

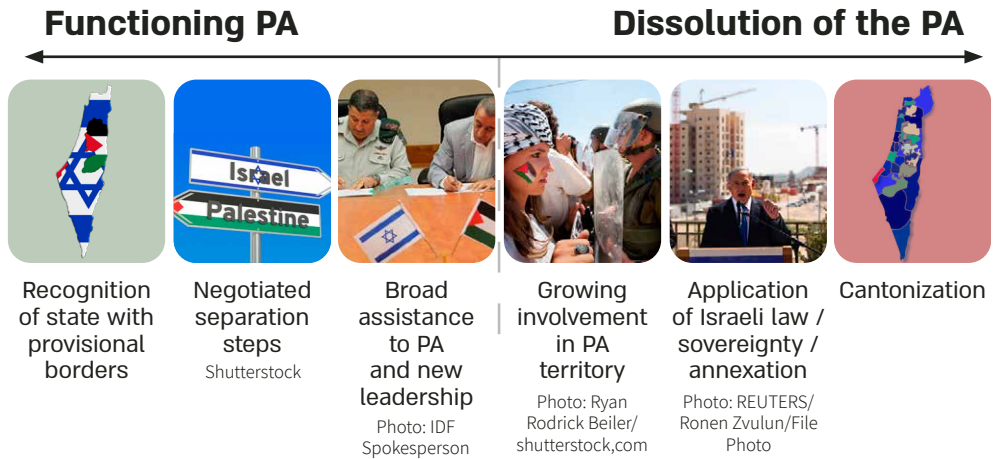
CONCLUSION: ISRAEL AND THE SHAPING OF A STABLE PALESTINIAN SYSTEM

In view of the multiplicity of players and scenarios, the future of the Palestinian system cannot be predicted. Therefore, Israel needs to prepare for four basic situations after Abbas departs the stage: a functioning PA that will maintain coordination with Israel; a functioning but hostile PA; a non-functioning or even failed PA; and the collapse of the PA.

Israel has the ability to temper some of the adverse trends that are expected to develop or accelerate once Mahmoud Abbas leaves the political stage; and it can enhance options that are likely to contribute to relative stability and the continued functioning of the PA, such as not intervening in the provisional arrangements in the Palestinian system and maintaining future political alternatives to create the reality of a Palestinian entity that is separate and distinct from Israel. Yet in any event, any action taken by Israel in the context of the Palestinian leadership succession must be measured and cautious and avoid any attempt—or semblance thereof—to politically “engineer” the Palestinian system or create an impression that it intends to impose its preferred candidate. At the same time, it must try to halt processes heading toward chaos, which will bring about the collapse of the PA and draw Israel back into direct involvement in the West Bank, i.e., a return to military government, and will accelerate the current slide toward a one-state reality.

Israel should invest in achieving understandings with its regional strategic partners (the so-called Arab Quartet, namely Egypt, Jordan, the UAE, and Saudi Arabia, which has not yet agreed to full normalization with Israel) with US backing. These understandings should focus on ways to stabilize the Palestinian system and prevent its takeover by Hamas and should include a commitment to assist the future leadership, if it accepts the agreements and understandings reached between Israel and the PA. Critical components of these understandings are continued security coordination between Israel

and the PA's security apparatuses and the acceleration of economic and infrastructure development in PA territory.



To stabilize the Palestinian system, it is necessary to restrain elements that look to escalate the situation and seek a direct confrontation with Israel, while at the same time bolster elements that support the building of a Palestinian state and at some future stage an arrangement that will achieve the vision of two states for two peoples. Building a Palestinian state will also require a strong regional partnership based on understandings and coordination between Israel and the Arab Quartet as well as international elements that support a two-state solution, alongside US backing for a political process.

In addition to a coordinated effort to improve PA governance and strengthen its economy and infrastructure, Israel should demonstrate flexibility on the issue of territory and allow the Palestinian leadership to control the vast majority of the Palestinian population, in terms of law and order and civilian governance. To this end, it should “approve” retroactively the spillover of Palestinian settlements into Area C and transfer civilian responsibility for these areas to the PA, as well as facilitate geographic and transportation

contiguity. This should be made conditional on the new leadership avowing its commitment to existing understandings with Israel and its focus on the improvement of PA performance rather than on power struggles with Israel.

