. a. The Palestinian side has the right to employ various methods in encouraging and promoting the development of the Palestinian industry by way of providing grants, loans, research and development assistance and direct-tax benefits. The Palestinian side has also the right to employ other methods of encouraging industry resorted to in Israel.
 - b. Both sides will exchange information about the methods employed by them in the encouragement of their respective industries.
 - c. Indirect tax rebates or benefits and other subsidies to sales shall not be allowed in trade between the two sides.
3. Each side will do its best to avoid damage to the industry of the other side and will take into consideration the concerns of the other side in its industrial policy.
4. Both sides will cooperate in the prevention of deceptive practices, trade in goods which may endanger health, safety and the environment and in goods of expired validity.
5. Each side will take the necessary measures in the area under its jurisdiction to prevent damage which may be caused by its industry to the environment of the other side.
6. The Palestinians will have the right to export their industrial produce to external markets without restrictions, on the basis of certificates of origin issued by the Palestinian Authority.
7. The JEC(Joint Economic Committee) will meet and review issues pertaining to this Article.

AGREEMENT ON PREPARATORY TRANSFER OF POWERS AND RESPONSABILITIES - 29 AUGUST 1994; 27 AUGUST 1995

On 29th of August 1994, the Agreement on Preparatory Transfer of Powers and Responsibilities was signed by Israel and the Palestinians. The Agreement puts into effect the next phase (early empowerment) of the Declaration of Principles.

In accordance with the DOP, the Agreement provides for the transfer of powers to the Palestinian Authority within five specified spheres:

- a. Education & Culture (carried out on 29th of August 1994);
- b. Social Welfare;
- c. Tourism (both carried out on 13th-14th of November 1994);
- d. Health;
- e. Taxation (both carried out on 1st of December 1994).

On 27th of August 1995, an protocol was signed transferring additional spheres to the Palestinian Authority: labour, trade and industry, gas and gasoline, insurance, postal services, statistics, agriculture, and local government.

Annex Concerning the Sphere of Trade and Industry

1. This sphere includes, inter alia, import and export, the planning and formulation and implementation of policies, as well as the licensing and supervision of all industrial and commercial activities, including commodities, services, wights and measures and the regulation of commerce.

2. In authorizing the establishment and operation of industrial plants, factories or concerns in the West Bank, both sides shall ensure that there is no detrimental impact on the environment, and on the safety of the other side. Matters regarding the environment are dealt with in Section __ (Environmental Protection).
3. The production and use of weapons, ammunition or explosives are dealt with in the Security Annex.
4. The economic aspects of this sphere are dealt with in Annex __ (Economic Protocol).

INTERIM AGREEMENT WEST BANK AND GAZA - WASHINGTON - 28 SEPTEMBER 1995

On 28th of September 1995, the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip was signed in Washington, D.C. This agreement, which marks the conclusion of the first stage in negotiations between Israel and the PLO, incorporates and supersedes the Gaza-Jericho and Early Empowerment agreements.

The main object of the Interim Agreement is to broaden Palestinian self-government in the West Bank by means of an elected self-governing authority -- the Palestinian Council -- for an interim period not to exceed five years from the signing of the Gaza-Jericho Agreement (i.e. no later than May 1999). This will allow the Palestinians to conduct their own internal affairs, reduce points of friction between Israelis and Palestinians, and open a new era of cooperation and co-existence based on common interest, dignity and mutual respect.

The Interim Agreement sets forth the future relations between Israel and the Palestinians. To the main body of the agreement are appended seven annexes dealing with: security arrangements, elections, civil affairs (transfer of powers), legal matters, economic relations, Israeli-Palestinian cooperation, and the release of Palestinian prisoners.

The Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip was basically drafted to implement the Declaration of Principles (Oslo, 1993). This agreement is the most important of all the Oslo Accords.

The Interim Agreement contemplated four phases of Israeli redeployment from the West Bank. The first phase was for Israel to redeploy its army from "populated areas" of the West Bank. This phase was to be completed before the elections of the Palestinian Council. The remaining three phases would involve gradual redeployment to "specified military locations" over the next 18 months, to take place at six-month intervals.

Israel's obligations under the Interim Agreement included: - Allowing a safe passage for Palestinians between the West Bank and Gaza Strip - Allowing Palestinians to construct and operate sea and airports in the Gaza Strip - Cooperation with Palestinians on security matters and border control - Cooperation with Palestinians on economic issues - Sharing tax and tariff revenue with the PNA - Paying "due regard" to "internationally-accepted norms ... of human rights"

The PNA's obligations under the Interim Agreement included: - Amending the Palestinian National Covenant - Combating "terrorism" - Extraditing "terror" suspects to Israel - Cooperating

with Israel on security matters - Meeting regularly with the Israeli side on security matters - Paying due regard to human rights.

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Annex VI - Cooperation and Economic Relations

Article I: Objectives

1. The two sides are determined to establish dialogue and cooperation on the bases of equality, fairness and reciprocity within the context of the interim period, and to act together in order to ensure that peace, stability and cooperation between them are reinforced and sustained. In striving to live in peaceful coexistence, the two sides will seek to design and implement various programs which will facilitate the efforts leading to full reconciliation based on the agreed political process, and make it possible for smooth implementation of a permanent settlement based on Security Council Resolutions 242 and 338.
2. To that end, the two sides agree to establish and maintain between them an extensive program of cooperation in fields of human activity including in economic, scientific, social and cultural fields, involving officials, institutions, and the private sector.
3. The two sides will act to meet common challenges which require a coordinated overall approach and, taking into account their respective distinguishing features, they will act with respect for the values and human dignity of the other side.
4. The two sides are committed to strengthening regional cooperation which takes into account the interests of each side, in particular within the framework of the multilateral Middle East peace talks.

Article II: Scope

The scope of cooperation between the two sides, as detailed in this Annex, will include, inter alia, the following main aspects:

- a. cooperation with regard to environmental protection;
- b. economic cooperation; scientific and technological cooperation;
- c. cultural and educational cooperation; and
- d. cooperation in enhancing the dialogue and relations between the two peoples through a people-to-people program.

Art. III: Standing Cooperation Committee

Art. IV: Principles of Economic Cooperation

1. The two sides recognize the importance of economic growth, especially on the Palestinian side and cooperation based on the principles of equity, fairness, and reciprocity as a key factor in the context of building peace and reconciliation.
2. To this end, the two sides shall promote economic cooperation, including the promotion of joint ventures for their mutual benefit, in accordance with the overall objectives and

principles set out in this Annex. This endeavour shall be pursued without derogating from the provisions of Annex III of the Declaration of Principles, Annex V of this Agreement (Protocol on Economic Matters)(Paris, 1994), and any subsequent agreement or understanding reached between them during the interim period.

3. In implementing the various economic cooperation programs, the two sides will ensure that aspects of environmental protection including air, water, marine and land resources, and prevention of environmental risks, hazards and nuisances will be taken into consideration.
4. Without derogating from the existing agreements between them, economic cooperation between the two sides shall focus principally on sectors producing balanced economic, social, and human development and growth. The cooperation aims, among other things, at:
 - a. developing the infrastructure and a strong base for the Palestinian economy;
 - b. strengthening the bases for independent and institutional economic decision making processes within the Palestinian side;
 - c. supporting the establishment of the Palestinian Standards and Specifications Institute, export institute, etc.;
 - d. working together to promote social development and foster the rise of Palestinian standards of living; and
 - e. aspiring towards reducing the disparity in the level of the respective economic development of the two sides.
5. Economic cooperation between the two sides shall include exchange of information and ideas on economic issues, matters, and transactions involving the two sides.
6. Economic cooperation between the two sides shall take into account changes in economic policies in various economic spheres.

Article V: Sectors of Economic Cooperation

Industrial Cooperation

The two sides shall promote industrial cooperation, and, in particular:

- a. facilitate cooperation between their respective economic institutions and business sectors;
- b. examine ways to facilitate the establishment of joint ventures;
- c. promote cooperation between small and medium-sized enterprises of both sides;
- d. seek ways to increase Palestinian industrial **output through, inter alia, the promotion of a program of industrial [I: parks] [P: zones] in accordance with an agreed concept and in cooperation with all relevant institutions;** and
- e. dedicate special efforts to attract the international business sector and in particular multinational firms.

