

**GAZA:
RECONSTRUCTION,
REVITALISATION
AND REALITY
LFI POLICY BRIEFING**

LABOUR FRIENDS OF ISRAEL

WORKING TOWARDS A TWO STATE SOLUTION

GAZA: RECONSTRUCTION, REVITALISATION AND REALITY

LFI POLICY BRIEFING

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INTRODUCTION

DAME DIANA JOHNSON MP

Tackling the problems of Gaza requires a mix of political and economic initiatives

However complex the causes of the plight of Gaza, there is a bleak simplicity to the humanitarian crisis which continues to afflict its people.

Unemployment rates stand at 44 percent, while post-pandemic economic growth remains anaemic. More than 65 percent of the Gazan people live below the poverty line – a figure five times higher than in the West Bank. Water and power shortages, overloaded sewage plants, and creaking health services compound this desperate picture.

The situation in Gaza has long concerned Labour Friends of Israel. Our 2018 Pledge for Gaza built on previous work we had undertaken to offer concrete solutions to the myriad of problems – economic, political and security – which face the coastal enclave.

This paper represents a further – but certainly not the last – contribution. Like our previous work, it recognises that this long-standing and tragic crisis has to be tackled urgently.

As LFI's recent Steps to a Two State Solution pamphlet cautions, we should not allow the ongoing stalled political process to lead us to despair and inaction. Even the pursuit of small but concrete steps can make a difference on the ground to the people of Gaza; they can also help promote much-needed confidence and trust between Israelis and Palestinians.

Indeed, while the change of government in Israel may complicate the picture, outgoing prime minister Yair Lapid's recognition last year that Israel's approach since Hamas seized power in 2007 has not worked – a view shared by the country's security establishment and much of wider society – represents an important step forward. His proposals for a “large, multi-year process of economy for security” – coming as they do on top of a series of gradual improvements stretching back over a number of years – must be encouraged by all of us who consider ourselves to be friends of both Israel and the Palestinians.

Of course, as Toby Greene argues in his essay, the central issue remains that the Gaza Strip is ruled by Hamas. “Not only is this Islamist armed group ideologically committed to eliminate Israel through violent means”, he suggests, “but it is considered a threat by Egypt, a mortal rival by the PA, and a terrorist group by many donor countries. Hamas also currently holds hostage two Israeli civilians and the bodies of two fallen Israeli soldiers.”

Ibrahim Dalalsha's essay focuses on this key political challenge facing Gaza and the manner in which the schism between Hamas and Fatah – between Islamist and nationalist worldviews – has hampered the Palestinian pursuit of a two-state solution. “Nearly 15 years after the sharp division between the West Bank and Gaza,” he writes, “there is still no alternative to reunifying the two territories under one central, legitimate authority.”

At the same time, however, Dalalsha rightly argues that the challenges facing Gaza can't be tackled by the Palestinians alone: “It is clear that any resolution to the situation in Gaza cannot be realised by Palestinians only. There is a need instead for a regional and international-led strategy with a two state-solution as its goal. This requires that Hamas' control of Gaza, and the division between the West Bank and Gaza, must come to an end. Should this goal be embraced by all relevant players, each and every

stakeholder – including Israel, Egypt, Qatar, Turkey, as well as all other players, such as Fatah and Hamas – will then need to play a role in ending this division.”

Dalalsha’s solution to the continuing impasse between Fatah and Hamas is, learning from past failed reconciliation attempts, the formation of a national unity government composed of nonaffiliated cabinet members, which would fully embrace international law and honour previous agreements between Israel and the PLO.

Such an initiative, he argues, would need to be embraced by Israel, Egypt, the US, and other international and regional players, but the prize – to bring Gaza back under the control of a single, legitimate authority – is undoubtedly in their interests, as well as those of the Palestinian people. Led by independents and without Fatah and Hamas officials within its ranks, the government would be “temporary in nature” and focused on preparing and organising long-delayed presidential and legislative elections.

Progress to establish such a government should be pursued in tandem with a key Israeli goal: a permanent ceasefire between Israel and Hamas, such as that which the former UN Middle East peace process special envoy Nickolay Mladenov worked to broker with the assistance of Egypt.

Alongside a process for the reunification of Gaza and the West Bank, a permanent ceasefire would aim to end rocket and terror attacks on Israel and allow urgent humanitarian and reconstruction work. In this context, as LFI [outlined in October](#), there are a number of measures which, with our US and European partners, the UK government should seek to promote, utilising our longstanding links and relationships with Israel, the PA and key regional players such as Egypt, the Gulf states and Turkey. As with all the steps LFI has promoted, these are not “pick and mix” but require action from all parties on multiple fronts.

