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Sultan Barakat & Omar Shaban<sup>1</sup>

#### TIME TO RECONSTRUCT

As the new year sees little progress in addressing the humanitarian situation in Gaza, the international attention that once focused upon the reconstruction of Gaza as an opportunity to rebuild has largely dissipated. Following the war between Israel and Hamas in the Gaza Strip, the Palestinian Authority (PA) appealed for urgent international assistance for the Gaza Strip, a densely populated territory of some 1.8 million people that faced extremely difficult humanitarian, economic, and social conditions even prior to Israel's recent "Operation Protective Edge."

Much like in the aftermath of previous wars in Gaza, a special donor conference was organized, this time under the joint auspices of Norway and Egypt. It took place on October 12, 2014, in Cairo, and donors pledged an impressive \$5.4 billion in aid to the reconstruction of Gaza. The purpose of this conference, however, was not only to raise the specified amount of aid required to rebuild what has been destroyed in the Strip, but also to agree on the mechanisms through which this aid would be distributed and used. Still, after the donor conference, hardly any rubble from the destruction has been removed, and construction has yet to begin. Even by late December, officials from the Palestinian Housing Ministry claim they have received a meager 2 percent of the \$5.4 billion pledged at the 2014 donor's conference in Cairo.<sup>1</sup>

In the past seven years, Gaza has undergone a protracted process of destruction and stalled reconstruction, which has had a high human cost and wasted huge amounts of national resources as well as those allocated by international donors. This cyclical process is in part due to the lack of international political will to change the over-arching strategy toward Gaza to something more in line with the reality of the political situation on the ground. Such a strategy would necessarily seek to create a local capacity in Gaza capable of leading and sustaining its reconstruction and development in a transparent way, while elevating the public good above narrow political and economic interests.

There is a critical need to objectively analyze the previous attempts to reconstruct Gaza and to reflect on mistakes made so that this effort may be more effective, easing civilian suffering, countering extremism, and hopefully contributing to a lasting truce between Hamas and Israel.

Based on the authors' extensive experience in post-war reconstruction both in Gaza and elsewhere, this paper aims to provide advice to the Palestinian leadership and the international community on how to approach the daunting task of rebuilding the Gaza Strip while avoiding past mistakes. It starts by highlighting some of the most relevant contextual facts before exploring the current challenges facing Gaza's reconstruction, and suggesting an alternative collaborative approach.

#### THE THIRD GAZA WAR IN FIVE YEARS

Even before the last war, the Gaza Strip was already in a state of crisis due to the severe restrictions imposed on Gaza's air, land, and sea borders by Israel. Israel's seven-year blockade has prevented Gazans from accessing

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35 percent of their farmland and 85 percent of their fishing waters while reducing Gaza's exports by 97 percent. As a result, many goods have been unavailable, there were frequent electricity outages and water shortages, and unemployment and malnutrition were widespread. Government employees had not received their salaries since October 2013. The tightening of restrictions along the Gaza-Egypt border by Egyptian authorities following Muhammad Morsi's overthrow in July 2013 further compounded Gaza's political and economic isolation.

After a month of rising tensions between Israelis and Palestinians, following the kidnapping and murder of teenagers on both sides, the Israeli army launched a military campaign dubbed "Operation Protective Edge" against the Gaza Strip in the early hours of July 8, 2014.<sup>3</sup> The operation targeted Hamas and Islamic Jihad (IJ), the two main armed groups in the Gaza Strip, in particular, while inflicting severe damage on the population and infrastructure of the Strip in general. The war, the third major confrontation between Israel and the Gaza Strip since 2009, lasted for 50 days and resulted in the death of at least 2,100 Palestinians, most of whom were civilians, and 71 Israelis, 66 of whom were military personnel (see figure 1). In Gaza, more than 11,000 people were wounded, with 80% of the victims suffering severe injuries that will cause lasting disabilities.<sup>4</sup>

After several rounds of mediated talks in Cairo brokered through a joint effort by Egypt and Norway, a ceasefire agreement was reached between Israeli and Palestinian delegates.<sup>5</sup> The Palestinian delegation was headed by the PA, but, significantly, included representatives of Hamas and IJ as well.<sup>6</sup> Under the terms of the ceasefire, Israel and the Palestinians agreed to end all military actions. The agreement eventually took hold on August 26, 2014.

