

Conclusions of The London Meeting On Supporting the Palestinian Authority, 1 March 2005

This document sets out the **political vision** expressed and supported by the participants at the London Meeting, 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.

The London meeting takes place at a moment of **promise and opportunity** for Palestinians and Israelis. Its purpose is to rally the international community in support of the Palestinian Authority's plans to build the institutions of a viable Palestinian state. In that way it can help to sustain the political process which is now being renewed.

Participants condemned the bomb attack in Tel Aviv on 25 February, and expressed their determination that terrorism should be brought to an end, and not allowed to sabotage the peace process. They welcomed President Abbas's commitment to bring those responsible to justice.

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 also reaffirmed their commitment to achieve a just, comprehensive and lasting settlement consistent with the Roadmap and based on UN Security Council resolutions 242, 338, and 1515.

Participants noted the continuing significance of **President Bush's** statement of June 2002. They also reaffirmed the importance, as noted in the Roadmap, of the initiative of **Crown Prince Abdullah** – endorsed by the Beirut Arab League Summit. Participants urged all concerned to take forward this initiative.

Participants in the meeting reaffirmed their commitment to the **Roadmap**. They urged all parties to the conflict to respect and uphold the obligations set out there. The London Meeting will help the Palestinian Authority in this context.

Participants welcomed the important steps forward taken by both parties in recent weeks, including the important progress announced at the Summit in **Sharm el-Sheikh**, Egypt, 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 and the renewal of progress towards peace through the full implementation of the Roadmap.

The participants welcomed the sense of promise offered by a strengthened Palestinian Authority under a reinvigorated leadership. The participants also welcomed the **Israeli disengagement plan** as a step towards achieving the two-state vision envisaged by the Roadmap. They supported the position set out by the Quartet that withdrawal from Gaza should be full and complete and be undertaken in a manner consistent with the Road Map. The Quartet also urged both Israel and the Palestinian Authority to co-ordinate closely preparation and implementation of the withdrawal initiative. Participants reaffirmed that the disengagement plan should take place without prejudice to final status negotiations, and in accordance with international law.

The participants welcomed the meeting of **Quartet** Principals on 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 in co-operation with other major international players.

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

A central aim of the London Meeting was to help the Palestinian Authority to strengthen Palestinian institutions, thereby providing a sound basis for building the institutions of **a future Palestinian State**. Participants noted the significant progress made by the Palestinian Authority. 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, and to take over successfully the territories from which Israel withdraws.

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 renewed support** in Palestine. It was noted that any support resulting from the meeting would be in accord with Palestinian priorities and that financial assistance would be in accord with the Palestinian Medium Term Development Plan. Participants noted that

the Palestinian Authority has a number of urgent short term financing needs, and strongly encouraged the international community to help address them.

The participants in the London Meeting recognised that the implementation of the commitments made by the Palestinian Authority would constitute a **major step in implementing its Roadmap commitments**. At the same time participants urged and expect **action by Israel** in relation to its own Roadmap commitments.

The London Meeting supported and encouraged the set of steps outlined by the Palestinian Authority, and agreed steps for international support in the areas of:

- Governance
- Security
- Economic Development

The meeting welcomed the intention of the Task Force on Palestinian Reform (TFPR) and the Ad-Hoc Liaison Committee (AHLC) to establish follow-up mechanisms 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 **review and publicise progress** made by the Palestinian Authority against the vision set out at the London meeting and on previous occasions.
- ii. To **mobilise international assistance** for the PA's efforts, particularly with reference to short-term priorities, 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. In particular, as the AHLC has noted, the revival of the Palestinian economy will depend on a significant dismantling of the system of closures and other restrictions on the movement of people and goods imposed by Israel. The follow up mechanisms will liaise with the Israeli Government, to help ensure a climate conducive (in both the long and short terms) to strengthening of the Palestinian Authority, taking into account Palestinian priorities and

Israeli security needs. These mechanisms, and all international support, should be fully consistent with international law. This would include indicators, or “benchmarks”, on the conditions for economic development to be developed by the World Bank in consultation with all relevant parties.

Palestinian Authority's declaration on institutional renewal

The Palestinian Authority thanks the participants in the London Meeting for this opportunity to present our vision of institutional renewal and of state building. The state building process is crucial for the Palestinian people, in order to ensure a fruitful and effective negotiation process that would lead to the end of the occupation that began in 1967 and to facilitate the emergence of a sovereign, strong, independent, territorially contiguous state that would be economically, politically and socially viable. Such a process is particularly important for a nation emerging from a long and debilitating conflict situation, such as ours, and we hope that we have found the correct path towards such an emergence.

GOVERNANCE

The Palestinians seek to strengthen Palestinian democratic institutions, including:

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

To that end, the PA undertakes to address the following elements:

- a) Elections
 - To pass a new electoral law currently under discussion at the PLC.
 - Bolster the legitimacy of government institutions by holding elections to the Palestinian Legislative Council on or around 17 July 2005.
 - 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
 - Implement a sustainable pension law following consultation with donors.
 - Publish an amended Civil Service Law.

c) Judiciary

- Formally abolish State Security Courts.
- Approve and implement an amended Judicial Authority Law.
- Develop and implement a plan to construct and to administer court houses, police centers and prison facilities in the West Bank and Gaza.
- 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

- Involve broader Palestinian civil society in shaping the reform agenda and monitoring its implementation through the National Reform Committee.

