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Ending Gaza's Perpetual Crisis

A New U.S. Approach

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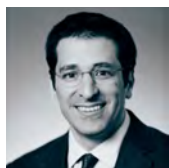


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ENDING GAZA'S PERPETUAL CRISIS

A New U.S. Approach

02	Executive Summary
09	Section 1: Background and Analysis
09	Chapter 1: <i>The Situation on the Ground</i>
16	Chapter 2: <i>U.S. Policy to Date</i>
19	Chapter 3: <i>The Key Actors and Their Interests</i>
24	Section 2: The Way Forward for U.S. Policy
24	Chapter 4: <i>Shifting the Analytical Framework</i>
26	Chapter 5: <i>Specific Steps for Immediate Stabilization</i>
35	Chapter 6: <i>A Sustainable Political Arrangement</i>
43	Chapter 7: <i>Preparing for Contingencies</i>

The Future of U.S. Foreign Policy toward Gaza Task Force

For the past six months, the Center for a New American Security and the Brookings Institution's Center for Middle East Policy have convened regular meetings of a Task Force on the Future of U.S. Foreign Policy toward Gaza. Members of the task force are listed below. The recommendations outlined in this report were informed by the deliberations of that group and reflect the ideas that emerged from the discussions, but the report and the recommendations therein represent the views of the authors alone, not all of the task force members. The authors are deeply grateful for the effort, advice, and dedication of the task force members.

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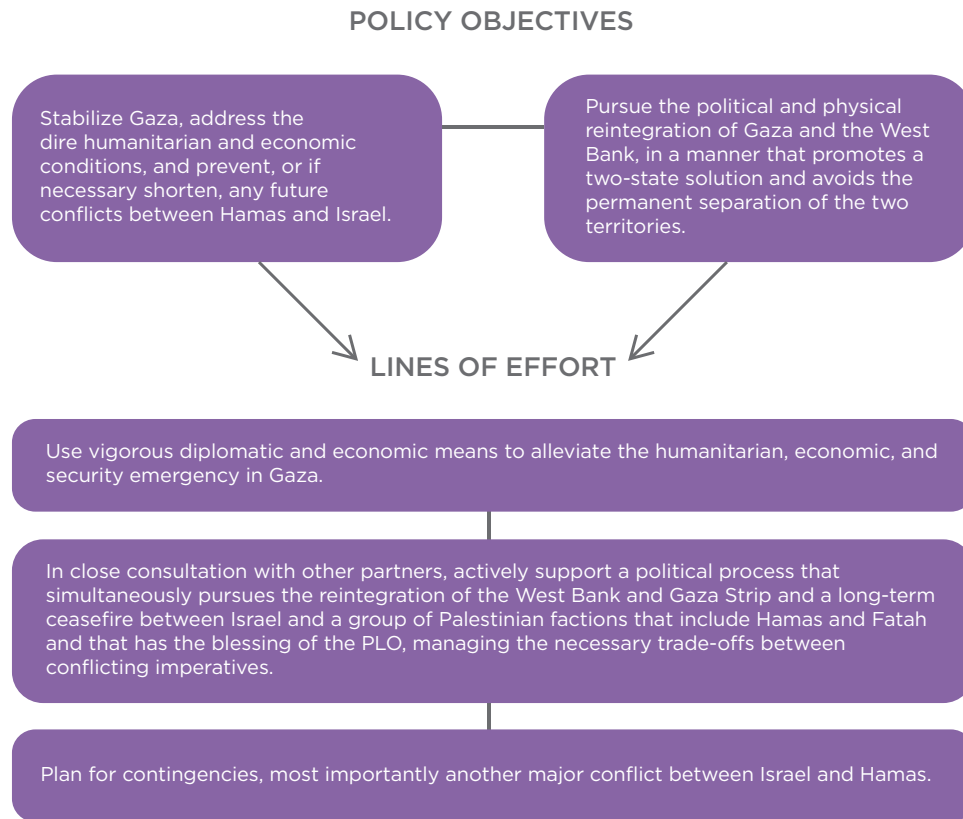
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Figure 1. A New U.S. Approach to Gaza

Executive Summary

Situation Overview

A crisis is unfolding in the Gaza Strip. Its nearly 2 million residents live amid a man-made humanitarian disaster, with severe urban crowding, staggering unemployment, and a dire scarcity of basic services, including electricity, water, and sewage treatment. Three rounds of open warfare have devastated Gaza while endangering Israel, and the situation remains on the brink of another conflict.¹ Gaza's deterioration further fosters instability in neighboring Sinai while creating opportunities for external extremist influence. Moreover, the continued political and physical separation of the Gaza Strip and the West Bank hinders Palestinian national development while making a two-state solution even more remote. Given the moral, security, and political costs of this state of affairs, the United States should no longer accept its perpetuation.

A standoff has persisted since Hamas took over the Gaza Strip in 2007, leading to an ugly and predictable pattern of events. Hamas has repeatedly turned to

violence to build political support in Gaza and apply pressure on Israel. Israel, with support from Egypt and, in recent years, from the Palestinian Authority (PA), has used a blockade to deter Hamas and deprive it of materiel. This dynamic has led to intermittent bouts of conflict. When the situation escalates, the international community has stepped in, led by Egypt and the U.N. Special Coordinator for the Middle East Peace Process (UNSCO), to negotiate fragile, temporary cease-fires and marginal economic relief for Gaza. After each conflict, however, no long-term resolution has been found for the severe differences between Israel, Hamas, the PA, and Egypt, and thus the pattern has repeated itself with no end in sight.

U.S. policy on the Israeli-Palestinian conflict has focused primarily on final status negotiations between the Palestine Liberation Organization (PLO)² and Israel. This limited attention has led to reactive and unimaginative American policy toward Gaza. When Hamas first took power, the United States responded by pursuing a policy that attempted to isolate and then dislodge the group from Gaza. When that failed, the United States shifted to a more passive approach, deferring to others.

Throughout, policymakers treated the Gaza Strip as a side issue that would resolve itself once peace was achieved. With no peace agreement likely in the near future, a proactive U.S. policy on Gaza, as part of a broader approach to the Israeli-Palestinian challenge, can no longer wait.

A New American Approach

The authors recommend a new U.S. policy toward Gaza. This will not require a fundamental shift in objectives, but it will demand both a major change in the strategies and tools the United States uses to achieve them and greater American engagement.

U.S. policy toward Gaza should pursue two central objectives:

1. Stabilize Gaza, address the dire humanitarian and economic conditions, and prevent, or if necessary shorten, any future conflicts between Hamas and Israel.
2. Pursue the political and physical reintegration of Gaza and the West Bank in a manner that promotes a two-state solution and avoids the permanent separation of the two territories.

These objectives are consistent with past U.S. policy and international efforts that have prioritized either intra-Palestinian reconciliation or a long-term cease-fire between Israel and Hamas. These efforts have failed, in part because they were pursued independently of each other, and they lacked international coordination and proactive U.S. involvement.

Tension exists between these two objectives, and pursuing them simultaneously is difficult. A policy focused on addressing the immediate emergency in Gaza risks reducing pressure on Hamas and legitimizing it, thus weakening the PA in any reintegration negotiation. A policy focused solely on reintegrating Gaza and the West Bank may take years, during which time the humanitarian crisis will likely worsen. Despite this tension, U.S. policy can and should pursue both objectives, recognizing the balance required and managing the necessary tradeoffs between conflicting imperatives. From these two objectives, the authors derive a strategy consisting of three lines of effort, which should be pursued with far greater intensity than in the past:

1. Use vigorous diplomatic and economic means to alleviate the humanitarian, economic, and security emergency in Gaza.
2. In close consultation with other partners, actively support a political process that simultaneously

pursues the reintegration of the West Bank and Gaza Strip and a long-term cease-fire between Israel and a group of Palestinian factions that includes Hamas and Fatah and that has the blessing of the PLO, managing the necessary tradeoffs between conflicting imperatives.

3. Plan for contingencies, most importantly another major conflict between Israel and Hamas.

While shifting away from the West Bank-first policy, the United States must avoid a Gaza-only strategy that ignores the peace effort between Israel and the PLO. Such neglect would cement Palestinian division, empower Hamas at the expense of the PA, and scuttle any chance of an Israeli-Palestinian peace deal in the future.

A new U.S. policy toward Gaza will not require a fundamental shift in objectives, but it will demand both a major change in the strategies and tools the United States uses to achieve them and greater American engagement.

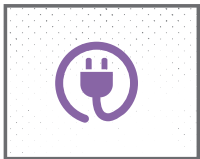
Before the United States can credibly promote a resolution of the crisis in Gaza, however, it must walk away from several major recent policy decisions. It must recommit to pursuing a two-state solution and act in a manner that supports that objective. This includes restoring U.S. funds to the United Nations Relief and Works Agency (UNRWA), especially for its vital Gaza operations, and finding ways to close the breach with the PA that followed the decisions to move the U.S. Embassy in Israel to Jerusalem and subsume the U.S. Consulate General in Jerusalem into the U.S. Embassy. Without such a commitment, many critical players – most importantly the PA – will view American efforts with deep suspicion, worrying that the U.S. focus on Gaza is simply an effort to permanently separate the Palestinian polity and foreclose the possibility of a two-state solution. This must not be the U.S. objective, and it must not be seen as such. As long as the Trump administration continues to pursue its current policies, any effort by the United States to take on a greater role in Gaza will be dead on arrival.

Table 1. Alleviating the Humanitarian, Economic, and Security Crisis in Gaza



**FREEDOM
OF MOVEMENT**

- Allow more Gaza residents to return to work in Israel, gradually increasing the number while accounting for security considerations.
- Allow new categories of individuals to regularly and reliably travel from Gaza to Israel, the West Bank, and elsewhere.
- Ease significantly import and export restrictions.
- Permanently ease fishing restrictions.
- Reopen and develop industrial zones on Gaza side of the border.



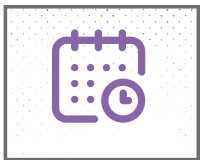
ELECTRICITY

- Increase the supply of fuel to Gaza Power Plant so it can function at full capacity.
- Double Egyptian supply to over 50 megawatts.
- Double Israeli supply to 200-240 megawatts.



WATER

- Repair pipes to stop widespread local water loss.
- Double the water supply from Israel.
- Accelerate sewage treatment.
- Build a long-term desalination plant.



**ADMINISTRATIVE
STEPS**

- Expand assistance and range of U.S. activities allowed in Gaza.
- Once U.S. assistance is restored, double U.S. staffing footprint in Gaza.
- Appoint an economic coordinator who reports directly to the U.S. special envoy.
- Build an online resource center to coordinate international donors.



**SOCIAL
SERVICES**

- Reinstate U.S. UNRWA funding, allowing for Gaza services to be fully restored.
- Resume PA salary payments but rationalize them down over time

Immediate Stabilization

Given Gaza's size and population density, its economy cannot function while closed. Even if its nearly 2 million residents were provided with access to unlimited electricity and water, they could not afford to buy it without jobs. Such jobs could only be provided within the context of a viable economy, and a viable Gazan economy requires a vastly freer flow of people and goods as well as the provision of water and electricity. These issues, in other words, are deeply connected – without progress on all, progress on any one area will be limited.

Several steps should be taken to increase freedom of movement and economic activity. Israel should gradually reissue permits to residents of Gaza to work in Israel, increasing their number from a small initial amount over time, and it should also allow new categories of people to leave Gaza for business and professional training. Other key steps include: reopening and upgrading industrial zones just inside Gaza's borders with Israel and Egypt; expanding fishing zones off the Gaza coast; and easing dual-use restrictions on imports as well as other restrictions on exports.

The international community should simultaneously work to address the water and electricity emergencies directly. Israel and Egypt should take steps to boost the supply of electricity they make available for sale in Gaza, as both have indicated they are keen to do, while the PA should reduce the cost of fuel in Gaza so its power plant can operate at greater capacity. Renewable sources of energy, such as solar fields inside and just outside of Gaza, can be quickly and cheaply developed. Support from international donors will continue to be necessary to provide for Gaza's short-term electricity expenses until improving economic conditions allow Gaza's residents to pay for it themselves.

To increase the supply of potable water, international aid should focus on existing infrastructure and fixing a rampant problem of leaky pipes, and on short- and long-term desalination projects. More water should be piped in from Israel. Continued funding is also necessary to guarantee electricity for Gaza's main sewage treatment plant. In addition, Israel should ease its dual-use restrictions to allow in the materials needed to complete the construction of new sewage treatment plants.

If the United States is to play a serious and credible role in improving the situation in Gaza, Washington should go beyond these areas, resuming funding to UNRWA so it can restore services in Gaza, restoring and indeed expanding the U.S. Agency for International Development (USAID) assistance that goes to Gaza, and supporting cash-for-work programs. The United States should also

at least double its local-hire Gaza staffing footprint, consider allowing American officials to re-enter Gaza after a 15-year absence, and create a senior position focused on improving the situation on the ground in both the West Bank and Gaza to knit together the various relevant U.S. government entities both in Washington and the region. This person should report directly to the senior U.S. official responsible for overseeing the Israeli-Palestinian issue.

Sustainable Political Arrangements

The authors recommend working toward a sustainable political arrangement on two pillars, pursued as part of a wider initiative: (1) an agreement between the PA and Hamas on the gradual reintegration of the West Bank and Gaza, and (2) a long-term cease-fire between Israel and a group of Palestinian factions that includes Hamas and Fatah and that has the blessing of the PLO.

Numerous efforts to pursue these tracks independently have failed. Integrating them would bring a greater chance of success. For example, a cease-fire between Israel and Hamas would require the easing of the blockade, which is only possible with Israeli consent, a much harder prospect without a PA presence in Gaza. Similarly, reintegration without a serious cease-fire would last only as long as the quiet lasts, as a new major Hamas-Israel conflict would make it impossible for the PA to continue to simultaneously integrate with Hamas while maintaining peace with Israel.

Should such an arrangement succeed, Hamas would see an end to the Gaza Strip's economic strangulation and could relinquish unwanted governing responsibilities in Gaza while being included in Palestinian political decision-making. Israel would receive sustained long-term quiet. And the PA would receive both the national unity ordinary Palestinians desire in overwhelming numbers and actions from Israel and/or international players that strengthen its position in the West Bank and signal progress toward a two-state solution.

This proposal would require concessions by all parties. Hamas would have to agree to a long-term suspension of hostilities, allow the PA back into the Gaza Strip, and enter into a process that would include significantly reducing its military capabilities. Israel would have to significantly ease restrictions on the movement of goods and people in and out of Gaza, despite its security concerns, and hold Hamas, not the PA, responsible for infringements of the cease-fire. Israel would also have to agree to one meaningful step inside the West Bank to signal to the PA its continued commitment to a two-state solution. The PA would have to retake control over the ministries faced

Table 2. Summary of a Sustainable Political Arrangement



Accept the PLO's continued role as the sole legitimate representative of the Palestinian people.

Agree to abide by a long-term cease-fire in Gaza.

Suspend military operations in the West Bank.