TACKLE THE HUMANITARIAN CRISIS

The most urgent priority remains to tackle the humanitarian crisis in Gaza. The Abraham Accords provides an opportunity for the US to work with Israel to assemble a consortium of Arab states willing to provide funding for infrastructure and development projects in Gaza. This requires the establishment of a robust, round-the-clock and credible monitoring system to ensure that reconstruction materials are not diverted by Hamas into illicit military purposes. At the heart of initial reconstruction efforts should be an emergency infrastructure plan that would see major investment by international donors in desalination and energy initiatives, such as the “Gas to Gaza” and “Gaza Central Desalination Plant (GCDP) Associated Works (AW)” projects discussed by Greene.

INCREASE WORK PERMITS AND EXPORTS

In Gaza, around half of the workforce is unemployed, with that figure rising to nearly 70 percent among young people. Prior to the Hamas coup in 2007, 120,000 Gazans worked in Israel. Subsequent rocket and terror attacks and the imposition of Israeli and Egyptian restrictions saw that number fall precipitously. The number of work permits issued by Israel to Gazans was at 7,000 in 2019, albeit the highest level since Hamas seized power. That figure grew to more than 15,000 under the Bennett-Lapid government, with an eventual target of 20,000 permits in 2022 approved by the Defence Ministry. Once the situation allows, Israel should resume this policy and issue more permits. With an effort to ramp up vetting, as many additional work permits as possible should be issued. This would assist the economy, help tackle unemployment and ease the humanitarian crisis in Gaza, as well as assisting the process of Israel and Gaza-based terror groups reaching a permanent ceasefire.

As Greene argues, a “more sustainable but also more challenging” long-term plan should be to expand work opportunities in the Gaza Strip itself which is why the recent increase in agricultural and textile exports from Gaza to Israel, the West Bank and Egypt is so welcome. But, as Greene notes, increasing exports further, or measures such as establishing an industrial park on the border, requires Israel to be confident about the security situation – hence the importance of the political steps discussed previously.

BOOST EXIT PERMITS FOR PALESTINIAN STUDENTS

As Greene suggests, both Israel and Egypt heavily restrict access into and out of Gaza. Nonetheless, alongside those with work permits or requiring medical treatment – part of a wider “exceptional humanitarian cases” dispensation – Palestinian students are eligible for permits allowing them to transit through Israel to study abroad. However, Palestinian young people often struggle to attain exit visas (or to attain them in a timely fashion) in order to take up these opportunities. Aspiring students are also often subjected to a bureaucratic maze of visas involving the PA, Israel, Jordan, Egypt and the country in which they hope to study. Israel has legitimate security concerns but, subject to individual security screening, the number of exit permits to allow Gaza residents to study abroad should be dramatically increased and more efficient systems put in place to process them. Greater educational opportunities for young Palestinians – together with the resulting economic gains – benefit both Palestinians and Israelis, easing the environment of poverty and hopelessness in which extremism and violence can flourish.

REOPEN RAFAH PERMANENTLY

The Rafah Crossing represents a crucial route to the outside world for the people of Gaza and is the only pedestrian crossing between Gaza and Egypt. However, after Hamas seized power in Gaza in 2007, the border was largely shuttered and only those falling into strictly limited categories – such as patients, pilgrims and foreign residents – were able to make use of its occasional openings. In the face of jihadi terrorism in the Sinai, the discovery of smuggling tunnels and the pandemic, restrictions have been repeatedly loosened and tightened by Egypt over the past 15 years. This year, journeys through Rafah have risen to levels not seen since 2013. Egypt should permanently reopen the Rafah Crossing, while enforcing appropriate controls both to protect its own security and to prevent the smuggling of weapons into Gaza.

FREE HAMAS HOSTAGES

On both humanitarian grounds and to increase trust and confidence in Israel, Hamas should be pressured by its allies to end its practice of holding hostages as a bargaining chip to free terrorist prisoners held in Israel. Hamas is currently holding the bodies of two Israeli soldiers – Hadar Goldin and Oron Shaul – killed during the 2014 war, as well as Avraham Abera Mengistu, who emigrated to Israel from Ethiopia when he was five, and Arab-Israeli Hisham al-Sayed. Both men, who crossed into Gaza for unknown reasons, are still being detained more than seven years later, despite pleas from their families and groups such as Amnesty International to release them. They are also both said to suffer from serious mental health issues.