SECURITY

Our overall national security sector development and strategy is intended to create the conditions conducive to the peace process with the immediate objective of restoring internal law and order and preventing violence, among other objectives. To that end, the PA is undertaking to address the following elements:

a) Legal Framework

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

b) Command Structures

- To support the Palestinian National Security Council, as the central body responsible for making policy and overseeing implementation of decisions consistent with Palestine's national objectives and plans.
- The NSC will consider the appointment of a National Chief of Police to oversee all regional and municipal police chiefs in the West Bank and Gaza and to boost police presence on the streets.
- To encourage coordination and coherence within and across the various institutions in support of the Palestinian security architecture, including those relating to intelligence functions.
- To restore and revive lines of communication with the Israeli security establishment on security issues and will seek to strengthen them in the process.
- To continue the process of consolidating and unifying the security/intelligence services into 3 main branches, (Internal Security (Police, Preventive Security and Civil Defense), National Security Forces (Military and Border Guards, among others) and Intelligence. This will be done through the operational structures of the NSC.
- To ensure strict financial accountability of services, particularly on payroll and procurement.
- To ensure effective security implementation consistent with Palestine's national security plan, especially those highlighted in Phase I of the Road Map and the mutual declaration of the ceasefire.
- To continue working with Palestine's neighbors on issues of mutual interest, and to maintain strong coordination and cooperation.

ECONOMIC DEVELOPMENT

We have identified opportunities for progress in the following areas:

- a) Economic Governance
- b) Stimulating private sector growth

c) Responding to Israeli withdrawals

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 and an understanding of Palestinian needs. In addition, the MTDP should provide the framework for all monetary support from the international community. To that end, the PA undertakes to address the following elements:

a) Economic governance:

- 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.
- Ensure tight control over the civil service wage in the 2005 budget.
- Implement further recommendations of the World Bank’s Country Financial Accountability Assessment¹ especially on internal and external audit.
- Enact and implement a Unified Pensions Law to enable reduction of public sector wage bills and facilitate a civil service reform.
- Conduct a Public Expenditure Review followed by move to introduce performance / programme budgeting.
- Review the revenue transfer mechanism to local government with a view to improving its efficiency and equity.

b) Stimulating private sector growth:

- Develop and implement further the Medium-Term Development Plan (MTDP) and ensure that its priorities are linked to budgetary objectives and poverty reduction.
- Improve legal conditions for private sector access to financial resources.

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

- Enhance the capacity of private sector associations.
- Simplify business procedures and establish a business friendly investment environment.
- Help to improve conditions to facilitate internal and external trade to the extent possible, noting, as set out by the World Bank, that the most significant hindrance to trade remains Israel's closure system, the Wall and its associated regime, and the lack of a reliable and secure link between the West Bank and Gaza Strip.
- Review and enhance the transparency of public procurement procedures.

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

- Make further legislative amendments to establish legal infrastructure for a stronger market economy.
- Design the judicial and security arrangements to create a more attractive investment environment.

c) Responding to Israeli withdrawals

- Create a dedicated PA administrative mechanism to handle the transfer, management, and disposal of evacuated settlement properties.

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, to be implemented in accordance with existing political relationships:

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 forthcoming elections are well organized and meet international standards.
- Provide technical advisers if necessary, including on drafting Election Law.

b) Strengthening the Public Sector and Civil Service

- Provide expertise and financial support in capacity building and implementing changes in public administration, pension arrangements and broader civil service. This will include advice and support on structure of government and civil service roles, responsibilities and conduct.

c) Judiciary

- Provide expertise and financial support for implementation of reform, training staff and strengthening infrastructure in the judiciary.
- Provide a package of professional training (including human rights training for prison service staff.)

d) Basic law/Constitution

- Provide advice and support.

SECURITY

a) Legal framework

- Provide advice and assistance on legal, structural and organisational aspects of strengthening the security sector through e.g. the EU COPPS regarding civil police, and assistance programmes provided by the United States, and the programme of security sector development and reform assistance.

b) Command Structures

- Provide technical advice and financial support for a plan for rebuilding the Palestinian Authority security services.
- 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 early retirement of security personnel.
- Help with addressing the cost of pensions for retiring/retired security/intelligence officers.
- Help the Palestinian Authority explore mechanisms that could further enhance the implementation capabilities of the security sector, as they pertain to Phase I of the Roadmap. Any such mechanisms must account for the changing dynamics on the ground, most notably the restoration of bilateral engagement on the security front. This shall be done through the US led security coordinating group, the purpose of which is to help the PA fulfil all of its security-related obligations under Phase I of the Roadmap. It will also aim to achieve the goal that President Abbas set out at Sharm-el-Shaikh: “an end to all acts of violence against Israelis and Palestinians, wherever they are”.

