

The Palestinian Authority and the Gaza Strip

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The Palestinian Authority (PA) in Ramallah, controlled by Fatah and Mahmoud Abbas, perceives the situation in the Gaza Strip, as well as its involvement in any reconstruction projects there, through the lens of its own political gains. Fatah's main political interest remains to ensure its dominance, in terms of power and support, over the Hamas movement, which has ruled the Gaza Strip since the Palestinian legislative elections of 2006.

The PA and Gaza at a Glance: Motives and Interests

Based on this political rationale, the PA's main consideration for supporting any particular measure in the context of Gaza is whether it strengthens Hamas and weakens Fatah, or vice versa. The perspective is consistently one of a zero-sum game. For these reasons, the PA's attitude toward reconstruction in the Gaza Strip corresponds largely to its attitude toward the many reconciliation agreements pursued between Hamas and Fatah over the past years. Overall, these attempts have not reflected sincere efforts at reconciliation and were exploited for political gain, in order to secure advantages over its political opponent and tilt Palestinian public opinion in its favor. Furthermore, when considering any intervention in Gaza, including reconstruction projects, the PA gauges the political effects such measures will have on its interests and relations with relevant regional and international players, including Egypt, Qatar, Turkey, and the United States. Similarly, the PA evaluates how such moves would affect interactions between these actors and Hamas.

Accordingly, when confronting the issue of the Gaza Strip, the Palestinian Authority faces multiple predicaments. The first dilemma is how to prevent the strengthening of Hamas without damaging the PA's image further among

the Palestinian public. Any measure aimed at improving the situation in the Gaza Strip is likely to be credited to Hamas, which in turn reduces public criticism of the movement, and ultimately improves Hamas's political position. If the PA thwarts such measures, however, it is likely to be perceived as itself responsible for the tragic state of the Gaza Strip, and to incur public criticism as a result.

The second dilemma confronting the PA is how to keep the reconstruction process in the Gaza Strip from becoming a tool for Hamas to forge relations with both Middle East states and states outside of the region, especially in the West, which would thereby lead them to regard Hamas as a legitimate organization. The PA presumes that reconstructing Gaza will require direct contacts between Hamas and the various regional and international players, creating a situation where Hamas is no longer boycotted and seen as a terrorist movement subject to international sanction, but rather as a legitimate partner of the main actors on the ground.

These considerations have led to a paradoxical situation. On the one hand, the PA wants to increase pressure on Hamas by worsening the socioeconomic situation in the Gaza Strip. On the other hand, the PA has an interest in maintaining the fiction that the Ramallah-based government is in charge of Gaza and is therefore both concerned and responsible for its tragic situation. Hamas too has a certain interest in maintaining this fiction, as it prompts the PA to pay a large portion of civilian expenses in the Gaza Strip, thereby relieving Hamas of the necessity to do so. It is very difficult to ascertain precisely the total sum of civilian expenditures in Gaza and the PA's share in them, in part because the official budgets and the actual expenditures tend to differ. However, between 2012 and 2016, the annual publicized Hamas budget was \$750-900 million. During these same years, the PA was supposed to spend more than \$750 million on Gaza expenses, toward salaries, electricity, water, health care, hospitals, and more. In the months before the PA steps to cut expenditure for Gaza in 2017, the average PA monthly expenditure was \$100-120 million.¹ Accordingly, the PA's share through the years would constitute 50-70 percent of Gaza's total expenditures.

Following a similar logic, a few months prior to Operation Protective Edge in 2014, Hamas announced that it was no longer the government of the Gaza Strip, and was responsible only for security matters and "resistance to Israel," not for civilian matters.² This position derived from Hamas's

inability to obtain the financial resources necessary for managing the Gaza Strip from its partners in the Middle East, mainly Iran. Indeed, when Hamas refused to support the Assad regime when the Syrian rebellion erupted in 2011, Iranian-Hamas relations deteriorated. In addition, Egypt's destruction of most of the smuggling tunnels denied Hamas another major source of income. Moreover, Hamas has had to accept a situation in which nearly all funding from international aid and taxes collected by Israel on products reaching the Palestinian territories goes exclusively to the PA. The PA is of course supposed to use this tax money in part for needs and projects in the Gaza Strip. To retain the fiction that the PA remains in control of Gaza, the government in Ramallah is strongly interested in making sure that the money transferred for use in Gaza reconstruction projects passes through its hands.

