

Draft conclusions of 'The London Meeting On Supporting the Palestinian Authority'

This document sets out the political vision expressed and supported by the attendees at the London conference, the Palestinian Authority's own plans for institutional renewal, and a set of clear commitments by the international Community in support of the PA's programme.

Participants welcomed the important steps forward taken by both parties in recent weeks, including the cease-fire announced at the Summit in Sharm el-Sheikh on 8 February. While participants noted that the situation on the ground remains fragile they underlined the importance of working to establish a virtuous cycle. They also noted the importance of building the capacity of Palestinian institutions including in preparation for the establishment of a state.

Participants re-affirmed their commitment to achieving a resolution of this conflict through direct negotiations leading to the goal of **two states** – a safe and secure Israel and a sovereign, independent, viable, democratic and territorially contiguous Palestine, living side by side in peace and security. Participants reaffirmed their commitment to a just, comprehensive and lasting settlement based on UN Security Council resolutions 242 and 338.

The participants were encouraged by the sense of a new beginning with a strengthened Palestinian Authority under new leadership and in light of the Israeli **disengagement** plan. **The participants welcomed disengagement as an opportunity to make progress in the Peace Process.** They supported the position set out by the Quartet on 22 September 2004 that this initiative must bring about a full and complete Israeli withdrawal from Gaza, in a manner consistent with the Roadmap.

The participants welcomed the meeting of **Quartet** Principals on [28 February/1 March]. The participants reaffirmed the central role of the Quartet in carrying forward the Peace Process in direct contact with the two parties, and asked the Quartet to reflect the conclusions of the London meeting in future contacts with the two parties.

Participants in the meeting reaffirmed their commitment to the **Roadmap**. All sides in the conflict have obligations under the Roadmap. The London Meeting will help the Palestinian Authority in this context.

IN CONFIDENCE

Version: 8 Feb

Participants in the meeting reaffirmed the importance, as noted in the Roadmap, of the **initiative of Crown Prince Abdullah** – endorsed by the Beirut **Arab League Summit** - and urged renewed positive engagement from Arab states and the international community.

President Abbas **outlined the Palestinian Authority's plans for the strengthening of its effectiveness and capacity.** These were welcomed by the participants.

The central aim of the London Meeting was to help the Palestinian Authority under President Abbas and Prime Minister Ahmed Qurei to **strengthen Palestinian institutions.** Participants noted the progress made by the Palestinian Authority in all these areas. Further work to build a more effective security apparatus, better governance, and the strengthening of the Palestinian economy, with adequate and effectively targeted international support, should improve the capacity of the Palestinian Authority to deliver real benefits to the Palestinian people across the West Bank and Gaza. This work should also provide a sound basis for building the institutions of **a future Palestinian State.**

Stronger institutions will also enable the Palestinian Authority to take over more successfully the territories from which Israel withdraws in the context of the **disengagement plan.** This should be a significant step in building momentum.

The Palestinian Authority's sincere commitment to a viable plan to meet the benchmarks of good government should open the way to donor governments providing a **renewed investment** in Palestine. It was noted that any support resulting from the meeting would be in accord with Palestinian priorities and that the monetary support would be in accord with the Palestinian Medium Term Development Plan.

The implementation of the commitments made by the Palestinian Authority should help to reinvigorate the peace process. The participants in the London Meeting recognised that such progress by the PA would constitute **a major step forward in implementation of the Palestinians' commitments under the Roadmap.** At the same time participants urged **action by Israel** in relation to its own commitments.

The London Meeting agreed a set of steps to be taken by the Palestinian Authority with international support in the areas of:

- Governance

IN CONFIDENCE

Version: 8 Feb

- Security
- Economic Development

The meeting called on the Task Force on Palestinian Reform (TFPR) and the Ad-Hoc Liaison Committee (AHLC) to establish steering groups to give greater impetus to their activities in the areas of governance and economic development. The US will chair a steering group on security.

Participants committed to follow up in all three areas of governance, security and economic development, specifically:

- i. To **monitor and publicise progress** made by the Palestinian Authority against the commitments set out at the London meeting.
- ii. To **mobilise international assistance** for the PA's efforts, as set out at the London meeting and in response to further developments.

Participants noted that Palestinian Authority action in certain areas required the co-operation of and facilitation by Israel. The follow up mechanisms will liaise with the Israeli Government, to help ensure a climate conducive to strengthening of the Palestinian Authority, taking into account Israel's security needs and consistent with international law. This would include the indicators on the conditions for economic development agreed between the World Bank, Israel and the Palestinian Authority.

i)

Palestinian Authority's declaration on institutional renewal

[Opening paragraph setting out the Palestinian Authority's vision for progress.]

