

update Bethlehem Investment Conference

Key points:

- **Over £1 billion pledged for new investments in business projects in the West Bank and Gaza at the Bethlehem Investors conference**
 - **DFID announce over £3 million to support small businesses and improve movement and access in Gaza and the West Bank**
 - **Israel ease restrictions on movement to enable Palestinians from Gaza to attend the conference and issue special permits for participants, many of them Palestinian expatriates from Jordan and the United Arab Emirates**
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Latest developments

- The Palestine Investment Conference in Bethlehem took place on 21-23 May and was intended to serve as a platform to discuss investment opportunities and forge partnerships between the Palestinian and international business communities.
- Around 2000 people attended the conference and nearly £1 billion worth of investment opportunities and business proposals were put forward for schemes that are expected to create up to 35,000 new jobs.
- More than £250 million of investments will be directed in real estate and £32 million in high-tech. The investment also includes £280 million from Arab investors earmarked for a new West Bank town and a shopping complex.
- Israel issued nearly 500 special entry permits for participants, many of them Palestinian expatriates from Jordan and the United Arab Emirates. Over 100 businessmen from Gaza were also issued travel permits to attend the conference.
- Alongside progress being made in developing the Palestinian economy, another conference will be held in Berlin at the end of June to discuss proposals for reforming and upgrading Palestinian institutions in order to improve the PA's security and governing capabilities.

Background

- Since Annapolis, a number of measures have been taken to encourage growth and development in the Palestinian economy to support the political negotiations taking place between Israel and the Palestinian Authority.
- An International Donors Conference was held in Paris in December 2007 where more than \$7.2 billion of aid was pledged to the Palestinian Authority by 87 countries and international organisations. The money is being used to support the Palestinian Reform and Development Plan (PRDP) launched by Prime Minister Salam Fayyad ahead of the Paris conference.
- Ahead of the Bethlehem conference, Quartet Special Envoy to the Middle East, Tony Blair, announced details of a plan to set up a security and economic "free

zone” around the northern West Bank town of Jenin. As part of the deal, Israel will issue an additional 1,000 permits to allow Palestinian residents to work in Israel and 300 work permits will be issued specifically to Jenin traders. Israel also agreed to remove four West Bank checkpoints, upgrade seven others to make them easier to move between and move one to allow traders and workers freer access to markets. Blair also announced that building of an industrial park near Jenin will soon go ahead, creating over 15,000 jobs for local residents.

- The recent drive for economic development comes after a report from the World Bank (May 2008) which estimated that unemployment was at 18% in the West Bank and 33% in Gaza. The report also noted that overall real GDP growth for the Palestinian Territories is estimated to be 0% in 2007.

UK engagement

- DfID was a sponsor of the recent Bethlehem Conference and hosted a meeting of the Quartet in London on 2 May where country donors were called upon to fulfil their pledges made at the International Donors’ Conference in Paris.
- At the Bethlehem Conference, Secretary of State for International Development, Douglas Alexander, announced that DFID would fund a £3 million New Market Development Initiative for small businesses in the Palestinian Territories. He also pledged a further £850,000 to the United Nations to help improve the movement and delivery of humanitarian aid into Gaza and the West Bank.
- DfID also contributed £5 million to support a residential mortgage loan program to support the expansion of affordable housing for the Palestinians.
- Douglas Alexander spoke of the importance of greater investment in Palestinian business:

“...aid alone is not enough to help [the Palestinian people] overcome their problems. Economic growth is vital to the search for a lasting economic and political settlement in the Middle East.” (23/5/2008).

- Prior to the conference, DfID announced on 2 April that it would provide £32 million extra in aid for Palestinians in 2008. The total UK contribution to the Palestinians from April 2007 to March 2008 was £63.6 million.
- The additional funding includes:
- £30 million in financial assistance to the Palestinian Authority (PA) through the World Bank Trust Fund and the European Commission.
- A £2 million contribution to the International Committee of the Red Cross (ICRC).
- The money will be channelled through two new international funds that have been set up to manage donations to the Palestinian Authority. PEGASE was set up in February 2008 to replace the EU administered Temporary International Mechanism. The World Bank also established a new fund called the Palestinian Reform and Development Plan Trust Fund (PRDP-TF) to manage donations to the Palestinian authority in April 2008.