

## Enhancing the Palestinian Authority by Building Cities as Part of a New Regional Architecture

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The risk of the collapse of the Palestinian Authority, along with the need for significant changes within it—preconditions for its rehabilitation, its return to the Gaza Strip, and the creation of conditions for a political settlement based on the principle of two states—in order to achieve normalization with Saudi Arabia and end the war in Gaza—require a different approach than what has been accepted in the past. In part, the establishment of two or three Palestinian cities (such as Rawabi, north of Ramallah), and the subsequent replication of this model in the Gaza Strip as a component of designing a new regional architecture, could provide an answer to a series of challenges. The successful implementation of the proposed megaproject will encourage additional projects of similar scale and significance in the West Bank and Gaza Strip, laying the foundation for changing the Palestinian and regional system, beyond just the Palestinian system itself.

Since its establishment in May 1994, the Palestinian Authority has been facing economic difficulties, with its economic dependence on Israel being absolute. The distress has intensified over the years due to the PA's functioning as a failed entity, having lost the trust of the Palestinian public, in addition to circumstances relating to the split in the Palestinian arena and the ongoing rivalry between Hamas and the PA/Fatah, as well as the prolonged stalemate in the political process, including Israel's policies in some cases. Except for the tenure of Salam Fayyad as prime minister, during which he systematically, consistently, and structurally worked on establishing functioning state institutions, eradicating corruption, instituting structural reforms, building national infrastructure, and strengthening the economy, the PA leadership preferred to focus on internationalizing the Israeli–Palestinian conflict—pursuing Israel in the international arena—and perpetuating the ethos of armed resistance and refugeehood, while firmly rejecting any move to improve the living conditions of the refugees in the territories of the PA and rehabilitate them.

The economic distress of the PA has only worsened in recent years and has further deteriorated since the October 7 attack. This has put its ability to meet the basic needs of its citizens and particularly its employees, including those in the security apparatus, at risk. One of the reasons for the increasing Palestinian distress is the prevention of over 150,000 Palestinian workers from returning to work in Israel due to the security situation. Only a few thousand have been allowed to work in industrial areas in Judea and Samaria, and even fewer have been given exceptional permission to enter and

work in Israel. Employment in Israel is one of the most significant sources of income for the PA. It cannot employ the thousands of workers who had previously worked in Israel nor economically compensate them for the lack of income as a result of being unable to work in Israel.

The economic distress of the PA has been evident for years, as it has not paid its employees their full salaries, and recently it even considered further salary reductions. Despite allocating approximately 7% of its annual budget (estimated at around 6 billion NIS for 2024), the PA ensures that full payments are made to Palestinian terrorists in Israeli prisons and to the families of terrorists who were killed. It should be emphasized that the United States, like other countries concerned about the PA's condition and functioning, has not demanded that the PA transfer the billions of shekels paid to terrorists and their families to cover its employees' salaries. Moreover, pressure is being exerted on Israel not to deduct the amount paid to terrorists from the clearance funds—taxes collected for the PA—claiming that this would exacerbate the PA's difficulties.

Since the National Unity faction left the coalition, it appears that Bezalel Smotrich, the finance minister, and minister in the Defense Ministry, has been able to advance his policy of punishing the PA for its actions against Israel in the international arena. He has done this by reducing or canceling financial transfers and imposing additional economic sanctions, which could worsen the PA's situation to the point of collapse. It is claimed that this is Smotrich's goal, of implementing his "Decisive Plan," which was published in the journal *HaShiloach* in 2017.

The Israeli security system, including the IDF, COGAT, and GSS, warns of the consequences of these punitive measures. They advocate for the renewal of the employment of Palestinian workers in Israel, albeit in a measured and controlled manner. They also call for the continued transfer of clearance funds and assistance to the PA by other countries. However, the Israeli government is struggling to make a decision on renewing the employment of Palestinian workers in Israel due to public opposition and tangible security concerns, particularly in the context of the Gaza war and the intensive war on terror in Judea and Samaria.

Meanwhile, the United States and pragmatic Arab countries are leading an effort to facilitate the PA's return to the Gaza Strip. This is part of a mechanism to end the war and formulate conditions for establishing a future Palestinian state. These are seen as necessary conditions for normalizing relations between Israel and Saudi Arabia as part of a new regional architecture according to the American strategic vision for the Middle East, which would also serve to counter the Iranian axis.