GOVERNANCE

We will strengthen Palestinian democratic institutions, including:

- a) Elections
- b) Public Sector and Civil Service reform
- c) Judiciary
- d) Basic Law/Constitution
- e) Civil Society
- f) Responding to disengagement

a) Elections

- We will pass a new electoral law currently under discussion at the PLC.
- We will bolster the legitimacy of government institutions by holding elections to the Palestinian Legislative Council on 17 July 2005.
- We will complete the programme of rolling local elections across the West Bank and Gaza by the end of 2005.

b) Strengthening the Public Sector and Civil Service

- We will establish a high-level Steering Committee including key PA stakeholders to provide strategic guidance and monitor the implementation of Public Administration and Civil Service Reform (PACSR).
- A sustainable pension law will be implemented following consultation with donors.
- We will publish an amended Civil Service Law.

c) Judiciary

IN CONFIDENCE

Version: 8 Feb

- Our State Security Courts will be formally abolished
 - We will approve and implement an amended Judicial Authority Law.
 - We will develop and implement a plan to construct and to administer prison facilities in the West Bank and Gaza.
 - We will produce clear procedures and regulations in relation to the selection, appointment, promotion and transfer of judges and prosecutors.
- d) Basic Law/ Constitution
- The executive and legislative branches of the PA will continue to function in accordance with the Basic Law and other laws.
- e) Civil Society
- We will involve broader Palestinian civil society in shaping the reform agenda and monitoring its implementation through the National Reform Committee.
- f) Responding to disengagement
- We will create an effective institutional structure through which to coordinate with Israel on the disengagement plan.

SECURITY

Our overall security strategy to tackle terrorism comprehensively and to restore internal law and order includes the following elements:

a) Legal Framework

- We will create empowered national security structures with clear reporting mechanisms to the civil authority, set out in a National Security Law.

b) Command Structures

IN CONFIDENCE

Version: 8 Feb

- We will appoint a single National Chief of Police to oversee all regional and municipal police chiefs in the West Bank and Gaza and boost police presence on the streets.
 - We will create a central unified Intelligence Assessment Body
 - We will appoint a National Security Co-ordinator
 - We will maintain current lines of communication with Israeli Security establishment on security issues.
 - We will rationalise the security/intelligence services down to 3 (Internal Security (Police and Preventive Security), National Security Forces (Military and Border Guards) and External Intelligence.
 - We will ensure strict financial accountability of Services
- We will establish a special task force on arms smuggling, working with neighbours and interested parties.
 - We will establish and implement plan for effective border security deployments.
 - Our forces will ensure the cessation of all Qassam rocket launching and armed attacks against Israel from Palestinian territory.

Sec. implementation

ECONOMIC DEVELOPMENT

We have identified opportunities for progress in the following areas:

- a) Economic Governance
- b) Stimulating private sector growth
- c) Responding to Israeli disengagement

① National plans

All work and progress regarding strengthening the Palestinian Authority in terms of economic development will be in the context of and in furtherance of the outcomes, recommendations, "indicators" and commitments resulting from the AHLC process. In addition, the MTDP should provide the framework for all monetary support from the international community.

② US-led committee
6

a) Economic governance:

- We will take further action to combat corruption, including increased transparency consistent with the fact that the PA has already signed up to the UN charter regarding corruption.
- We will ensure tight control over the civil service wage in the 2005 budget
- We will implement further recommendations of the World Bank's Country Financial Accountability Assessment¹ especially on internal and external audit
- We will enact and implement a Unified Pensions Law to enable reduction of public sector wage bills.
- We will conduct a Public Expenditure Review followed by move to performance / programme budgeting
- We will overhaul the revenue transfer mechanism to local government

b) Stimulating private sector growth:

- We will develop and implement further the Medium-Term Development Plan (MTDP) and ensure priorities are linked to the budget and poverty reduction
- We will improve legal conditions for private sector access to financial resources
- We will enhance the capacity of private sector associations
- We will simplify business procedures
- We will help to improve conditions to facilitate internal and external trade
- We will review and enhance the transparency of public procurement procedures

¹ A Country Financial Accountability Assessment is an internationally recognised means for the World Bank to assess financial accountability.

Beyond the specific challenges of economic governance, broader conditions necessary in order to underpin a market economy:

- We will make further legislative amendments to establish legal infrastructure for a stronger market economy
- We will design the judicial and security arrangements to create a more attractive investment environment

c) Responding to Israeli disengagement

- We will establish mechanisms, on a sound legal basis, to deal with the infrastructure legacy of disengagement.