1. Agricultural Cooperation

The two sides recognize the importance of promoting cooperation in the field of agriculture, and shall in particular:

- a. promote cooperation between their respective private farming sectors;
- b. facilitate and promote smooth trade between the respective markets;
- c. examine ways to facilitate the establishment of joint ventures;

- d. establish channels for the exchange of information on farming methods, irrigation, water and soil treatment, herbicides, pesticides, etc.;
- e. cooperate and coordinate in the field of plant protection and veterinary diseases;
- f. promote joint efforts to combat desertification and encourage the development of agricultural projects in arid and semi-arid areas.

2. Environment

- a. The two sides shall promote cooperation in preventing the deterioration of the environment, controlling pollution and ensuring the proper protection and rational use of natural resources in their respective areas, with a view to ensuring environmentally sustained development and promoting regional environment projects.
- b. Cooperation in the protection of the environment will focus, inter alia on preparing proposals for projects, studies, and recommendations on:
 1. development and implementation of appropriate treatment of liquid, solid and hazardous wastes and the control, storage, discharge, transportation and disposal of hazardous materials, pollutants, and radioactive waste;
 2. prevention and control of marine pollution from ships and from land-based sources;
 3. preventing and minimizing the harmful effects of pollution on soil, water and air quality;
 4. use of appropriate tools of environmental management and environmental monitoring methods, including the adoption of and use of internationally accepted environmental principles and standards of Environment Impact Assessment and environmental information systems;
 5. development of programs of combating desertification, and protection of nature and endangered species and the preservation of forests and natural reserves; and
 6. promotion of environmental education and awareness programs.
- c. Both sides shall cooperate in preventing the transfer of internationally banned and restricted chemicals including, pesticides, insecticides, and fertilizers between their respective areas.
- d. Both sides shall cooperate in setting an emergency warning system to respond to events or accidents which may generate environmental pollution, damage, or hazards.
- e. The Environmental Experts Committee established under this Agreement will implement the environmental cooperation proposed above in coordination with the SCC.

3. Energy

The two sides shall promote cooperation between them in order to:

- a. develop plans to promote the use of environmentally clean alternative sources of energy such as solar and wind energy;
- b. enhance cooperation in energy conservation;
- c. promote, within the framework of regional cooperation, projects for their mutual benefit in the field of electricity; and
- d. develop options for joint ventures which will include the international business sector in the field of energy production, management and supply.

4. Transport

- a. The two sides shall promote cooperation in the field of transport and related infrastructure, in order to accommodate any increase in the flow of passengers and goods, and modernize the transportation infrastructure through:
 - 1. promoting joint technological and research programs; and
 - 2. assisting and facilitating the establishment of a Palestinian Standards and Specifications Institute in this field based on international standards.
- b. The two sides will work towards normal movement of vehicles across the crossing points with Jordan and Egypt.

5. Tourism.....

Article VI: Scientific and Technological Cooperation

The two sides shall promote cooperation in scientific research and technological development, and shall devote special attention to the following:

- a. establishment of contacts between research and scientific institutions of both sides;
- b. organization of joint scientific meetings (seminars and workshops);
- c. joint research and development activities aimed at encouraging scientific progress and the transfer of technology and know-how;
- d. training activities and mobility programs for researchers, scientists and specialists from both sides; and
- e. development of an environment conducive to research, application of new technologies and adequate protection of intellectual property rights for the results of such research.

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At signing ceremony of this Israeli-Palestinian Interim Agreement (Washington, on 29th of September 1995), there were very important and significant **remarks**, that it's interesting to know.

- About a Common Strategy for Economic Growth in the West Bank and Gaza Strip

Secretary Christopher : *“we should agree today on a common strategy for building*

the infrastructure necessary for sustained economic development. The resources of the international community must be targeted on key projects like new roads, wells, and water and sewage systems. Above all, we must help Palestinians create the jobs and economic opportunities that will broaden the constituency for a lasting peace.”

.....

“The United States will also support plans by Israel and the Palestinian Authority to create industrial zones that will attract new business and private investment, while generating rapid job growth. The United States has been working with Israeli and Palestinian officials to grant reciprocal duty-free status for products manufactured in the West Bank and Gaza. We are now moving to conclude these negotiations.”

- About the Middle East Peace Process:U.S.-Israeli-Palestinian Trilateral Commission Established

Secretary Christopher:

“This morning, we have the first meeting of the U.S.-Israeli-Palestinian trilateral commission. In our meeting this morning, the parties agreed that the new commission would have, among others, the following purposes.

First, to promote cooperative efforts--both public and private in character--to foster economic development, not only in Gaza, but, of course, in the entire West Bank now. This would include the establishment of industrial zones and other projects of great interest to the people such as, perhaps, an electricity grid or tourism, including hotels.

The second purpose will be to explore how to increase the availability of water resources--both additional resources and the more efficient use of water resources.

Third, the commission will consult on matters of mutual interest to enhance the success of the Interim Agreement that was signed yesterday.

Finally, this new commission will promote trilateral cooperation on regional issues. A good regional issue to start on is the Amman summit at the end of October.”

Chairman Arafat

“First of all, we have to thank His Excellency for giving us this very important opportunity. This meeting today is one of the most important results of what was agreed upon yesterday. We hope that what was mentioned and what was discussed--especially the industrial zones and the water treatment and all other projects--will be very soon implemented because we are in need of it, as you know.”

Foreign Minister Peres

“I would like to add that between the peace agreement and the peace reality lies the economic success.

We have specific ideas--such as industrial parks along-side the dividing line between us and the Palestinians instead of putting mines. We want to build occasions for cooperation.

The second point is water and electricity. These are two materials that do not submit to politics. Neither electricity nor water tend to be left or right or respect frontiers. Unless we follow nature, we shall lose it. We want to have full cooperation in it, including, as the Chairman has said, the Jordanians and the Egyptians, eventually, as well. Then we want to see what can be done in the way of housing and in the way of tourism”.

- About the trends in the Middle East Provide Opportunities for U.S. Businesses

Joan Spero, Under Secretary for Economic, Business, and Agricultural Affairs

“Economic progress has been and will continue to be critical to the success of peace in the Middle East--because, ultimately, long-term peace depends on concrete benefits for the people in the region. Those benefits will not flow without increased entrepreneurial energy, trade and investment, and regional cooperation.

.....
As the peace process has moved forward, a parallel process of economic reform and liberalization also has begun to take shape. Protectionism and a heavy state hand have long characterized most economies in the Middle East. For too long, the countries in the region relied on state-owned industry, closed their national markets, depended on a few products for exports, and did not look to export-led growth and international markets. You know that the recent economic success stories—East Asia and Latin America—started by creating a positive environment for private sector development and for exports as a basis for their economic takeoff. For the countries in the Middle East to fulfil their economic potential, they also must promote free markets at home and trade with the world. Without liberalization, the economic opportunities created by regional peace will not materialize. And without economic growth led by strong private sector activity, the prospects for long-term regional peace and stability are vastly diminished.

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As countries in the region pursue modernized economies, they also are beginning to pursue a coordinated approach to regional development. Jordan and Israel are working together to develop an integrated development plan for the Jordan Rift Valley, and the Israelis and the Palestinians are cooperating to establish joint industrial zones.”

FOURTH MIDDLE EAST/NORTH AFRICA ECONOMIC SUMMIT – DOHA 16-18 NOVEMBER 1997

The fourth Middle East/North Africa Economic Summit was held in Doha ,Qatar, on 16th-18th of November 1997.

The MENA conferences are an integral part of the peace process. Even if no progress occurs in other aspects of the process, there is no justification for failing to advance in its non-political spheres. Like all regional activities, participation in this conference reflects joint interests, rather than private ones, and addresses the economic interests of all participants. This is made evident by the businesslike atmosphere of the conferences and by the numerous multi-national corporations and leading international businessmen who chose to take part in them.

In a process of transition from conflict to reconciliation, it is of great importance that normal ties be established between countries and peoples in a variety of areas (economic, social, "People-to-People" projects and others).