According to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), more than 485,000 people were internally displaced due to the destruction of their homes, approximately 110,000 of whom remain homeless three months after the ceasefire was agreed. More than 90,000 homes sustained damage, were rendered uninhabitable, or were completely destroyed as a result of the seven-



Source: UN OCHA 2014. "Monthly Report: June-August 2014," Humanitarian Bulletin, UN OCHA, 3 October 2014.

<sup>&</sup>lt;sup>3</sup> Three Israeli teenagers–Naftali Frenkel, Eyal Yifrach and Gilad Shaer–were kidnapped on June 12 and were shot almost immediately; their bodies were found on June 30, with members of a Hamas cell in Hebron ultimately charged with the crime. The day after their funeral, on July 2, Palestinian teenager Muhammad Abu Khdeir was kidnapped, beaten and burned alive in an apparent revenge attack; three Jewish Israelis ultimately confessed to the crime. Lizzie Dearden and Ben Lynfield, "Mohammed Abu Khdeir murder: Three Israeli Jews admit kidnapping teenager and burning him to death," *The Independent*, 14 July 2014, <<u>http://www. independent.co.uk/news/world/middle-east/mohammed-abu-khdeir-murder-three-israeli-jews-admit-kidnapping-teenager-andburning-him-to-death-9605371.html>.</u>

<sup>&</sup>lt;sup>4</sup> United Nations Office for the Coordination of Humanitarian Affairs: Occupied Palestinian Territory, "Gaza Emergency Situation Report," 3 August 2014, <<u>http://www.ochaopt.org/documents/ocha\_opt\_sitrep\_04\_08\_2014.pdf</u>>.

<sup>&</sup>lt;sup>5</sup> Norway tried to mediate at a very early stage of the conflict.

<sup>&</sup>lt;sup>6</sup> The key representatives were Fatah leader and delegation head Azzam al-Ahmad, Hamas leader Moussa Abu Marzouq, and Islamic Jihad leader Khalid al-Batsh.

week long conflict (see figure 2). In addition, 450 businesses, mosques, schools, health clinics, and other civilian installations sustained damage, along with public infrastructure that included communication networks, water pipes, and the electricity grid. As a result, the commencement of the school year was delayed from its original date of August 24 to mid-September.<sup>7</sup>

#### DE JURE VERSUS DE FACTO AUTHORITY

The most critical dilemma facing the reconstruction efforts of Gaza is one of legitimacy and control. While the PA is the only legitimate authority in the eyes of the international community, including Egypt and Israel, Hamas has been effectively in control of the Strip since 2007. In the wake of the most recent conflict, an opinion poll released by the Palestinian Center for Policy and Survey Research in September 2014 revealed that as much as 61% of Palestinians would vote for Hamas government leader Ismail Haniyeh over PA leader Mahmoud Abbas, a stark increase from 41 percent prior to the conflict.8 Meanwhile, the actual control of access and resources is largely in the hands of Israel, which under international law remains the occupying power in the Gaza Strip. Among other things, Israel fears that Hamas will use reconstruction efforts as a pretext for rearming and rebuilding its defenses on the ground.

As was the case in previous conferences, most international donors share Israel's security concerns and continue to fear that any largescale international assistance for the Gaza Strip may fall into the hands of Hamas. At the same time, however, these donors, along with the Palestinian Authority, fear an Israeli attempt to permanently sever Gaza from the West Bank and are therefore keen to ensure that Israel continues to permit access to Gaza through its territory. Egypt, which could potentially provide the most effective access to Gaza, has destroyed nearly 95 percent of tunnels to Gaza and begun the demolition of homes along the 13 km Gaza border, displacing up to 10,000 Egyptian citizens in an effort to create a buffer zone between Sinai and Gaza, part of its operations to eliminate militants in the Sinai Peninsula.