Freeze any expansion of its military capabilities, destroy its attack tunnels, commit to not launch rockets, and agree to a gradual process for dismantling its offensive capabilities.

Relinquish its control of key civilian governing ministries inside Gaza.

Agree to a process to reintegrate the public-sector workforce in Gaza.

Work toward a long-term vetting process to integrate its security forces in Gaza with PA security forces, which would gradually re-enter Gaza starting with the border crossings.



Allow for the establishment of a joint committee for consultation on governance that would include Fatah, Hamas, and other key political parties and draw its legitimacy from the PLO.

Agree to a process to reintegrate the public-sector workforce in Gaza.

Take a much more proactive posture in supporting infrastructure and long-term economic development in Gaza.

Play a central role as part of the delegation that negotiates a long-term Gaza cease-fire.

Retake control of the ministries responsible for key services inside Gaza.

Gradually insert PA security forces to Gaza, first at the border crossings and over time inside the Strip.



Agree to Palestinian reintegration and to working with a Palestinian national unity government, including people acceptable to, if not members of, Hamas.

Agree to meaningful gestures to the PA/PLO in the West Bank such as the reclassification of a portion of Area C into Area B.

Agree to significant long-term relaxation of restrictions on the movement of people and goods into and out of Gaza, most importantly by offering a meaningful number of work permits for the residents of Gaza.

Agree not to hold the PA/PLO responsible for any and all rocket fire or other attacks coming out of Gaza – instead continuing to hold Hamas directly responsible.

with the daunting task of servicing Gaza's battered population while accepting Hamas' inclusion in Palestinian-wide decision-making. Both Israel and the PA would also have to accept that Hamas would retain some of its military capabilities for the time being.

While this agreement may be unlikely today, the authors believe that when a moment of opportunity presents itself, it is the political formula most likely to succeed.

A Greater American Role in Orchestrating a Solution

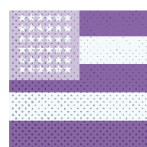
The strategy described requires effective coordination between the many interested international actors. This can only be achieved if the United States uses its influence to help coordinate the effort in close partnership with Egypt and UNSCO. The United States should not attempt to take over the process, pushing out other key players, as its limited influence with the Palestinian actors means it cannot single-handedly solve this problem. The United States does not engage with Hamas and the authors do not recommend opening any such direct channel. Additionally, the United States' relations with the PA have soured dramatically in recent months. The United States does, however, have the greatest influence of any actor with Israel, the various Gulf states, the European Union (EU), and many European countries, and so has a special role to play in this effort.

The United States, UNSCO, and Egypt should work quietly in concert, engaging with Israel, the PA, Hamas, and the international community on a common vision for the economic development of Gaza, while simultaneously the United States and UNSCO can forge ahead with an economic development agenda for the West Bank. Once goals and methods are aligned, the parties should form an international coalition in which outside players can take coordinated leadership roles in various subsectors or projects. As part of this effort, the United States should back an international mechanism being set up by UNSCO to provide more direct, emergency relief in Gaza.

A similar U.S.-Egyptian-UNSCO partnership should guide the pursuit of a long-term political arrangement. Egypt and UNSCO can bring their leverage with Hamas and the PA and experience in previous intra-Palestinian reconciliation and Israel-Hamas cease-fire negotiations, while the United States can offer its unique influence with other actors. Egypt, UNSCO, and the United States, consulting with the parties, should agree on a common political plan and rally the other external actors.

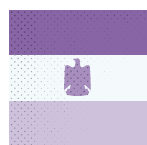
As part of this effort, the United States should both press the Gulf states and Arab League to publicly pressure Hamas to accept the authority of the PA and encourage

Table 3. Coordination of Key Roles by External Actors



UNITED STATES

- Play the role of international coordinator, pressing all of the external actors to line up behind an Egypt-U.N.-U.S. approach.
- Use its special relationship with Israel to encourage it to end the blockade, take steps in the West Bank that strengthen the PA, and show it is serious about a two-state solution.
- Re-establish some influence and leverage with the PA by reversing some of the recent policy shifts.



EGYPT

- Continue to play the role of mediator between the PA and Hamas in negotiating a reintegration arrangement.
- Work with Israel on loosening the blockade, using its strong defense relationship and geographic location.
- Provide additional electricity to Gaza in the near term.
- Play a role in monitoring and execution of any agreement.



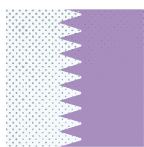
U.N./UNSCO

- Take on a greater role in implementing projects inside Gaza.
- Act as real-time mediator between Israel and Hamas.
- Given the U.N.'s central role in the PA's internationalization strategy, encourage the PA to be more flexible in taking on a greater role in Gaza.



SAUDI ARABIA AND UNITED ARAB EMIRATES

- Incentivize Israeli and PA cooperation in an agreement on Gaza by offering openings to Israel and financial aid to the PA and projects in Gaza.
- Make a declaratory statement supported by the Arab League that affirms the importance of "one authority, one gun" in Gaza.



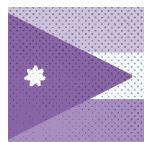
QATAR

- Continue to act as a significant donor for financial projects inside Gaza. Coordinate carefully with UNSCO and the United States to make sure these projects reinforce the Egypt-UNSCO-U.S. plan.
- Ensure that any political mediation does not conflict with the Egyptian role.



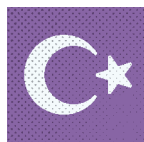
EUROPE

- Incentivize PA cooperation, such as by offering greater recognition and diplomatic support, tied to progress on Gaza.
- Reprogram funding and assistance if the PA is not cooperative in pursuing a constructive solution for Gaza or tries to financially strangle Gaza.
- Provide economic and political incentives and disincentives for Israel as part of a Gaza package.
- Non-EU countries, especially Switzerland and Norway, can play a constructive role in encouraging and echoing the political plan with Hamas and coordinating aid from Europe into Gaza.
- Switzerland and Norway can assist in the implementation and monitoring of any agreement.



JORDAN

- Use its relationship with the PA and Israel to press both sides to agree to the Egypt-U.N.-U.S. plan.



TURKEY

- Provide funding for projects inside of Gaza but only through the agreed funding mechanism. Coordinate carefully with UNSCO and the United States to make sure these projects reinforce the Egypt-UNSCO-U.S. plan.
- Avoid (and be dissuaded by the United States from) playing a role in the political mediation process other than reinforcing support for the Egypt-UNSCO-U.S. plan.

the constructive role Qatar has played in providing aid to Gaza, but make sure the Qatari message to Hamas is that the Egyptian-U.N.-U.S. plan is the only political option. Europe should present the PA with incentives to enter into a political arrangement and provide pressure when necessary. Getting agreement from Israel, Hamas, and the PA/PLO will still be extraordinarily difficult, but a campaign coordinated between all the external actors has the greatest likelihood of success.

Contingency Planning

American policy should prepare for significant changes in the political landscape that may create severe challenges but also new opportunities. The most important scenario would be a major new military conflict between Israel and Hamas. The United States should also be ready for a change in Israeli or Palestinian leadership that could create new opportunities for a breakthrough.

The United States should do everything possible to prevent fighting. However, should conflict break out, it could create a moment in which all sides feel immense pressure to be more flexible. In such a scenario, the United States and the international community should avoid the temptation to again take the simplest route, with Egypt negotiating a “quiet-for-quiet” deal that ends immediate hostilities but preserves the status quo. Instead, the parties should pursue a more detailed and comprehensive agreement such as the one outlined below.

Such an agreement cannot possibly be developed from scratch in the middle of a fast-paced war. If the United States were to pursue the political arrangements recommended in this report now, however, the groundwork could be laid for the parties to accept this outcome in a moment of crisis. Thus, even if the PA, Israel, and Hamas are not yet ready to accept such a formula today, pursuing it now could facilitate its success in the future.

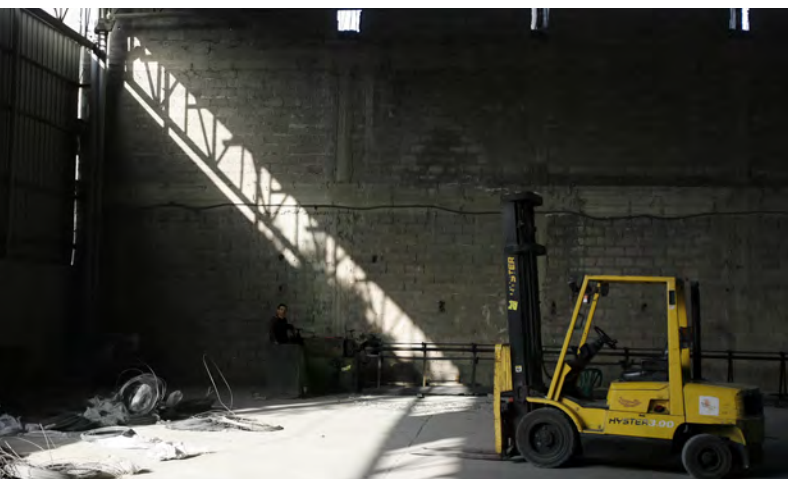
Conclusion

The situation in Gaza holds extraordinary challenges, and the authors recognize that the critical parties may reject these proposals many times before they have a chance to succeed. The framework laid out in this report, however, presents the best chance to escape the present situation. In proposing an effort focused both on the political reintegration of the Palestinian polity and the stabilization of Gaza, in the short and long terms, the authors aim to move past the failed policies of the past dozen years. The United States can contribute greatly to this effort. It should take on a far more active role, working closely with other external actors, Israel, and the Palestinians to end the perpetual disaster in Gaza.

Chapter 1: The Situation on the Ground

Difficult conditions have persisted in the Gaza Strip for decades, but these entered a new and heightened phase in 2007. In June of that year, Hamas violently took power from the PA and Israel imposed a blockade of the territory. Against a backdrop of terrible economic hardship for Gaza's residents, successive wars in the decade since have resulted in the horrifying loss of Palestinian lives while creating an environment of constant threat for Israeli civilians.

At the root of this situation lies the political and military struggle between Israel and Hamas, building off the historical foundations of the wider Israeli-Palestinian conflict. Hamas' use of violence against Israel and Israel's imposition, in cooperation with Egypt, of a blockade that continues to decimate Gaza's economy have together served to deepen the territory's miseries. The Palestinian Authority has exacerbated the situation by missing opportunities to reassume considerable governance responsibilities in Gaza. Instead, hoping to further pressure Hamas, the PA has at times worked to further squeeze the Strip.³ Egypt, which shares a border with Gaza and often plays a mediating role between the key parties, has avoided taking greater responsibility for the territory, wary of being saddled with Gaza's problems in the long term.⁴ Together, these actors have produced a cycle that perpetuates a political status quo that none like, but all accept. If the politics surrounding Gaza have remained static, however, the humanitarian and economic situation in the territory has not, and living conditions continue to deteriorate.



The blockade has brought Gaza's economy to a halt, rendering many companies bankrupt. Above, a warehouse of Bakroon Stores & Construction Materials stands empty in Gaza City. (Warrick Page/Getty Images)

The Cycle of Violence

After the Hamas takeover of Gaza in June 2007, and to a degree even during the prior year, Israel implemented a blockade of the territory. At the outset, this policy sought to squeeze Hamas to the point of collapse while limiting its military freedom of action and its ability to acquire military materiel. It quickly became apparent that a Hamas collapse was unlikely, and the parties then settled into a cycle of violence that has produced three major wars (in 2008–2009, 2012, and 2014) and many smaller escalations. This pattern has repeated several times along the same general path:

Step 1: Israel squeezes Gaza economically to pressure Hamas politically, deter it militarily, and limit its future military capabilities. Hamas further arms itself for the next conflict.

Step 2: Eventually, humanitarian and economic pressure builds inside Gaza, and Hamas escalates its use of violence both to generate domestic political support and to pressure Israel to ease the economic situation. Hamas primarily uses rocket fire for this purpose, though it has also sometimes employed tunnel attacks and, most recently, incendiary kites that fall in Israeli territory and light fire to fields, to limited effect.

Step 3: Israel responds with its own escalation, including military strikes inside Gaza and punitive economic measures that further choke the Strip. These aim to get Hamas to change its behavior and stop its attacks.

Step 4: Political pressure builds among both Palestinian and Israeli constituencies, with violence escalating into a major conflict that does severe damage to all sides – though a vastly higher death toll is always experienced by the civilian population in Gaza.⁵

Step 5: Egypt steps in to broker a bare-bones cease-fire – as it did in 2009, 2012, and 2014. This involves the cessation of violence on all sides and some minor steps by Israel to ease the blockade. Such an agreement includes future measures to create a more sustainable long-term situation, but these are not taken seriously. As the immediate threat of war recedes, follow-up steps are ignored.⁶

Step 6: The international community convenes a major donor conference, at which large sums of money are pledged for reconstructing Gaza. Much of this funding never materializes, however, as donors fear the projects



Palestinian men sit amid rubble in Beit Hanoun, Gaza, on the first day of a five-day cease-fire between Hamas and Israel in August 2014. (Dan Kitwood/Getty Images)

they invest in will likely be destroyed in the next conflict.⁷ With the war over, international attention moves elsewhere.

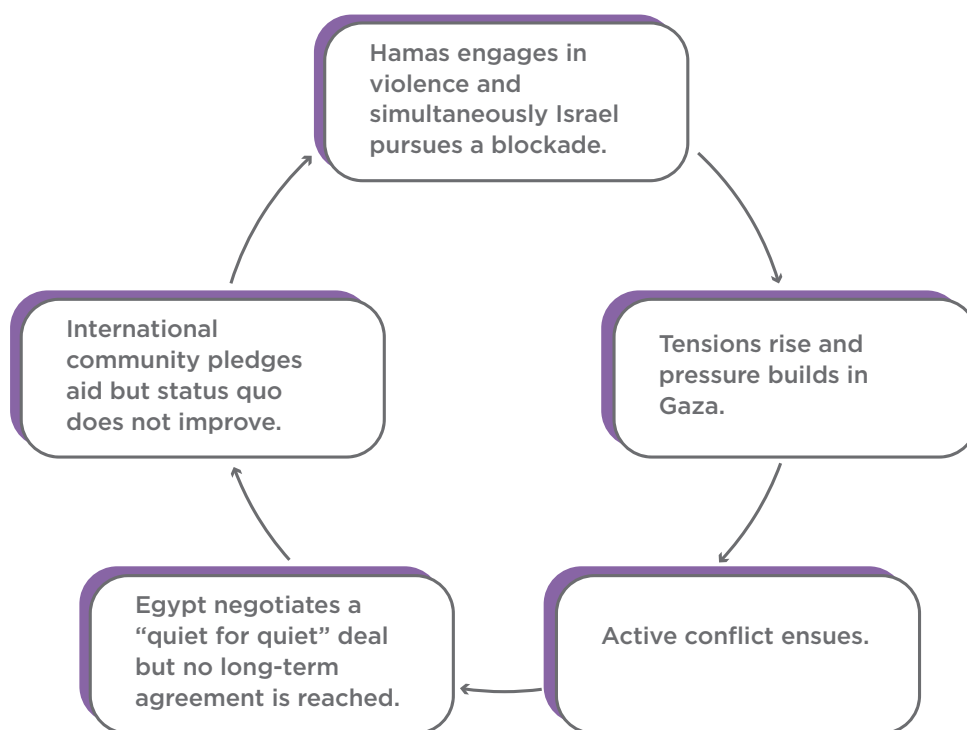
Step 7: All parties return to the status quo. The blockade continues, and Israel invests in countermeasures to respond to the latest threat from Hamas (Iron Dome, countertunneling technology). Hamas develops new techniques to prepare for the next war (tunnels, kites), and eventually, as conditions in Gaza do not improve, pressure builds, and the cycle of violence begins again.