One of the concrete results of this conference in Doha was the signing of an agreement between Israel and Jordan on the establishment of the Irbid Qualifying Industrial Zone.

WYE RIVER MEMORANDUM – WASHINGTON - 23 OCTOBER 1998

The **Wye River Memorandum** was an agreement negotiated between Israel and the Palestine Authority to implement the earlier Interim Agreement of September 1995 and it was signed at the White House, Washington D.C. on 23rd of October 1998 between Israel and the PLO, following a nine-day summit hosted by U.S. President Mr. Bill Clinton in Wye Plantation, Maryland. The agreement was signed by Netanyahu and PLO Chairman Yasser Arafat at the White House, with President Clinton playing a key role as the official witness.

It fixed steps to facilitate the implementation of the Interim Agreement on the West Bank and Gaza Strip.

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III. Interim Committees and Economic Issues

1. The Israeli and Palestinian sides reaffirm their commitment to enhancing their relationship and agree on the need actively to promote economic development in the West Bank and Gaza. In this regard, the parties agree to continue or to reactivate all standing committees established by the Interim Agreement, including the Monitoring and Steering Committee, the Joint Economic Committee (JEC), the Civil Affairs Committee (CAC), the Legal Committee, and the Standing Cooperation Committee.
2. The Israeli and Palestinian sides have agreed on arrangements which will permit the timely opening of the Gaza Industrial Estate. They also have concluded a "Protocol Regarding the Establishment and Operation of the International Airport in the Gaza Strip During the Interim Period."
3. Both sides will renew negotiations on Safe Passage immediately. As regards the southern route, the sides will make best efforts to conclude the agreement within a week of the entry into force of this Memorandum. Operation of the southern route will start as soon as possible thereafter. As regards the northern route, negotiations will continue with the goal of reaching agreement as soon as possible. Implementation will take place expeditiously thereafter.
4. The Israeli and Palestinian sides acknowledge the great importance of the Port of Gaza for the development of the Palestinian economy, and the expansion of Palestinian trade. They commit themselves to proceeding without delay to conclude an agreement to allow the construction and operation of the port in accordance with the prior agreements. The Israeli-Palestinian Committee

will reactivate its work immediately with a goal of concluding the protocol within 60 days, which will allow commencement of the construction of the port.

5. The two sides recognize that unresolved legal issues adversely affect the relationship between the two peoples. They therefore will accelerate efforts through the Legal Committee to address outstanding legal issues and to implement solutions to these issues in the shortest possible period. The Palestinian side will provide to the Israeli side copies of all of its laws in effect.

6. The Israeli and Palestinian sides also will launch a strategic economic dialogue to enhance their economic relationship. They will establish within the framework of the JEC an Ad Hoc Committee for this purpose. The committee will review the following four issues: (1) Israeli purchase taxes; (2) cooperation in combating vehicle theft; (3) dealing with unpaid Palestinian debts; and (4) the impact of Israeli standards as barriers to trade and the expansion of the A1 and A2 lists. The committee will submit an interim report within three weeks of the entry into force of this Memorandum, and within six weeks will submit its conclusions and recommendations to be implemented.

7. The two sides agree on the importance of continued international donor assistance to facilitate implementation by both sides of agreements reached. They also recognize the need for enhanced donor support for economic development in the West Bank and Gaza. They agree to jointly approach the donor community to organize a Ministerial Conference before the end of 1998 to seek pledges for enhanced levels of assistance.

QUARTET ON THE MIDDLE EAST - 16 JULY 2002

The **Quartet on the Middle East**, sometimes called the Diplomatic Quartet or Madrid Quartet or simply the Quartet, is a foursome of nations and international and supranational entities involved in mediating the peace process in the Israeli-Palestinian conflict. The Quartet are the United States, Russia, the European Union and the United Nations. The group was established in Madrid 2002 by the Spanish Prime Minister Aznar, as a result of the escalating conflict in the Middle East. Tony Blair is the Quartet's current Special Envoy.

Statement of the Middle East Quartet after the meeting in New York City - 16 July 2002

...”.....The Quartet members, in their individual capacity and jointly, pledge all possible efforts to realize the goals of reform, security and peace and reaffirm that progress in the political, security, economic, humanitarian, and institution-building fields must proceed together, hand-in-hand “.

THE GENEVA ACCORD - 31 OCTOBER 2003

Hoping to break the stalemate, prominent Israeli and Palestinian figures launched a non-official peace negotiation with the support of the Swiss government. They went beyond the step-by-step negotiations brokered by the United States, seeking instead a comprehensive agreement that would resolve the most divisive issues, such as the status of Jerusalem, the status of the settlements, and an arrangement for the refugees. This project resulted in the Draft Permanent Status Agreement, also known as the Geneva Accord, in October 2003.

The State of Israel and the PLO

“resolved to pursue the goal of attaining a comprehensive regional peace, thus contributing to stability, security, development and prosperity throughout the region have agreed on the following:

Article 2 - Relations between the Parties

.....

8. The Parties shall cooperate in areas of joint economic interest, to best realize the human potential of their respective peoples. In this regard, they will work bilaterally, regionally, and with the international community to maximize the benefit of peace to the broadest cross-section of their respective populations. Relevant standing bodies shall be established by the Parties to this effect.

Article 8 - Israeli-Palestinian Cooperation Committee (IPCC)

1. The Parties shall establish an Israeli-Palestinian Cooperation Committee immediately upon the entry into force of this agreement. The IPCC shall be a ministerial-level body with ministerial-level Co-Chairs.

2. The IPCC shall develop and assist in the implementation of policies for cooperation in areas of common interest including, but not limited to, infrastructure needs, sustainable development and environmental issues, cross-border municipal cooperation, border area industrial parks, exchange programs, human resource development, sports and youth, science, agriculture and culture.

3. The IPCC shall strive to broaden the spheres and scope of cooperation between the Parties.

QUARTET - MOSCOW - May 9, 2005

In July 2005, at the Gleneagles summit, and following a report by the Quartet Special Envoy, the G8 made a commitment in principle to help raise up to US\$3 billion per annum in public and private finance if the parties to do what is needed to ensure the recovery of the Palestinian economy.

And , at their summit in Moscow, the Quartet declared :

“.....

Creating the environment conducive for a long-term, sustainable and viable economic development of all the Palestinian territories would constitute a suitable basis for additional assistance efforts by the international community.

The Quartet emphasizes Mr. Wolfensohn's mandate to promote direct dialogue and cooperation between Palestinians and Israelis on these economic issues, to ensure a smooth transition in Gaza and parts of the northern West Bank. In this context, the Quartet stresses the urgent need for Israelis and Palestinians to coordinate directly and fully on withdrawal preparations.

The Quartet recognizes that economic development and progress on security go hand in hand as security reforms and the reestablishment of the rule of law are necessary to create an enabling environment for economic growth and political progress. The Quartet also recognizes the need for continued efforts by the international community to assist the PA in accomplishing these tasks, including rebuilding the capabilities of the Palestinian security services. Ongoing assistance by the international community, in particular members of the Quartet and countries of the region, constitutes a significant contribution to these efforts. The Quartet calls upon Israel and the Palestinian Authority to facilitate these efforts.”

AGREEMENT ON MOVEMENT AND ACCESS – JERUSALEM - 15 NOVEMBER 2005

On 15th of November 2005, negotiators from Israel and the Palestinian Authority achieved an agreement on movement and access.

The negotiations were facilitated by US Secretary of State Condoleezza Rice, European Union High Representative for the Common Foreign and Security Policy Javier Solana and the international community's envoy for the Israeli disengagement from Gaza, James Wolfensohn.

This agreement is intended to give the Palestinian people freedom to move, to trade, to live ordinary lives.

The agreement covers six topics.

First, for the first time since 1967, Palestinians will gain control over entry and exit from their territory. This will be through an international crossing at Rafah, whose target opening date is November 25th.

Second, Israel and the Palestinians will upgrade and expand other crossings for people and cargo between Israel, Gaza and the West Bank. This is especially important now because Israel has committed itself to allow the urgent export of this season's agricultural produce from Gaza.

Third, Palestinians will be able to move between Gaza and the West Bank; specifically, bus convoys are to begin about a month from now and truck convoys are to start a month after that.