International Community Commitments

Representatives of the international community present at the meeting strongly welcomed the declaration by the Palestinian Authority, and expressed their desire to work with the PA in support of its programme. In that context, the international community made the following commitments:

PALESTINIAN GOVERNANCE

a) Elections

- Provide financial support for elections and full political support to this process, to help the Palestinian Authority to build on the experience of the presidential election and to ensure that both sets of elections are well organized, free and fair.
- provide technical advisers if necessary, including on drafting Election Law.

b) Strengthening the Public Sector and Civil Service

- Provide expertise and financial support in implementing change in pension arrangements and broader civil service. This will include advice on civil service roles, responsibilities and conduct.

c) Judiciary

- Provide expertise and financial support in implementing judicial reform.
- Provide a package of professional training (including human rights training for prison service staff.)
- Work with Israel to provide guarantees that prisons are not targeted.

d) Basic law/Constitution

- Provide advice and support

SECURITY

a) Legal framework

- Advise on legal, structural and organisational aspects of strengthening the security sector through the EU COPPS and the programme of SSR assistance.

b) Command Structures

- Provide technical advice and financial support for a plan for rebuilding the Palestinian Authority security forces
- Provide financial support to re-equip the security/intelligence services (cars, office equipment, radios, uniforms, rebuilding offices).
- Provide training for operational officers and strategic commanders as the new structures are put in place.
- Help the Palestinian Authority to establish a fund for security personnel
- Help with addressing the cost of pensions for retiring/retired security/intelligence officers.

- International team to verify weapons and explosives seizures.

ECONOMIC DEVELOPMENT

Part of US-led committee

a) Economic Governance

- Provide expertise and financial support in implementing pension reform. This will be led by the World Bank.
- Provide technical advice on legal framework and systems to combat corruption.

b) Stimulating Private Sector Growth

- Monitor the Palestinian Authority's and Israel's adherence to the World Bank's "indicators" resulting from the AHLC process

IN CONFIDENCE

Version: 8 Feb

- Set a date for a Consultative Group to pledge funds in support of the Palestinian Authority, which could be back-to-back with the AHLC/TFPR ministerial meeting, by the end of May.
- Establish a mechanism under World Bank leadership to ensure increased international private sector investment and support efforts, led by the World Bank to hold a private sector business/investment event in the margins of the World Economic Forum in Jordan in May 2005.
- Work up a loan guarantee scheme to support small business
- Reorient existing aid more closely behind Palestinian Authority priorities, especially via the World Bank Trust Fund.
- Work with Israel to maximise the effectiveness of the donor effort by increasing freedom of movement for Palestinian people and goods within and from the West Bank and Gaza, as agreed by the AHLC.
- Provide assistance to Israeli and Palestinian trade and customs authorities to simplify systems for export of Palestinian goods.
- c) Delivery of existing pledges
 - To encourage donors with outstanding commitments to recognise the importance of an early release of funds committed in support of the Palestinian Authority's budget.
- d) Responding to Israeli Disengagement
 - To encourage appropriate co-operation between the Palestinian Authority and Israel.

Follow up mechanisms

The Palestinian Authority and the international community agreed on the importance of establishing effective follow-up mechanisms to channel assistance for the PA's programme of institutional renewal.

Governance

The meeting recognised the important contribution of the TFPR and called on the TFPR to establish a steering group to give greater focus and political visibility to its work.

This Steering group will be chaired by the European Commission, which will identify a small number of prominent TFPR members to form this group.

The Steering group will monitor the progress made by the PA towards its commitments, as well as the international community's commitment of assistance. It will report its conclusions to the Quartet.

Security

The US will, in consultation with the Palestinian Authority and Israel, form a co-ordinating group of those countries and organisations providing significant practical support to the Palestinians in the area of security. It will meet in the region, with additional co-ordination at capital level.

The group will fulfil the objective set out by the Quartet in May 2004 to establish a US-led oversight committee on security to oversee the restructuring and retraining of the Palestinian security services, consistent with the Roadmap.

The group will monitor the progress made by the Palestinian Authority towards its commitments, as well as the international community's commitment of assistance.

The group will coordinate the international provision of security assistance and report periodically on:

- progress on legal framework and command structures,
- operational effectiveness of Palestinian Authority security/intelligence services,

- capacity gaps and recommended solutions,
- and:
- liaise with Israeli security services over the conditions required for development of Palestinian Authority security efforts.

Economic Development

The meeting recognised the important and continuing contribution of the AHLC and called on it to establish a Steering group to support and give greater focus and political visibility to the AHLC's work.

The Steering group will be chaired by the World Bank, which will identify a small number of AHLC members to form the group. It will monitor the progress made by the Palestinian Authority and Israel towards the benchmarks identified by the World Bank, and encourage appropriate contributions, support and assistance from the international community. It will explore opportunities to promote increased private sector investment in the Occupied Territories. The AHLC Steering group will report its conclusions to the Quartet.