BUILD A GAZA SEAPORT

Yair Lapid's September 2021 plan envisaged a second stage linked to Hamas' acceptance of the Quartet principles – the renunciation of violence, the acceptance of Israel's right to exist and existing international agreements, and the restoration of the PA's authority in Gaza – in which more ambitious projects might be pursued. A good example is a Gaza seaport. In the wake of the 2014 Gaza war, Labor MK and security minister in the Bennett-Lapid government Omer Barlev presented a comprehensive strategy to effectively end Gaza's international isolation without compromising Israel's security. One of its key proposals was for a Gaza seaport – a proposal first included in the Oslo Accords – to ease imports and exports. Since Barlev's plan was published, a range of other proposals – including from Israeli government ministers and security experts – have been floated.

While, as Greene suggests, these plans have never gained much traction in Israel, Palestine or internationally, this is no doubt a reflection of the continuing intermittent conflicts between Israel and Hamas. The parameters indicated by Lapid would clearly radically alter the environment, making such an initiative far more plausible and realistic. It remains, however, a good example of the kind of imaginative thinking that could greatly improve the prospects of Gaza without compromising Israel's security.

The measures outlined in this introduction are illustrative of the kind of steps which could make a real difference on the ground to the people of Gaza. They also underline an inescapable truth crystallised by Dalalsha's essay: that real progress requires an end to the division between Gaza and the West Bank and the restoration of the authority of the PA.

ABOUT THE AUTHOR

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HEALING THE BREACH

IBRAHIM EID DALALSHA

The division between the West Bank and Gaza is hampering the Palestinians' pursuit of a two-state solution. But while a potential model for reconciliation exists, it requires regional and international support

Many observers date the division between the West Bank and Gaza to the moment in 2007 when Hamas militias took over the coastal enclave by force. In reality, the division – which encompasses that between Fatah and Hamas – effectively began two decades earlier with the establishment in 1987 of Hamas as an Islamist “resistance movement” against the Israeli occupation of the Palestinian territories.

After it came into being, Hamas refused to be part of the Unified National Leadership of the Uprising, the PLO-led umbrella organisation which Fatah created during the First Intifada along with other factions to coordinate popular resistance activities against the Israeli occupation. Instead, Hamas issued its own calls, and organised its own popular activities, against the Israeli occupation, splitting from the Fatah-led local leadership. The Palestinian public was thus, for instance, urged to stage strikes on different, specific days of a given week in response to separate calls from the Hamas and Fatah/ PLO leaderships.

CAUSES AND CONSEQUENCES OF THE SPLIT IN THE PALESTINIAN NATIONAL MOVEMENT

This dual leadership, and the consequent split in the political representation of the Palestinian people, has seriously undermined the national pursuit of statehood. However, while there have been many failed efforts to reconcile the two movements in the past, there are still viable approaches that have yet to be employed but which could potentially end this schism. Once this breach is healed, the Palestinians' pursuit of a two-state solution could be more effectively resumed.

Before discussing these approaches, it is important to recognise the manner in which the rift between Hamas and Fatah has deepened over the past two decades.

When the PLO signed the Oslo Accord's Declaration of Principles in 1993, thereby establishing the first ever PA the following year, Hamas responded by opposing the peace process in the strongest and most violent manner. It launched a series of suicide attacks against Israeli targets within pre-1967 Israel, the West Bank and Gaza. While these attacks inflicted heavy Israeli civilian and military losses, Hamas' strategic goal was apparently to destroy the peace process which was built on security coordination and preserving Israeli security interests. These attacks, which were completely unjustified, in many ways served to derail the fragile peace process. They led to the rise of Israeli rightwing parties which were opposed to peace agreements and, in practice, thwarted the planned, incremental and gradual Israeli withdrawal from the Palestinian territories. Thus the current division within the Palestinian leadership, which began in 1987, worsened following the signing of the 1993-95 peace agreements between Israel and the PLO. Moreover, the pursuit of two, totally conflicting, strategies by Hamas and Fatah – one based on violent resistance to Israel, the other on attempting to negotiate a two-state solution – has caused tremendous damage to the Palestinian national cause.

A BROADER REGIONAL PICTURE

The competition in the Palestinian territories between the Islamists and the national, secular forces is by no means unique in the Arab world. The “Arab spring” a decade ago was another, wider regional conflict between Islamists (mainly those affiliated with the Muslim Brotherhood) and pan-Arabist national movements. The lack of established democratic principles (including in the Palestinian territories) has resulted in fierce confrontations, paramilitary coups and other such means to determine who would exercise power and hold the seat of government.

The Palestinian people were no exception to this broader conflict. After Hamas won the Palestinian general election in 2006, this lack of properly established democratic principles and processes meant that the outcome of the elections was an armed confrontation. Indeed, the takeover of Gaza by Hamas militias, and the expulsion of the PA security forces, in 2007 preceded by a number of years the eruption of similar conflicts elsewhere in the Arab world. Notwithstanding the deep-rooted factors behind the rise of political Islam in the region, the Palestinian territories continue to be divided between nationalists and Islamic forces which embrace competing socio-economic and political strategies and worldviews.