ECONOMIC DEVELOPMENT

a) Short term priorities

- Action to address short term priorities identified by the PA and World Bank, including via:
 - Budget support
– including via the Public Financial Management Reform Trust Fund
 - Funding for pensions and social assistance schemes.
– including PA arrears on civilian pensions; short term costs of implementing the Security Services Pension Law; and an early retirement scheme for the security services.
 - Assistance for activities related to withdrawal and economic revival.
– including e.g. a pilot border passages programme, development of a Gaza seaport and other transport outlets, and technical assistance to the mechanism handling disposal of settlement assets.
- Work with Israel and the PA to develop a reliable link between the West Bank and Gaza.
- To maintain momentum, and set a target date for a Consultative Group of international donors meeting in support of the Palestinian Authority's Medium-Term Development Plan by the end of June.

b) 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.

c) 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.

d) Stimulating Private Sector Growth

- Monitor the Palestinian Authority's and Israel's adherence to the World Bank's "indicators" resulting from the AHLC process.
- Establish a mechanism under World Bank leadership to encourage increased international private sector investment and support efforts, led by the World Bank to hold a private sector business/investment event by the Summer of 2005.
- Work up a donor funded loan guarantee scheme to support small business and provide assistance to the Palestinian Monetary Authority to modernize the payment system.
- Reorient existing aid more closely behind Palestinian Authority priorities, including via the World Bank Trust Fund for Gaza and the West Bank.
- Work with Israel to maximise the effectiveness of the donor effort by significantly dismantling the closure regime and increasing freedom of movement for Palestinian people and goods between, within and from the West Bank and Gaza, as agreed by the AHLC.
- Provide assistance to Israeli and Palestinian trade and customs authorities to facilitate implementation of existing PA trade arrangements and simplify systems for export and import of Palestinian goods. Assistance should also be provided to upgrade the capacity of the Palestinian Customs Administration.

e) Responding to Israeli withdrawal

- To encourage co-operation between the Palestinian Authority and Israel.
- Work with Israel to protect infrastructure from damage, and to facilitate the reconstruction of Gaza, and to ensure full access to West Bank and Gaza for donor and aid agency staff and materials
- Ensuring long-term economic viability of the Occupied Palestinian Territory after Israeli withdrawals.

Follow up

The Palestinian Authority and the international community stressed their determination actively to follow up the commitments set out at the London meeting.

Review of International Support Mechanisms

The participants of the London Meeting underlined the importance of maximising the effectiveness of the international support mechanisms, the AHLC and the TFPR, to provide assistance and financial support to the Palestinian Authority. The participants asked the Chair of the AHLC, the World Bank and the European Commission to consider, in consultation with the Palestinian Authority and the UN, and in discussion with other members of the donor and international community, a streamlined donor co-ordination and support structure. After discussion with the AHLC and TFPR, recommendations for a reformed structure will be presented to the Quartet, as soon as possible.

Immediate Action

Until that process is completed, the AHLC and the TFPR will ensure that these structures drive through work effectively to implement the commitments made by the Palestinian Authority and the international community.

Governance

The meeting recognised the important contribution of the TFPR and welcomed the intention of the European Commission to develop a short term strategy for action in consultation with the Palestinian Authority and members of the TFPR for the TFPR to accompany and support the PA in the implementation of commitments on governance issues made at the London Meeting and elsewhere.

This strategy will also aim to improve the way the TFPR supports the progress made by the PA towards its vision, as well as the fulfilment by the international community of its commitments of assistance. The European Commission will report its conclusions to the Quartet, via the TFPR. This work will be carried out in co-ordination with the local level task force.

Economic Development

The meeting also recognised the important and continuing contribution of the AHLC in promoting Palestinian development. It welcomed the decision of the AHLC Meeting in Oslo in December that the Chair and the World Bank, as secretariat, should regularly monitor the progress made by the Palestinian Authority and Israel towards the re-creation of a positive economic environment, using a set of indicators, to be developed by the World Bank in consultation with all relevant parties, drawing on the '18 action points' described in the Bank's report, *Stagnation or Revival? Israeli Disengagement and Palestinian Economic Prospects*.

In the short-term, the World Bank will work with donors and the parties to enhance the AHLC's impact by accelerating activity to help ensure that economic initiatives important to a successful withdrawal are implemented rapidly. This includes exploring opportunities to promote increased private sector investment in the West Bank and Gaza. This work will be carried out in full co-ordination with local AHLC members and the co-chairs.

Participants at the meeting welcomed the intention of the AHLC Chair to call a meeting in April 2005, at which the first periodic monitoring report would be reviewed, and the results reported to the Quartet.

Security

The US will form and lead 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. This group will work closely with the PA to oversee the restructuring and retraining of the Palestinian security services. Its purpose will be to help the PA fulfil all of its security-related obligations under Phase I of the Roadmap. It will also aim to achieve the goal that President Abbas set out at Sharm-el-Sheikh: "an end to all acts of violence against Israelis and Palestinians, wherever they are".

The group will assist and 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 to the Quartet on:

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

and:

- liaise, when applicable, with Israeli security services over the conditions required for development of Palestinian Authority security efforts.