Israel will need to strengthen regional and international cooperation in blocking attempts by undesirable elements to gain influence in the Palestinian arena, such as those in the Iranian and Shiite axis. It will also have to assist the new Palestinian leadership in preventing Hamas from exploiting the opportunity to weaken the PA to the point of collapse, or alternatively, a Hamas takeover of the PA and the PLO. At the same time and in view of the greater likelihood of scenarios of chronic instability and developing chaos, Israel must prepare for the greater challenge, namely, the collapse of the Palestinian system, and develop policy guidelines and capabilities to deal with dispersed Palestinian subsystems.

In scenarios of chaos and a situation in which the PA no longer functions effectively—to the point that it is prepared to return the keys of power to Israel—Israel must consider a transition from a reactive and stabilizing policy to a proactive policy of establishing facts on the ground. In this case, Israel has two options: imposing Israeli law on Area C, where Israel has settlements and security interests; or a reorganization of the West Bank into regions similar to cantons, which will be ruled by the clans and the dominant families.

In contrast, in the scenarios where the PA continues to function and the new leadership has the confidence of the public, Israel may consider steps toward national, geographic, and demographic separation from the Palestinians—preferably in coordination with the PA and by means of interim agreements on issues ranging from minor to major (bottom-up). What is agreed upon will be implemented, and to the extent that cooperation with the new leadership of the PA grows, the greater will be Israel's willingness to recognize a Palestinian state within temporary borders, prior to agreement on all the complex issues of a final status agreement.

Possible Steps

| Reactive policy | Proactive policy |
|--|---|
| Maintain a policy of adaptation and accommodation to reality | Single out the preferred candidate and work toward his succession of Abbas |
| Support the stability of the PA and its leadership | Leverage instability to annex portions of Area C |
| Avoid blocking internal Palestinian unity/reconciliation | Encourage elections and unity / reconciliation processes |
| Support Palestinian elections, or at least refrain from intervention | Free Barghouti from prison: a strong leader who is acceptable to all factions |
| Assist the security apparatuses to achieve control and stability | Encourage cantonization and the nurturing of local leadership |
| Improve the economy and fabric of everyday life | Promote the Jordanian option |
| | Recognize Hamas and initiate contact with it |

Policy Recommendations for Israel

In order to prepare for Abbas's exit from the stage, whether planned or unplanned, the following guidelines to stabilize the situation should already be implemented:

- It is not advisable to intervene openly in internal Palestinian politics in an effort to steer the succession toward a candidate that is preferred by Israel.

It appears that Israel is in favor of al-Sheikh and Faraj, but its support is liable to undermine their public legitimacy and encourage the formation of a coalition against them. Dahlan also has supporters in Israel, some of whom have business ties with him. Any expression of Israeli support for a Palestinian leader will label him as a "servant of the occupation" and will constitute a kiss of death. It is likely that any effort to conceal Israeli support will be quickly exposed.

- b. The PA should be strengthened by improving its economic position, via construction of essential infrastructure and industrial areas and freedom of movement within PA territory. This should be joined by assistance to the PA and its security apparatuses to tighten their control on the ground and help them impose law and order.
- c. It is essential both to halt the growing influence of Hamas and to strengthen the camp that supports a political arrangement. Cooperation should continue with the PA and its security apparatuses in the struggle against Hamas and Islamic Jihad in the West Bank, and should even be intensified, since Hamas may view Abbas's political exit as an opportunity to expand its activity in the West Bank and strengthen its base of political, economic, and terrorist power. Efforts to preserve the current situation in the West Bank should continue, since Hamas will not be able to overthrow the government in Ramallah as long as Israel maintains the differentiation between Gaza and the West Bank and retains its operational maneuverability throughout the area west of the Jordan River.
- d. There is a high correlation between the loss of control by the PA and the decline in Israel's ability to maintain security calm. This is driven by the poor performance of the Palestinian security apparatuses, the growth in the number of violent incidents, the growing friction between the Palestinians and the settlement population, and the exploitation of opportunities by the extreme factions to incite the population. Therefore, Israel must prepare itself at an early stage for a loss of control; it must strengthen the



protection of the settlements and the access roads; and in particular, it must complete the security barrier, ensuring contiguity and renovation, where necessary.

