

# A Functional Palestinian Authority: An Essential Israeli Interest

Reem Cohen | No. 1796 | December 11, 2023

The October 7 Hamas attack on Israel, which prompted the war aimed at toppling Hamas' governing and military capabilities in Gaza, as well as freeing the hostages, represents a strategic shift in the broader regional context, and specifically in the Palestinian landscape. This development may well offer significant, possibly historic, opportunities for both the Palestinian Authority (PA) and Israel. In the current dynamic situation, the PA finds itself navigating a complex scenario: aligning with Hamas' struggle while concurrently attempting to contain the rising tensions between the IDF and Palestinian activists in the West Bank. Above all, the PA strives to demonstrate its role as a Palestinian element that, subject to profound reforms, can join in a new civil administration in Gaza, while avoiding the appearance of being a collaborator of Israel. To advance this aim, which is of essential strategic importance particularly to Israel – in the absence of any other Palestinian group or international entity ready to assume responsibility for Gaza, compounded by Israel's interest not to control the area again – Israel must take several measures to strengthen the PA, helping it to prove its capabilities.

The October 7 Hamas attack on Israel, which prompted the war aimed at toppling Hamas' governing and military capabilities in Gaza, as well as freeing the hostages, represents a strategic shift in the broader regional context and, more specifically, in the Palestinian landscape. This development may well offer significant, possibly historic, opportunities for both Israel and the Palestinian Authority (PA), which seeks to reshape the regional architecture and prevent the resurgence of terror in its territory. In this dynamic situation, the PA finds itself navigating a complex scenario, balancing the need to align with Hamas' struggle – and the actions by the organization that is Fatah's chief rival for the Palestinian political leadership – and the concurrent need to contain the rising tensions between the IDF and Palestinian activists in the West Bank. A key aspect of this balancing act involves the PA's effort to assert its role as the renewed governing entity in Gaza, all while avoiding the appearance of being an ally to Israel. Above all, the PA strives to

demonstrate its role as a Palestinian element that can assume responsibility for a new civil administration in Gaza, while avoiding the appearance of being a collaborator of Israel.

However, while the PA looks toward the Gaza Strip, it must also address challenges to its own status and stability, which are already strained. Among these:

- a. **Weakness of the Palestinian Authority:** According to the Fragile States Index of the Fund for Peace (FFP), the PA is failing due to several factors: it has lost control over its territories and the monopoly on legitimate physical force; its authority to make collective decisions has eroded; and it is unable to provide public services. Compounding these issues are corruption, poor institutional function, and a general lack of widespread legitimacy for the regime. The PA's low effectiveness is partly attributed to the absence of a political process and progress toward establishing a Palestinian state, but this does not account fully for its governance failures.
- b. **Unrest in the Palestinian streets:** In Ramallah, there is heightened concern about the potential spread of unrest among the Palestinian population in light of the war in Gaza. The PA leadership is worried that Hamas and other organizations might use the conflict to incite a popular uprising in the West Bank against the PA. The PA's security apparatuses have managed to contain protests in Hebron, Jenin, Tulkarm, and Joseph's Tomb in Nablus, as well as in central Ramallah near Mahmoud Abbas' office. Protestors have called for an end to Abbas' rule and expressed open support for Hamas' armed wing. These demonstrations have seen participation from individuals not specifically aligned with any single organization, rallying for a change in the Palestinian leadership.
- c. **IDF operations against terror infrastructures continue,** especially those associated with Hamas in the West Bank, while international focus remains on the Gaza Strip. Since October 7, over 200 terrorists have been killed in the clashes with IDF forces in the West Bank. These operations are part of a broader effort to dismantle terror infrastructures and apprehend operatives.
- d. **Extreme violence by settlers:** Since the war's onset, this violence has led to the deaths of approximately seven Palestinians, the displacement of around 896 individuals from 15 communities, and extensive damage to property, infrastructure, agricultural equipment, livestock, and trees and fields. The Israeli security establishment [reports](#) that since the war began, there have been 15 attacks by Jewish settlers in the West Bank,

predominantly vehicle arson. In addition, 83 incidents involving vandalism, disturbances, and violent clashes were recorded. The international community, and notably the US administration, has criticized the Israeli government for an inadequate response.