Fourth, the parties will reduce obstacles to movement within the West Bank. It has been agreed that by the end of the year (2005) the United States and Israel will complete work to lift these obstacles and develop a plan to reduce them.

Fifth, construction of a Palestinian seaport can begin. The Rafah model will provide a basis for planned operations.

Sixth, the parties agree on the importance of the airport. Israel recognizes that the Palestinian Authority will want to resume construction on the airport.

AD HOC LIAISON COMMITTEE – LONDON - 14 DECEMBER 2005

The AHLC, at its meeting at Lancaster House in London on 14th of December 2005, reiterated its commitment to the Roadmap and to the principles outlined in statements by the Quartet, and reaffirmed its view that economic development of the West Bank and Gaza is an indispensable element of lasting peace in the region.

The AHLC welcomed recent progress on access issues and encouraged the parties to build the foundations for sustained economic growth in the Palestinian economy. The donors reaffirmed their commitment to supporting the Palestinian Authority in the context of its medium-term development plan.

In order to build on the opportunities just presented the AHLC reiterated its view that all three parties- the PA, Israel and the donors - have to take determined action to ensure the economic revival necessary to improve daily lives for the Palestinian population:

- the PA has to create an internal governance environment attractive to private investors, and do more to stem Palestinian violence against Israel as well as improving security in the Palestinian Territory. In this context confronting terrorism and ensuring law and order is paramount.
- Israel needs to restore Palestinian movement and access, without which economic revival will be impossible.
- Donors need to continue providing high levels of financial support and, if the parties show commitment to decisive change, to increase their assistance levels even further.

New structures were set up to improve the effectiveness of aid coordination structures in providing coherent technical assistance and financial support based on national priorities to the Palestinian people:

- a Local Development Forum (LDF) which is open to PA representatives and all donor and aid agencies as well as to the representative of Association of International Development Agencies;
- four Strategy Groups, which deal with the main clusters of economic policy, governance, infrastructure development and social development and humanitarian issues (Governance Strategy Group, Economic Strategy Group, Social Development Strategy Group, Infrastructure Strategy Group). They are supported by the work of several sub-groups: Agriculture, Fiscal, Private Sector Development and Trade, Water and Sanitation, Municipal Development and Local Governance, Health, Education, Social Protection, Judiciary, Public Administration and Civil Service, and Security.

The Strategy Group's focus on policy formulation and programmatic coordination, and pursue better design of donor projects to support the PA's sector priorities as well as a higher degree of harmonization of donor procedures

QUARTET – NEW YORK September 20, 2006

Quartet principals - United Nations Secretary-General Kofi Annan, Russian Foreign Minister Sergei Lavrov, Finnish Foreign Minister Erkki Tuomioja, United States Secretary of State Condoleezza Rice, High Representative for European Foreign and Security Policy Javier Solana and European Commissioner for External Relations Benita Ferrero-Waldner – met on September 2006 in New York to discuss developments in the Middle East.

The Quartet encouraged greater donor support to meet the needs of the Palestinian people, with a particular emphasis on security-sector reform, reconstruction of damaged infrastructure and economic development. The Quartet commended the efforts of the World Bank and the European Union to facilitate needs-based assistance directly to the Palestinian people via the Temporary International Mechanism endorsed by the Quartet on 17th of June 2006.

This mechanism was developed by the EU at the request of the Quartet and endorsed by the European Council in order to facilitate the direct delivery of assistance to the Palestinian people, thus avoiding any financial links with the PA government. Its objective is to relieve the current socio-economic crisis in the West Bank and the Gaza Strip, to ensure continued delivery of essential social public services to the Palestinian people and to facilitate the maximum level of support by international donors and the resumption of Palestinian revenue transfers by Israel.

QUARTET – WASHINGTON – 2 FEBRUARY 2007

The Quartet Principals - Russian Foreign Minister Sergei Lavrov, U.S. Secretary of State Condoleezza Rice, United Nations Secretary-General Ban Ki-moon, High Representative for European Foreign and Security Policy Javier Solana, German Foreign Minister Frank-Walter Steinmeier, and European Commissioner for External Relations Benita Ferrero-Waldner - met in February 2007 in Washington to discuss the situation in the Middle East.

The Quartet called for continued international assistance to the Palestinian people, and encouraged donors to focus on preserving and building the capacity of institutions of Palestinian governance as well as the development of the Palestinian economy. The Quartet welcomed international efforts to reform the Palestinian security sector and thus to help improve law and order for the Palestinian people. It called for the Temporary International Mechanism to be further developed to support the political process, to identify suitable projects for international support in the areas of governance, institution building and economic development, and urged other members of the international community to consider practical support to the parties.

ANNAPOLIS CONFERENCE - ANNAPOLIS - 27 NOVEMBER 2007

The **Annapolis Conference** was a Middle East peace conference held on 27th of November 2007 at the United States Naval Academy in Annapolis. The conference marked the first time a two-state solution was articulated as the mutually agreed-upon outline for addressing the Israeli – Palestinian conflict . The conference ended with the issuing of a joint statement from all parties.

Instead of a declaration of principles, President Bush read a “Joint Understanding”. In it, Prime Minister Olmert and President Abbas express “our determination to bring an end to bloodshed,

suffering and decades of conflict between our peoples; to usher in a new era of peace, based on freedom, security, justice, dignity, respect and mutual recognition; to propagate a culture of peace and nonviolence; to confront terrorism and incitement, whether committed by Palestinians or Israelis. In furtherance of the goal of two states, Israel and Palestine, living side by side in peace and security, we agree to immediately launch good-faith bilateral negotiations in order to conclude a peace treaty, resolving all outstanding issues, including all core issues without exception, as specified in previous agreements. We agree to engage in vigorous, ongoing and continuous negotiations, and shall make every effort to conclude an agreement before the end of 2008. For this purpose, a steering committee, led jointly by the head of the delegation of each party, will meet continuously, as agreed. The steering committee will develop a joint work plan and establish and oversee the work of negotiations teams to address all issues, to be headed by one lead representative from each party..... “

THE INTERNATIONAL DONORS’ CONFERENCE FOR THE PALESTINIAN STATE - PARIS – 17 DECEMBER 2007

On 17th of December 2007, France hosted in Paris a conference of donors for the Palestinian Territories, as proposed by the Palestinian President, Mr Mahmoud Abbas, and the Prime Minister, Mr Salam Fayyad.

The International donors’ Conference for the Palestinian State has provided a strong signal of political and financial support to the government of President Mahmoud Abbas and Prime Minister Salam Fayyad and their vision of a future Palestinian State. This support is essential to underpin the political process launched in Annapolis.

This conference was the largest international conference of donors for the Palestinian territories since the conference held in Paris in 1996.

The aim of this conference was to mobilize the donors, following on from the Annapolis conference, and to provide financial and political support to the Palestinian Authority for developing the capacities to build a viable State.

France, the host country, was chairing this conference. There were three co-chairs:

Tony Blair, Representative of the Quartet for the Middle East, Norway, Chair of the Ad-Hoc Liaison Committee (AHLC) of international donors and the European Commission.

The conference based its work on the **Palestinian** Authority’s three-year **reform and development plan (PRDP)** for 2008-2010, the broad lines of which were presented on 16th of November 2007.

The PA’s PRDP represents both a Palestinian-owned plan for assigning resources to reform and other priorities, and a tripartite action plan for rehabilitating the Palestinian economy. It seeks to stabilize the PA’s fiscal situation by containing recurrent spending and, as the economy improves, shifting resources towards development spending. In the medium-term, the PA plans reduce the budget deficit from about 28% of GDP in 2007 to 17% in 2010. This assumes PA implementation of a fiscal containment program, donor assistance for the PA’s recurrent expenditures and public investment program, and a revival of the private sector resulting from Israeli removal of restriction on movement and trade.

Given the current circumstances, the Paris conference placed the emphasis on short-term priorities. The urgent matters were to stabilize the Palestinian economy and to implement rapid and efficient measures on the ground that could improve the everyday lives of Palestinians in both the West Bank and the Gaza Strip.

