



CONFERENCE ON PROMOTING ECONOMIC DEVELOPMENT IN THE WEST BANK AND GAZA THROUGH THE PRIVATE SECTOR

- CONFERENCE REPORT -

January 10, 2006

OVERVIEW

The EastWest Institute was one of four co-sponsors of the international *Conference on Promoting Economic Development in the West Bank and Gaza through the Private Sector*, which was hosted by the World Bank and H. M. Treasury in London on 12-13 December 2005, and sought to promote the role of the Palestinian and international private sector communities in kick-starting economic development. The conference represented the first major gathering of the private sectors from both sides, and resulted in a joint declaration from these, outlining their requirements for the creation of a business-friendly climate. The Institute held a dinner on the eve of the conference, which was supported by Development Alternatives, Inc, a contractor of the U.S. Agency for International Development (US AID), with additional funding coming from the Swedish Ministry for Foreign Affairs.

PRE-CONFERENCE DINNER, MONDAY, 12 DECEMBER

Among the objectives of the reception and dinner was to provide an atmosphere of friendly cooperation and an opportunity for conference participants to have free and unstructured time to network with each other prior to the conference. The evening's events were attended by a number of distinguished guests, including the Palestinian Authority's Minister of National Economy, H.E. Mazen Sinokrot, the European Union's Special Representative for the Middle East Peace Process Mr. Marc Otte, the World Bank's Country Director for West Bank and Gaza Mr. Nigel Roberts, the U.K. Department for International Development's Regional Director, Ms. Nemat Shafik, and the heads of the Palestinian and Israeli business delegations, Mr. Zahi Khouri and Mr. Amiram Shore, among other distinguished guests.

Amb. Mossberg welcomed the participants in his opening remarks and expressed his appreciation for the cooperation that the various institutions and individuals have extended to the Institute in its work over the past two-and-a-half years of involvement in the region. He went on to note the special role that the private sector has played in various economic development initiatives, and most notably in the creation of the European Economic Community. . Amb. Mossberg added that at times it was the businessmen "rather than the diplomats" who had been the moving factors behind historical events of international economic cooperation.

Other speakers that followed Amb. Mossberg included H.E. Minister Sinokrot, who thanked the Institute and its sponsors for hosting the dinner and for organizing what the Minister felt was a significant event in underscoring the international community's commitment to help the Palestinian people recover after five years of violence and upheaval.

The Minister took the opportunity to formally announce the Palestine Development and Investment Conference (PDIC), currently scheduled for April 2006 in Palestine, and in which he invited the audience to take a leading role. H.E. Min. Sinokrot called on Mr. Kamel Hussein, the CEO of the PDIC, who briefed the audience on the planning efforts that were well under way. As such, a significant portion of the conference's funding had already been secured. Mr. Hussein also mentioned plans for the conference to be held in Bethlehem and Gaza, which will seek to emphasize the participation of the Arab/regional business community. To this end, the PA is working with GoI and key Arab governments to facilitate the travel and logistics of prospective participants.

The final speaker for the evening was Mr. Jim Bever, the Mission Director for U.S. AID--West Bank and Gaza. Mr. Bever took the opportunity to underline the U.S. government's support of the Palestinian people and, as such, described the various funding programs and projects created recently as concrete examples. During his remarks, Mr. Bever also expressed his appreciation for the leadership that Mr. Sinokrot had taken in supporting initiatives such as the London Conference, among others. Similarly, Mr. Bever also acknowledged the EastWest Institute's work in promoting economic development in the Palestinian areas.

THE CONFERENCE, 13 DECEMBER

The Conference started by introductory remarks by the World Bank, the Palestinian Minister of National Economy and the Israeli deputy Minister of Finance, as well as The British Chancellor of the Exchequer, Gordon Brown, all outlining the role of the private sector. A declaration that had been jointly negotiated by an Israeli-Palestinian working group, composed exclusively of leading private sector representatives, was presented. The declaration constitutes a call to the Israeli and Palestinian governments as well as the international community to put into place more concrete and effective measures for an "open and thriving Palestinian economy" that would ultimately support an "economically and politically viable, liberated and independent Palestinian state."

The Declaration further outlines the need to reduce physical and institutional barriers for economic activity, while also protecting investors and their business. Other parts of the Declaration cover issues related to transparency and the rule of law, infrastructure, security, etc. and concludes with a call for the creation of a Steering Group (SG) with a membership composition similar to the Working Group that produced the Declaration. The SG would be convened by the World Bank and serve in a consultative capacity for key actors.

The Conference was intended to be action-oriented, and thus a number of projects were proposed, some of which include:

- Chicago Ten Trading Company, to facilitate trade between the U.S.-based companies and wholesalers and Palestinian manufacturers.

- Palestinian Free Zone in Gaza that would encompass existing industrial estates and the building of others
- Joint Israeli-Palestinian logistics company, with the aim of helping Palestinian goods move through various borders (into Israel; between West Bank and Gaza; to the world).
- SME schemes: various proposals were put into place, such as SME support centers, credit/loan risk insurance, that would benefit a large part of the Palestinian economy.
- Investment to upgrade infrastructure, such as the Gaza Gas Distribution Project, and the building of the Gaza sea and air ports.

In their concluding remarks, the representatives of the World Bank and The British Government expressed their satisfaction over a successful conference, and the hope that this would mark the beginning of a process of intensified cooperation between the parties to create a climate appropriate for economic progress in the region.