- e. Additional offset of clearance revenues: These funds, tax revenues from Palestinian workers and goods collected by Israel for the PA, form about 65 percent of the PA's annual budget. This amounts to NIS 750-800 million per month, with roughly NIS 120 million designated for the Gaza Strip. A substantial portion is used to pay the salaries of PA employees, including about 30,000 personnel in the security apparatuses. [The PA has refused to accept these funds](#), following Israel's decision to deduct the funds intended for Gaza. Consequently, the PA has been unable to pay salaries since October, leading to a 40 percent drop in GDP. There is a growing concern within the Israeli security establishment that the financial strain might lead to the collapse of the PA if the funds are not transferred.
- f. Ban on Palestinian workers in Israel: Normally, around 160,000 Palestinians are authorized to work in Israel and the West Bank industrial zones. However, with the outbreak of the war, a closure was imposed on the West Bank, preventing Palestinians from going to work in Israel. [Currently, only about 8,000 Palestinians](#), designated as essential workers for the Israeli economy, are permitted entry into Israeli territory. This has resulted in substantial economic losses for the Palestinian economy, estimated in hundreds of millions of shekels each month.

In face of these challenges, there are three principal efforts by the PA to maintain relative stability in the West Bank:

- a. Control over Tanzim: The military faction of the Fatah movement is not engaged in the fight against Israel, despite heightened volatility in the West Bank. However, there have been isolated instances of Fatah members and security personnel joining the conflict against IDF forces, such as those from the Balata Battalion in Nablus.
- b. Prevention of large-scale protests: Mahmoud Abbas has directed security forces to suppress demonstrations in cities that show signs of dissent against his rule, including at funerals. The security forces have been instructed "to quell any protests that include criticism of us."
- c. Security coordination with Israel: Despite officially ending coordination after the Jenin operation in January 2023, minimal coordination continues.

This helps limit Hamas' influence in the West Bank and maintains relative calm. Since the outset of the war, approximately 2,000 wanted terrorists have been arrested in the West Bank, about 1,100 of whom are affiliated with Hamas. The number of Palestinian fatalities in clashes with the IDF in the area exceeds 241.

### Policy Recommendations for Israel

To enhance stability in the West Bank and bolster the status of the Palestinian Authority, Israel should, in addition to maintaining security coordination and arresting terror operatives, take several steps:

- a. Increase the number of Palestinians from the West Bank authorized to work in key Israeli sectors. The war in Gaza has led to a shortage of over 100,000 workers in Israel's agricultural and construction sectors, primarily due to the departure of foreign workers and the ban on Palestinian workers entering Israel. This has resulted in economic losses amounting to tens of billions of shekels, necessitating the rapid and widespread engagement of workers. To address this, Israel could facilitate the entry of Palestinian workers into critical sectors under Israel Security Agency (ISA, formerly GSS) supervision. This approach should avoid mass entry and potential friction with the Israeli population, focusing instead on organized transportation and directing workers to non-central city areas.
- b. Addressing nationalist crime in Israel: The Israel Police must enforce laws decisively to curb this problematic and dangerous trend. [An internal document by the Central Command](#), supported by the ISA, highlights gaps in handling the matter. This document points out instances of no arrests despite ISA intelligence or immediate release of suspects. It stresses that the Central Command lacks the necessary tools to tackle crimes by extreme right wing groups effectively, highlighting a need for immediate attention and action.
- c. Arrange the transfer of the clearance revenues: Israel has two key interests – at times contradictory – vis-à-vis the PA. On the one hand, Israel combats terrorism, including funding and economic rewards for its perpetrators. This includes deducting clearance revenues designated for terrorists and their families, as well as additional deductions for the Gaza Strip. On the other hand, maintaining a strong, stable, and prosperous Palestinian Authority is an essential Israeli interest. Therefore, firm, principled negotiations should be pursued concerning the funds for Gaza, balancing Israel's two primary interests. However, fully implementing the fund offset

decision for Gaza, which led to the PA's refusal to transfer funds, could backfire for Israel. These funds are crucial for PA operations, and withholding salary payments of the past two months could further deteriorate its status.

In conclusion, a robust and effective Palestinian Authority that can govern efficiently, meet local needs, maintain a monopoly on power to eradicate terror, deepen security coordination with Israel, and continues to strive for a political solution is in Israel's interest. Currently, with no other Palestinian group or international force willing to assume responsibility for post-war Gaza, and Israel's lack of desire to retake control of Gaza, conditions should be fostered to position the Palestinian Authority for this challenging role. This aligns with the interests of the Palestinian Authority itself. However, for it to stabilize its status and position itself as a viable candidate for civil administration in Gaza post-Hamas, it [must undergo comprehensive functional reform and shed the characteristics of a failed entity.](#)

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