The report from the World Bank - *Restarting Palestinian Economic Recovery* - (September 2007) underscores that international assistance cannot have sustainable effects without a change in the situation on the ground. This is why the conference also addressed, in line with the Annapolis conference, the implementation of the movement of goods and persons measures in the Palestinian Territories.

87 delegations attended the Conference, including key political players in the peace process. Arab and Middle Eastern countries, the G8, the 27 EU Member States, major emerging countries (India, China, etc.), the European Commission, International and regional financial Institutions (IMF, World Bank, OPEC Found, Arab Monetary Found, Islamic Development Bank, etc.) and United Nations members all attended.

Speaking at the Conference, President Abbas said he hoped to collect US\$ 5.9 billion. These funds would be used to establish and run development projects in Palestinian controlled areas over the coming three years, and in essence, to finance the PRDP. By the conclusion of the Conference, donor countries had pledged \$ 7.7 billion in Funds to support Palestinian Institutions-building and economic recovery. Of this amount, \$ 3.4 billion was pledged for 2008. This amount included humanitarian assistance to help with the essentials of the daily lives of the Palestinian population, especially in Gaza.

Topping the donors' list were the European Union, which pledged \$630 million, the United States, with a \$555 million pledge, and Saudi Arabia, which will donate \$500 million.

Opening of the conference by Nicolas Sarkozy, President of the French Republic said:
"A page is turning. Time is of the essence: we have one year to achieve our purpose. Yet we are not starting from scratch. Sixteen years after Madrid, fourteen years after Oslo, seven years after the missed opportunity of Camp David and Taba, despite the failures and disappointments, one thing is clear: the taboos have been broken. We now know the parameters for a final settlement: they have been outlined by the United Nations resolutions, the principle of exchanging land for peace, the Quartet's Roadmap and the Arab peace initiative. For us, it is now more a question of will than imagination. If we want to have it, we will."

Final statement of the chair and co-chairs

1. The International donors' Conference for the Palestinian State has provided a strong signal of political and financial support to the government of President Mahmoud Abbas and Prime Minister Salam Fayyad and their vision of a future Palestinian State. This support will be essential to underpin the political process launched in Annapolis last November.

2. The Paris Conference has made evident the high degree of confidence of the international community in President Abbas and PM Fayyad's reform and development program. Delegations from 87 countries and international organizations pledged a total of \$7.4 bn to support Palestinian institution-building and economic recovery for the next three years. Of this amount, \$3.4 Bn has

been pledged for 2008. This amount will include humanitarian assistance, which is essential and helps to relieve the daily lives of the Palestinian population, especially in Gaza.

3. The Chair and co-Chairs want to thank all participants for their pledges and call upon all those states and international organizations in a position to do so to assist in the development of the Palestinian economy, to maximize the resources available to the Palestinian Authority, and to contribute to the Palestinian institution-building program in preparation for statehood.

4. Within this framework, the Chair and co-Chairs strongly urge a rapid disbursement of pledges, based on equitable burden-sharing among all donors. They encourage donors to provide budget support through the STA.

5. The PA's program, entitled "Building a Palestinian State", is to be commended. It presents an ambitious but coherent, feasible macro-economic and fiscal agenda that is supported by the International Monetary Fund and the World Bank. It clearly sets out the steps that the PA, together with the international community and Israel, must take in order to achieve its reform and development targets over the next 36 months. We are confident that the PA will continue to build on this plan to ensure the continuity of the reform process, including in the security sector.

6. The Chair and co-Chairs agree that no economic recovery would be possible without a substantial improvement in the conditions on the ground. They stress the need for shared responsibility to be exercised by the Palestinians and Israelis to ensure that measures on the ground, especially on movement and access, are conducive to economic recovery and the implementation of the plan. Immediate steps, such as the implementation of quick impact projects, and the convening of private-sector stakeholders, must be supported.

7. The Chair and co-Chairs recall that the Paris Conference is an important step in a broader process which aims at a peaceful settlement of the conflict between Israel and the Palestinians. They stress their commitment to follow up the process at the highest level. They intend to meet on 22 January. The input to this work will take place in coordination with all parties involved, and within the established structures.

The European Union – € 440 million and PEGASE

European Commissioner Benita Ferrero-Waldner unveiled a pledge of €440 million (\$650 million) to the Palestinian people for 2008 at the Paris Donors Conference. She announced also the launching in February 2008 of PEGASE, a new financial mechanism to provide assistance to the Palestinians which will cooperate closely with the Palestinian Authority and will contribute to the Palestinian Reform and Development Plan.

Commissioner Ferrero-Waldner said: "The Paris Conference will demonstrate the support of the international community to the building of a Palestinian State. The EU has made a significant pledge, however it is essential that other donors, including the Arab countries, share the burden with us." And she added: "Financial assistance can only make a difference if it complements the political process launched in Annapolis. We are determined to support and accompany this process which will only be successful with a comprehensive approach involving all actors in the region".

The biggest share of the €440 million has the aim to contribute to the implementation of the Palestinian Reform and Development Plan, presented by Prime Minister Fayyad at the Conference. Other funds are for emergency and humanitarian aid and also to the budget of the UN Agency for the Palestinian Refugees (UNRWA). This package underpins the EU Action Strategy on Statebuilding for Peace in the Middle East.

The aid is implemented through PEGASE which

- provides support for the implementation of the Palestinian Reform and Development Plan,
- is open to European Union and other international donors,
- uses different modalities to transfer assistance transparently either directly to the Palestinian Authority or to beneficiaries.

Commissioner Ferrero-Waldner also showed her readiness to support the Palestinian Authority in other ways. In 2008, some initiatives strengthened the process of reforms and intensify the cooperation between Israel and the Palestinian Authority: the Action Plan between the EU and the Palestinian Authority in the framework of the European Neighbourhood Policy in order to relaunch the dialogue on the Palestinian reform agenda, trilateral meetings on trade to intensify cooperation between Israel, the Palestinians and the EU, joint-energy initiatives, including the bilateral dialogue in the energy sector on issues of common interest (electricity network, solar energy).

The European Commission is the largest single donor to the Palestinian people. In 2007 the European Commission provided €550 million in assistance which together with the Member States contributions amounted to a total EU aid of €1 billion.

AD HOC LIAISON COMMITTEE – LONDON - 2 MAY 2008

In May 2008 the Ad Hoc Liaison Committee meeting in London underlined the importance of reinvigorating a tri-partite approach to improving the Palestinian economy.

The AHLC stressed the importance of the support provided by donors to the Palestinians in the form of the USD 7.7 billion pledged in Paris and the two new financing mechanisms, the PEGASE and the World Bank Trust Fund.

The AHLC welcomed the announcement by the Israeli Government about the removal of a number of obstacles in the West Bank: the removal of significant restrictions can stimulate private sector confidence and economic growth. In this context the AHLC underlined the significance of the Palestinian Investment Conference in Bethlehem at the end on May 2008 and emphasised the importance of close cooperation and coordination between Quartet Representative Blair, the international community, Israel and the PA on promoting economic growth and institutional capacity-building.

QUARTET – TOWARDS PALESTINIAN STATE - 13 MAY 2008

The Quartet Representative identified a set of concrete deliverables that, if adopted by the parties, could help trigger a much-needed private sector response.

The Quartet Representative's package of measures aims:

- to change the reality on the ground and spur economic growth,
- ease access and movement restrictions,
- improve planning and development for Palestinians living in Area C. (Area A: control Palestinian-Administration Palestinian; Area B: control Israeli - administration Palestinian; area C: control Israeli - administration Israeli).

The three tracks come together in the Northern West Bank where the goal is to support security improvements simultaneously with economic development projects. While progress has been made, in particular in the area of revitalizing economic projects, more remains to be done before the Palestinian people at large can feel a difference in their daily lives.

On 13th of May 2008 Tony Blair launched the paper “**Towards a Palestinian State**”:

“ Israel and the PA are working to reach a viable lasting peace agreement with the aim of establishing a Palestinian State that will reside alongside the state of Israel. The Quartet supports these efforts and is encouraged by the ongoing negotiations between the parties. In this framework, I have received the support of the Government of Israel and the Palestinian Authority in promoting a package designed to allow greater movement of people and goods, helping the Palestinian economy grow, and its people achieve increased prosperity, in a way consistent with protecting fully the security of Israel and its people.