- e. Israel's operational maneuverability in the West Bank must be maintained in order to prevent attacks, dismantle terrorist infrastructures, and prevent a deterioration in the security situation. At the same time, assistance should be provided to strengthen the Palestinian security apparatuses in exchange for cooperation and an improvement in their effectivity. Israel must avoid strengthening local elements at the expense of the PA apparatuses, even if in the short term this appears to achieve calm in the security situation. The long-term implication will be a loss of control by the PA and the lack of a single and responsible address for establishing rules of the game and at a later stage advancing political arrangements. Israel should refrain from taking advantage of the situation to apply Israeli law to Area C (which accounts for about 60 percent of the West Bank) or parts of it. Such a move would stymie progress and prevent the consolidation of a moderate Palestinian leadership that cooperates with Israel. Essentially, it will accelerate the dissolution of the PA.
- f. At the same time, the security forces must prepare for a negative scenario involving chaos and anarchy, even to the point of a collapse of the PA and the need to reshape the Palestinian arena. It is essential to carefully consider any Israeli response to a violent incident, to ensure that it does not incite elements that seek to achieve the collapse of the Palestinian system, lest it become a self-fulfilling prophecy.
- g. The policy of differentiation between the West Bank and Gaza should be maintained to block Hamas from expanding its influence in the West Bank and prevent its gradual takeover of the PA. It is important to maintain calm in the Gaza envelope, in view of the ties between Gaza and the West Bank and the violence inspired by Gaza. In this context, any relief measures

granted to Gaza must be managed wisely, so as not to strengthen Hamas and weaken the PA, as part of the internal Palestinian balance of power.

- h. The Arab world should be engaged to support the day-to-day functioning of the PA and the process of state-building and economic development, and the effort to prevent assistance reaching subversive elements, and in particular, Hamas.

Israeli Policy to Support Stability



In a scenario in which a new government or temporary leadership emerges that is led by Fatah:

- a. Israel has a clear interest in maintaining full security coordination with the PA's security apparatuses. Therefore, it should refrain, except in exceptional cases, from operations that will embarrass the PA security apparatuses or harm the public legitimacy of the new government.
- b. Israel should tolerate a continued Palestinian confrontational approach, which will be adopted by the new Palestinian leadership in the international arena, as long as it does not encourage terrorism and violence. This is based on the understanding that a confrontational stance can help bolster the new leadership's legitimacy among the Palestinian public.
- c. Israel has the ability to strengthen the new Palestinian leadership and reduce the causes of instability. This can be done by recognizing the new leadership and contributing to an improved quality of life for the Palestinian population.
- d. In the scenarios involving struggles over succession, up to the point of chaos, the question arises as to the release of Marwan Barghouti as a way of stabilizing the political situation in the PA, in view of his broad public support. The government in Israel will no doubt encounter strong opposition to such a move and will find it hard to gather domestic support. Such a move will be possible politically only if Barghouti's release is part of a broader process that provides Israel with some significant gain, such as the regional and international recognition of the security barrier as a (temporary) demarcation line between Israel and the PA.
- e. The stability on the Palestinian side can be examined periodically by Israel, together with its international partners, and in particular the US, Jordan, and Egypt. Together they can devise ways to support the new leadership, including the consideration of possibilities to restart the political process as a stabilizing element.

- f. Specific understandings and agreements should be reached with the new leadership, with the goal of improving the economy, civilian services, and infrastructure. This can be done jointly with countries in the region and elsewhere that have an interest in stabilizing the Palestinian arena. This is also the case if a Palestinian unity government emerges and on condition that Hamas does not assume a key role in the Palestinian government, such as the position of Prime Minister or Minister of the Interior responsible for internal security.

Israel must refrain from actions that block any way back to a political process for the new leadership, such as unilateral moves and the establishment of facts on the ground in the West Bank, which will accelerate the slide into a one-state reality.

