

**MAIN SEMINAR  
Thursday 18 March, 17.00 – 21.00  
Court Suite Hall, Grosvenor Hotel, Grosvenor Square  
Lord Freud – Opening Remarks**

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It's a great pleasure to be able to welcome you all here today, to this, the main seminar of the PSE road show to London. I'm also delighted to see so many Palestinian friends including my former colleague, Samir Hulileh, here with us. The Chairmen of The Portland Trust, Sir Ronald Cohen and Sir Harry Solomon, have asked me to pass on their apologies. They would both have loved to have been here, but unfortunately their travel schedules have made it impossible.

I joined The Portland Trust as CEO back in 2006. I have mixed feelings about no longer being involved in the day-to-day activities of the Trust, but, while she's not quite managed to broker peace yet, I know that Nicola Cobbold is doing a great job in my place.

At The Portland Trust we focus on initiatives to help develop the Palestinian private sector. Initially, after completing a survey of the economy in 2004, we helped design and initiate a \$228m loan guarantee scheme to increase access to finance for SMEs and release some of the \$6.2bn of private deposits sitting in Palestinian banks. Then we started to look at how to increase sources of capital for domestic investment through the development of private sector pension funds, which have the potential accumulate \$5bn of assets.

In 2006 we identified private sector development of affordable housing as a way to boost the economy under the current circumstances and have worked closely with a number of entrepreneurs to facilitate and promote big new projects, like Bashar Masri's new city Rawabi, which is currently under construction. We're now developing a new mechanism – a Grant Leveraging Facility – to help attract private sector finance for large infrastructure projects and looking to see what we can do to support the local development of private equity, venture capital and bond markets.

The Palestine Securities Exchange continues to grow and will play an increasingly important role in the future of the Palestinian economy. And the Palestinian private sector itself will be the engine for sustained growth, job creation and development. I was delighted to learn that growth in the West Bank is now estimated between 7-10% and that there exciting plans for 2010 including a follow up Palestine Investment Conference for SMEs in June and the launching of three private equity/venture capital funds.

It's important to remember why economics matters. At many points in history we have seen economic crises descend into violent conflict. Consider the impact of

the Great Depression and the subsequent destruction and loss of life during World War 2. While the financial losses from the more recent crisis are bad enough, it is the threat to global peace and stability that has caused policy makers to put so much effort into limiting the overspill from the current global economic downturn. While 2010 has projected global growth of 3%, there is still a very real threat in many parts of the world. An estimated 90 million people worldwide could still be pushed into extreme poverty from losing their jobs or income. The vicious cycle of poverty and violence – or as we call it ‘the triple helix of politics, security and economics’ - is one that therefore needs great attention.

While no one would claim that economic initiatives alone can resolve deep-seated conflicts, it is clear from our own analysis of Northern Ireland that they can play a critical role in support of a political peace process. Data from Northern Ireland show a striking correlation between the relative level of unemployment in the Catholic community and the level of violence. The business community can also play a crucial role in supporting peace, acting as a powerful force for stability and moderation, and encouraging financial direct investment. Finance, as a crucial factor underpinning business, therefore matters.

Economics and finance often get accused of being dry or technical, or devoid of emotion. However from a personal point of view, the single most important event during my time at The Portland Trust was when, under the direction of Samir Hulileh, we opened an office in Ramallah. It was 2006. Everyone else was pulling out yet we decided to go ahead. We knew there was a lot that could be done in the Palestinian economy and felt that it was important to forge ahead despite the bad political context. The day we opened was an emotional one. The welcome from our Palestinian friends was overwhelming. It is a day I will never forget.

The thing about economics, or more specifically business people, is that they largely just want to get on with things. This is particularly true of the Palestinian business community, who face some challenging circumstances. They are sophisticated, upfront and straight. For many of you, thanks to the entrepreneurial spirit of the business community, the Palestinian economy can provide an excellent entry point into the whole of the Arab world.

I have known about the potential of the Palestinian private sector for some time now. I'm delighted to see so many of you here today, interested to see for yourselves. Hopefully you'll all go away with a new perception of the Palestinian Territory, a very positive one, in the same way that I did on my first visit almost five years ago.