At various points throughout this cycle Fatah and Hamas have made efforts to come to a political reconciliation (2011, 2014, 2017) and allow the PA to reassume some responsibility for governance in Gaza. These talks have repeatedly stalled due to the incompatible positions taken by the two sides. While reconciliation is very popular with the Palestinian public, the PA has avoided taking responsibility for governing Gaza unless it would also regain full control of the enclave, including its security personnel. Hamas, for its part, has sought to both maintain security control of Gaza and have the PA relieve it of its responsibility to provide basic services.

Gaza's most recent round of violence, in which major fighting has been avoided for the moment, has clearly illustrated the ongoing cycle plaguing the territory.

After the 2014 war between Hamas and Israel, Egypt mediated a cease-fire that included provisions for follow-on negotiations in Cairo.⁸ Egypt further hosted a donor conference in the conflict's wake, at which \$3.5 billion was pledged to Gaza over a three-year period. Ultimately, however, only about \$1.9 billion in aid has been delivered.⁹ Notably, the United States, which made the fourth-largest pledge at \$277 million, did deliver in full, while Qatar and Saudi Arabia, which made the two largest pledges, only delivered about a quarter of pledged amounts, according to the World Bank.¹⁰ A new Egyptian-led initiative¹¹ in 2017 again sought to mediate a reconciliation agreement between Fatah and Hamas, but it too stalled.¹² As these political efforts stagnated and economic conditions continued to deteriorate, pressure rose in Gaza and among the Hamas leadership, and spring 2018 saw the beginning of a series of weekly demonstrations termed the March of Return.

In 2018, Gaza residents gathered each week at points along the boundary with Israel to protest conditions in Gaza and to call for a return of refugees to Israel. These protests reached their peak in May, when Israeli forces killed more than 100 Palestinians after many charged the fence. Tensions continued, with Hamas launching rockets and incendiary kites into Israel. Israel responded with airstrikes and a temporary full closure of the crossings to and from Gaza. As in many iterations of the

Figure 2. The Cycle of Conflict in Gaza

conflict, Egypt and the U.N. then moved to negotiate a cease-fire. The terms that were agreed to, however, again reverted to the status quo with the promise of future talks, a prospect that rarely produces tangible results. All told, the U.N. reports that from March through October 2018 205 Palestinians and one Israeli were killed in this context, which has also left over 21,000 Palestinians and 37 Israelis injured.¹³

Each party to this cycle – except for the civilian residents of Gaza themselves – sees it as bad but ultimately tolerable.

Each party to this cycle – except for the civilian residents of Gaza themselves – sees it as bad but ultimately tolerable. Managing a perpetual crisis is seen as preferable to taking the risks and sacrifices needed to change the underlying situation. In this way, Hamas remains in power in Gaza, the PA/PLO avoids taking responsibility for a difficult situation, and Israel lives with a difficult but ultimately manageable level of violence. Egypt, for

its part, avoids being left with responsibility for Gaza while limiting spillover effects into the Sinai. Each of these actors, moreover, is wary of making a major move on its own, knowing the others' calculations. In such an equilibrium, an outside actor or actors may be needed to break the vicious cycle.

Deteriorating Economic Conditions

The cycle described above has left the Gaza Strip in an even deeper humanitarian crisis. Its residents face severe urban crowding, a lack of basic services, and crippling unemployment. Just under 2 million Palestinians live in the 141 square miles (365 square kilometers) of the Gaza Strip.¹⁴ Its population density, at about 5,200 people per square kilometer, is higher than all but a few countries in the world, and given its inability to trade freely with Israel, the West Bank, and the world, the territory is buckling under the weight of this load. By any measure, Gaza's economy is failing.¹⁵ It lags far behind the economies of its neighbors but also compares miserably to the economy of Gaza 20 years ago.¹⁶

In contrast, neighboring Israel, with a population of about 8.55 million in 2016, has a population density of about 395 people per square kilometer – 13 times less

crowded than Gaza.¹⁷ And Israel's real per capita GDP of \$37,181 in that year was more than 20 times that of Gaza's \$1,822.¹⁸ Israel's per capita GDP has since risen to \$40,270 for 2017.¹⁹

In the West Bank, the economic outlook is less bullish than in Israel, but still a far cry from the crisis unfolding in Gaza. Since 2011, for example, the poverty rate in the West Bank has declined by about 5 percentage points, from 18 percent to 13 percent. This has come amid a 14-percentage-point rise in poverty in Gaza, with the poverty rate increasing from 39 percent to 53 percent.²⁰

As noted, the proximate cause of the problems is the limit placed on the movement of goods and people in and out of the Gaza Strip by its neighbors, leaving the vast majority of its residents unable to seek out opportunity elsewhere. The population of Gaza finds itself with few job prospects, facing a staggering 53 percent unemployment rate – higher than just about any other nation even amid low labor force participation.²¹ Young people have it even worse, with a 60 percent youth unemployment rate.²² As a result of the economic strangulation of Gaza, upward of 70 percent of Gaza's residents depend in part on some kind of humanitarian aid.²³

Although Gaza's economic trajectory has dropped most sharply in the period since 2007, the decline began in the previous decade. After the outbreak of the second intifada, the number of Palestinians permitted by Israel to exit Gaza through the Erez Crossing dropped precipitously, with most exits granted for work in Israel. The average number of exits per month – around half a million in September 2000, just before the intifada's outbreak – has never recovered, dropping by a staggering 97 percent, with an average of just 14,276 exits per month recorded at Erez in 2015 and 14,100 per month over the first half of 2016.²⁴

For a population that maintains deep cultural and social ties to populations in the West Bank and in Israel and that once relied heavily on employment opportunities in Israel, this has proved devastating. The economies of these areas have long been closely intertwined, and the loss of such key markets has wreaked havoc on the struggling Gazan private sector.²⁵ According to Gisha, an Israeli nongovernmental organization (NGO), more than 85 percent of exports from Gaza were sold in Israel and the West Bank prior to June 2007.²⁶

The last decade has seen the loss of the industrial base of the Gazan economy, with dependence on foreign aid taking its place. According to the World Bank, “the productive base of the economy has been eroded with the combined size of the manufacturing and agriculture sectors falling from 27 percent of GDP in 1994 to 13



An Israeli officer navigates a tunnel built by Hamas militants leading from the Gaza Strip into southern Israel during the 2014 military conflict. (Ilia Yefimovich/Getty Images)

percent of GDP.” Since that year, real per capita incomes, adjusted for inflation, have fallen by a third.²⁷

Regular rounds of fighting between Hamas and Israel have accelerated the decline of the Gaza Strip's economic trajectory. These conflicts, especially the 2014 war, have destroyed swaths of Gazan cities and infrastructure as Israeli forces target Hamas positions within built-up areas. With building materials blocked from entering Gaza by Israeli restrictions and diverted for military purposes by Hamas, the reconstruction of buildings and infrastructure damaged in the fighting proceeds at an agonizingly slow pace.²⁸ These limits restrict the entry of what Israel terms “dual-use” materials into Gaza for fear Hamas will use them for military purposes, as has at times indeed happened. To try to alleviate this problem as part of the 2014 cease-fire, Israel, the Palestinian Authority, and the U.N. agreed on the Gaza

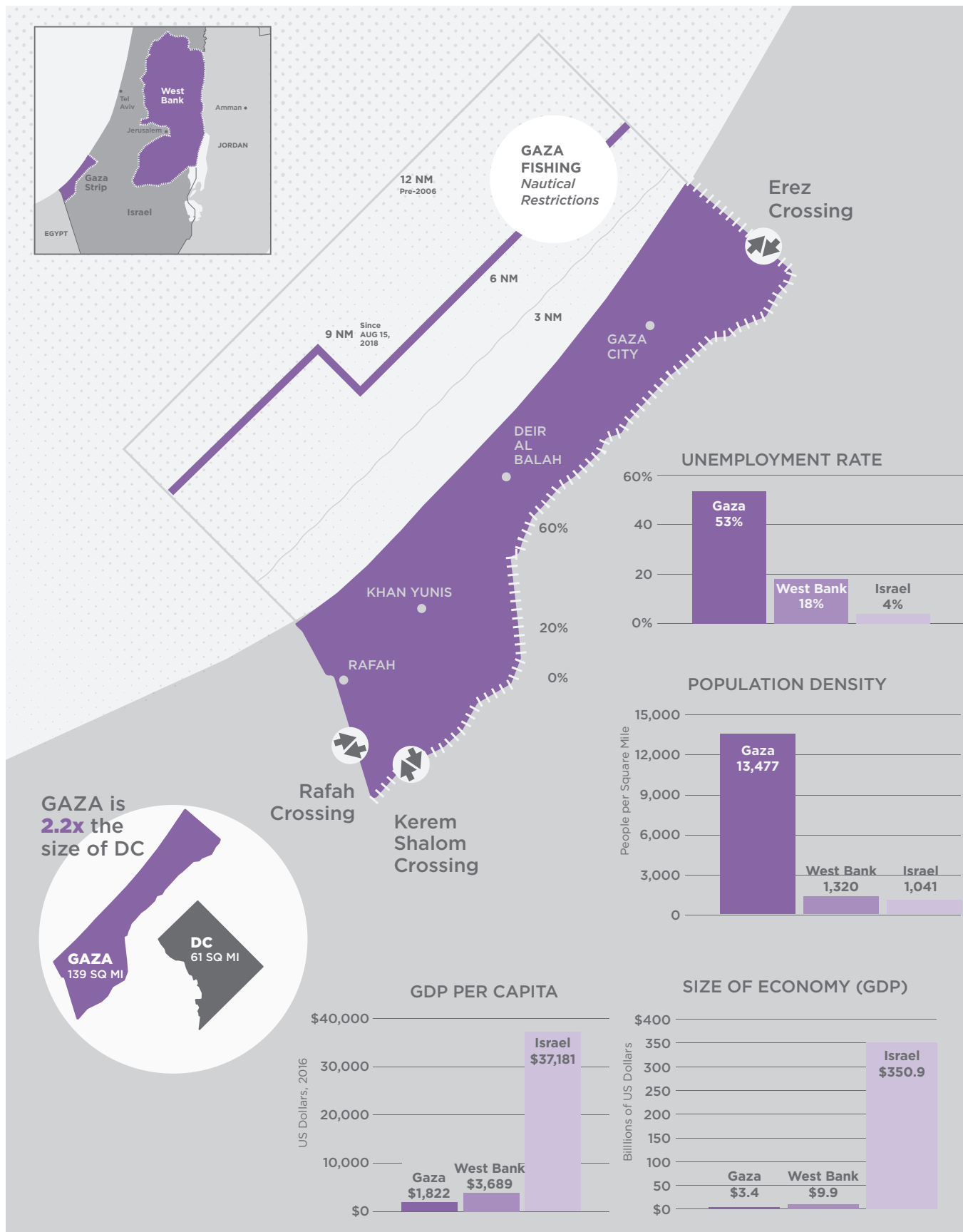
Figure 3. The Situation in Gaza³⁶

Figure 4. Freedom of Movement*



*See endnote 36 for sources.

Reconstruction Mechanism (GRM) – a system meant to ensure that the reconstruction materials that enter Gaza are less likely to be harnessed by Hamas. However, the reality is that many urgently needed materials, especially those useful for construction, have not been imported into Gaza in the quantities required. Evidence of this is that only about 1,200 of the 11,000 housing units destroyed during 2014’s military conflict had been rebuilt as of July 2018.²⁹ While many argue that under the GRM the pace of reconstruction has not been adequate, others argue that without it, and the assurances it provides Israel, Israel might impose greater restrictions on Gaza.

With the Gazan private sector struggling, PA salary payments to its tens of thousands of employees there are vital to the local economy. Since the Hamas takeover of Gaza a decade ago, these employees have often not reported to work but made up a significant portion of the PA’s overall wage bill. In an economically rational world, salaries would not be paid to nonworking employees, but the PA continued to do so given the lifeline these payments provided for Gaza. This changed in April 2017, when the PA forced a third of its Gaza-based employees into early retirement and significantly reduced salary payments to tens of thousands of workers.³⁰ The compulsory retirements and pay cuts were one more blow to the severely weakened economy, starving it of what little cash remained.

The clearest illustration of Gaza’s present crisis comes from its failing service infrastructure. Clean water, regular electricity, and effective sewage treatment have become rare features of life for Gaza Strip residents. The multiple unfolding crises in infrastructure and service provision cannot be separated, as each compounds the others, increasing their severity while impeding solutions. Lack of electricity means inadequate sewage treatment, which then results in the pollution of an already-depleted supply of drinking water. The blockade reinforces all these crises, forestalling the economic development Gaza’s residents would need to pay for commodities such as water and fuel.

The Strip’s main electrical plant, though temporarily running since late October 2018 due to the arrival of fuel funded by the State of Qatar, often does not operate because residents with meager incomes cannot afford to pay for electricity, which is expensive since it is generated from inefficient fuel that is further taxed by the PA. Prior to the recent infusion from Qatar, the electricity Gaza subsisted on was largely received from the Israel Electric Corp. (IEC) and from Egypt.³¹ This deficit leads to a range of debilitating effects, as on average residents of Gaza receive only about four hours of electricity per

day and hospitals are left to rely on standby generators.³² Gaza’s electricity supply is now temporarily increasing, with funding from Qatar.³³

The power shortage and the lack of household income also reinforce the problem of water scarcity. Historically Gaza depended on a coastal aquifer it shares with Israel and Egypt. But overuse of the aquifer, due to overpopulation that began with the influx of refugees in 1948 and has continued ever since, has depleted it. As the aquifer’s level drops, it becomes increasingly vulnerable to inundation by seawater. Further, inadequate sewage treatment allows unclean water to seep into the ground, polluting the aquifer. Together, these contaminants have rendered more than 96 percent of the aquifer’s water outside international standards for salinity and cleanliness, according to the United Nations.³⁴ Many Gaza residents therefore do not depend on groundwater for drinking, instead turning to expensive water purchased in tankers or bottles. The most obvious long-term solution to this shortage – a large-scale desalination plant in Gaza – requires a far greater energy load than the existing infrastructure can support.³⁵

The current situation in Gaza affects the United States both morally, given its deep involvement as the chief mediator between Israelis and Palestinians for decades, and in terms of raw U.S. interests. Rounds of severe fighting in Gaza repeatedly consume the attention, time, and diplomatic capital of senior-most U.S. officials. The crisis further damages the standing of the United States among its partners in the region and handicaps America’s ability to pursue its broader political goals, including any attempts to address the Israeli-Palestinian conflict. Nonetheless, the United States has given relatively little attention to Gaza in the absence of conflict.