The Obstacles to Reconstruction without Reconciliation

Following Israel's disengagement from the Gaza Strip in 2005, negotiations mediated by the US took place between Israel and the PA on the issue of movement of people and goods to and from the Gaza Strip. The negotiations culminated in the signing of an agreement entitled "Agreed Documents on Movement and Access from and to Gaza."³ It included provisions for the operation of the Rafah crossings as well as the crossings between the Gaza Strip and Israel, such as Karni, Sufa, Erez, and Kerem Shalom. Yet the agreement, which was stalled after Hamas won the 2006 Palestinian Legislative Council elections and formed a government with which Israel was unwilling to cooperate, was never implemented. This situation was further exacerbated by the 2007 split between the Gaza Strip, which remained under Hamas rule, and the West Bank, ruled by Fatah.

Since the elections in 2006, all efforts at reconciliation between Fatah and Hamas have collapsed, including agreements on the formation of a national unity government. Future chances of success remain poor, barring significant political change in Ramallah, Gaza, or both. Fatah leader Marwan Barghouti, imprisoned in Israel, has presented an agenda that includes the implementation of a reconciliation agreement with Hamas. Despite numerous surveys⁴ showing that the Palestinian public favors him as a replacement to PA President Mahmoud Abbas, it is questionable whether Barghouti would be able to assume that role. The political situation in Israel makes his release from prison unlikely, even if he were elected as the new PA president.

In the absence of a political situation that allows the movement and access agreement to be fully implemented, since 2007 repeated efforts have been made to reach a stage where the agreement is implemented at least partially, even if Hamas remains in power. The key to realizing these efforts is creating buffer zones at the Gaza border crossings, with a PA presence between Hamas and Israel, and between Egypt and Hamas at the Rafah border crossing into Egypt. This in turn requires an understanding between the PA government and the Hamas regime in the Gaza Strip on a PA buffer element at the crossings. For example, the deployment at the Rafah crossing of presidential guards loyal to Abbas has been discussed among the PA, Egypt, and Hamas numerous times – including most recently in late 2014 after Operation Protective Edge.⁵ Yet the PA has never reached an agreement on this with Hamas, and it is difficult to determine who bears more responsibility for the failure, given that both sides have an interest in thwarting this type of agreement. Hamas wants to retain complete control of the border crossings as well as direct connections with any foreign party involved with movement through the border crossings. The PA, on the other hand, is unwilling to accept an arrangement that would allow free movement to and from the Gaza Strip, thereby enabling Hamas to succeed in facilitating normal life in Gaza. In addition, the PA, fearing for the safety of its security personnel, worries that its forces stationed at the border crossings would be at the mercy of Hamas. Hence, since Operation Protective Edge the PA has been unable to reach an agreement with Hamas on the issue of border crossings. This has hampered the transfer of material needed for reconstruction in the Gaza Strip, even though Israel has proven willing to be more permissive concerning the goods that can enter and leave the Strip, including the entry of building materials following special arrangements with international organizations. Following discussions between the government of Egypt and Hamas on security matters, a new idea was raised, namely, to use Muhammad Dahlan, who tries to lead opposition within Fatah against the current Fatah leadership, as a buffer between Hamas and the other parties. However there is strong opposition to this idea within Hamas and there is uncertainty as to the Egyptian commitment to the idea.

Reconstruction in the Gaza Strip also requires arrangements for reducing unemployment and for creating a system where employees receive regular salaries. One of the main related issues is the question of salary payment

to government employees in the Gaza Strip. There are two categories of government workers in Gaza: those employed by the Fatah government until 2007 (some 60,000⁶) and those subsequently hired by Hamas (some 51,000,⁷ not including the military wing but including non-military security organs like the police).

The PA government in Ramallah receives most Palestinian revenues because it is the recipient of customs duties and taxes collected by Israel (more than \$1 billion annually)⁸ for all the goods crossing into Palestinian territory (including Gaza), as well as the aid money from the donor countries (\$750-1.2 billion annually between 2007-2015⁹). The PA would presumably be expected to allocate a proportionate share of this money (around a third) to the Gaza Strip. The government in Ramallah, however, refuses to transfer salaries to employees hired by Hamas, and continues instead to provide a salary to its former employees, though they have not worked in Gaza for years. In previous rounds of reconciliation negotiations, the two sides succeeded in reaching agreement on payments to state employees who were not security personnel, even if they were hired by the Hamas government. However, the PA has refused to pay Hamas's security sector, because from its point of view, that would mean that it is funding the Hamas military wing.