These combined fears have (particularly after Operation Cast Lead in 2008-2009) complicated the disbursement process, hindered reconstruction efforts, and tied progress to Israel's wavering political will. The international community's reluctance to engage with Hamas (directly or indirectly), combined with the PA's lack of authority in Gaza and desire to

#### Figure 2: Housing Unit Damage Estimates



Percentages based on estimate of pre-war housing stock. Source: Shelter Cluster Palestine. "Gaza Response Update," Shelter Cluster Palestine, 11 October 2014, <a href="http://reliefweb.int/sites/reliefweb.int/files/resources/Shelter%20Cluster%20update%2011Oct2014.pdf">http://reliefweb.int/sites/reliefweb.

utilize reconstruction to regain control over the territory has made governing reconstruction for the benefit of civilians extremely difficult. As a result, destruction accumulates with every Israeli assault. For instance, on the eve of the most recent war, more than 1,000 homes destroyed in the 2008-2009 Israeli campaign had yet to be rebuilt. Furthermore, reconstruction has been pending for Gaza's airport and various other infrastructure projects since their destruction by Israeli airstrikes in 2002.

October's donor conference presented a more favorable opportunity than others because

<sup>&</sup>lt;sup>7</sup> Ibid.; "Gazans Displaced By Israel Offensive Still Waiting for Solutions," Ma'an News Agency, 27 September 2014, <<u>http://www.maan-news.net/eng/ViewDetails.aspx?ID=730093</u>>.

<sup>&</sup>lt;sup>8</sup> Adam Taylor, "Poll: Hamas Popularity Surges after War with Israel," *Washington Post*, 2 September 2014, <<u>http://www.washingtonpost.</u>com/blogs/worldviews/wp/2014/09/02/poll-hamas-popularity-surges-after-war-with-israel/>.

it involved, for the first time, a Palestinian unity, or 'reconciliation', government. The Ramallah-based PA and Gaza's Hamas officials agreed to form this joint government in June 2014 following the April 2014 Beach Camp Agreement. Although the "unity government" is not to the liking of Israel, both the Palestinians and the international community must seize the opportunity to ensure that this reconstruction effort brings an end to the cycle of violence and destruction once and for all.

Prior to the donor conference, the unity government appeared ready to cooperate and take the necessary steps to overcome the myriad of challenges facing Gaza. On September 25, both sides signed an agreement that would allow the new unity government to operate and assume control of security aspects in the Strip, effective immediately.9 Thus far, unfortunately, the reconstruction plan has been seen mainly as a vehicle to reinforce Fatah's presence in the strip at the expense of Hamas, rather than resolving the mounting tensions between the two camps. Coordinated bombings targeted the homes of Fatah leaders in Gaza on November 7th, while Palestinian President Mahmoud Abbas later accused Hamas of holding secret negotiations with Israel to gain control of the West Bank. In light of these developments, the international community should work to strengthen the capacity of the unity government by ensuring that it demonstrates its ability to lead on reconstruction and thereby gains legitimacy amongst the population of Gaza.

# SECURITY GUARANTEES VS. RECONSTRUCTION IMPERATIVES

On September 16, a trilateral agreement on the management and facilitation of reconstruction was reached between the United Nations, Israel (driven by a more pragmatic view from the military), and the PA. Caught between the need to attempt to alleviate the suffering of the Palestinians while offering Israel sufficient security guarantees regarding the reconstruction process, the United Nations proposed a way forward with it playing a third-party role. The United Nations Special Coordinator for the Middle East Peace Process, Robert Serry, disclosed few details about the deal but stated that it would "enable work at the scale required in the Strip, involving the private sector in Gaza, and giving a lead role to the Palestinian Authority in the reconstruction effort" with the United Nations monitoring the use of materials.<sup>10</sup>