Israel's Toolbox

Military Tools

Operational freedom
in the West Bank

Security coordination
with the PA apparatuses

Intervention in internal
Palestinian conflicts

Completion
of the security barrier

Improved defense
components

Dismantlement and arrest
of problematic elements

Disconnect between Gaza
and the West Bank

Soft Power

Jordanian mediation

Regional and international
involvement

Improvement of the economy,
commerce, and daily life

Promotion of infrastructure
projects

Identification and connection
with influential groups

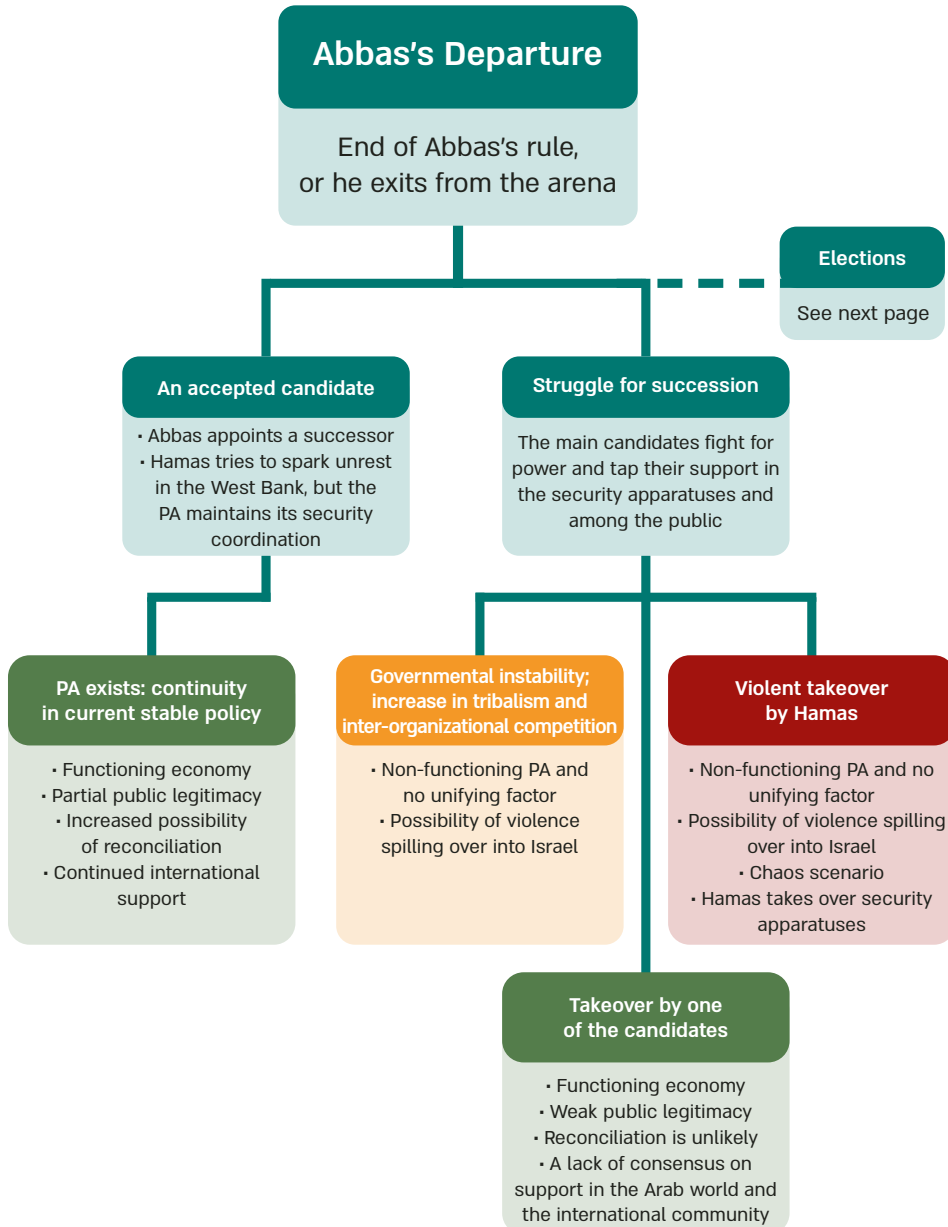
Encouragement of
elections or the creation
of a technocratic or unity
government