The Israeli government strongly opposes the PA's return to the Gaza Strip, assessing that it cannot effectively control the area and its population and due to the necessity for comprehensive and deep reforms within the PA, as required by the concept of a "revitalized PA" presented by President Biden. At the same time, the Israeli government's stance has noticeably softened toward local Fatah elements in the Gaza Strip connected to or identified with the PA. Despite the importance the Israeli government places on normalization with Saudi Arabia, it still refrains from presenting a political horizon, even if vague and undefined in time, whose essence is an independent Palestinian state/two-state solution.

The PA has long operated within a comfort zone that absolves it from the deep required changes, allows it to continue efforts to internationalize the conflict and pursue Israel in international tribunals, sink into economic and functional crises while being exempt from responsibility, rely on international community support and aid in money, and pressure on Israel to avoid economic sanctions, in addition to continuing to nurture the ethos of Palestinian struggle and refugeehood. However, the risk of the PA's collapse as well as the importance of insisting on deep changes within the PA as a condition for its rehabilitation, renewal, return to the Gaza Strip, and for the creation of conditions for a political settlement based on the principle of two states, as well as ending the war in the Strip—as complementary and essentially necessary steps to promote normalization between Israel and Saudi Arabia—require an alternative approach to the accepted one.

The establishment of two or three Palestinian cities, such as the city of Rawabi north of Ramallah, and even larger ones, in Samaria, between Jenin and Tulkarm, and in Areas A and B under the civil control of the Palestinian Authority, and subsequently replicating the model to the Gaza Strip as part of a broader regional process toward designing a new regional architecture, could address a series of failures of the PA, the challenges it faces, and the dilemmas they pose for Israel.

International assistance focused on Palestinian national infrastructure projects, such as building cities, will allow for:

1. Employing Palestinians who are not permitted to return to their jobs in Israel and improving their economic situation;
2. Improving the state infrastructure of the Palestinian Authority and revitalizing it as a more functional, productive, and legitimate entity;
3. Significantly improving the living standards and quality of life for residents of refugee camps in Jenin, Nablus, and Tulkarm, evacuating and demolishing the refugee camps, and rehabilitating urban infrastructure in their place;

4. Revitalizing the Palestinian economy by boosting related sectors in construction;
5. Preparing new infrastructure for connection to regional infrastructure within the new regional architecture, encompassing transportation, energy, water, and transport of goods;
6. Differentiating the PA from Hamas (contrary to the current situation): The PA as an integrated factor in the regional settlement process, supported by the international community and Israel, leading to the realization of vital interests of the Palestinian people and the future state, versus Hamas as illegitimate and obstructing the advancement of the essential interests of the Palestinian people and serving as a destabilizing factor;
7. Deep structural changes within the PA, enabling higher levels of functionality, responsibility, accountability, and creating conditions for the PA's effective control over its territories initially, and later in the Gaza Strip after dismantling Hamas's governing and military systems and depriving it of the ability to recover;
8. Addressing the refugee issue and its ethos, preserving the Palestinian claim to the right of return, even if not publicly declared by the Palestinian leadership. This means resolving the refugee issue within the future Palestinian state and rejecting the idea of the right of return to the sovereign State of Israel. A complementary step would be the demolition of all refugee camps in the Gaza Strip as part of the Strip's rehabilitation and the establishment of new and modern cities in addition to developed infrastructure for them;
9. An Israeli declaration regarding a political horizon, corresponding to the idea of two national states, not dependent on or bounded by time but on performance and the depth of changes within the Palestinian Authority, to promote normalization with Saudi Arabia. The Palestinian issue would no longer be solely an Israeli concern but a regional matter and part of a shared responsibility.

A new regional architecture would allow shifting efforts toward resolving the Israeli–Palestinian conflict from the bilateral level, which has been exhausted and where the parties cannot bridge their gaps, to the multilateral-regional level. This level would create new opportunities, encouraging the formation of new approaches, mechanisms, and patterns of action that do not exist at the bilateral level. In the field of conflict resolution, this is referred to as “expanding the pie.”

Successful implementation of a megaproject of the proposed type would encourage thinking about other projects of similar magnitude and significance in the West Bank

and Gaza Strip. This, in turn, would establish the foundation for a second-order change, a transformation of the Palestinian and regional system, rather than a first-order change within the existing system. The existing system, with its guiding principles and tangible manifestations, has been exhausted, depleted of content, and its failure proven long ago.

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