Chapter 2: U.S. Policy to Date

Limited focus has continually produced unimaginative and reactive U.S. policy toward Gaza. In 2007, the United States followed Israel's lead in aiming to topple Hamas through isolation. Once it became clear that this maximalist objective was unattainable, American policy settled on the containment of Hamas. Despite updating their approaches in some meaningful ways, the Obama and Trump administrations largely continued this same policy toward Gaza, despite their vast differences with regard to the Israeli-Palestinian conflict writ large. There has never been fundamental rethinking of Gaza strategy, with changes instead coming in reaction to each new crisis or decision made by another actor.

This is somewhat surprising given that numerous American leaders have invested tremendous political capital in solving the broader Israeli-Palestinian conflict. For all this investment, however, in the more than 10 years that Hamas has controlled the Gaza Strip, the United States has opted for a West Bank-first strategy. In two major initiatives for final status negotiations, led by Secretaries of State Condoleezza Rice in 2007–2008 and John Kerry in 2013–14, Gaza was barely mentioned. Instead, the parties simply assumed that the full implementation of any final status agreement would have to wait until the PA retook Gaza or that Hamas would have no choice but to eventually go along with such an agreement.³⁷



Then-Secretary of State John Kerry delivers a speech at the U.S. Department of State in December 2016 on the need for a two-state solution. Numerous American leaders in addition to Kerry have invested tremendous political capital to solve the Israel-Palestine conflict. (Zach Gibson/Getty Images)

It is unclear if individual U.S. policymakers actually believed this argument or, lacking the consensus and means to play a meaningful role in Gaza, they simply did not see any other options. After all, the United States has had limited tools with which to operate in Gaza. Since a 2003 attack on a U.S. diplomatic convoy in Gaza that killed three Americans, U.S. government officials have not worked there, although the United States does have official local staff members who work in Gaza and U.S.-funded American NGOs have done considerable work there.³⁸ Further, the United States considers Hamas a foreign terrorist organization and thus does not deal with the movement. For the last decade, American policymakers have largely left the problems of Gaza for others, directing U.S. energies toward areas where Washington believed it could make a difference.

This rule holds with one notable exception: the eruption of major conflict in Gaza. Three successive secretaries of state – Rice, Hillary Clinton, and Kerry – have involved themselves in conflict mediation during the fighting and helped to organize donor conferences after its end. Limited U.S. influence, especially over Hamas, forced each of these secretaries to rely heavily on other actors to end the crisis, most notably Egypt. Once hostilities ended, American focus quickly shifted elsewhere.

Bush³⁹

After a brief but bloody intra-Palestinian conflict, Hamas took control of Gaza in June 2007. In response, the administration of President George W. Bush backed Israel's effort to economically squeeze Hamas and prevent it from acquiring military equipment, aiming either to topple its authority in Gaza or force it to surrender. The administrations of Presidents Barack Obama and Donald Trump have largely continued this policy.

The Bush administration insisted that any Palestinian *government* meet the three conditions set by the Quartet (the United States, the United Nations, the European Union, and Russia): (1) renunciation of violence; (2) recognition of Israel; and (3) a commitment to abide by previous agreements (including the Oslo Accords and their successor agreements). The administration did not necessarily insist that Hamas itself, as a *political party and organization*, abide by these conditions, but that any Palestinian government do so. The administration viewed Hamas' success in the January 2006 Palestinian elections and subsequent takeover of Gaza as a major failing of the Palestinian political system and society, especially Fatah and the political elite, despite the fact that it was the U.S. administration that insisted Hamas be allowed to participate in these elections. Of course, not



Members of the military wing of Hamas watch the speech of President George W. Bush broadcast from the Middle East peace conference in Annapolis, Md., in November 2007. The conference marked the Bush administration's first attempt to serve as a broker of peace in the conflict. (Abid Katib/Getty Images)

all the politicians who ran on the Hamas list were violent extremists. Many saw association with Hamas as their best way to win office given an anti-incumbent environment and Fatah's political weakness at the time.

The Bush administration also set the course of the American approach to intra-Palestinian reconciliation in responding to the Saudi-sponsored Mecca Accords of 2007. The administration doubted that any Palestinian government that included Hamas could be a constructive partner. Mostly the administration ignored the entire process, not believing that it could lead to genuine reconciliation. This skepticism has continued under Obama and Trump.

Finally, the Bush administration responded to the situation in Gaza by redoubling efforts to work with and strengthen the Palestinian Authority. During the course of the Bush administration, U.S. assistance to the West Bank and Gaza increased from about \$200 million to about \$1 billion.⁴⁰ It worked closely with then-PA Prime Minister Salam Fayyad on a program to build effective Palestinian institutions. This time period saw significant improvements in the training of Palestinian Authority Security Forces (PASF), due both to a new international focus and to the need for such forces created by the rising threat of Hamas. The events of 2007 had forced the PA to take much more seriously the prospect of extremists gaining control of the West Bank.

Obama⁴¹

The Obama administration picked up where its predecessor left off. It continued to condition any engagement with Hamas on the Quartet principles, largely stayed silent on the question of the blockade, and prioritized efforts in the West Bank. The Obama administration also generally avoided pursuing major breakthroughs between Israel and Hamas in Gaza. It feared such developments would result in the weakening of the Palestinian Authority and the further separation of Gaza from the West Bank, endangering the two-state solution and its own robust efforts to promote it.

The administration dealt with the outbreak and aftermath of three conflicts in Gaza. While it did participate in the organization of international aid conferences after each conflict ended, it mostly found itself as a bystander taking the lead from Egypt when it came to the question of negotiating cease-fires. When Kerry did try to engage more in 2014, his attempts resulted in a major disagreement with the Israeli government.⁴²

Two important policy evolutions did occur during the Obama administration. First, the United States changed its posture on the question of intra-Palestinian reconciliation, moving toward a mostly neutral position. Unlike the Bush administration, the Obama administration largely reacted to Palestinian reconciliation efforts in

2011 and 2014 with passive acquiescence. It stated that it would continue to work with ministers who were not members of Hamas and could work with a unity government made up of independent technocrats. But it also took no steps to encourage reconciliation and did not pursue any active diplomacy to try to close a deal.

The Obama administration also worked to advance small but meaningful initiatives on the ground in the aftermath of the 2014 war. This did not entail high-level American engagement. Instead, a small team worked directly with all the key actors on an incremental approach, including increasing the size of the U.S. government's local staff in Gaza, advancing ideas for ways to increase the power and water supplies in Gaza, and increasing the ability of Gaza to export goods to Israel and the West Bank. Such efforts played an important role in helping to stabilize the situation on the ground.

Trump⁴³

The Trump administration has continued the Obama administration's approach to Gaza in some ways while also pursuing dramatic shifts in its overall policy toward the conflict. Like its predecessor, the Trump administration has quietly acquiesced to reconciliation talks between Hamas and Fatah and cease-fire negotiations between Israel and Hamas. This was the position the United States took toward such talks in fall 2017 and the one it has maintained through 2018, as Egypt and the U.N. have mediated talks.

The current administration has also continued the approach, developed late in Obama's tenure, of focusing on economic improvements on the ground in Gaza. If anything, it has elevated the public profile of these efforts, inviting all the key players to a major conference in March 2018 (the PA boycotted the meeting because of the administration's wider approach to the conflict). Despite the visibility of these efforts, the administration has been less effective than the Obama team was in its last two years in implementing incremental change. This is partly due to the current administration's decision to not hire and empower a full-time senior official reporting to the special envoy responsible for Israeli-Palestinian negotiations who would be responsible for mobilizing international actors and coordinating efforts among American agencies.

Finally, and most significantly, the Trump administration has taken a number of damaging steps that have caused the Palestinian leadership and other regional and international players to be highly suspicious of its motives for improving the situation in Gaza. The administration has refused to explicitly endorse the two-state

solution; moved the U.S. Embassy in Israel to Jerusalem with no offsetting political gesture to the Palestinians; ended the unique role of the Jerusalem Consulate as the entity that engages directly with the Palestinians; ended future aid to UNRWA; closed the office of the PLO in Washington; subsumed the U.S. Consulate General Jerusalem into the U.S. Embassy; and failed to call for even the mildest restraint by Israel toward Gaza in a series of recent op-eds and published statements by administration officials. Taken together, these steps have convinced Palestinians that the Trump administration's effort in Gaza is part of an attempt at the permanent separation of Gaza from the West Bank, precluding a unified Palestinian state. The administration vehemently denies these charges, but as long as they remain the consensus view among Palestinians, any initiative by the Trump administration in Gaza will be met, at best, with deep skepticism.

Chapter 3: The Key Actors and Their Interests

An array of international actors, many with divergent interests, have played a part in Gaza's crisis. Their sheer number presents a central obstacle to resolving the situation. Israel, Hamas, and the Palestinian Authority are all direct parties to the conflict. Egypt, which borders Gaza, can either be classified as a direct party itself or as the most important external actor. The United Nations, European Union, Qatar, Saudi Arabia, the United Arab Emirates, Jordan, Turkey, Iran, and smaller Palestinian factions in the Gaza Strip all play a role. Before attempting to outline a solution to this crisis, it is necessary to understand the ways in which some of the main parties view their positions.

Hamas

Hamas' core interest is to maintain, and expand, its position within Palestinian politics and establish a Palestinian state according to its ideology. It considers its independent military capabilities central to achieving this aim.

That said, as a result of the growing pressure placed on it in Gaza, Hamas has all but conceded its inability to govern the territory effectively. With the ascension of Yahya Sinwar to the leadership of Hamas in February 2017, the movement adopted a policy of partial reintegration with the Palestinian Authority, and Hamas has been actively engaged in Egyptian-led negotiations toward this end, showing some flexibility in these talks.⁴⁴ Hamas has acknowledged its failure to develop Gaza's economy, having instead put its main efforts into preparing for and fighting successive rounds of conflict with Israel. After a decade, Sinwar appears eager to relieve Hamas of some the responsibilities of government and has even hinted that conflict with Israel might be a "national," i.e., Palestinian-wide, decision, suggesting that a long-term cease-fire, subject to PA input, may be acceptable to Hamas.⁴⁵

The status quo harms Hamas more than any other political actor, the suffering of Gaza's residents notwithstanding. In recent years, the group has found itself squeezed not only by the Israeli blockade but also by Egypt. The latter, by shutting down most of the tunnels under its border with Gaza, cost Hamas much-needed revenue gained from the taxation of smuggling. Hamas has also had greater trouble controlling or taxing foreign aid, especially from Qatar, which has targeted its funding more directly in recent years. Further exacerbating the shortage of cash in Gaza, the Palestinian Authority has

for periods reduced its payments to PA employees there. Ramallah also reduced funding for the Strip's electricity for a period, heightening the pressure on Hamas at extreme cost to Gaza's residents.⁴⁶

The moves taken by Sinwar are significant and, for the time being at least, may open an opportunity for real, if modest, policy gains, but important questions remain. How much of its military power would Hamas give up in the context of reintegration with the PA? Would it agree to halt the buildup of its military capabilities in a long-term cease-fire with Israel? Would Hamas

The status quo harms Hamas more than any other political actor, the suffering of Gaza's residents notwithstanding.

allow such a commitment to be monitored effectively, and stay true to its word if and when the pressure on it subsides? Would it accept a cease-fire that also applied to the West Bank? Finally, while Sinwar appears to hold more influence than past leaders, it is unclear just how much authority the movement's political leadership has over its own armed cadres – let alone the range of other extremist groups operating in Gaza. All these questions must be dealt with honestly and without illusions. Still,



Yahya Sinwar attends a memorial ceremony in May 2018 for six Hamas militants who lost their lives in a blast in the Gaza Strip. In February 2017, Sinwar became the supreme political leader of Hamas in Gaza and commander of its military wing. (Ashraf Amra/Anadolu Agency/Getty Images)

like any organization, Hamas responds to incentives and its incentives are strongly in favor of changing the status quo.

Dealings with Hamas are further complicated by the limited leverage held by the United States and many of its allies. The United States has no overt diplomatic contact with Hamas. The European Union has limits on its contact with the group as well. Regional allies, especially Saudi Arabia and the United Arab Emirates, have poor relations with Hamas, a Muslim Brotherhood offshoot. And Iran, which has had intermittent ties to Hamas, remains a possible spoiler to any arrangement.

Other international actors have greater leverage. Egypt, Qatar, and Turkey hold the greatest influence over Hamas.⁴⁷ The latter two have for years had close relations with the organization and others tied to the Muslim Brotherhood. Qatar is also increasingly viewed by the Israelis as playing a constructive aid role in Gaza, but Doha's difficult relations with Egypt and isolation from the other Gulf states reduce its ability to play a central role in resolving the crisis. Turkey is viewed by Israel and Egypt as unhelpful, limiting its potential role. Egypt thus remains the most critical actor in engaging with Hamas. Despite its extreme antipathy to the Muslim Brotherhood, Egypt maintains influence due to Hamas' dependence on access to its territory. Egypt also can act as a go-between for the parties, which has proved an asset in its dealings with Hamas, which needs an effective interlocutor to Israel. Hamas also has contact with the United Nations through UNSCO, and the Swiss and Norwegian governments maintain relations with Hamas and can be useful partners for communicating with the movement.

For the United States to pursue its interests and objectives vis-à-vis Hamas, it should leverage its ties to Egypt, Qatar, and the United Nations. It can serve as a bridge between the former two and may be able to cooperate more closely, if quietly, with the latter.

Israel

Israel's overriding interest in Gaza is for quiet and security for Israeli civilians in southern Israel. Israeli officials, especially those in the military, recognize that the collapsing humanitarian situation in Gaza will only damage Israel's interests. However, competing Israeli political currents produce a strong preference for the status quo – perhaps modestly improved – as the least-bad option.

As noted, the Israeli (and Egyptian) blockade on Gaza is the most important proximate cause of the deteriorating humanitarian situation in the territory.

While the cost of these restrictions is apparent to Israeli leaders, they are loath to ease pressure on Hamas, knowing from experience that it would likely use the easing to build up its military power. Moreover, they pay little domestic political price for Gaza's humanitarian situation and cannot afford to appear to do nothing in the face of attacks on Israelis. Any easing of the pressure is accompanied by accusations that the Israeli leaders are appeasing a terrorist organization. This is especially true today, as four Israeli civilians are missing in Gaza and Hamas holds the bodies of two Israeli soldiers. The Israeli public is extremely sensitive to the issue of POWs and MIAs, and this is therefore a politically explosive issue.

Despite Israeli ambivalence toward Gaza, there is no interest in retaking the territory.⁴⁸ First, it would cost a large number of Israeli lives and a much greater number of Palestinian lives while causing widespread destruction in Gaza. Second, the day after taking over, Israel could be faced with a situation it considers worse than the status quo as it would be responsible for governance and security inside the Strip.