According to European diplomats and Israeli officials, the plan aims to station between 250 and 500 international monitors in the Gaza Strip to oversee the rebuilding of major reconstruction zones, such as residential neighborhoods or large public buildings.11 Monitors would be positioned "at storage sites for construction materials like cement and concrete and dual-use materials such as metal pipes or iron rods," as well as at sites where "bulldozers and other heavy mechanical equipment are parked."12 The function of the international monitors would be to ensure that construction materials and heavy mechanical equipment, would be used solely to rebuild Gaza, and not by Hamas for digging tunnels or building bunkers. The UN deal also called for increased efforts to ease Gaza's blockade so as to allow for immediate humanitarian assistance (energy, water, emergency shelter) to be delivered. Furthermore, the deal stipulated increasing the number of trucks allowed to enter the Strip to enable the delivery of largescale reconstruction materials into Gaza. The United Nations also underlined the importance of empowering the unity government through administrative and civil reform, and expressed its readiness to provide any required technical

<sup>&</sup>lt;sup>9</sup> Jack Khoury, "Hamas, Fatah Agree Palestinian Authority to Take Control of Gaza," *Haaretz*, 25 September 2014, <<u>http://www.haaretz</u>, <u>com/news/middle-east/1.617732</u>>.

<sup>&</sup>lt;sup>10</sup> IRIN Middle East, "Briefing: What's in the UN's New Gaza Agreement?," IRIN Humanitarian News and Analysis, 3 October 2014, <<u>http://www.irinnews.org/report/100632/briefing-what-s-in-the-un-s-new-gaza-agreement</u>>.

<sup>&</sup>lt;sup>11</sup> Barak Ravid, "UN Wants International Monitors to Oversee Reconstruction Work in Gaza," *Haaretz*, 22 September 2014, <<u>http://www.haaretz.com/news/diplomacy-defense/.premium-1.617082</u>>.

<sup>&</sup>lt;sup>12</sup> Ibid.

assistance.<sup>13</sup> Senior Palestinian officials also stated that the two sides agreed, during recent talks in Cairo, that unity government policemen would be distributed along border crossings. These officers would replace the Hamas security personnel who have been policing the Gaza side of the crossings, while resuming a role specified in the Israeli-Palestinian-American agreement that accompanied Israel's withdrawal from the strip.

In other words, under the proposed plan, the United Nations has ended up policing the reconstruction effort, and placing the organization in the unenviable position of seeming to offer legitimacy to the Israeli blockade while potentially causing a conflict of interest, given that a significant portion of the reconstruction is required by UN facilities.

The UN mechanism has come under increasing scrutiny for its failure to jump-start the reconstruction process, particularly now that the arrival of winter has added to the sense of urgency in Gaza. While the intent of the UN mechanism was to administer the timely and effective reconstruction of Gaza and provide security assurance to Israel, the mechanism continues to fail to address and overcome the obstructions of the Israeli blockade on the reconstruction process. Assuming 250-500 international monitors are ever put in place, the high cost of sustaining them will inevitably siphon resources intended for needy Palestinians. If implemented, the UN monitoring mechanism will also clearly risk delaying the reconstruction process, thereby further increasing the opportunities for black markets to develop and thrive, especially because current reconstruction plans do not account for Gaza's acute housing needs that predated the last wave of destruction.

Furthermore, given the precarious security situation in the territory, the divergence of agendas amongst Palestinian groups (some of whom disagree with both the PA and

Hamas), and regional dynamics, including the international campaign against the Islamic State, placing a large number of international monitors in Gaza is a very high-risk strategy. This would offer "spoilers," on all sides, unprecedented opportunities to stall the process. Kidnapping one UN monitor would be sufficient to bring reconstruction efforts to a halt for weeks and months, prolonging the suffering of thousands of homeless Gazans. Furthermore, the plan's exclusive reliance on Israel's willingness to allow the flow of reconstruction materials is wrong and shortsighted. It does little to address the international community's fears that Israel might cut off the Gaza Strip from the West Bank. Pressing for access from Israel without exploring other venues increases Israel's control over the territory and again places reconstruction at the mercy of Israeli domestic politics.