Nearly 15 years after the sharp division between the West Bank and Gaza there is still no alternative to reunifying the two territories under one central, legitimate authority. This is arguably an imperative step should the Palestinian people continue to pursue an end to the conflict with Israel on the basis of a two-state solution. Since Hamas took control in 2007, Israel, Egypt and other regional powers, including Turkey and Qatar, have accepted and, in some cases, supported its de facto control of Gaza. Israel has refrained from toppling Hamas from power in Gaza using military means. While experiencing its own share of political turmoil, Egypt has maintained a largely favorable policy towards Hamas’ control of Gaza, despite the ups and downs in the relations between the two sides. Among others, Turkey and Qatar have played a direct role in maintaining Hamas’ power in Gaza through political, economic and financial support.

In the light of this, it is clear that any resolution to the situation in Gaza cannot be realised by Palestinians only. There is a need instead for a regional and international-led strategy with a two state-solution as its goal. This requires that Hamas’ control of Gaza, and the division between the West Bank and Gaza, must come to an end. Should this goal be embraced by all relevant players, each and every stakeholder – including Israel, Egypt, Qatar, Turkey, as well as all other players, such as Fatah and Hamas – will need to play a role in ending this division.

A NATIONAL UNITY GOVERNMENT

In concrete terms, this incremental process would start with the formation of a Palestinian national unity government. This government would rest on a power-sharing agreement between the various Palestinian political factions. Learning from past, failed efforts at reconciliation, the government’s political platform must be consistent with international law, bilateral agreements and obligations thus meeting the Quartet Principles which require a Palestinian government to recognise Israel’s right to exist, renounce violence, and accept the validity of previous agreements between Israel and the Palestinians.

The two key models deployed in the past to create partnership governments between Hamas and Fatah were a national unity government and a technocratic government.

The first and only unity government, formed in March 2007 after a brief, one-year stint in which Hamas and a handful of independents formed a government, was composed of leading Hamas and Fatah

politicians and officials. Ismail Haniyeh, the current chief of Hamas, served as the prime minister. This government had a clear and explicit political platform which highlighted that it respected “international legitimacy and honors PLO signed agreements”.¹ The government’s platform also stated: “It is our people’s right to defend themselves against continued Israeli aggression. Nonetheless, the government, through national conciliation, will work on consolidating the calm and expanding it to become a comprehensive reciprocal truce.” This platform thus implicitly met the demands of the Quartet.

However, the lack of a fully coordinated strategy between regional and international stakeholders meant that the 2007 unity government was a miserable failure. For reasons beyond the scope of this paper, it failed to function, with fierce infighting – culminating in Hamas seizing power in Gaza in June 2007 – erupting only three months after its endorsement by the elected Palestinian Legislative Council.

The second model, which was also tried only once, was a technocratic government established following a short-lived reconciliation deal between Hamas and Fatah in 2014. This government did not include politicians from either faction but independent technocrats who were named and agreed by both sides. Led by Rami Hamdallah, who was first appointed as prime minister by President Mahmoud Abbas in 2013, it remained in office until 2019 and lacked a specific political platform. (It should be noted that the government was dissolved in 2015, although Hamdallah remained in office, with Abbas conducting reshuffles without the approval of Hamas).

A THIRD WAY?

In order to form an all-inclusive government that controls the West Bank and Gaza, and given the fact that the two previous models failed to accomplish this mission, a third model that includes the best features of the previous two models could succeed against the odds. This would see the formation of a national unity government composed of nonaffiliated cabinet members, which would fully embrace international law and honour previous agreements between Israel and the PLO.

At present, both the PA and Hamas face enormous challenges in the West Bank and Gaza requiring solutions that don’t appear to be at hand unless the problem of the division is resolved. An all-inclusive government that brings Gaza back under the control of a legitimate authority should arguably also be in line with Israeli, regional and international interests. Led by independents and without Fatah and Hamas officials within its ranks, this government would adopt the political platform of the 2007 national unity government. Temporary in nature, it would be tasked with accomplishing an equally important agenda, including preparing and organising presidential and legislative elections.

However, for such an effort to succeed, Israel, Egypt, the US, and other international and regional players should embrace this goal. After Abbas cancelled the planned general elections last year, the level of distrust between Fatah and Hamas reached the lowest point in the history of the conflict. It is extremely unlikely at this time that either side would initiate such a move. If it is to succeed, this pragmatic proposal should thus come from influential external players. Faced with a crippling situation in Gaza, Hamas is very likely to agree to such an initiative. After all, it accepted the Mecca Agreement, which led to the formation of the 2007 unity government and its political platform.