This PA policy has led at least two donor countries, Qatar and Turkey, to transfer aid directly to the Gaza Strip, without any mediation from the PA – given their interest in assisting with the reconstruction of the Gaza Strip, and their politically friendly relations with Hamas. This detracts from the PA's status. At certain points Egypt and Israel too were willing, on the basis of their relations with Qatar and Turkey, to allow these two countries to transfer aid for reconstruction purposes directly to the Gaza Strip. For example, in October 2012, the emir of Qatar visited the Gaza Strip and pledged \$400 million in aid for construction projects in Gaza.¹⁰ In the following years the Emirate was actively involved in building Gaza, through direct shipment of building materials from Egypt through the Rafah crossing.

Rebuilding of infrastructure, a key element in reconstruction beyond the rebuilding of residential buildings, has also been also a victim of the disputes between the PA and Hamas. For example, reconstruction of the Gaza Strip cannot take place without ensuring a steady supply of water and electricity. Gaza's electrical infrastructure is in a perilous state, with the existing electrical system providing civilians with a precarious and limited supply. The aquifer

from which the Gaza Strip pumps its water is running low, and suffers from seawater and sewage infiltration. Put simply, the water it supplies is not fit for drinking. These two crises are only expected to worsen.

The electricity produced by the power station in the Gaza Strip is supplemented by electricity supplied on power lines from Israel and Egypt on the basis of agreements with the PA. Water from Israel is provided in the same manner. Both, however, are dependent on the PA's good will. The PA is indeed responsible for paying Israel and Egypt for the electricity supplied, as well as for the supply of fuel used by the power station and water systems. From time to time the PA refuses to pay, partly due to actions taken by Hamas, such as undercharging consumers and providing large scale exemptions from payments for its institutions and cronies, or refusing to transfer payments and taxes collected on the fuel for the power station paid for by the PA back to Ramallah.

The January 2017 electricity crisis resulted from a delay in payments by the PA, increased consumption caused by the harsh winter, and malfunctions in the electricity cable from Egypt. This crisis highlighted the urgency of dealing with Gaza's infrastructure, and led to mass demonstrations against Hamas and the PA by Palestinian civilians. The energy crisis was temporarily solved when Qatar agreed to pay for the fuel needed to operate the power station in Gaza, and Hamas was later able to recruit enough financial resources to pay for the fuel from Egypt.¹¹ Israel has reportedly been willing to help solve the infrastructure crisis by building an additional electricity line to the Gaza Strip – though this plan is delayed by PA opposition – and by laying a gas line to facilitate gas-powered electricity production in the Gaza Strip.

The complicated triangle of relations between the Hamas government in the Gaza Strip, the PA in Ramallah, and Israel impedes the implementation of these solutions. While the immediate crisis was resolved with Qatar's contribution, this does not eliminate the need to develop a more complete long term solution, which depends to a large extent on the understandings between the three sides.

Over the course of 2017 progress was made toward reconciliation between Fatah and Hamas. Mahmoud Abbas, whose political standing within Fatah improved following the seventh Fatah conference, where he was able to exercise full control over the party's organs, convened a meeting of all the main Palestinian factions in Beirut. At the meeting, several agreements

were reached by Fatah, Hamas, and the other Palestinian factions, including on establishing a unity government, holding elections, and convening the Palestinian National Council – the main representative body of the Palestine Liberation Organization (PLO) – with the participation of all the factions (in other words, including Hamas and Islamic Jihad, which are not yet members of the PLO).¹² These understandings were ratified at another meeting of the two organizations a week later in Moscow.¹³ However, there is skepticism regarding the future implementation of such agreements, due to the groups' past negotiation history. All previous attempts to implement agreements have failed because both sides acted on the basis of the zero-sum game concept. Each party tried to translate the agreements into a one-sided plan that would benefit only itself. The best indication that this is the most likely outcome is that Israel did not attack the understandings, condemn them, or try to exert pressure on the PA to prevent their implementation. In practice, since early 2017 the PA government has increased the pressure on the Hamas government by drastically cutting its expenditure on the Gaza Strip, hoping that it will bring Hamas to yield to PA demands and cede control over the Gaza Strip, a hope that does not seem realistic.

In October 2017 Fatah and Hamas signed a new reconciliation agreement; implementation began shortly thereafter. Several factors paved the way for this development: changes in the Hamas leadership, with Ismail Haniyeh replacing Khaled Mashal as head of the Hamas political bureau – the most senior position in Hamas's political leadership – and Yahya Sinwar chosen as head of Hamas in the Gaza Strip; the cumulative effect of the financial pressure by Abbas on the Strip; Egypt's desire for an agreement with Hamas, which would then cut its ties with the Muslim Brotherhood and jihadists groups active in Sinai; and Egypt's drive to regain its status as a leading actor in the Palestinian arena. According to the agreement, the Ramallah government will administer civilian affairs in Gaza, including financing for services and salary payments for civil servants. The transfer of control at the border crossings to the PA will also help the entry of goods necessary for reconstruction. The Egyptian auspices and the positive response by the Trump administration to the agreement lay in the background of Israel's decision not to torpedo the agreement. Similarly, Israel is not expected to harbor hopes of undermining the agreement by blocking reconstruction measures.