On October 14<sup>th</sup>, the head of the UN, Ban-Ki Moon visited the Gaza Strip for the first time after the war to witness the amount of destruction there. Along with his visit, the first load of reconstruction materials (640 tons of cement) entered the Gaza Strip through the Israeli border crossing. In an attempt to test the UN mechanism, the reconstruction materials were kept in UN stores for 2 weeks before they were distributed to affected families. Meanwhile, the second load of reconstruction materials entered the Gaza Strip during the first week of November 2014; bringing the total amount of materials that entered the Gaza Strip to 1200 tons.<sup>14</sup>

The intense coordination required between all parties has caused delays in the distribution of materials, leading to a great deal of frustration among the people of Gaza. This led those awaiting construction to work outside the approved system, with many families selling the reconstruction materials received from the UN to fix their homes out of necessity for cash. Clearly, the present plan was driven by the

<sup>&</sup>lt;sup>13</sup> IRIN Middle East, "UN's New Gaza Agreement."

<sup>&</sup>lt;sup>14</sup> Peter Beaumont "Gaza Reconstruction Plan 'risks Putting UN in Charge of Israeli Blockade'," *The Guardian*, October 3 2014, <<u>http://www.theguardian.com/world/2014/oct/03/gaza-reconstruction-plan-un-israel-blockade</u>>.

desperate need to reach a compromise in order to jumpstart a badly needed process of reconstruction. However, future reconstruction planning would benefit from a reflection on some of the imperatives of reconstruction in Gaza and some of the lessons learned from previous attempts to rebuild:

#### Excluding Gaza from the planning process:

One of the most critical shortcomings of the March 2009 conference was the lack of Gazan representation. Despite the fact that more than 70 states and 16 regional and international organizations were there, no Gaza-based organization was present. The fact that the plan was presented only in English (an Arabic translation was made available only months later) underscored the low importance the PA and the international community gave to participation by local civil society groups or other local institutions at the time.

Local stakeholders were also excluded during the 2009 and 2014 damage assessments. The PA, in cooperation with UNRWA and the UN Development Programme (UNDP), rushed the assessments with the aim of presenting them prior to the donor conferences. As such, they did not involve a genuine process of consultation with civil society and other stakeholders in Gaza, including Hamas. This exclusion has been the most damaging in terms of people's acceptance of the outcome of the assessment and their ability to hold others accountable throughout the reconstruction process. The first step for inclusion is to engage in a direct and genuine consultation with a wide range of stakeholders based in Gaza.

Furthermore, on the political level, while Hamas is deemed a terrorist organization by parts of the international community, many Palestinians would disagree with that characterization. More recently, even a lower court of the EU annulled the bloc's listing of Hamas as a terrorist organization, though the EU's foreign policy arm intends to fight the ruling.<sup>15</sup> If Hamas was capable of engaging in direct or semi-direct talks with Israel over the ceasefire, then members of the international community should to a certain extent be willing to engage with Hamas so as to provide assistance to the civilians suffering in Gaza.

Lack of transparency: In March 2009 a large post-war conference under Egyptian and Norwegian auspices was held by international donors in Sharm al-Sheikh, Egypt. Around 90 countries and NGOs participated, and approximately \$4.5 billion was pledged, including around \$1.3 billion for Gaza (the rest was for overall Palestinian economic development and PA support).<sup>16</sup> The United States alone pledged \$900 million at that time, \$300 million of which was earmarked for Gaza. The rest was to support the Palestinian Authority's economic reforms and budget shortfalls. Ultimately, though, the conference organizers disclosed little about individual donor pledges or disbursement schedules, making it difficult to track how much money was really in the pipeline for the PA. The lack of transparency opens the door for speculation and unfounded accusations, which further undermines trust amongst Palestinian factions and increases divisions.