¹ Political Platform of the 2007 National Unity Government headed by Ismael Haniyeh. The government shall abide to protect the higher national interests of the Palestinian people and protect their rights and preserve and develop their accomplishments and work on achieving their national goals as ratified by the resolutions of the PNC meetings and the Articles of the Basic Law and the national conciliation document and the resolutions of the Arab summits and based on this, the government shall respect the international legitimacy resolutions and the agreements that were signed by the PLO.

The combination of the unity and technocratic government models into one which combines a clear political platform with strong, credible and independent personalities is a way of approaching the current impasse between Hamas and Fatah, healing the breach between the West Bank and Gaza, and allowing the Palestinian people to redouble the pursuit of their goal of two states.

ABOUT THE AUTHOR

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REBUILDING GAZA: CHALLENGES AND OPPORTUNITIES

TOBY GREENE

A tacit and fragile understanding between Hamas and Israel based on “security for economy”, and improvements in Hamas’ relations with Egypt, has seen a modest degree of progress in the Gaza Strip. But the challenges are immense and growing

The Gaza Strip, a 25-mile strip of Mediterranean coastline bordering Israel and Egypt, faces immense, unique, and growing humanitarian challenges. Its population, now more than 2 million, is expanding rapidly. Much of the population is unemployed and dependent on humanitarian aid. Energy and water infrastructure are completely inadequate, and access severely restricted. All this creates a situation of hopelessness for its long-suffering population, around half of whom are under 15.

This crisis is a result of complex political conditions and improving the situation requires coordination between several actors with multi-layered motives. These include Israel, Hamas, the Palestinian Authority (PA), Egypt, and donor countries and agencies.

Gaza’s challenges are not insurmountable. The situation can be improved in the short to medium term, and there has been notable recent progress and signs of growing pragmatism on the part of both Hamas and Israel. There are also ambitious proposals for Gaza in the long term. However, realising this potential is hampered by tough political challenges.

The central issue remains that the Gaza Strip is ruled by Hamas. Not only is this Islamist armed group ideologically committed to eliminate Israel through violent means, but it is considered a threat by Egypt, a mortal rival by the PA, and a terrorist group by many donor countries. Hamas also currently holds hostage two Israeli civilians and the bodies of two fallen Israeli soldiers.¹

Improvements in infrastructure, the economy and access in the Gaza Strip can be exploited by Hamas as political successes and can be used to strengthen its military capabilities. This concerns not only Israel, but the PA, Egypt and western donors.

BACKGROUND

The Gaza Strip is primarily, though not exclusively, dependent on Israel for power, water, trade and access as a result of Israel’s occupation of the territory from 1967 until its unilateral withdrawal in 2005. The territory is accessible through a land border with Egypt, as well as Israel, but Israel continues to blockade the coastline and control the airspace – a measure intended primarily to prevent Hamas acquiring arms.

Israel’s withdrawal was a moment of opportunity after the violent and economically crushing Second Intifada (2000-04). It created for the first time a contiguous Palestinian self-governing territory controlling its own land borders with Israel and Egypt. After Israel’s withdrawal, but before the Hamas

¹ Hamas is holding two mentally ill Israeli citizens who entered the Gaza Strip of their own accord: Ethiopian-Israeli Avraham Abera Mengistu and Arab-Israeli Hisham al-Sayed. Hamas also holds the bodies of two Israeli soldiers – Hadar Goldin and Oron Shaul – killed during the 2014 war.

takeover, Israel and the PA signed an Agreement on Movement and Access relating to the crossings with Israel and Egypt.² Whilst Israel continued to control the coast and airspace, the agreement envisioned a seaport and the reopening of the airport.

However, the Hamas takeover in 2006-7, exacerbated by the capture of Israeli soldier Gilad Shalit, led Israel to adopt a policy of severe restrictions, with the entry of goods restricted to a narrow list of permitted imports.

This policy proved strategically unsuccessful and internationally indefensible. A massive smuggling industry developed under the Egypt-Gaza border and Hamas proved resilient, consolidating its rule and repressing opponents. Following the May 2010 Mavi Marmara incident – an Israeli interception of a Turkish-led flotilla attempting to break the blockade which led to 10 deaths – Israel's policy changed to restricting entry only of dual-use items which it deemed could be used for military purposes. Since 2013, Egypt has worked to shut down the smuggling economy, and in 2018 began allowing regular export of some goods to the Gaza Strip (mostly construction materials and food).³

The Gaza Strip is a pressure cooker that has frequently exploded into patterns of violence in which Hamas and other armed groups fire rockets at Israeli population centres and Israel responds by launching military operations to address this threat. Palestinian armed groups operate within Gaza's dense urban areas and conflict invariably leads to civilians being killed either by Israeli strikes or misfiring Palestinian rockets. Other military strategies used by Hamas have included highly sophisticated tunnels – some stretching several kilometres – dug under the border to launch attacks into Israel and improvised incendiary helium balloons. Mass marches and protesters attempting to breach the border fence (in some cases armed), especially in 2018, have also led to significant Palestinian fatalities.