For Palestinian statehood to be possible in the eyes of Palestinians there must be hope that the occupation will, over time, be lifted. For Palestinian statehood to be possible in the eyes of Israelis there must be hope, over time, that the security of Israel will be improved and not harmed by the way Palestinians run their territory.

I stress the following package is only a start. Of course, much more needs to be and will be done. But it has four elements to it that represent four aspects to creating a Palestinian state:

- Economic and social development
- Lifting Access and Movement restrictions
- Developing Area C, which is 60% of the West Bank, on a case by case basis
- Proper security capability and performance by the Palestinians

All of these aspects then come together in a package specifically set around Jenin in the North of the West Bank, which will, in effect, be an economic and security zone. Should that package work, it can be extended to other parts of the territory. But it will require both sides to fulfil their obligations. It is also clear that in order to achieve economic progress the issue of security should be duly addressed and there is still a lot to be done on the Palestinian side to achieve this goal. With that notion in mind, I shall further elaborate on the following measures:

1. Economic and social development

The following projects have now been cleared for work to begin:

- Jenin Industrial Park

Preparations for the establishment of the Jenin Industrial Estate have advanced significantly over the last few months and construction can now start with the support of the German government following agreement reached by the Government of Israel and the Palestinian Authority on

arrangements for water and electricity services and access to the site. Construction of the industrial park will stimulate Palestinian economic activity by attracting (foreign) investments and creating sustainable employment and income generation in the region of Jenin. The park will improve services for the Palestinian industries and offer opportunities for regional and international business cooperation.

- Tarqumiya Industrial Park

Following the decision of the Ankara Forum on Tuesday 13th of November 2007, the Government of Israel and the Palestinian Authority have agreed to establish Tarqumiya Industrial Estate, which will be located in Area C and B, and for which, the precise location still has to be decided. Construction of the industrial park will stimulate Palestinian economic activity by attracting (foreign) investments and creating sustainable employment and income generation in the region of Hebron.

- Wataniya Telephony Licence

The Government of Israel has agreed to approve this enterprise and to release a frequency of 2.4 Mhz in the 900 bandwidth. The Government of Israel will commit, in writing, that within 6 to 8 months, the assignment of frequency will be amended to a total bandwidth of 4.8 MHz at the 900/1800 Mhz bands and will assign a frequency of more than 4.8MhZ in due course, with details to be finalised between the parties.

This deal will contribute to the overall growth of the Palestinian economy. First, it will involve an injection of funds to the PA of over \$354 million in license fees (with an immediate transfer of \$100 million). Secondly, Wataniya will invest more than \$700 million in the Palestinian Authority over 10 years, create 750 jobs for Palestinians and generate 1,500-2,000 indirect jobs.

- Bethlehem Tourism

Tourism to the Holy Land is on the rise with positive effects for both the Palestinian and Israeli tourism sector. This has had a significant impact on hotel occupancy rates; for example in Bethlehem. However, investments are needed to rehabilitate hotels and rooms to increase overall capacity to meet pre-Intifada levels. A number of permanent improvements in the tourism sector have been agreed in order to encourage private investments. It was agreed among both sides that immediately after the Palestinian Investment Conference the facilitation of access from and to Bethlehem will be improved on a permanent basis. 500 new trader permits and the existing permits for tour guides will be renewed, on an ongoing basis. The Government of Israel will allow the transport of goods and services to go directly from Bethlehem to Jerusalem through the existing checkpoints, except for specific defined categories, pending technical and security arrangements.

- Allenby Bridge

The Government of Israel has recently extended the opening hours from 18:00 to 20:00, and has expressed its general willingness to extend the opening hours even more. The Government of Israel will seriously consider at the earliest possible date, the presence of a limited number of Palestinian customs officials - under existing arrangements and procedures - at the bridge as part of the larger long-term effort to create a professional Palestinian Border Authority.

- Jericho agro-industrial project

The parties are cooperating and facilitating the efforts of the Japanese International Cooperation Agency in establishing an agro-industrial park in the Area of Jericho.

- Water/sanitation projects

I. Projects agreed on the West Bank:

- a. Construction of Wastewater Treatment Plant in Nablus- Wadi Ziemar Project- Part A;
- b. Construction of Wastewater Treatment Plant in Tulkarem- Wadi Ziemar Project, Part B;
- c. Construction of Wastewater Treatment Plant in Salfit;
- d. Construction of a Wastewater Treatment Plant in Ramallah based on the outcome of ongoing negotiations between Israeli and Palestinian Water Authorities; and
- e. Supply and installation of main transmission line and internal network for Aqraba cluster of villages.

II. Gaza WATSAN

a. North Gaza Sewage Treatment Works .

Phase 1 of the North Gaza Sewage Treatment Works (the construction of 2 infiltrations basins, a pumping station and pipe network) is expected to be completed in the first or second week of June. The Palestinian Water Authority (PWA) will tender the contract for Phase 2 - the treatment plant – in June. The Ministry of Development (MOD) will provide a letter of comfort to the PWA in order to encourage potential bidders. MOD will also pre-clear a list of goods provided by PWA. This part is likely to take two years to complete as it involves a state-of-the art water treatment facility. However, sewage will start to be partially redirected from the dangerous Beit Lahia lake as of the completion of Phase 1 in June;

b. Construction of Wastewater Treatment Plant in Khan Younis, Gaza; and

c. Construction of a Wastewater Treatment Plant in Gaza Middle Area Allow the entry of critical goods for the maintenance of the water and sanitation sector in Gaza

The Coastal Municipal Water Utility (CMWU) has provided the MOD and Mekorot with a list of critical items to ensure the continued provision of water and sanitation services to Gaza's population. Some have already been cleared and the immediate clearance of this list is critical without prejudice to Israel's legitimate security needs.

- Entry permits to Israel

The Government of Israel has now approved the additional 5,000 entry permits to Israel for Palestinian workers and will issue an additional 3,000 permits pending government approval. 5,000 permits out of the total number shall include permits for an overnight stay in Israel. In addition, the period of validity of entry permits to Israel for representatives of approved NGOs shall be double (from 3 to 6 months). This shall substantially ease their ability to carry out their humanitarian activities.

- Housing projects

A \$500M mortgage facility has already been created for the construction of affordable homes. The GoI will discuss with the PA specific housing development projects which shall be proposed.

2. Access and Movement

Attention has focussed on the number of roadblocks. The number is important. But the most important thing is the strategic nature of where they are placed and their significance. So there could be a numerically large reduction with little practical difference. Alternatively, there could be a small but key strategic number of changes. There should be a continued re-assessment of the large number of mounds and blocks; but Office of the Quartet Representative (OQR) has focussed on trying to remove, change or improve 12 key strategic obstacles to free movement and access. The Israelis are prepared to make changes as outlined below; but have emphasised that their implementation will start now and then be phased over the coming period of time subject to and depending on a continuous security assessment.

These measures shall be implemented, in addition to the checkpoints and scores of roadblocks which have been already removed; in particular the Rimonim, the 408 and Beit Haarava checkpoints, the latter now open 5 days a week.

The following measures will be taken:

- The Kvasim checkpoint will be removed this week. The following checkpoints identified by the OQR, namely Container and Shave Shomevron checkpoints, as well as the Halhul Bridge roadblock, will be removed and the Beit El checkpoint will be relocated once Israel determines that the security situation so allows. This security assessment has started and is currently being carried out with a view to removing these checkpoints at the earliest possible date.
- Through flow at Tayasir and Hamra will be improved in order to better facilitate the expected increase in traffic of agricultural workers and their vehicles from the West Bank down to Jordan Valley.
- Work to upgrade Hawarrah and Beit Iba has already started. Work to upgrade Einav will start as soon as possible. Finally, the through flow in the Jericho DCO (District Coordination Office) will be improved to facilitate increased tourism and activities related to the Jericho agro-industrial park.

The purpose of making these changes is to open up significantly North-South movement and out to the East. When fully implemented, they would make the following practical difference to how the West Bank operates.

The above measures together with a general improvement of the management of the checkpoints should significantly improve commercial traffic for the whole of the West Bank.