**Political conditionality:** Regardless of the amounts pledged, many donors have attached various conditions to how the money could be used. For instance, the U.S. Secretary of State at the time of the 2009 conference, Hillary Clinton, stated that the \$900 million from the U.S. government was highly conditional and "will be withdrawn if the expected Palestinian Authority coalition government between Fatah and Hamas does not recognize Israel's right to exist."<sup>17</sup> This seemed to be an impossible requirement to meet, as Hamas has shown no willingness to give up this core tenet of

<sup>&</sup>lt;sup>15</sup> Philip Blenkinsop, "EU court says Hamas should be removed from terror list," Reuters, 17 December 2014. <<u>http://www.reuters.com/</u> article/2014/12/17/us-eu-hamas-courts-idUSKBN0IV0S020141217>.

<sup>&</sup>lt;sup>16</sup> Rudoren, "Aid for Gazans Arrives, but Remains Untouched."

<sup>&</sup>lt;sup>17</sup> Sue Pleming and Alastair Sharp, "Donors Pledge \$4.48 Billion to Rebuild Gaza," Reuters, 2 March 2009, <<u>http://www.reuters.com/</u> article/2009/03/03/us-palestinians-gaza-idUSL28486320090303>.

its ideological mission. Another condition placed by Gulf States stipulated that no money would be given to the Palestinians unless they completely reconciled—a stage that they have yet to reach.

**Conflicting regional agendas:** The Gaza war has exposed divisions between regional states, with allies of Hamas such as Qatar and Turkey being pitted against Saudi Arabia, Egypt, and the United Arab Emirates who oppose Hamas given its ideological affiliation with the Muslim Brotherhood.<sup>18</sup> In its various forms, this polarization has existed since 2007 and has contributed significantly to the lack of accountability and coordination. Regional actors have chosen to provide aid directly to their preferred Palestinian proxy instead of utilizing a transparent mechanism that is accountable to the people of Gaza.

**Continued Israeli blockade:** There are many reasons why decisions made in the 2009 Sharm al-Sheikh donor conference have not been implemented fully. Two of the most important are the international community's unwillingness to recognize the impact of the Israeli blockade on reconstruction and its inability to persuade Egypt, particularly after Morsi, to take a less stringent position.

Israel's policies towards Gaza pose serious challenges to the successful reconstruction of the Strip. First of all, Israel's refusal to recognize the unity government has prevented freedom of movement for its ministers between Ramallah and Gaza. As of now the Ramallahbased unity government exists only on paper, and the prohibition of official access to the Strip jeopardizes the opportunity for the representatives to establish security, administer effective governance, and lead reconstruction projects. Secondly, despite Israel's claim to have

relaxed its blockade of Gaza, it has failed to do so in any meaningful way that would allow for true reconstruction efforts. Ending this state of affairs requires more than occasional openings, or allowing tiny amounts of Gazan agricultural products to be sold in the West Bank.<sup>19</sup> It involves opening all of Gaza's border crossings to enable the free flow of people and goods, and exports, as well as allowing entry of building materials to restore damaged infrastructure. Ending the blockade of Gaza will ultimately create the capacity for economic development and enable civilians to escape the entrenched poverty caused by the blockade itself.<sup>20</sup> It is worth noting that in 2013, 20 percent of the construction materials that went into Gaza entered through Israel's Kerem Shalom crossing, 30 percent came through the Rafah border crossing with Egypt, and the remaining 50 percent came in through tunnels between Gaza and Egypt.<sup>21</sup> The Israeli and Egyptian militaries have now destroyed the majority of these tunnels. The blockade of Gaza has create an economic incentive to build these tunnels, which fuel a lucrative market in smuggling and illicit trade. While militants did use the tunnels to bring in arms, they were also relied upon to supply badly needed humanitarian aid and raw materials for the restoration of destroyed houses and infrastructure. By significantly easing the blockade, the economic incentives for rebuilding tunnels into Gaza would be undermined and a real opportunity for reconstruction would emerge.