Wary to be seen as making concessions to Hamas, but without a clear path to force it from power, Israel is left searching for a way to diminish the threat the group poses from Gaza. The answer would seem to be the PA's resumed control of Gaza. Israel has vacillated on the question of Palestinian reconciliation, at times acquiescing to such plans while at other times objecting to them vociferously as a sign of PA appeasement to Hamas. The Israelis fear that reintegration between Fatah and Hamas might give Hamas an opening to take over the small Palestinian enclaves in about a fifth of the West Bank, a nightmare scenario from Israel's perspective.⁴⁹

Moreover, there is no true consensus in Israel even regarding the desirability of the reintegration of the Gaza Strip and West Bank. Some in the Israeli right wing, for example, believe the permanent separation of the Gaza Strip from the West Bank would be a positive development, as it would prevent a unified Palestinian state from emerging. Some prominent Israeli leaders in fact call Gaza a Palestinian state and exclude the possibility of one in the West Bank.⁵⁰

Israel's underlying desire for quiet and its ambivalence about Palestinian reintegration also lead to an openness to a direct long-term cease-fire with Hamas. Israel would perhaps even bypass the PA to reach such a deal with its reviled enemy. The Israeli military has consistently advocated a long-term arrangement with Hamas, and key Israeli political leaders have argued the same. Some, especially in the military, argue for



President Donald Trump welcomes Israeli Prime Minister Benjamin Netanyahu to Washington in March 2018. (Olivier Douliery, Pool/Getty Images)

unofficial arrangements, while others have called for a long-term, official “hudna,” or cease-fire, lasting years or even decades.

The desire to manage the status quo, combined with Israel’s aim to rid itself of responsibility for Gaza, leads to a standing Israeli preference for Egyptian involvement in the territory. This includes the economic linking of Gaza to Egypt. Egypt, for its part, remains very wary of any such responsibility.

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Recently, Israel has adopted a message of separating humanitarian issues from others, suggesting it would be forward-leaning on the former while maintaining its strict policy on the latter. It has somewhat broadened what it defines as humanitarian and is now relatively open to promoting economic and infrastructure projects in the Gaza Strip, subject always to its overriding, and

sometimes tactical, security considerations. Indeed, while the Israeli military often supports greater opening of the Gaza economy, the internal security service (the Shin Bet or Shabak), which is tasked with stopping terrorist attacks, often advocates against easing the restriction.

Egypt, Europe, and certain Arab states exert some influence over Israeli policymaking and can be leveraged to press and incentivize Israeli thinking, yet none has the leverage of Israel’s closest ally, the United States. Although in the past American leverage has not by itself proved decisive in getting Israel to take tough steps, the United States today has more clout with the Israeli public than it has had in many years. This influence can be used to significantly effect to shape Israeli decision-making toward Gaza.

The Palestinian Authority/Palestine Liberation Organization

The Palestinian leadership has two overriding concerns with respect to Gaza: the unity of the Palestinian Territories and the PLO’s status as the sole legitimate representative of the Palestinian people. Both the Palestinian Authority and the Palestine Liberation Organization object to any separate treatment of Gaza, and indeed to any discussion of a Gaza policy outside the context of the wider Palestinian cause.

The Palestinian Authority has not had much physical presence in Gaza since its violent removal in 2007. The PA continued to pay the salaries of its Gaza-based employees and to work with (and pay) Israel to maintain the supply of electricity. From its perspective, this left the PA with much of the responsibility to provide for its citizens in Gaza but without the ability to govern or develop the territory. Consequently, and for years, the PA believed itself to be supporting the rule of its archrival, Hamas, without any ability to control its behavior. This situation handed Hamas a political advantage, as it could set the Palestinian national agenda through conflict with Israel while painting the PA as a collaborator. Meanwhile, Hamas rarely paid a price for the devastation that its supposed steadfastness wrought on those it ruled in Gaza.

In response, the PA too has adopted a policy of applying pressure on the population of the Gaza Strip to weaken Hamas. The PA has reduced payments to Israel for Gaza's electricity and has reduced the salaries of PA employees there. The PA's hawkish stance has applied to reconciliation negotiations as well, with a demand for full disarmament of Hamas as a condition for reintegration of the Palestinian territories, though PA officials recognize this demand is unlikely to be accepted.⁵¹

This hard-line position of President Mahmoud Abbas and those closest to him, it is important to note, is not uniformly held among PA leaders. Many would argue for a loosening of the pressure on Gaza, believing that squeezing Hamas while doing harm to the civilian population is not the optimal strategy.

The Palestinian leadership has two overriding concerns with respect to Gaza: the unity of the Palestinian Territories and the PLO's status as the sole legitimate representative of the Palestinian people.

The PA position is motivated in part by a refusal to accept a model similar to the Lebanese government's relationship with Hizbullah, by which the PA would bear responsibility for the population without true authority to govern or a monopoly on the legitimate use of force. The Ramallah-based government fears that it will be held accountable for each and every rocket launch from the Gaza Strip, by Hamas or another faction, without the



President Donald Trump meets with Palestinian President Mahmoud Abbas on the sidelines of the United Nations General Assembly in September 2017. The American position today is greatly weakened by its lack of productive and open relations with the Palestinian Authority. Public inroads to the PA are key to advancing an effective policy toward Gaza. (Thaer Ghanaim/Palestinian Press Office via Getty Images)

ability to control those launches. Moreover, the PA fears that reintegration of the West Bank and Gaza Strip may not only bring the PA back into Gaza but also strengthen Hamas influence in the West Bank. The PA, like Israel, fears an eventual Hamas takeover of the West Bank and will therefore agree to reintegration only on very favorable terms. The result has been a very hawkish approach by the PA to the issue of the Gaza Strip that has frustrated other actors, including Egypt and even Israel.

Unsurprisingly, the PA is also vehemently opposed to direct agreements between Israel and Hamas, or to any direct negotiation between other actors and Hamas, separate from the Palestinian umbrella. The notion of an Israeli-Hamas hudna is code to the PA for a “three-state solution” featuring a permanent separation of the Gaza Strip from the West Bank. This concern has merit, and a three-state solution would indeed be a terrible outcome for all involved.

Despite the difficulties created by its current policy, the PA remains an essential part of any long-term solution in Gaza. Only with the PA could meaningful reintegration of the Palestinian territories occur. The PA is also the only actor with the international mandate to advance many international projects – those that require host-state sanction and the signing of permits and contracts by planning and regulatory authorities, all bodies of the PA.

The American position today is greatly weakened by its lack of productive and open relations with the PA, a result of the American decisions to move its embassy to Jerusalem and recognize the city as Israel's capital, to cut

aid to the PA, and to cut aid to UNRWA. These policies have led to a strong Palestinian perception of extreme pro-Israel bias in the current U.S. administration. Without public inroads to the PA, it would be extremely hard for the United States to advance an effective policy toward Gaza. Since January 2017, the United States' support for a two-state solution has come under serious doubt as well, adding considerably to the suspicions and concerns of Palestinians and others.

Repairing these relations is necessary, but others do have important ties and leverage with the PA that can help as well. The U.N. and the EU have significant leverage as the PLO's current international diplomatic strategy depends on their support. However, they are hesitant to take a tough stand with the Palestinians at a time when the United States has tilted so dramatically in Israel's direction. Israel too has considerable contact and leverage with the PA. The Jordanians maintain influence with the PA given their shared border but are much more invested with issues concerning the West Bank and Jerusalem and are not major players in Gaza. Egypt has some leverage over the PA and is far more central to questions concerning Gaza.

Egypt

Egypt's two overriding interests with regard to Gaza are to avoid long-term significant responsibility for the territory and the security of the northern Sinai, adjacent to the Gaza Strip.⁵² Egypt governed Gaza under military rule for 19 years between 1948 and 1967. It has no desire to return to the Strip and is adamant that the Gaza Strip is not Egyptian and that it will not relieve Israel or the Palestinians of their responsibility for it.

Egypt will not make any move that could lead to its assuming full responsibility for Gaza in lieu of Israel and the PA.

A secondary, but prominent, Egyptian interest is the improvement and resolution of the situation in Gaza. Egypt borders the territory and is a junior party to its blockade. Egypt is also keen on resuming some of its leadership role in the Arab world after the internal tumult of the past few years, and Gaza is its "backyard." No other actor has the same level of connections with all three players – Hamas, the Palestinian Authority, and Israel – Egypt coordinates closely with the latter on security matters, especially pertaining to the Sinai. This has

allowed Egyptian mediators to shepherd efforts toward Hamas-PA and an Israel-Hamas cease-fire, even though to date Egypt has also failed to achieve breakthroughs.

Further, Egypt will not make any move that could lead to its assuming full responsibility for Gaza in lieu of Israel and the PA. An end to the Egyptian blockade of Gaza, even without a similar Israeli move, would be a significant relief to Gaza and could provide minor advantages to the Egyptian economy as well. But Egypt will not do so without assurances that similar steps are being taken on the Israeli side and that it is not being saddled with long-term responsibility for the Strip. Egypt is also reluctant to do so for fear that greater movement of people between the Strip and Sinai would affect Sinai's security.

The United States has direct and at times close contact with Egypt. Saudi Arabia and the United Arab Emirates have significant sway over Egypt as well, given their close ties. And Israel also has important contacts. While these actors and others have some leverage, international pressure has its limits as Gaza touches on vital Egyptian national interests.

Chapter 4: Shifting the Analytical Framework

A series of policy paradoxes lies at the core of the Gaza crisis. Nearly all the other interested parties refuse to view Hamas as a legitimate sovereign in Gaza, even as they admit it will not soon leave power in the Strip.⁵³ Hamas remains in sporadic conflict with Israel even though its leadership knows both that it cannot win this fight and the costs this conflict entails for the population of Gaza. Israel, Egypt, and the Palestinian Authority continue to apply economic pressure to force Hamas to give in to PA demands for reintegration. But all three parties acknowledge that such pressure is unlikely to dislodge Hamas. In short, every actor is pursuing policies it knows will not achieve its objectives.

Instead, these policies perpetuate a status quo in which Hamas remains in power in the Gaza Strip, the PA remains entrenched in the West Bank while avoiding responsibility for Gaza, and Israel, with an occasional bout of violence, manages to contain the security situation. Meanwhile, the people of Gaza find themselves stuck in the decade-long crisis of the Gaza Strip.

While these actors continue to pursue failing policies, there is some good news as well. A growing consensus has emerged among the parties to the conflict and most of the relevant external actors as to the desired solution to the crisis. It involves dramatically improving the humanitarian and economic conditions in the enclave;

A growing consensus has emerged among the parties to the conflict and most of the relevant external actors as to the desired solution to the crisis.

avoiding another conflict between Israel and Hamas, thereby bringing security to the residents of the Strip; and reuniting the Palestinian polity, with the Gaza Strip and the West Bank integrated under national leadership.

Based on this growing consensus, the authors recommend two central U.S. policy objectives for Gaza:

1. Stabilize Gaza, address the dire humanitarian and economic conditions, and prevent, or if necessary shorten, any future conflicts between Hamas and Israel.

2. Promote the political and physical reintegration of Gaza and the West Bank in a manner that promotes a two-state solution and avoids the permanent separation of the two territories.

And from these two objectives are derived three central lines of effort, which make up the recommended strategy:

1. Use vigorous diplomatic and economic means to alleviate the humanitarian, economic, and security crisis in Gaza.
2. In close consultation with other partners, actively support a political process that simultaneously pursues the reintegration of the West Bank and Gaza Strip and a long-term cease-fire between Israel and a group of Palestinian factions that includes Hamas and Fatah and that has the blessing of the PLO, managing the necessary tradeoffs between conflicting imperatives.
3. Plan for contingencies, most importantly another major conflict between Hamas and Israel.

This approach is distinct from previous American policy, which has largely sought to squeeze and isolate Hamas until it surrenders – an effort that has clearly failed. The shift in U.S. policy described above, toward further acquiescence to Palestinian integration, should be accelerated and the United States should become much more active in addressing the situation in Gaza.

The remainder of this chapter discusses the two biggest challenges the United States will face in successfully implementing such a policy – challenges that have thus far stood in the way of progress on U.S. and international policy toward Gaza.

Tension Between Stability and Unity

As noted, the two objectives spelled out above – improving conditions on the ground and promoting Palestinian unity – are in some ways in competition. Promoting one risks the other. Indeed, for the past 10 years, U.S. policy has largely operated under the assumption that any significant moves in Gaza would be a boon to Hamas and harm the PA. American officials therefore privileged the PA's role in Gaza over questions of immediate stability. This has proved impractical. The United States does not have the luxury of acting on one of these two objectives alone and so must try to balance between them.

Bypassing the Palestinian Authority to provide direct aid to Gaza or engaging directly with Hamas might improve stability in Gaza or help prevent conflict. These same actions would make the Strip more independent

from the West Bank and hinder future Palestinian unity. Many in the PA would virulently oppose these moves as a separation imposed from the outside.

Conversely, promoting Gaza Strip–West Bank reintegration on the PA’s terms, with its maximalist position toward Hamas disarmament, could mean waiting for another decade before improving the situation on the ground, as the chances Hamas accepts such conditions are negligible. The population of Gaza would continue to suffer, and another half-generation would be born into the current situation, with all the attendant long-term consequences.

Despite the difficulties in this situation, U.S. policy can focus on both the alleviation of the humanitarian crisis and the reintegration of the Gaza Strip and West Bank.

Reintegration, it is important to note, does present real dangers. It could partially legitimize Hamas or, worse, give it an opening to gain power in, or even seize control of, the West Bank. Reintegration could also lead to a model like that of Lebanese Hizbullah, in which Hamas remains a heavily armed militia, free from the burdens of civilian governance but wielding veto power in government.

The situation does not present a simply “good” policy option. Given these two essential yet partially contradictory objectives, hard choices will have to be made, and other policy tools will be needed to mitigate their costs and downsides. Despite the difficulties in this situation, U.S. policy can focus on both the alleviation of the humanitarian crisis and the reintegration of the Gaza Strip and West Bank.

The Collective Action Problem and Coordinating the External Actors

The impasse on Gaza presents a sad irony. In a conflict between only two parties, the combatants (in this case Israel and Hamas) might have already reached a modus vivendi to at least avoid the worst potential outcomes. Unfortunately, the large number of other actors with widely divergent interests has dramatically complicated the situation.

There are three first-order parties to the conflict: Hamas, Israel, and the PA. Other key actors include Gaza factions and, to a degree, Egypt. Additionally, an array

of external actors claim often contradictory interests in Gaza, including Qatar, the United Arab Emirates, Saudi Arabia, Kuwait, Jordan, Iran, Turkey, the European Union and individual European countries, the United Nations and its Special Coordinator for the Middle East Peace Process, and the United States. For many of these external actors, Gaza is important enough to prompt care and involvement, but not important enough to require investing the type of political capital that would fundamentally change the situation.

This multitude of actors, with their divergent interests and mutual competition, creates an acute collective action problem. Each of the numerous primary and secondary actors has a disincentive to take costly action for the collective good. Even when these actors attempt to take productive steps, their number can cause problems. At times in the past, multiple external actors have put forward conflicting initiatives, with each creating different opportunities for Israel, the PA, and Hamas. Naturally, the key parties then latch on to the initiative they like best, escaping the type of concerted and unified international pressure that might push them to make tough decisions.