Approval of entry
of workers into Israel

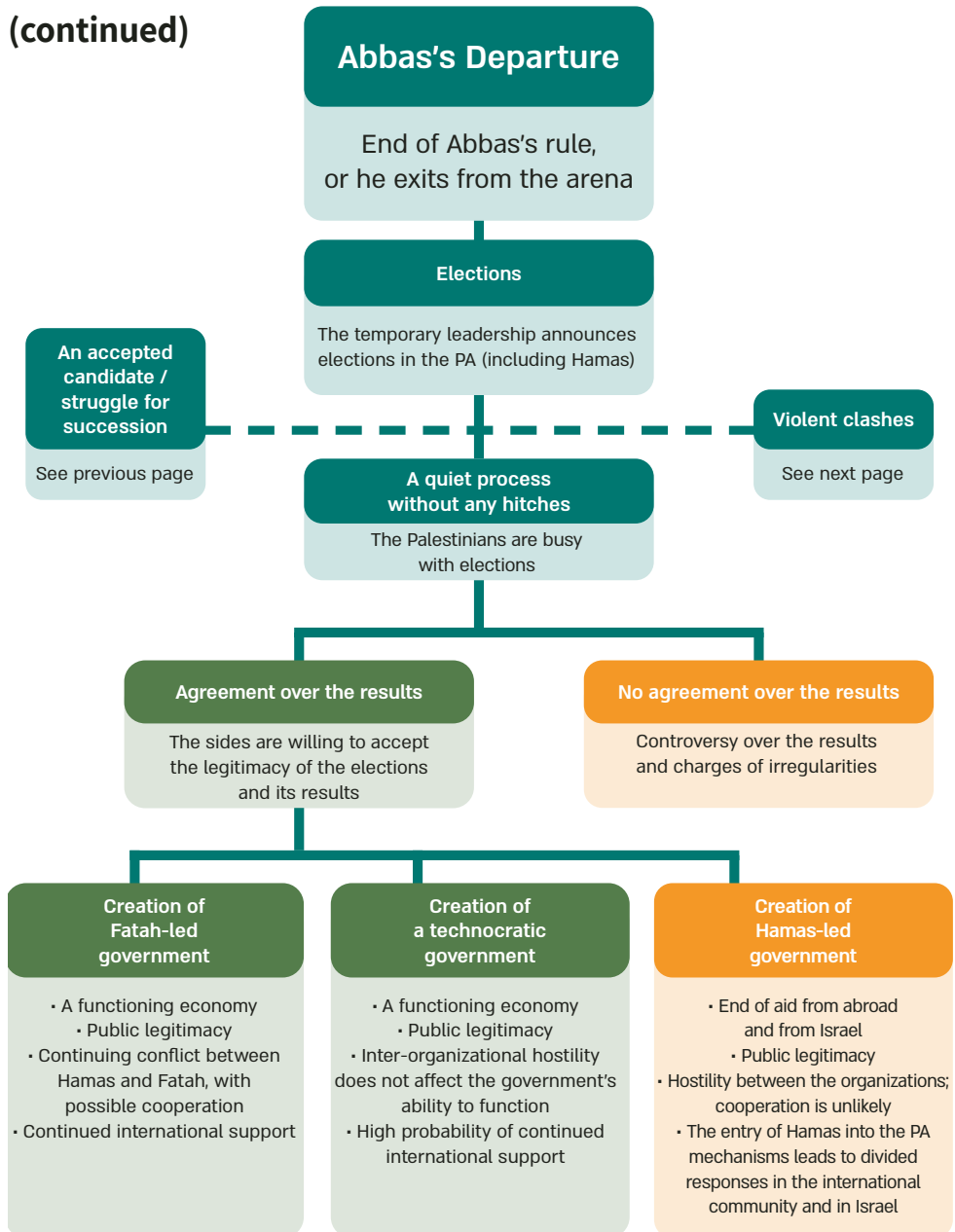
Differentiation between
the West Bank and Gaza