Israel's restrictions have not prevented Hamas, along with smaller armed group Palestinian Islamic Jihad (PIJ), developing their rocket arsenals with Iranian funding and knowhow. By 2014, Hamas had the capacity to hit every major Israeli metropolitan area and, in an eight-day period in May 2021, Palestinian armed groups fired more than 4,000 rockets. While most Gaza rockets either miss populated areas or are intercepted by missile defences, when fired in volume they still cause civilian injuries and deaths and force many thousands throughout the country into bomb shelters.

The most devastating round of conflict was a 49-day war in the summer of 2014 that left massive destruction in the Gaza Strip. A major donor conference followed the conflict, but actual contributions from Gulf states that made the most impressive pledges, fell well short of what was promised.⁴

Nonetheless, an international Gaza Reconstruction Mechanism (GRM) did facilitate the import of more than three million tonnes of building materials; the reconstruction of 10,000 homes; and major infrastructure projects. The primary goal of GRM was to prevent diversion of this material by Hamas for military purposes. Despite the safeguards, some proportion of dual-use materials is inevitably diverted.

For much of the period since the disengagement, Egypt has sought to avoid becoming responsible for the Gaza Strip. The Sissi government, in common with other regional players including UAE and Saudi Arabia, is inherently hostile to Hamas, which is ideologically aligned with the Muslim Brotherhood and

² <https://www.eubam-rafah.eu/sites/default/files/u173/Agreement%20on%20Movement%20and%20Access.pdf>

³ <https://www.al-monitor.com/originals/2021/04/despite-egyptian-campaign-gaza-border-tunnels-resume-smuggling-activity>

⁴ <https://www.worldbank.org/en/programs/rebuilding-gaza-donor-pledges#4>

supported by Qatar and Turkey. Egypt also seeks to contain the threat posed to its security by Hamas, which at times has cooperated with Jihadist groups in the Sinai.⁵

Meanwhile the PA – Israel’s formal partner in administering the Palestinian territories – considers Hamas a mortal rival, and is threatened by Hamas’ efforts to undermine the PA in the West Bank by inciting violence. The PA has an ambivalent attitude towards the humanitarian situation in the Gaza Strip. In 2017, it stopped paying the bill for electricity Israel provides to the Gaza Strip and in 2018 cut salaries to thousands of Gazan civil servants. Repeated attempts to reconcile the factions have failed. The PA itself lacks legitimacy and faces an uncertain future. President Mahmoud Abbas is 87, and no Palestinian national elections have been held since 2006.

AN EVOLUTION IN GAZA’S EXTERNAL RELATIONS

Recent years have seen an overall, incremental improvement in the situation, aided by a relative turn to pragmatism on the part of Israel, Hamas and Egypt.⁶ Though painfully slow, there has been an expansion of energy supplies, trade, access, and water and wastewater facilities.

This situation is very fragile, as demonstrated by a rapid escalation to conflict in May 2021. That said, in an extraordinary development in August 2022, Hamas stayed on the side lines during a three-day round of conflict between Israel and PIJ. Israel’s decision not to hold Hamas responsible for PIJ rocket attacks, and Hamas’ decision not to join the fighting, indicated an increasing resilience of understandings between them.

Israel’s approach has evolved after repeated cycles of military escalation led to calls for a rethink, especially from the Israeli security establishment.⁷ Recognising that a pressure policy had not led to Hamas’ collapse, and that Israel was not willing to pay the costs of reoccupying the strip, calls increased to find ways to draw Hamas into extended and more sustainable ceasefires, including through humanitarian and economic easing.