Resolution of primary disputes between Fatah and Hamas – including the future of Hamas’s military wing, PA elections, and Hamas’s joining the PLO – was postponed. At the same time, the prospects of Hamas and Fatah reaching agreement on these issues are slim, and therefore two scenarios may unfold. One, the agreement may collapse, and there will be a renewed split between the Gaza Strip and the West Bank, and the inter-organization hostility will obstruct reconstruction of the Strip. Two, the agreement will be partially implemented under Egyptian auspices. In other words, the PA government will continue to administer civilian affairs in the Strip and control the crossings, but Hamas’s military wing will retain its independence. This scenario would accelerate reconstruction of Gaza, provided that the international elements subsidizing the project agree to operate under these circumstances. One primary weakness of this scenario, however, lies in the possibility that violence between Israel and Hamas will recur. Any intensive confrontation is liable to annul anything achieved in the reconstruction and exacerbate the situation in the Strip. Still, Hamas’s strong interest in reconstruction will almost certainly prompt the organization, at least in the near future, to make every effort to avoid such violent confrontations.

Notes

- 1 An interview with Jibril Rajoub, a member of the Fatah Central Committee, August 12, 2017.
- 2 Ahmed Abu Amer, “Hamas Calls for Return of Haniyeh’s Government,” *al-Monitor*, October 21, 2016, <http://www.al-monitor.com/pulse/originals/2016/10/hamas-return-haniyeh-government-gaza.html>.
- 3 Agreed documents on movement and access from and to Gaza in web site of Israel Ministry of Foreign affairs, <https://goo.gl/NhNoHC>.
- 4 For example, according to a December 2016 poll by PSR, 64 percent wanted Mahmoud Abbas to resign, and if new elections were held, 59 percent would support Marwan Barghouti and 36 percent the Hamas candidate, and Abbas would lose the election to the Hamas candidate. See <http://www.pcpsr.org/en/node/676>.
- 5 Amos Harel, “Egypt Insisting: If the Palestinian Authority Does Not Station Forces at the Rafah Crossing, We Will Not Relax Restrictions,” *Haaretz*, September 1, 2014.
- 6 Jack Khouri, “PA Workers in Gaza Take to Streets to Protest 30-percent Cut in Salaries,” *Haaretz*, April 9, 2017, <http://www.haaretz.com/middle-east-news/palestinians/premium-1.782376>.

- 7 Omar Shaban, " Hamas Budget Shows Another Tough Year Ahead for Gaza," *al-Monitor*, March 17, 2014, <http://www.al-monitor.com/pulse/originals/2014/03/hamas-gaza-budget-economy-finance-blockade.html>.
- 8 "Israel Withholds \$120mn in Palestinian Tax Funds as Revenge for UN Vote," *RT*, December 2, 2012, <https://www.rt.com/news/israel-withholds-tax-funds-084/>.
- 9 Adnan Abu Amer, "Why Donor Countries are Giving Less to the Palestinians," *al-Monitor*, February 24, 2016, <http://www.al-monitor.com/pulse/originals/2016/02/palestinian-authority-reduce-foreign-aid.html>.
- 10 Jodi Rudoren, "Qatar's Emir Visits Gaza, Pledging \$400 Million to Hamas," *New York Times*, October 23, 2012.
- 11 Nidal al-Mughrabi, "Gaza Power Crisis Eases as Qatar Donates \$12 Million to Buy Fuel," *Reuters*, January 16, 2017, <http://uk.reuters.com/article/uk-palestinians-energy-idUKKBN1501B8>.
- 12 Adam Rasgon, "Palestinian Factions Reaffirm Agreement on Need to Form National Unity Government," *e Jerusalem Post*, January 8, 2017, <http://www.jpost.com/Middle-East/Palestinian-factions-reaffirm-agreement-to-form-national-unity-government-478801>.
- 13 Ali Younes and Natasha Ghoneim, "Fatah and Hamas to Form Unity Government," *al-Jazeera*, January 18, 2017, <http://www.aljazeera.com/news/2017/01/fatah-hamas-form-unity-government-170118031339203.html>.