Expansion of PA authority
in Area C

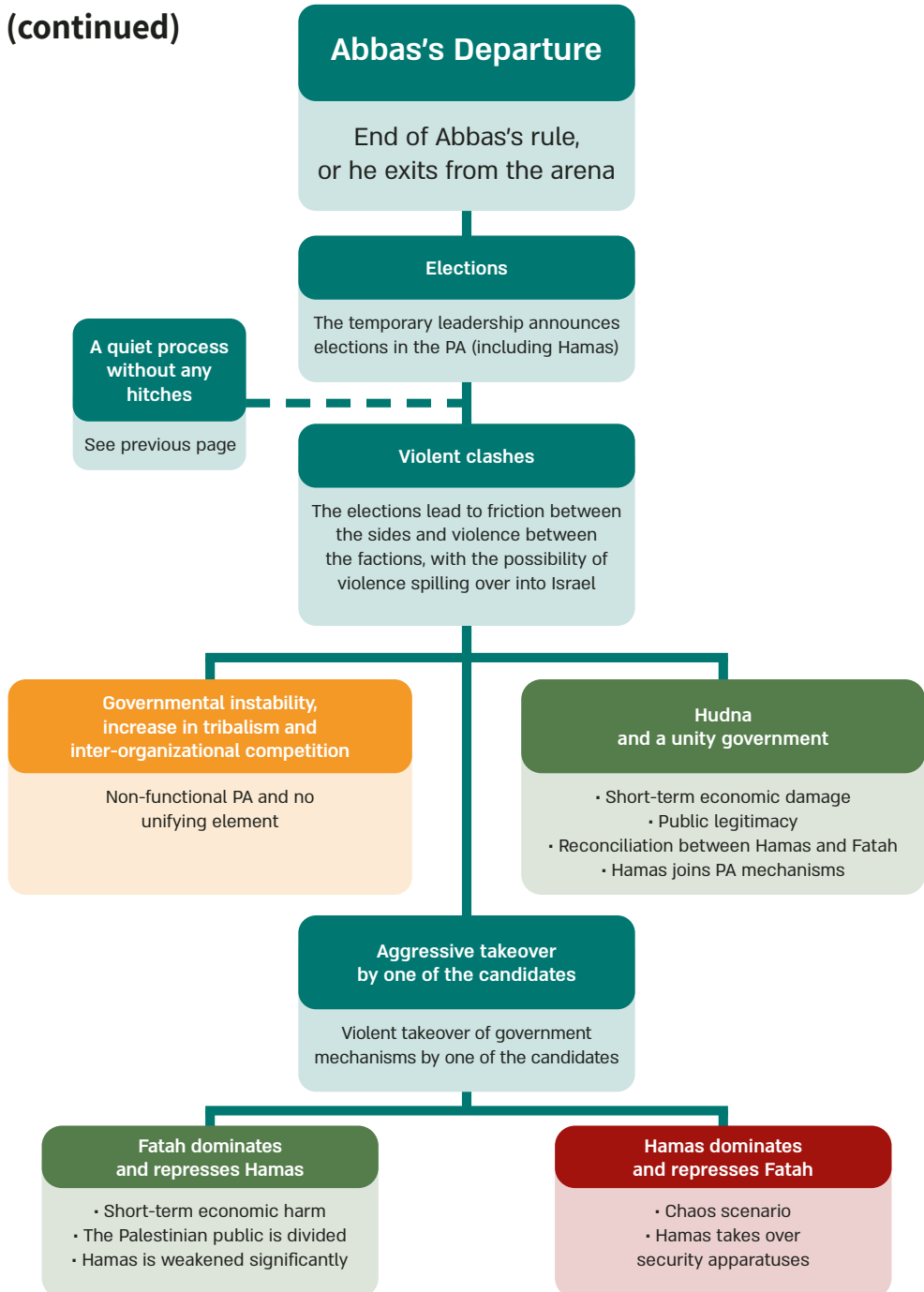
Scenarios and Dynamics of Events



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Potential Situations and their Implications