This policy evolution has been slow to catch on at the political level because seeming “soft” on Hamas is politically toxic. It is anathema for the Israeli right (in power for most of the last decade) in particular, and especially whilst Hamas continues to hold Israeli hostages. Nonetheless, a gradual shift has been noticeable over several years, with improvements helped by regular Qatari financial support to pay civil servants and needy families, and to pay for diesel for the Gaza power plant.⁸

A step change followed the change in Israeli government in 2021. In September 2021 then foreign minister Yair Lapid made a major policy speech recognising that closures had not stopped weapons smuggling and that repeated rounds of violence had harmed Israel. He declared: “We need to start a large, multi-year process of economy for security. It’s the more realistic version of what in the past was called rehabilitation for demilitarisation.”⁹

⁵ <https://www.washingtoninstitute.org/policy-analysis/egypt-israel-and-hamas-opportunities-progress-gaza>

⁶ <https://www.washingtoninstitute.org/policy-analysis/egypt-israel-and-hamas-opportunities-progress-gaza>

⁷ <http://en.cis.org.il/wp-content/uploads/2019/11/GAZA-AN-ALTERNATIVE-ISRAELI-STRATEGY.pdf>

⁸ <https://edition.cnn.com/2018/11/11/middleeast/gaza-qatar-humanitarian-intl/index.html>

⁹ <https://embassies.gov.il/eu/NewsAndEvents/Pages/FM-Lapid-addresses-World-Summit-on-Counter-Terrorism.aspx>

Lapid's policy distinguished between two stages. In the first, in return for quiet, and with international oversight to prevent Hamas' military build-up, Israel would support rehabilitation of water and electricity systems and reconstruction of housing and infrastructure.

A second stage, linked to Hamas' acceptance of Quartet conditions and the restoration of PA authority,¹⁰ would see more game-changing projects, including an artificial island project to give Gaza a port, a transport link to the West Bank, and more ambitious economic projects with Israel and Egypt.¹¹

The speech was a framework rather than a comprehensive plan. The boundary between these stages is not well-defined, nor are the terms of the "quiet" to which Hamas is supposed to commit, or the process for restoring PA control. Nonetheless, Lapid's proposals are the closest Israel has produced to a progressive policy approach to the Strip, whose needs grow day by day.

It remains to be seen how resilient this fragile process will be to the change of Israeli government. This shift in policy direction began under Netanyahu's leadership and reflected his broadly conservative approach to managing the Palestinian issue and avoiding military escalations. Netanyahu will also prefer to avoid events that might strain the treasured normalisation process with Arab states in the region. He has ensured in coalition negotiations that the Defence Ministry stays in the hands of his Likud party. That said, the hard-line rhetoric of his extremist coalition partners – especially on expanding the use of force to stem a continuing wave of Palestinian terrorism in Israel and the West Bank – raises further the risk of escalation in the Palestinian arena as a whole. Violent escalations in East Jerusalem and the West Bank can easily trigger escalation on the Gaza front, bringing about a reversal in the recent progress.

WHAT IS NEEDED

ENERGY

Gazan electricity demands can reach 500 MW a day, but supplies only reach 190 MW, typically resulting in 11 hours a day of power being available from the grid. Of the 190 MW, 120 comes from the Israeli grid, and 70 from the Gaza power plant burning Qatari-funded diesel. Expanding supply depends on several major projects. The most advanced is "Gas to Gaza", an EU and Qatari-funded project to deliver gas from Israel's network direct to the Gaza power plant instead of diesel. Advocates believe a reliable source of gas will enable energy production within the Gaza Strip to meet demand. Another option is expanding supply from the Israeli grid via a high voltage 161kV line, or re-establishing and expanding supply from the Egyptian grid. Meanwhile significant repairs and upgrades to Gaza's grid are required, which will also enable expansion of capacity for renewable energy. A further and more ambitious long-term plan is developing a Palestinian gas field off the Gaza coast which could provide gas for Gaza and potentially for export via Egypt.

WATER

There are internationally supported plans to develop Gaza's water and wastewater facilities including through desalination plants. Despite some progress, there is still a massive shortfall. A major "Gaza Central Desalination Plant (GCDP) Associated Works (AW)" project is advancing but faces obstacles

¹⁰ These are to renounce violence, recognise Israel and accept previous agreements between Israel and the Palestinians.

¹¹ The idea of creating an artificial island port off the coast of Gaza has circulated for some time, but without great credibility or buy in from Israelis, Palestinians or internationally. In 2017 then Israeli transportation minister Israel Katz launched a concept video promoting the idea. <https://www.timesofisrael.com/israeli-intelligence-minister-promotes-gaza-island-plan-with-new-video/>

including access to reliable donor funds, establishing a mechanism for managing the facility, and importing necessary dual-use items.¹² Desalination projects are also dependent on reliable energy supplies.

ACCESS

Exiting Gaza is only possible via land borders with Israel or Egypt, and both states heavily restrict access. Prior to the outbreak of the Second Intifada in 2000, there were more than half a million exits from Gaza to Israel each month. Even following recent improvements, in September 2022 the number was 43,360. The entry of Gazans into Israel (or the West Bank via Israel) is allowed primarily for work or medical treatment. Permits are also possible for other purposes including study abroad or conferences.¹³ Egypt similarly limits access to its territory.¹⁴ Expanding access has implications for states that might receive visitors from Gaza, including European states, since significant numbers of Gazans would no doubt like to leave permanently.