Taking into consideration the unjustifiable nature of the Israeli blockade, it is a matter of urgency that Egypt reviews its position on the Gaza blockade and recognizes that the recent unity government is an opportunity to change tack without playing into the Israeli agenda of severing Gaza from the rest of the Palestinian territories. In fact, easing the blockade will

<sup>&</sup>lt;sup>18</sup> F. Gregory Gause, III, "Beyond Sectarianism: The New Middle East Cold War," Analysis Paper no. 11, Brookings Doha Center, July 2014, <<u>http://www.brookings.edu/research/papers/2014/07/22-beyond-sectarianism-cold-war-gause</u>>.

 <sup>&</sup>lt;sup>19</sup> Nidal al-Mughrabi, "Israel allows transit of Gaza produce to West Bank," Reuters, 6 November 2014 <a href="http://www.reuters.com/arti-cle/2014/11/06/us-mideast-palestinians-cucumbers-idUSKBN0IO1NM20141106">http://www.reuters.com/arti-cle/2014/11/06/us-mideast-palestinians-cucumbers-idUSKBN0IO1NM20141106</a>.
<sup>20</sup> Ali Abunimah, "Palestinians in Gaza Are Still Waiting for the Siege to End," *The Electronic Intifada*, 10 September 2014, <a href="http://electro-</a>

<sup>&</sup>lt;sup>20</sup> Ali Abunimah, "Palestinians in Gaza Are Still Waiting for the Siege to End," *The Electronic Intifada*, 10 September 2014, <<u>http://electro-nicintifada.net/blogs/ali-abunimah/palestinians-gaza-are-still-waiting-siege-end</u>>.

<sup>&</sup>lt;sup>21</sup> Omar Shaban, Mo'en Mohamed Rajeb, and Nabil Abu Meileq, "Gaza Reconstruction Projects: Advances and Shortcomings," Palestine Economic Policy Research Institute, August 2013.

allow Egypt to cooperate with the PA to develop and secure their shared border as part of a broader counterterrorism strategy in the Sinai Peninsula, which would include new economic opportunities for those Egyptian communities neighboring Gaza. It will also earn Egypt broader political capital across Arab populations as a constructive regional leader.

## THE WAY FORWARD: RECONSTRUCTION AS A TOOL FOR STABILITY AND NATIONAL UNITY

It is clear that if donors and the PA follow the same approach as after the past two wars, there will be a significant risk that Gaza's suffering will continue for years, and that the chances of another round of confrontation between Gaza and Israel will be assured. In order to avoid a fourth war and to secure donors' investment, a more holistic and inclusive approach is required where the proposed process of reconstruction can act as a driving force for lasting prosperity and thus stability, if not a lasting peace.

Four months on, the reconstruction "mechanism" devised by Robert H. Serry has failed to show results on the ground, widely perceived as reinforcing Israeli control over the strip rather than expediting the process of rebuilding.<sup>22</sup> The PA and international and regional donors should establish an intensive and regular consultation process with Gaza-based institutions, including Hamas' leadership, non-governmental organizations, business associations, and universities, to explore alternatives for reconstruction via genuine partnership. The emphasis should be on recruiting local companies and institutions to whatever extent possible in order to ensure that reconstruction is a nationally-rooted operation, rather than an internationally driven one, and that Palestinian society receives the bulk of the benefit from the expected funding. Furthermore, the physical presence of the PA in the Gaza Strip should be enhanced, under the auspices of the "national consensus" joint government arrangements.