3. Area C

Area C comprises 60% of the West Bank and under the Oslo Accords, some administrative and all security responsibilities in this area, rest with Israel. It has been a long-standing grievance felt by Palestinians that they have been unable to improve or develop Area C. While it is clear that changes in status of Area C shall be made only in the framework of Israeli-Palestinian political agreement, specific requests relating to these areas can be approved on a case by case basis.

Israel has already approved master plans for 13 villages in Area C and it will now approve additional 14. The following have been approved:

- | | |
|----------------------------------|-------------------------------|
| 1. Fazail North (Jericho) | 8. A-Sheikh West (Bethlehem) |
| 2. Rashida (Jericho) | 9. Hermel (Bethlehem) |
| 3. Khirbat a-Tih (Tulkarm) | 10. Zabrat Kabira (Tulkarm) |
| 4. Brukin North (Qualqilya) | 11. Adna east (Hebron) |
| 5. Khirbat A-Tawani (Hebron) | 12. Tarkumiya South (Hebron) |
| 6. Khirbat A-Shama West (Hebron) | 13. Khirbat Ta'anach (Jenin) |
| 7. Jabel Harsa (Bethlehem) | 14. Khirbat Um Reihan (Jenin) |

Approval of these master plans shall facilitate developing, building and upgrading of schools, clinics, and other facilities within these villages. This is an important beginning, and it is our intention to work to proceed along these lines to apply this model to other villages in the West Bank.

The GoI will re-examine the current demolition and land orders in Area C.

Tarqumiya Industrial Park, the exact location of which still requires specific agreement between the GoI and the PA, as stated above, will have land from Area C for development. The GoI will agree to allow Palestinian agricultural workers to cultivate the land.

Other Area C measures have been included in the section on Jenin below.

Developing Palestinian Security Capabilities

The measures on economic development, movement and access and Area C are all those that can be done within the existing security arrangements for the West Bank.

However, there are measures already being taken by the PA to improve their security capability. In addition, there are plans and proposals for: security sector reform – done in conjunction with General Dayton; for civil police reform - done with the EUPOL COPPs (EU Police Mission in the Palestinian Territories) mission under Colin Smith; and for wider justice reform – prisons, courts and judiciary – done with the help of the EU and USAID.

These plans are well advanced. The Berlin Conference at the end of June gives the PA and the international community the chance to bring them all together into a coherent set of proposals for the radical upgrading of Palestinian security capability and performance.

But certain steps are already being undertaken. As a result, we can bring the first three elements together with security improvements to try create a fundamentally different way of working. The Palestinians are working to create an area in and around Jenin City where Palestinians take control of security, where there is substantial economic and social development, access and movement restrictions are significantly lifted and land in Area C can be developed. If this works, and it depends on both sides fulfilling their obligations, then it is the intention to expand it.

4. Jenin Area

Security

General Jones and General Dayton are working intensively to help develop the Palestinian capability to instil law and order and to combat terrorism in the area.

In this area, the security arrangements will be:

Israel will retain overall security responsibility in the West Bank and reserves the right to act where its security is at risk. But subject to this, in the designated area, the PA will be given control of security under unique and different arrangements, the details of which are subject to an ongoing discussion between General Jones' team, the Government of Israel and the Palestinian Authority.

The PA will construct new prison capacity for Jenin prisoners whether in Jenin or elsewhere and rebuild the Muqata'a detention facility. The PA will also open the new courthouse facility by the end of July to process cases.

In addition, GoI has agreed to the opening of four new police stations in area B, in approved locations in and around Jenin, out of a total of 20 police stations approved throughout the West Bank.

Access and movement

There will be no roadblocks in the designated area; and other changes will be made to facilitate Jenin-Nablus and Jenin-Jordan Valley traffic, as referred to in the movement access section above.

There will be greater ease of access into Jenin and the crossings will open at Jalameh and Reihan until midnight. All these measures shall be undertaken with due consideration of the security conditions on the ground.

Economic and social development

There will be the new industrial park at Jalameh announced above, to begin in early 2009.

There will be 1000 work permits for Jenin residents to work in Israel. 300 Jenin traders will be given access to Israel.

The GoI will allow the construction of a new storage facility to allow the storing and passage of grain and import and export of agricultural products.

As stated above, the GoI has agreed to grant permits for 150 vehicles for landowners from the West Bank to access the Jordan Valley. Additional requirements will be positively considered.

There will be a large number of smaller-scale economic and social projects implemented by the PA. Many will begin immediately. These projects will upgrade schools, providing additional classrooms where needed. New schools will be built in Jalboon and Jenin City. Several health clinics will be upgraded and community and youth centres will receive additional facilities.

Pending the decision of the Joint Water Committee, work will begin to provide water to 25,000 residents of six villages that currently lack access to safe water. Work will also start in the coming months on providing electricity to several villages that lack services. Sewage lines within Jenin city and in surrounding villages will be upgraded and the rehabilitation of Jenin city's sewage treatment plant will begin soon. Municipalities will soon receive \$750,000 of equipment to manage solid waste.

Area C

Permission will be given to develop a children's centre and park in a site in Area C to be decided.

The Jenin Governor's proposal for a new school near Jalameh, outstanding for several years, has been approved, in principle, details to be concluded between the two sides.

There will be the master plan approval and the PA security force activity, set out above, in Area C."

Tony Blair: "Let me repeat, most of these measures above are in the West Bank. However, as the Quartet has frequently reiterated, the Palestinian State will comprise of the West Bank and Gaza, and should be thought of as an integral whole. Were the security situation in Gaza to improve, there are equal possibilities to improve the lives of Gazans. But tragically until this happens and proper PA control is re-established, and all the conditions set forth by the Quartet fully met, the prospects are bound to be limited.

If the above package works, then it will be followed by further such packages. In this way, over time and progressively, the everyday life of Palestinians can be improved, but in a way that does not put Israel's security at risk.

It is my firm belief that these steps shall also facilitate the ongoing negotiations between the parties, aimed to achieve a viable and lasting peace agreement between two countries, living side by side in peace and prosperity".

PALESTINE INVESTMENT CONFERENCE – PIC - 2008

BETHLEHEM - 21-23 MAY 2008

NABLUS - 22-23 NOVEMBER 2008

Palestine Investment Conference – Bethlehem

The Palestinian Investment Conference - PIC that took place on 21st-23rd of May 2008 in Bethlehem was inspired by the success of the Paris Donors' Conference, at which the international

community committed to a comprehensive three-year development and rehabilitation plan for Palestine. During the Paris conference, different donor countries combined to pledge \$7.7 billion toward the social and economic development of Palestine. Inspired by this show of support, the Palestinian private and public sectors, with the support of local social institutions, came together to create this conference as a forum to showcase the Palestinian economy and highlight the investment opportunities in Palestine's different sectors, promoting investment in various promising sectors while building a strong network of local, regional, and international business leaders. The conference underscored the Palestinian Government's reform plans for the public sector, intended to increase efficiency in the private sector while strengthening public and private sector partnership.

The target audience for the conference included: Members of Arab Business Councils, Arab Business Associations, and General Unions of Arab Chambers of Commerce throughout the world; the business community of the Palestinian Diaspora; Government representatives; delegates from international aid agencies; Arab and Islamic financial committees and development funds representatives; public figures and notable representatives of international, regional, and local civil society institutions; local, regional, and international media representatives; and the broader Arab and international community.

“The time has come to invest in Palestine”, said the Prime Minister Salam Fayyad. “The international community showed its overwhelming support of the Palestinian economy in Paris last December, and PIC-Palestine intends to continue this process of creating an environment conducive to investment-led growth”.

The objective of the conference included:

- Showcasing business opportunities and projects ready for launching;
- Demonstrating high-level political commitment from the Palestinian Authority to the investment-led growth of the Palestinian economy;
- Educating and informing potential investors regarding the local investment climate;
- Challenging popular perceptions about doing business in Palestine;
- Promoting promising investment opportunities in a variety of sectors;
- Showcasing the business success stories of Palestine;
- Creating linkages between Palestinian and international businesses;
- Initiating an ongoing dialogue between the Palestinian government, the Palestinian business community, and international investors; and
- Building momentum for the removal of barriers that hinder partnership between Palestinian businesses and the international business community.