COMMUNICATIONS

Upgrading telecoms requires access to frequencies for 4G and 5G services, which depends on agreement between Israel and the PA through a Joint Technical Committee.¹⁵ President Joe Biden announced during his visit in July 2022 that there would be an upgrade of 3G to 4G in the West Bank and 2G to 4G in Gaza by the end of 2023.¹⁶ However, Israeli officials suggest this timeline applies only to the West Bank. Gaza's fixed telecoms network was damaged in the May 2021 conflict and by September 2022 repairs were only 70 percent completed.¹⁷

WORK AND TRADE

Unemployment in the Gaza Strip stands at 44 percent, and 59 percent for 15-29 year-olds (compared to 14 percent and 21 percent in the West Bank). The most immediate way to expand work for Gazans is to allow more to enter Israel to work. After many years in which this was halted completely, Israel has gradually reopened the borders for labourers, and decided in 2022 to allow up to 20,000 Gazans to work in the country.¹⁸

¹² Office of the Quartet Report to the Ad Hoc Liaison Committee (Sep. 2022), p. 8. The project funded by ECB and WB includes: 1. A desalination plant equipped with an independent power generation facility, to be implemented under EIB's supervision. 2. An associated works component that will add a south-north carrier system, which runs 160 kilometres, to be implemented under the World Bank's supervision. See also: <https://www.eib.org/en/projects/all/20180171>

¹³ <https://www.gov.il/BlobFolder/policy/authorizationsforentry/en/Status%20of%20Authorizatio%2008.02.2022.pdf>; https://www.gisha.org/UserFiles/File/publications/access_kit_2019/Access_Kit_English.pdf

¹⁴ See <https://features.gisha.org/gaza-up-close/>. The monthly average of exits to Egypt in the 12 months April to September 2022 was 12,345. See <https://www.ochaopt.org/content/movement-and-out-gaza-update-covering-september-2022>

¹⁵ Quartet report (Sep. 2020), p. 6.

¹⁶ <https://www.whitehouse.gov/briefing-room/statements-releases/2022/07/14/fact-sheet-the-united-states-palestinian-relationship/>

¹⁷ Quartet report (Sep. 2020), p. 23

¹⁸ <https://www.inss.org.il/publication/workers-from-gaza/>

More sustainable, but also more challenging in the long-term, is to expand work opportunities in the Gaza Strip, including industrial and agricultural production for export. A tangible sign of Lapid's "economy for security" policy is a sharp increase in the export of goods (mostly agricultural and textiles) from the Gaza Strip to Israel, the West Bank and Egypt.¹⁹ Further expanding this requires more politically challenging steps including the import of dual-use raw materials like industrial inputs and fertiliser, and the ability to reliably export without fear of violent escalations closing the borders.

Other proposals include creating an industrial park on the border where Gazan workers can be employed by Israeli companies.

CONCLUSION

A tacit understanding between Hamas and Israel based on "security for economy", and improvements in Hamas' relations with Egypt, has seen a modest degree of progress in the Gaza Strip. But the challenges are still immense and growing with Gaza's ballooning population.

Building on this fragile base faces many challenges. Facilitating improvements for the Hamas-run Gaza Strip remains highly sensitive in Israel, especially so long as Israeli captives are being held. Indeed, the return of these captives would potentially ease the way to more substantial Israeli steps. The weakness of the PA under its aging leader and its tense rivalry with Hamas is another challenge, and Israel and western donors will remain concerned to avoid strengthening Hamas at the PA's expense. The underlying instability and constant risk of military escalation – including PIJ dragging Israel and Hamas into conflict, or Hamas-incited violence in the West Bank and East Jerusalem spilling over – is a major deterrent to public and private sector investment. The participation of far-right parties in the new Netanyahu coalition would seem to increase these risks. There is no overstating the complexity of trying to develop major donor-funded infrastructure projects for a highly impoverished population under these conditions.

In sum, the wider political context currently prohibits the kind of steps Gaza needs for long-term transformation. The foremost barrier is Hamas' rule in the Gaza Strip, but progress is also hampered by the lack of shared vision within Israel for the future of the Palestinian question and the fractious relationship between the Israel and the moribund PA. However, the potential for a pragmatic approach to bring significant improvements in the short to medium term has been established during the Lapid-Bennett government. With this fragile progress called into question by the change in Israeli administration, third party governments need to focus on supporting this positive momentum and expanding and consolidating on the progress that has been made.

ABOUT THE AUTHOR

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¹⁹ https://www.gov.il/en/departments/news/gaza_growth; <https://www.ochaopt.org/data/crossings>

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