| | Successor chosen in a democratic process | Groomed successor and/or appointed non-democratically | Continuous succession struggles and ongoing instability | Fragmentation of the PA institutions into local subsystems |
|--|--|--|--|---|
| Ability to make substantial decisions and initiate processes | The successor is backed by the government and the public, and is able to take decisions and make changes in the system. | The successor is backed by the government mechanisms but does not have broad public support. He is liable to have difficulty taking controversial steps until he consolidates his power. | The temporary leadership is unable to take major decisions and initiate processes. Any move promoted by a particular candidate is opposed by the others and does not achieve a broad consensus. | The local leaders of the subsystem can affect only the area in which they are dominant. There is no dominant body or individual able to reach a national consensus and initiate processes on a collective level. |
| Public legitimacy and involvement of the younger generation | The successor gains widespread support and legitimacy and is perceived as the accepted representative of the Palestinian people. | The successor has only narrow public support, primarily from the segment that he represents. Opposition from factions not represented and from the younger generation that advocates the adoption of democratic processes. | The public is divided into camps and none of the candidates enjoy broad support or legitimacy as leaders accepted by the majority. | The public tires of struggles for power and the parties' leaderships—possibility of increasingly powerful regional or clan leadership or the rise of hostile elements that will fill the regime vacuum. |
| Internal Palestinian dynamic and possibility of Fatah-Hamas reconciliation | Possibility of reconciliation between Hamas and Fatah depending on the approach of the successor and his willingness to be flexible, primarily toward Hamas, and to include Hamas representatives in the government. | Possibility of reconciliation between Hamas and Fatah depending on the approach of the successor, despite growing demands by Hamas and increased pressure from the factions that do not recognize the leadership. | Hamas will likely exploit the struggle for succession to strengthen its status on the ground and demonstrate its capabilities in the face of a non-functioning government. | No possibility of reconciliation, with mutual exploitation of the opportunity to create friction and to gain political capital at the expense of rival organizations. Hamas will strengthen its foothold in Gaza. |
| Continuation of security coordination | Security coordination is expected to continue, depending on the successor's attitude toward Israel. | It is unlikely that the successor will take the risk of terminating coordination, since he needs to consolidate his position and does not want to give the renegade factions a chance of undermining him; nonetheless, he will be confrontational to Israel in international forums in order to increase his internal and external legitimacy. | Security coordination is expected to continue but its effectivity will be reduced as a result of the instability and struggle for power between the candidates, and the fragmentation of support for the leadership among the security apparatuses and Palestinian factions. | The collapse of the central government will lead to a weakening of the security apparatuses and will harm their ability to maintain control on the ground. The security apparatuses will dissolve themselves and their members will join local militias. As a result, security coordination will end. |

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|---------------------------------|--|--|---|---|
| Economic situation | No major volatility expected in the economy. | No major volatility expected in the economy. | Instability adversely affects donations, foreign investment, tourism, and the public sector; growing unemployment. | Instability adversely affects donations, foreign investment, tourism, and the public sector; growing unemployment; emigration among educated. |
| Support from regional countries | If the successor is not identified with Hamas, the countries of the region will support the new leader and will view him as the legitimate representative who can initiate positive change and advance toward internal Palestinian reconciliation and a political agreement with Israel. | The countries of the region will back the new leader even if he is not their preferred choice and will try to apply pressure to ensure that he promotes their agenda. | The countries of the region will likely try to distance themselves from the internal rivalries and will not express support for any one leader. Jordan and Egypt may become actively involved in view of the immediate implications for them. | The countries of the region will try to assist in the consolidation of the new leadership yet at the same time will be careful not to become too involved in the Palestinian imbroglio. |
| Effect on Israel | The PA continues to function and has control over security; is able to prevent the spillover of violence; relations are based on the new leader's approach. If a Hamas representative is elected, Israel will have to re-examine its no-contact policy with Hamas. | The PA continues to function and is able to prevent a spillover of violence. Relations are maintained in their current format while Israel will try to strengthen the PA's security apparatuses and the civil and security coordination. | The PA functions at only a minimal level and is unable to achieve stability. The violence will likely spill over into Israel and there will not be any possibility of advancing a political process. | The PA is not functional; there is a deterioration in the economy and in security and a spillover of violence into Israel. Israel is increasingly providing for the civilian needs of the Palestinian population. |