Overcoming such a collective action problem generally requires a single actor that can either bear the main burden itself or organize a sufficient number of players to address the problem together. No actor is willing to bear the burden of Gaza’s challenges alone. Further, no one actor has the necessary leverage to single-handedly mobilize the international community and the parties directly impacted by the conflict; almost none of the parties or external actors even has open and constructive relations with all the others.

With so many external actors, and none with leverage over all the others, this case calls for the United States, Egypt, and UNSCO to together orchestrate an effort to break the impasse. This would require aligning the plans of many, though necessarily not all, of the relevant actors, bearing some of the collective cost, and utilizing diplomatic channels on all sides. Egypt and the United Nations have inroads to Hamas (and currently to the PA) that the United States does not, while America can engage productively with some of the relevant actors, such as Qatar, that Egypt cannot. The United States also has the closest, most intimate relationship with Israel and can offer its considerable sway with this most powerful of the warring factions.

Chapter 5: Specific Steps for Immediate Stabilization

Moral and security considerations demand that urgent steps be taken to address the dire humanitarian situation in Gaza and that the United States no longer pursue a policy that perpetuates this crisis. Of the Strip's nearly 2 million residents, 900,000 live in what the World Bank calls "deep poverty,"⁵⁴ and the total population is set to double over the coming 30 years – which could be a boon for economic growth or a recipe for further disaster.⁵⁵ In 2018 alone, citizen-inspired, Hamas-backed demonstrations at the Gaza fence have led to 205 Palestinian deaths and 21,000 injuries and one Israeli death and 37 injuries.⁵⁶

Gaza's economy cannot function without vastly freer movement of goods and people. Throughout the world, states with open economies have been far more likely to flourish, while those that have remained closed have stagnated. This is especially true today, with densely populated city-states on the sea such as Singapore thriving while landlocked countries without infrastructure or with severely closed regimes are more likely to languish.⁵⁷ The lack of such freedom best explains why Gaza's unemployment rate reached 53 percent in 2018 and an eye-popping figure of over 70 percent for youth.⁵⁸ Even if all residents

of Gaza were provided with access to unlimited electricity and water, they could not afford to buy it with unemployment rates higher than any country on earth – donor funds would be required in perpetuity. The only sustainable solution for Gaza's humanitarian needs is the reconstitution of a viable economy. And a viable Gaza economy requires vastly more open access for people, goods, and ideas to flow in and out.

A dizzying web of approvals stands in the way of investment and public works in Gaza.

Gaza also faces two other immediate problems – lack of water and electricity. Until the recent provision of fuel through Qatari funding, electricity has been available only a handful of hours per day. These needs, which the Palestinian Authority, the Israeli government, and the international community all define as humanitarian, can be significantly ameliorated in the near term in a manner that is not linked to political progress. More comprehensive, long-term solutions for the economy will require a sustainable political arrangement among the parties.



A Palestinian worker stacks bricks made with recycled cement at a brick factory in Khan Younis, Gaza Strip. Due to the Israeli blockade, local tradesmen make recycled cement from crushed rock, concrete, and stone to satisfy a growing demand for building materials. (Warrick Page/Getty Images)

While the Gaza Strip offers a range of highly specific challenges, many of its general needs resemble those found in other stabilization contexts, and our approach to Gaza is largely consistent with the basic understanding of stabilization put forward by the U.S. government. A 2018 report, jointly produced by USAID, the State Department, and the Department of Defense, defined stabilization “as a political endeavor involving an integrated civilian-military process to create conditions where locally legitimate authorities and systems can peaceably manage conflict and prevent a resurgence of violence. Transitional in nature, stabilization may include efforts to establish civil security, provide access to dispute resolution, deliver targeted basic services, and establish a foundation for the return of displaced people and longer-term development.”⁵⁹ Many of these goals are reflected in the report’s recommendations.

That said, Gaza does offer a uniquely difficult context. A dizzying web of approvals stands in the way of investment and public works in Gaza. This is a direct result of the political situation and poses the greatest obstacle to making progress on projects in the Strip. In Israel, for example, if a road is to be built, documents are required from the Israeli government. In Gaza, building a similar road requires approval from: 1) Hamas, which governs Gaza but is viewed by most of the world as a terrorist organization; 2) the West Bank-based PA, which detests Hamas but is still considered the legitimate authority in Gaza by the international community; and 3) Israel and/or Egypt, which entirely control access to the Gaza Strip and have both acute security concerns and sometimes political motivations for not permitting certain projects. Finally, an implementing organization or private business and a financing institution willing to work in this highly complex situation are needed. As a result, progress moves at a glacial pace, if at all. This is despite the increasing alignment among Israelis, Palestinians, and the international community on the specific needs in Gaza and even the steps required to address them.

This chapter will offer a series of immediate actions that should be taken to lift Gaza’s economy and address its basic humanitarian needs regardless of broader political negotiations. It will then offer a choreography for these steps, outlining a process for breaking the political logjam and moving forward more rapidly. Finally, it will discuss how the United States can take a more proactive and constructive role in moving forward on this immediate stabilization effort.

Freedom of Movement and Jobs

There is simply no feasible way to meet the basic humanitarian needs of the people of Gaza without a viable economy. And this requires open access for people, goods, and ideas to flow in and out to function on the most basic level – let alone thrive.

The step that would provide the most benefit would be an increase in the number of Gaza residents allowed to work in Israel. During the first half of 2000, before the outbreak of the second intifada, on average about 25,000 people every workday would exit Gaza to work in Israel, for an average of over half a million such exits every month. As of summer 2018, fewer than 10,000 Palestinians from Gaza exit to Israel every month, or about 500 per day – 50 times fewer than in 2000. Virtually none of them are workers; most are merchants who buy and sell goods.⁶⁰ But it is not impossible for Palestinians to work in Israel, as today it is estimated that about 70,000 West Bank Palestinians work in Israel legally, and tens of thousands more work without permits.⁶¹ The impact of every job is significant, as every worker from Gaza has been shown to support about seven dependents also living in Gaza.⁶²

Israel has legitimate security concerns about the population in Gaza, as the lack of a Palestinian partner there like the Palestinian security forces in the West Bank makes it much more difficult to vet this population. As noted, while the Israel Defense Forces (IDF) have argued for increasing work permits, the Shin Bet has objected and the two have remained at loggerheads on this question. There is also strong political opposition in Israel, especially when violence flares up in Gaza.

Israel, however, can and should take incremental steps. It can start by allowing a few thousand Palestinians from Gaza to work in Israel daily and gradually raise that number as long as security incidents can be contained. Israeli farming communities near Gaza, for example, have expressed interest in bringing 500 workers from the Strip to assist in the agriculture sector.⁶³ Security risks could be minimized by selecting Gaza residents who previously worked in Israel and have already gone through rigorous security checks. Such a move would be the fastest way to strengthen Gaza’s economy.

Another short-term solution – one that would be much easier from a political and security perspective, though more complex logistically – would be to reopen and upgrade industrial zones on the Gaza-Israel armistice line and the Gaza-Egypt border. These zones have functioned effectively in the past and would be based inside of Gaza but adjacent to Egypt and Israel. Gaza residents would go through security screening and enter on one



Pictured above is the Rafah border crossing between Egypt and Gaza. Part of any effort to relieve economic pressure on Gaza should include openings through both crossings into Israel and Egypt. (Chris McGrath/Getty Images)

side. Products and materials would enter via Egypt or Israel and work would take place inside the zone. The products could then be exported to Israel and all over the world, and workers from Gaza would receive wages that would create a positive infusion into the Gazan economy. This option is stilted and imperfect and would not replace the much more meaningful and effective measure of letting more Gaza residents into Israel, but it would still give the Gazan economy an immediate boost and may be more politically tenable in the short term.

Israel can also allow new categories of people to exit Gaza regularly for Israel, the West Bank, and beyond and otherwise ease restrictions. Currently, the vast majority of Palestinians Israel allows to exit Gaza are either major merchants or medical patients and their companions.⁶⁴ For example, of the 9,626 Palestinian exits via the Erez Crossing in August of this year, 2,838 were medical patients and their companions, 5,516 were merchants, and the remaining 1,272 were for other reasons. New categories that could be added to this list include students, smaller merchants, and those seeking professional training. Opening Gaza to Israel, the West Bank, and the world would expand the economy of Gaza and better enable it to pay for the supplies it needs.

Israel should also ease restrictions on imports into and exports out of Gaza. Israel, citing security concerns, restricts a long list of goods from entering the West Bank and an even larger list from entering Gaza. These goods are commonly called “dual-use” items.⁶⁵ Careful re-examination of the most recent version of this list⁶⁶ is in order, perhaps by a joint committee of Israeli, Palestinian, and U.S. officials, with the aim of further opening Gaza to

the world. The list includes such basic items as castor oil or wooden planks wider than 1 x 5 cm.⁶⁷ One possibility might be using the West Bank list as a basis for the Gaza one. Predictably and transparently easing restrictions on imports to Gaza could greatly boost economic output and thus incomes.

Gaza's farmers, producers, and businesspeople face two key challenges when it comes to exports: restrictions and lack of predictability. Restrictions blatantly shut down the economy. But unpredictability does deep harm too – it can cause vegetables to rot at the crossings into Israel, leading to major financial losses to farmers, and it causes other producers not to invest in their businesses. For Gaza's economy to function, it needs not only to be allowed to export, but to be predictably and transparently allowed to do so. Currently, Gaza can export tomatoes, eggplants, textiles, and furniture to Israel – and, surprisingly, scrap metal. Though it should be the highest security risk item since it cannot be scanned, scrap metal has recently been allowed for export so that Israel can meet an international quota for recycled metals.⁶⁸

Gaza can export a broad variety of agricultural products to both the West Bank and abroad. Additionally, textiles, furniture, leather, stationery, and glassware can be sent to the West Bank.⁶⁹ Overall, the Gaza Strip's exports are measured in truckloads per year. These figures grew steadily from 2014 through 2017. In 2014, a



Gaza fishermen unload their catch after returning to port in Gaza City. Under the blockade the fishermen face restrictions on the fishing zone that have varied, often to as little as 6 nautical miles off the Gaza coast. (Chris McGrath/Getty Images)

total of 228 truckloads of goods was recorded (of which 92 went to the West Bank), rising to 2,132 in 2016 (of which 1,295 went to the West Bank) and further rising to 2,621 in 2017 (of which 1,970 went to the West Bank).⁷⁰ Ninety-four percent of what Gaza sent to the West Bank was agricultural in nature, while 60 percent of its international exports were. Gaza's agricultural exports in the first half of 2018 are down 17 percent from 2017 to just over \$10 million,⁷¹ a remarkably paltry figure compared with Gaza's potential. About 80 percent of Gaza's exports go to the West Bank and about 8 percent to Israel. The remainder goes mostly to Arab countries. Gaza's trade for the first half of 2018 was down 17 percent from the same time in 2017.⁷² Israel can and should ease restrictions on Gaza's exports to Israel, the West Bank, and the wider world. Further, to allow business to properly invest in export businesses, this opening needs to be permanent and transparent.

Israel should also ease restrictions on imports into and exports out of Gaza.

Finally, Israel could ease restrictions on Gaza fishing. In 1994, Israelis and Palestinians agreed to a 20-nautical-mile fishing limit for Gaza, though in practice Israel has never allowed the limit to exceed 12 miles. As a punitive measure, Israel has largely restricted fishing to 6 nautical miles since 2006, though at times extending the limit to 9 miles off of part of the Gaza coast; during periods of heightened conflict this was tightened to 3 miles, as in summer 2018.⁷³ "A commitment by Israel to restore the zone to 12 miles could boost Gaza's fishing industry. Experts estimate that a permanent extension of the fishing zone to just 9 miles could boost fishing incomes by 20 percent, and an extension to 12 miles could increase catches by 50 percent."⁷⁴ Strengthening the fishing industry could bolster incomes for thousands of Gaza's fishermen and tens of thousands of their dependents.⁷⁵

Electricity

Electricity may be the Gaza Strip's single biggest need along with freedom of movement. Without it, life-sustaining water cannot be pumped or desalinated, sewage cannot be cleaned, and the economy cannot function. Here a Catch-22 exists, as without a functioning economy the people of Gaza cannot pay for the electricity they need, but without electricity there can be no functioning economy. Therefore, Gaza needs an opening for its

economy that simultaneously combines an increase in freedom of movement with a boost in the availability of electricity. The expenses associated with electricity should be covered initially by donors (as we have seen with the recent donation by Qatar to cover the costs of fuel for six months⁷⁶), but once the economy is moving again, these can and should be paid for by the people of Gaza.

While the Gaza Strip will need a total of about 484 megawatts (MW) per day in 2018, until very recently, only one-third of that, about 164 MW, has been available – some of it generated locally through inefficient diesel power, some of it from local renewable sources, but much of it sold to Gaza from Israel.⁷⁷ In five short years, due to Gaza's rapidly expanding population, that demand is set to grow to 537 MW and by 2030 to 735 MW. In the immediate term, solutions should be found to continue the supply of electricity provided through Qatari funding, including through trucked-in fuel. In addition, an effort should be made to significantly boost supplies by both increasing Egyptian- and Israeli-sourced power and by tapping additional renewable energy. In the longer term, other solutions will need to be found.

Egypt can and should upgrade the electricity it provides to the Gaza Strip. Currently, Egypt supplies about a tenth of the electricity in Gaza, which is paid for by the Palestinian Authority.⁷⁸ Egypt has conceptually agreed to increase the capacity of its lines to 55 MW, but it is asking for funding from the international community to do so.



Pictured above is Gaza's only major power plant in the Nuseirat district in Gaza City. With insufficient electricity available, residents resort to using private generators and battery-operated light sources to live. (Chris McGrath/Getty Images)



A man washes his face with water from a mobile water tank deployed to distribute fresh water in Gaza. Ninety percent of Gaza's households rely on drinking water that arrives by truck, which is far more expensive than piped clean water, as compared with only 3 percent in the West Bank. (Christopher Furlong/Getty Images)

Israel supplies about 120 MW to the Gaza Strip; the Palestinian Authority pays for it but receives little in return from Gaza. It is possible that the construction of a long-discussed 161 kilovolt (kV) power line from Israel to Gaza could sell an additional 100 MW to Gaza. Such an endeavor would cost an estimated \$45 million. The Gaza electricity authorities could not cover the costs given the devastated economy – and it is unlikely that Israel would accept the funds from Hamas.⁷⁹

Various ideas have been proposed to develop large solar fields for Gaza. One would be a field situated just outside of Gaza and could provide 100 MW of power. Another has mapped a combination of sites inside Gaza that could produce hundreds of megawatts of power.⁸⁰ Both options, however, would require financing and permissions that are not currently available. Organizers estimate that the facilities would cost about \$1.2 million per megawatt to build, necessitating either donor financing or a purchasing power agreement backed by a credible financial entity – or perhaps a combination of both. The Israeli military is broadly supportive of the proposals, though the permitting process is not complete. Still other proposals call for smaller-scale solar power where practical inside Gaza.