The international community must exert pressure on Israel to end the blockade in order to enable the free passage of a reasonable quantity of all the raw materials needed to cope with the huge levels of destruction to enter Gaza. Guarantees can be offered in terms of independent monitoring at crossing points, but not on construction sites within Gaza for the reasons expressed earlier. Simultaneously, the international community should encourage Egypt to open its borders and to provide its people and goods easier access to Gaza as part of a broader economic recovery plan to address Egypt's own security concerns.

It is equally critical that the international community do all it can to ensure that both Hamas and the PA abide by the terms of the reconciliation agreement as well as the success of the current "national consensus" government. Placing it in the driver's seat for reconstruction would certainly help build its capacity. However, there is still a need for further in-depth dialogue among the Palestinian political factions and civil society on core issues that have so far not been resolved and which are critical for the sustainability of the unity government and to advancing political reconciliation. Some of those issues include the choice (or the balance) between resistance and the political path; the unification of the security forces, the nature of coordination with Israel, the Palestinian Liberation Organization (PLO)'s position toward political Islam as being practiced by Hamas and Islamic Jihad, and the required reconstitution and reform of the PLO.

Finally, there is a need to establish a clear and solid mechanism that allows Palestinian and international institutions and experts to track international aid, which will enhance the Palestinian right to self-determination in development and, as much as possible, reduce their dependency on humanitarian aid.

<sup>&</sup>lt;sup>22</sup> See "Three months on, reconstruction has barely begun as winter arrives," Gaza Update, Oxfam, December 2014, <<u>http://us7.campaign-</u>archive1.com/?u=d7bf98037b5abfd4c69593c62&cid=1efe40b2f9>.

Accountability to the Palestinian people will be key to the success of any reconstruction efforts in Gaza today. People need to know what resources are coming in, who is controlling them, and how they are being spent.

## A COLLABORATIVE COUNCIL FOR THE RECONSTRUCTION OF GAZA

From the above discussion, it is clear that managing the reconstruction in an effective, equitable, and sustainable way is the most challenging aspect that faces both the Palestinians and their donors. In order to achieve the above mentioned goals and take reconstruction efforts beyond merely rebuilding what was destroyed to a full refreshing of the peace process and rehabilitation of Palestinian unity that can lead to a permanent solution to the conflict and lasting stability, we suggest the establishment of a collaborative and representative higher body to be responsible for the entire process of the reconstruction of Gaza. This body should be chaired by an independent individual who is trusted by all sides, and should include representatives of the key stakeholders, including:

- PA (Coalition government)
- Representatives from 4 or 5 regional countries (to include Egypt, Jordan, Saudi Arabia, Qatar, and Turkey), alongside the European Union and Switzerland.
- Representatives of the World Bank and the Islamic Development Bank
- Representatives from civil society groups (2 or 3 representing those with no political affiliation)
- Representatives from each of the main political factions in Gaza, including Hamas, IJ, and others
- Relevant UN agencies, mainly UNRWA and UNDP

The Gaza Reconstruction Council will then be responsible for both facilitating and managing the reconstruction of Gaza as well as monitoring the import of building materials in order to lay aside Israel's fears that easing border controls would lead to the rearming of Hamas and IJ. It would also ensure that the benefits of reconstruction are shared transparently among the population of Gaza in an equitable way and based only on established needs, not on political allegiances to one side or another. Furthermore, needing to work around the same table will inevitably result in the various Palestinian factions entering into a dialogue with each other around issues of substance, and will hopefully lead to a wider national dialogue process.

In order to capture the international community's commitment to Gaza while the fine details of implementation are being worked out, it would be helpful to establish a specialist trust fund that would be responsible for receiving and managing all the donations that are directed to Gaza's reconstruction. The trust fund could be based at and managed by the Islamic Development Bank or the World Bank (which has extensive experience managing similar funds elsewhere in the world). This fund should have a separate bank account outside the budgetary arrangements of both the PA and Hamas and would be overseen by the proposed Gaza Reconstruction Council. Overheads can be paid to the PA in compensation for any administrative efforts it may contribute to the facilitation of the reconstruction.

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