The 1997 international participants came mostly from the Arabian peninsula - about 40% -, 10% were from Europe and North America and the remaining 50% from Palestine itself. On this point it's interesting to note the presence of 105 businessmen from Gaza, whom Israel gave the opportunity to travel to the West Bank, despite the military block.

The President of the Conference, Abu Libdeh, repeated loudly for all three days a very effective slogan: *"You can do business in Palestine."*

To endorse this argument a total of 165 submissions were received ranging from developed investment opportunities from well-established market leader to young entrepreneurs with innovative and imaginative ideas. All submissions were evaluated by the PIC – Palestine Technical Unit and submitted to the program committee for approval against an agreed set of criteria. In total 105 projects and concepts were approved for a total value of about US \$ 2 billion in these sectors: agriculture; finance; Information and communication technology; infrastructure, real estate and construction; manufacturing; and tourism.

In his speech, the Prime Minister Fayyad assured the investors that *" the Palestinian authority is doing everything in its capacity to encourage and push the private sector to liaise with different civil society organisation. It has been pushing the private sector to further growth by passing new laws and legislation to benefit it, such as alleviating taxes, as well as a new set of legislations to improve the compatibility and capability of the private sector, in order to enhance the economy significantly"*.

Palestine Investment Conference – The North Forum - Nablus

The Palestine Investment Conference – The North Forum, on 22nd-23rd of November 2008 held in Nablus. It followed upon the success of the first Palestine Investment Conference that was held in Bethlehem in May 2008. The primary objective of this conference was to provide participants with investment opportunities in the North of the West Bank.

The forum brought together more than 200 Arab and foreign investors and more than 400 local businessmen from the West Bank, Gaza and from within the Green Line.

The aims of the Conference were: to shed light on investment opportunities in Palestine, with a focus on the northern regions of the West Bank and the sectors of interest; to provide investment opportunities to local and foreign investors, by showcasing suggestions for projects on hold, or funding new projects; to assist local businessmen in identifying, studying and promoting viable business opportunities that have the potential to attract local and foreign investors.

\$ 510 million of projects were announced at this Conference in Nablus.

Five of the projects were in the infrastructure sector, one in industry, and one to finance investments. All are concentrated in the northern part of the West Bank. The biggest project was the power plant planned for the northern parts of the West Bank with a capital of \$300 million shared among several investors. The second is an iron factory in the West Bank, city of Jenin, with a capital of \$100 million, of which \$15 million has been allocated to begin the first phase of the galvanized iron plant. A fund to revive the economy of the northern parts of the West Bank was launched at a cost of \$50 million to be funded by the PA, the private sector and donors.

Palestine Industrial Estates Development and Management Company (PIEDCO), a company affiliated to the Palestine Development and Investment Company (PADICO,) announced a grain silos project in Jalama, north of Jenin, at a cost of \$18 million.

On the sidelines of the conference, the Palestinian Investment Fund (PIF) and the municipality of Nablus signed a memorandum of understanding to establish an industrial zone on an area of 120 dunams in Nablus to cost \$25 million in the first phase, then to be expanded to 350 dunams at a total cost of \$85 million. In addition, a solid waste treatment project in the governorate of Nablus, to cost \$2.1 million, was launched.

Twelve other projects were presented in the four sessions during the conference.

During the four sessions of the conference, which discussed infrastructure, industry, agriculture and domestic tourism, the Palestinians tried to convince their Arab counterparts and Palestinians living in the diaspora of the opportunities available in the Palestinian territories and especially in the northern parts of the West Bank.

Robert Danin, head of mission of the Office of the Quartet Representative, said: *"Since I arrived here in April, I have had the opportunity to meet a broad range of Palestinians from the public and the private sector. I have been very impressed with the vitality, professionalism, courage and pro-activeness of both the PA and the private sector."*

He added that [former British Prime Minister]Tony Blair, the Quartet representative, had been meeting regularly with members of the Palestinian business community from throughout the Palestinian territories: from Hebron, Nablus, Bethlehem, Ramallah, Jericho, Jenin and Gaza.

"These discussions have helped shape our understanding of the huge potential of Palestinian entrepreneurship, as well as our understanding of what needs to take place to enhance the investment climate, so that this entrepreneurship and investment potential can bear fruit", he added

QUARTET – BERLIN – 24 JUNE 2008

The results of the PIC Conference were underlined in the statements by the Quartet in June 2008 in Berlin:

“.....

Recalling the centrality of economic development and institutional reform to the success of a future Palestinian State, the Quartet reaffirmed its support for Quartet Representative Tony Blair's efforts, and congratulated the Palestinian Authority on the success of the May 21-23 Palestine Investment Conference in Bethlehem. Commending the close cooperation between Israel and the Palestinian

Authority on this initiative, the Quartet encouraged similar cooperation to break ground on short- and medium-term projects and to make progress in private sector activities that will create jobs for Palestinians and help change the conditions of life. The Quartet underscored the importance of uninterrupted transfers of Palestinian tax and customs revenues to the Palestinian Authority.”

AD HOC LIASON COMMITTEE – NEW YORK - 22 SEPTEMBER 2008

Ministers and senior officials of the AHLC members and other major donor countries met in September 2008 in New York.

They expressed their satisfaction with the Bethlehem Investment Conference and congratulated the Palestinian Authority on a successful initiative and Israel for its cooperation and reaffirmed their view that economic progress in the Palestinian Territory is an essential part of bringing the Israeli-Palestinian conflict to an end. In this context, AHLC reiterated its support for the Quartet Representative and his intensive efforts together with the Palestinian Authority and the Government of Israel to fully implement the package of measures agreed on 13 May 2008, which are aimed at boosting the Palestinian economy and promoting greater freedom for the Palestinians, while taking Israeli security concerns into account.

“Greater movement of people and goods will give the Palestinian economy a major boost and increase the efficiency of development programmes, and thereby reduce the dependence on aid and lay the groundwork for a viable Palestinian state.

Security, good governance and economic development are interlinked, and the positive experience gained in Nablus and the Jenin region should be expanded to other cities and areas in line with Palestinian Authority priorities”.

QUARTET - SHARM EL SHEIK - 9 NOVEMBER 2008

Representatives of the Quartet - U.N. Secretary General Ban Ki-Moon, Russian Foreign Minister Sergei Lavrov, U.S. Secretary of State Condoleezza Rice, High Representative for Common Foreign and Security Policy of the European Union Javier Solana, European Commissioner for External Relations Benita Ferrero-Waldner, and French Foreign Minister Bernard Kouchner - met in Sharm el Sheik the Palestinian Authority President Mahmoud Abbas and the Israeli Foreign Minister Tzipi Livni. They were joined by Quartet Representative Tony Blair.

To describing the structure of the negotiations and indicating areas in which progress has been achieved, President Abbas and Minister Livni expressed gratitude for international support provided during the last year and requested continued support from the Quartet and all members of the international community.

Inter alia, they asked political and economic assistance, especially in relation to institutional and security reform, capacity building, economic development and the fulfilment of pledges, to the legitimate Palestinian government which has accepted the Quartet principles and respects the PLO commitments.

The Quartet renewed its call on relevant states and international organizations to assist in the development of the Palestinian economy, to maximize the resources available to the Palestinian Authority, and to contribute to the Palestinian institution-building program in preparation for statehood, as decided during the Paris, Bethlehem, and Berlin Conferences. The Quartet cited Jenin as an example of the success of reforms instituted by the Palestinian government and of cooperation between the two sides, made possible in the context of the Annapolis process.

UNITED NATIONS – SECURITY COUNCIL - 16 DECEMBER 2008 Resolution 1850

.....

4. Calls on all States and international organizations to contribute to an atmosphere conducive to negotiations and to support the Palestinian government that is committed to the Quartet principles and the Arab Peace Initiative and respects the commitments of the Palestinian Liberation Organization, to assist in the S/RES/1850 (2008) 2 08-65359 development of the Palestinian economy, to maximize the resources available to the Palestinian Authority, and to contribute to the Palestinian institution building programme in preparation for statehood;