In the medium to long term, however, unlocking Gaza's human potential will require hundreds of more

megawatts than these solutions will provide. Progress is already being made on one proposal that could prove instrumental toward that end. The project, which could generate hundreds of additional megawatts of power as soon as 2021 and which has won preliminary approvals, calls for construction of a gas pipeline to Gaza and a retrofitting of the Gaza power plant to use that gas. This proposal is discussed in further detail in the subsequent chapter on longer term sustainable solutions.

Water and Wastewater

The residents of the Gaza Strip face a grim reality when it comes to potable water. According to the World Bank, only 10 percent of Gaza's residents consistently have access to safe water,⁸¹ compared with the virtually 100 percent of Israelis.⁸² Estimates from 2009 put water supply at 90 liters per capita per day for Gaza, 73 in the West Bank and 280 for Israel,⁸³ more recent analysis puts the water availability at a stunningly low 23 liters per person per day in Gaza⁸⁴ in sharp contrast to 246⁸⁵ in Israel. It is important to note that in all cases, available water in both Gaza and the West Bank falls below the 100 liters per person per day that the United Nations says is needed to comfortably sustain a healthy life.⁸⁶

In 2017, on an aggregate basis only about one-quarter of Gaza's annual water needs of 115 million cubic meters



A young man rides a donkey past piles of garbage in the Nuseirat district in Gaza City. Public services are limited in Gaza, including waste disposal and sewage treatment. Most of Gaza's sewage flows largely untreated into groundwater, rendering this vital resource mostly unusable. (Chris McGrath/Getty Images)

(MCM) were met, as the water supply was 30 MCM. With needs projected to grow to 135 MCM by 2022, the best the small-scale interventions can hope to achieve is to increase Gaza's water supply to 72 MCM.⁸⁷ Currently, 90 percent of Gaza's households rely on drinking water that arrives by truck, as compared with only 3 percent in the West Bank – a sign of how bad the groundwater is.⁸⁸ Waterborne illness accounts for 26 percent of all disease in Gaza, where many families spend up to one-third of their income on water;⁸⁹ as compared to under 3 percent in Israel or 0.1 percent in most developed countries. Over 60 percent of children in Gaza are afflicted with parasites.⁹⁰

The Coastal Municipalities Water Utility (CMWU)⁹¹ is a modern, functional public utility that has managed to navigate Gaza's complex political framework to do its best to deliver water services to the people who live there. Although not perfect, in many ways the CMWU is a model public utility given Gaza's awkward political construct – it engages with the international community, the Palestinian Authority and has managed to navigate its relationship with Hamas, and even Israel. The utility is an independent authority with participation from the Palestinian Water Authority and Gaza local municipalities, some of which are Hamas-run.

Ninety-seven percent⁹² of water from Gaza's aquifer is now largely too polluted to use due to overuse and the infiltration of seawater – solutions are limited to three key options: first, stopping leakage from local pipes, which is

estimated at 38 percent;⁹³ second, piping in water from elsewhere – which essentially means Israel; and third, using local desalination on either a large or small scale.

Water leakages can be fixed, thus improving the situation for the people of Gaza. Although water pipes leak all over the world, the situation in Gaza is particularly egregious. The United States, which has been a leader in the water sector in Gaza, could play a leading role in resolving these issues in partnership with the international community.

Israel currently provides about 10 to 12 MCM of water to the Gaza Strip each year. Israel has built a pipeline that can bring that total to 20 MCM under the 2013 Red-Dead Agreement, linking the Red Sea and the Dead Sea.⁹⁴ Current infrastructure inside Gaza, however, may not allow for an additional 8 to 10 MCM of water from Israel to be properly received in Gaza. Leading members from the political and military echelons told members of this task force that Israel is willing to help meet Gaza's humanitarian needs and sell more water to the Gaza Strip.

In the short term, there is no unitary solution for Gaza's dire water needs. In January 2017, UNICEF – in coordination with the Palestinian Water Authority and with approval of the Israeli military – opened a small-scale desalination plant initially able to produce 2 MCM of water annually in Deir al Balah, in the central Gaza Strip.⁹⁵ Additional ways the people of Gaza can get more

water include three small-scale desalination plants that could provide up to 4 MCM each that would be powered by diesel in the short term or the power grid once Gaza's broader power needs are solved. These would cost about \$25 million each and could be funded by impact investors expecting only modest returns. One of these plants is already approved by Israel. These steps, together with others, could potentially double the water available to Gaza.

Additionally, the Gaza Strip is in vital need of sewage treatment. Three-quarters of Gaza's sewage remains untreated,⁹⁶ flowing into the groundwater Gaza shares with Israel, with over 40 Olympic-size swimming pools' worth flowing into the sea every day (over 15,000 pools' worth per year), severely polluting beaches in both Gaza and Israel.

Progress is possible, however. Through tenacious work that began in 2004, the North Gaza Emergency Sewage Treatment Plant (NGEST) run by the Palestinian Water Authority finally began operation in March 2018, providing a way to treat the waste produced by about 20 percent of Gaza's population.⁹⁷ Though the \$75 million plant is finally operational, the electricity and funding for that electricity are not guaranteed. Outside donors should meet this funding need. That it took 14 years to open a sewage treatment plant in Gaza illustrates how difficult it is to implement projects there.

Two additional wastewater treatment plants, together costing well over \$100 million, are being built in the Strip – one in Khan Younis, the other near Gaza City – with European, Japanese, and Kuwaiti funding, among others. When operational, these will be able to treat the majority of Gaza's wastewater.⁹⁸ For that to happen, two steps are needed. First, Israel should allow construction materials for these projects to enter Gaza regardless of the political situation. Second, a source and funding for the electricity need to be secured.

Still, most of Gaza's sewage flows largely untreated into groundwater, rendering this vital resource largely unusable. The good news is that obvious solutions are within reach and already underway. Challenges remain, however, with closures and the dual-use policy for Gaza causing delays and thus cost overruns.

Social Services and Local Jobs

A number of other programs, if fully funded or expanded, would improve the immediate situation in Gaza. Gaza's population continues to expand rapidly, and half of its nearly 2 million residents are under the age of 17.⁹⁹ Of these children, 262,000 are in 267 schools run by UNRWA, which also operates services in the West Bank,



A Palestinian boy helps unload food aid from the United Nations Relief and Works Agency, the biggest service provider in Gaza, in al-Shati refugee camp in Gaza City. (Abid Katib/Getty Images)

Jordan, Lebanon, and Syria, for the original Palestinian refugees and their descendants. These schools provide a secular education with an essentially equal representation of boys and girls. As of summer 2018, UNRWA faced a shortfall that put not only the education of these students at risk, but also lifesaving health care and other humanitarian services. This shortfall has largely been caused by the U.S. decision to abruptly withhold and then cancel \$300 million of the \$360 million in UNRWA funding the United States has traditionally given. Regardless of one's views on UNRWA, there is no world in which it makes sense to dramatically cut funding to UNRWA, the biggest service provider in Gaza, with no advance notice or credible alternative plan in the middle of a major crisis.

UNRWA reports that countries such as Canada, Germany, India, Japan, Qatar, Saudi Arabia, Turkey, the United Arab Emirates, and the United Kingdom, as well as the European Union, have stepped up to contribute additional funds for 2018, yet a gap of \$200 million remains. At the present time, there is simply no alternative education system in which these children can attend

school in Gaza – though it is possible that Hamas could fundraise for and develop such a system. Should UNRWA schools close, more than 200,000 children would either be out of school entirely or would likely be enrolled in religious schools run by Hamas, rather than the secular ones provided by UNRWA.

In addition to other services, UNRWA also runs 22 health clinics in Gaza, providing over 4 million patient visits per year. Due to the sheer size of the problem in Gaza, UNRWA's work in the Middle East is largely focused on the Strip. Indeed, about 40 percent of UNRWA's 2017 calendar-year budget of \$1.3 billion was spent in Gaza – \$529.5 million.¹⁰⁰ UNRWA shortfalls are already causing small staffing cuts in Gaza, which in turn is leading to political instability, with workers striking in summer 2018.¹⁰¹ The United States must restore this funding.

Beyond UNRWA funding, several efforts are also under discussion or being launched to quickly provide jobs. On July 24, 2018, the World Bank Board recommended¹⁰² increasing its annual expenditures on behalf of the Palestinians from \$55 million to \$90 million, with a sizable portion going to Gaza. Among the new World Bank projects: a \$17 million cash-for-work program that will provide¹⁰³ short-term jobs for the local population and thus an immediate cash infusion into Gaza. The United Nations Development Program (UNDP) is launching a similar effort funded by the Swiss government and the Islamic Development Bank.¹⁰⁴ The advantage of such programs is that cash can cross borders much more easily than imports or exports and the programs address the dire shortage of purchasing power in the Gaza Strip. Over the years, USAID has funded similar work programs; however, the Trump administration has virtually eliminated future USAID funding to the West Bank and Gaza. Such programs do not fix the core problems, but they do provide immediate relief to avert social collapse and the prospects of conflict and should move forward expeditiously.

Another main source of income for the people of the Gaza Strip are salaries paid by the Palestinian Authority. While it is understandable from a perspective of fiscal responsibility that the PA would want to drastically reduce or even eliminate such payments for employees who are not working, ideally the PA should continue to pay full salaries, especially during this period of economic crisis in Gaza. As other steps toward freedom of movement, electricity, and water come online, these payments can be phased out.

Reorganizing the U.S. Government to Achieve Objectives in Gaza

Should the United States want to reverse its current course and deeply engage on the situation, it can and should take steps to better organize itself for dealing with the immediate challenges in Gaza. It could begin by increasing its footprint there. The U.S. staffing footprint currently authorizes up to six Gaza-based positions. These are not Americans, but Palestinians who have agreed to take the extraordinary risk of working for the U.S. government in a territory governed by Hamas. These staffers are America's vital eyes and ears on the ground who have in recent years monitored \$50 million worth of USAID assistance programs, conducting public diplomacy work as well as economic and political analysis. The Obama administration doubled their number from three to six. But if and when Gaza takes on higher priority, the United States should increase the allowable footprint to at least double that.

While the Trump administration has recently slashed U.S. assistance to the Palestinians, a future effort should, by contrast, consider restoring and possibly further expanding its economic assistance to the Palestinians through USAID, which previously had been several hundred million dollars per year, so that the United States can do more in Gaza and the West Bank. Additionally, assistance should be recalibrated; Gaza represents well over one-third of the West Bank and Gaza's population, yet according to USAID in recent years it spent only about a fifth of its budget in Gaza. The United States can and should align its assistance more equitably.

Should the United States want to reverse its current course and deeply engage on the situation, it can and should take steps to better organize itself for dealing with the immediate challenges in Gaza.

And when the time comes, the secretary of state should expand existing guidance that allows USAID to do vital humanitarian work in Gaza to also include work on the power sector and others that currently are not included in American aid. As has been discussed, Gaza's electricity supply is vital to hospitals and the water supply – essential humanitarian services. Such a move would give the United States the option to play a greater role on one of the most

pressing challenges in Gaza, giving Washington greater influence in the Strip. The United States may also want to further refine and reissue its “contact policy,”¹⁰⁵ which is more than a decade old, to give U.S. NGOs the confidence that they can effectively engage in the Gaza Strip in a manner that is responsible but makes the risk of litigation more manageable. This is all the more important given how wary U.S. NGOs have grown about working in Gaza since the 2010 Supreme Court ruling¹⁰⁶ on U.S. law that relates to “material support” to “foreign organizations that engage in terrorism” for fear of being sued for brushing up against Hamas or inadvertently providing food, water, or medicine to someone who was a Hamas member.¹⁰⁷

If the U.S. administration wants to truly make an impact in Gaza, it will also have to rethink its staffing models. Economic development, particularly in Gaza, is an enormously complex challenge, and for the United States to be effective in advancing solutions for Gaza, it needs a deep and committed whole-of-government team to achieve results. This does not require massive hiring into the current team of the special envoy at the White House. It does mean having greater connectivity between that team and other U.S. government agencies. This requires a single, senior official who reports directly to the special envoy for international negotiations, along with a deputy. They would follow up daily with the key parties on the ground and internationally to advance results. They would further have the authority to knit together a team of experts from USAID along with officials from the Department of State in Jerusalem, Tel Aviv, and Washington.

The Choreography: A Coordinated Diplomatic Effort for Effective Relief

As discussed previously, the multiple actors necessary to move any project inside the Strip, when combined with the proliferation of external actors with interests or investments in Gaza, pose one of the biggest obstacles to progress there. Given its convening power and global influence, the United States can play an outsized role in coordinating this effort. The United States should work with UNSCO and others to align the goals and methods by which the humanitarian situation in Gaza is addressed. The United States and UNSCO should work together behind the scenes on a plan, with the United States engaging with Israel and Egypt and the U.N. engaging with the Palestinian leaderships in Ramallah and Gaza, to develop a common vision for the economic development of Gaza and the West Bank. Dealing effectively with the PA will require a major effort on the American part, given the decisions of the past year.

Once goals and methods are aligned, the United States and its partners should then build out an international coalition in which outside parties can take leadership roles in various subsectors or projects. From water and electricity to jobs and health, donor nations can and

The United States should put its full but quiet support behind the UNSCO effort and pressure the parties, including the PA, to accept it.

should be asked to take on responsibility for certain deliverables. These donors should be given clarity on how these projects can best be implemented – be it directly by the donors, or through local or international parties so that they can navigate the various concerns and administrative requirements from Palestinians, Israelis, and Egyptians. The United States has a special role to play since it has more leverage and influence with many of the outside donors, including the Gulf states and Europeans, than anyone else.

As part of this effort, the United States should back a new international mechanism being set up by UNSCO to try to provide more direct emergency relief in Gaza. This effort is intended to target specific, high-priority sectors and to create a fast mechanism for approval by Hamas, the PA, Israel, and/or Egypt. This would allow for more rapid implementation of projects, with the U.N. playing a more direct role in day-to-day execution. The United States should put its full but quiet support behind the UNSCO effort and pressure the parties, including the PA, to accept it. Ideally the PA would agree to participate in this effort. But no party should have a veto against improving the dire humanitarian and economic situation in Gaza.

Finally, given the abnormal complexity of the situation, outside actors need far more information to successfully implement projects. Some combination of the government of Norway, UNSCO, the World Bank, and the Office of the Quartet should create an online clearinghouse of all key publicly available information on economic development for the Gaza Strip and the West Bank. That effort could also be staffed by a development expert or resource officer who could help guide NGOs or governments with limited experience in the field to the resources they need. As part of the above-mentioned effort, the United States could ask that one of these actors take on this endeavor.

Chapter 6: A Sustainable Political Arrangement

Near-term economic measures are important for stabilizing the current situation in Gaza, but the underlying problems of the crisis are fundamentally political. As such, they can only be addressed through a political arrangement that works for all the key parties: Israel, Hamas, the PA, and Egypt. The most viable framework for such an arrangement would include both a reintegration deal between the PA and Hamas to bring elements of the PA back into Gaza over time, and a long-term cease-fire between Israel and a group of Palestinian factions that includes Hamas and Fatah and that has the blessing of the PLO. As discussed, in the past, U.S. postures toward such proposals have ranged from outright opposition to quiet acquiescence. Active American leadership is now needed. The United States should work closely with Egypt and UNSCO to promote this solution using their substantial collective influence.

This chapter will outline how we recommend the United States should pursue a comprehensive political agreement to end the crisis in Gaza. The authors will examine the various political options available before outlining why a combined PA-Hamas reintegration and a long-term cease-fire between Israel and a group of Palestinian factions that includes Hamas and Fatah and that has the blessing of the PLO is the best course

of action. The chapter will then outline how the United States can play a more active and constructive role in getting to such an agreement as well as some of the complementary economic steps that can be part of any political deal.

Political Options

STATUS QUO

First, Israel, the PA, and Egypt could continue to squeeze Hamas, containing the flow of water, electricity, and salaries to PA employees in Gaza. Using this pressure, the international community would then insist on complete Hamas capitulation, including full demilitarization and the return of the PA into Gaza.

The rationale for this policy is that outside pressures have already pushed Hamas toward concessions. More pressure, therefore, might bring more concessions. Proponents of such a policy, and there are many among Israelis and the PA, argue that while it is not ideal, no alternative is better. They contend that the first priority must remain the isolation of Hamas, and they want to avoid any reintegration plan that gives the group an opportunity to take control of the West Bank over time.

On the other hand, this policy has largely been the approach for the past decade and has failed to yield meaningful results. Hamas has made some concessions, but not of the type needed. Hamas sees full disarmament



Israeli firefighters and civilians attempt to put out a fire caused by incendiaries tied to kites flown by Palestinian protesters from across the border in May 2018. (Lior Mizrahi/Getty Images)

as suicide, and this type of pressure has not come close to bringing about such a move. It also comes with a very high cost to the people of Gaza while producing a cycle of violence with wars between Israel and Hamas every few years.

This approach of pressuring Hamas is essentially the PA's stated policy and the de facto policy of Israel. Hamas, obviously, vehemently opposes this approach.

ISRAEL-HAMAS TRUCE

Alternatively, a long-term truce between Hamas and Israel could stabilize the situation, ending the hostilities in exchange for Israel relaxing the flow of commerce and people into and out of Gaza. Proponents argue that this provides a practical solution to the two biggest problems of the status quo: (1) the perpetual security threat for Israel; and (2) living conditions for the people of Gaza.

The biggest downside to this strategy is that it trades near-term stability for the potential long-term separation of Gaza and the West Bank. With this deal in place, Hamas would have little incentive to negotiate any reintegration with the PA. Instead, Hamas could be permanently ensconced as the ruling party in Gaza.

Proponents argue that while unsatisfying, this outcome is the only practical one. Working through the PA, which does not control the situation on the ground in Gaza, has led to stalemate. The end result has been perpetual conflict between Hamas and Israel with little cost to the PA. Therefore the PA, which has been unhelpful and taken absolutist positions in all of its negotiations, should be cut out.

Under the right conditions, this option would be acceptable to Hamas, which is most interested in relieving the pressure it faces. This option may be complicated but possible for Israel to accept, and indeed weak versions of this route have been accepted in the past but have never held. An Israel-Hamas agreement would be anathema to the PA, which would find itself completely cut out.

PALESTINIAN REINTEGRATION

One form of reintegration would see both Hamas and the PLO take more flexible positions in order to reach a functional reintegration agreement. Most importantly, they would agree to the reactivation of a dormant Palestinian forum known as the "unified leadership framework" that includes PLO factions, as well as Hamas and the Palestinian Islamic Jihad (PIJ).¹⁰⁸ The PLO would remain – and be reaffirmed by Hamas as – the representative of the Palestinian people, but this body would make key policy recommendations. Hamas would not give up the



A Hamas rocket hits outside the southern Israeli town of Sderot in 2007. A long-term truce between Hamas and Israel would provide a practical solution to the two biggest problems of the status quo: the perpetual security threat for Israel and living conditions for the people of Gaza. (Uriel Sinai/Getty Images)

weapons it uses to exercise control in the Gaza Strip, but it would agree to freeze its military buildup and to partial disarmament. This would involve the immediate destruction of all attack tunnels. Hamas would agree to cease all rocket attacks and cease any production of rockets or their imports, but realistically it would not give up its arsenal until much later on in the reintegration process, at least. It would also agree to the gradual reintegration of the internal security/police forces in Gaza with those of the PA. In exchange for extending greater legitimacy to Hamas, and taking responsibility for some of the basic civilian governance responsibilities that Hamas no longer wants, the PA would be re-legitimized by Hamas as the representative of the Palestinian people. Egypt would also increase its support through Rafah.

This option takes a realistic approach to addressing the question of reintegration. Recognizing that the PA is likely not going to be able to fully control Gaza in the near future, this option instead offers a long-term route by which the PLO integrates Hamas and in doing so affects its behavior. And giving the PA/PLO greater responsibility in Gaza will make them more likely to actively promote deeper investment and development there.¹⁰⁹

However, reintegration efforts have been tried and have failed numerous times. While some things have changed, it is not clear if such an approach is now viable, taken alone. It would be sensitive to spoilers from within Hamas – its military wing perhaps – and from other groups, including PIJ or even Salafi groups in the Gaza Strip. This approach demands quite a bit of Hamas in



Palestinian President Mahmoud Abbas speaks to Fatah and Hamas members in Cairo in May 2011 after the two factions signed a reconciliation accord. (Thaer Ganaim/PPO via Getty Images)

terms of disarmament. If these requirements are not met, then Israel would not necessarily provide relief at crossings, potentially undermining the entire effort even if the PA and Egypt are more flexible in letting goods and investments into Gaza. The PA, for its part, fears that the Israeli government would hold it responsible for rocket attacks from Gaza into Israel, even if it has little control over the security situation on the ground.

This option will be hard for both the PA and Hamas to accept. Both would have to give significant political concessions they have so far been unwilling to make. Some Israeli officials may quietly acquiesce to this approach, especially if any deal is branded as a return of the PA to Gaza, but Israel will fear that this deal gives Hamas a political pathway into the West Bank.

This agreement can only gain approval from core political constituencies in Gaza and the West Bank, however, if Israel is willing to allow a dramatically freer flow of people and goods in and out of Gaza. Unless ordinary Palestinians see the lives of the residents of Gaza dramatically improving, they are unlikely to support such an agreement. But it is unclear if Israel would be able to make major changes in this regard, especially if it received no assurances from Hamas or the PA regarding the security threats coming from Gaza.

The Recommended Approach¹¹⁰

To escape a disastrous status quo, the authors recommend combining a Palestinian reintegration agreement with a long-term cease-fire between Israel and a group of Palestinian factions that includes Hamas and Fatah

and that has the blessing of the PLO. Such a three-way agreement, involving the PA and Hamas, with Israel as a silent partner, offers the best chance for a viable, long-term solution. A reintegration agreement between the PLO and Hamas would bring the PA slowly back into Gaza, and a long-term cease-fire would offer a chance to end the cycle of violence in Gaza. To reach this cease-fire, the group of factions that includes both Fatah and Hamas would act as an umbrella entity so that Israeli politicians do not have to publicly acknowledge an agreement with Hamas, and so that the PA is not cut out of the process and instead regains legitimacy as the international representative of the Palestinians as a whole.

Hamas, for its part, would gain considerable easing of its current dire straits.

Hamas would:

- Accept the PLO's continued role as the sole legitimate representative of the Palestinian people.
- Agree to abide by a long-term cease-fire in Gaza, for which it would remain responsible.
- Suspend military operations in the West Bank.
- Freeze any expansion of its military capabilities, destroy its attack tunnels, and commit to not launch rockets.
- Relinquish its control of key civilian governing ministries inside Gaza.
- Agree to a process to reintegrate the public-sector workforce in Gaza.
- Work toward a long-term vetting process to integrate its security forces in Gaza with PA security forces, which would slowly re-enter Gaza starting with the border crossings.

The PA/PLO would:

- Allow for the establishment of a joint governing committee that would include Fatah, Hamas, and other key political parties, which would nominally draw its legitimacy from the PLO.
- Agree to a process to reintegrate the public-sector workforce in Gaza.
- Take a much more proactive posture in supporting infrastructure and long-term economic development in Gaza.

- Play a central role as part of the delegation that negotiates a long-term Gaza cease-fire.
- Retake control of the ministries responsible for key services inside Gaza.
- Slowly begin to insert PA security forces, first at the border crossings and over time inside Gaza.

Israel would:

- Agree to Palestinian reintegration and to working with a Palestinian national unity government, including officials acceptable to, if not members of, Hamas.
- Agree to significant long-term relaxation of restrictions on the movement of people and goods into and out of Gaza, most importantly by offering a meaningful and growing number of work permits for the residents of Gaza.
- Agree to meaningful gestures in the West Bank such as the reclassification of a portion of Area C into Area B.
- Quietly agree not to hold the PA/PLO responsible for any and all rocket fire or other attacks coming out of Gaza – instead continuing to hold Hamas responsible.

Any such agreement is a huge lift, requiring political sacrifice on all sides. This formula provides the benefits to each party needed to induce such concessions. Combining two major components – reintegration and a cease-fire – brings a greater likelihood of success than

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any other option. An intra-Palestinian reintegration agreement will require a significant improvement in Gaza's economic situation to succeed and is therefore impossible without a deal on a long-term cease-fire

between Israel and a group of Palestinian factions that includes Hamas and Fatah and that has the blessing of the PLO. Such an arrangement would provide the economic improvement Hamas would need while bringing the assurances of sustained quiet along the armistice line with Gaza that would entice crucial Israeli participation.

First and foremost, such an approach is likely to be supported by the ordinary residents of the Gaza Strip. It would bring increased supplies of water, electricity, and greater freedom of movement to Israel and the outside world as well as commerce. It would further bring better governance and most of all greater security. Ordinary Palestinians in the West Bank, who deeply care about the humanitarian conditions in Gaza, would also support it. Further, many residents of southern Israel, who want better security and many of whom have voiced support for a return of the residents of Gaza to agricultural jobs in southern Israel, would likely support it. Such popular support could undergird the political action needed to get there.

For the political parties on each side, this agreement would bring both significant benefit and sacrifice. Hamas would see an end to the siege and could shift unwanted governing responsibilities in Gaza to the PA without agreeing to full disarmament. Hamas would, however, have to make significant concessions by meaningfully reducing its military capabilities and agreeing to a long-term commitment to nonviolence against Israel. Hamas would be also able to participate in broader national strategy decisionmaking in partnership with other Palestinian political parties while avoiding the difficult day-to-day service provision aspects of governance, but only in exchange for accepting the nominal supremacy of the PLO in international affairs.

Israel would receive the promise of quiet along its boundary with Gaza in the form of a sustainable, long-term cease-fire, for which Hamas would remain accountable. Further, this agreement would provide a pathway for the PA to partially retake control of Gaza while still allowing Israel to hold Hamas responsible for attacks launched from the Strip. However, Israel would have to take major steps to loosen restrictions on Gaza, which comes with security and political risk. Ideally, Israel would also recover the remains of two IDF soldiers and the freedom of four Israeli civilians missing in Gaza. However, if that is not possible this issue should be decoupled from the broader negotiation on Gaza. This has become a major political issue in Israel, but the future of 2 million Palestinians and the security of all residents of southern Israel cannot be put on hold. If a side



Israeli soldiers stand watch along the Israeli-Gaza border near the Gaza neighborhood of Shujaiya. In a long-term cease-fire with Hamas, Israel would receive the promise of quiet along its boundary with Gaza. (Lior Mizrahi/Getty Images)

deal can be agreed upon to return the captive civilians and remains to Israel, all the better.

Accepting this agreement would require compromise from all the key parties, but PA/PLO may find it the most difficult to accept. While it would see Hamas reaffirming the PLO's role as the representative of the Palestinian people and agreeing to suspend military operations in the West Bank, the PA would be forced to take responsibility for Gaza – a thankless task it has tried to avoid. Israeli commitments to not hold the PA responsible for bad behavior by spoilers could alleviate some concerns, and international guarantees on this point could further help, but they will not fully address PA anxiety and may be subsequently tested.

The most important thing that can be done for the PA is to signal through action that this agreement is not separated from advancement toward a two-state solution. Instead, to address PA concerns, this agreement will need to include significant gestures by Israel or the international community that strengthen the PA's hand in the West Bank and signal a recommitment to a two-state agreement. For example, Israel could allow for greater development of a portion of West Bank Area C under full Israeli control, or even its conversion to Area B, where Palestinians have civilian authority – the single most significant economic and political step that Israel could take to improve Palestinians' situation in the West Bank.¹¹¹ Some in the international community, perhaps in Europe, could recognize a Palestinian state as part of this agreement, deferring judgment on the final status issues. Moreover, reconciliation is highly popular among the

Palestinian public, and the PA's role as the key facilitator of this agreement should be emphasized so as to provide it a political victory.

To further induce participation, pressure can be brought to bear on all the parties. For Hamas, the pressure point is clear: Hamas and the residents of Gaza stand to gain far more, in terms of economic growth and human freedom of movement, by cooperating than by not doing so. For the PA/PLO, whose broader strategy toward Israel relies on internationalizing the conflict to gain support from the U.N. and the Europeans, those parties especially should have some ability to provide motivation with international pressure. And, should Israel prove uncooperative with American efforts, the United States could signal it will move ahead anyway, actively supporting a reintegration agreement over Israeli objections that would impose much less stringent terms on Hamas. Together, these negative incentives can push the parties toward flexibility.

If, after a concerted, long-term effort, the United States finds that a combined reintegration and cease-fire arrangement is not possible, it should pivot to advancing a limited cease-fire that would allow for as much crisis alleviation as possible. This pivot should leave open the door for the wider bargain. A limited cease-fire could prevent future conflict and improve living conditions for 2 million Palestinians and is therefore a necessary backup plan. Moreover, if PA obstinacy prevents progress on the first track, a significant effort on this front by Europeans might pressure the PA to be more flexible. Fearful of being left out in the cold by an Israel-Hamas deal, the PA might show greater openness to a wider bargain.

How to Orchestrate

As noted, U.S. posture toward intra-Palestinian reconciliation and Israel-Hamas cease-fires has evolved from outright opposition to quiet acquiescence. If the United States wants a sustainable, long-term political arrangement for Gaza, it needs to go beyond not obstructing and give this initiative its full-throated support. This does not mean trying to push others out of the room and do everything alone, as is often the U.S. approach to the Israel-Palestine file. Instead, the United States should closely engage with the other key external actors – namely Egypt and UNSCO – to agree on a common approach.

With Egypt, UNSCO, and the United States firmly on the same page, they can rally other external actors around the plan, as the only international plan behind which everyone should unify. The United States should send a clear message to Qatar, which, while it has a unique relationship with Hamas, also has poor ties to other Gulf countries and Egypt, that the United States appreciates the constructive role Qatar has played in recent years in providing aid to Gaza, but that Washington expects Doha's message to Hamas to be clear – that the Egypt-U.N.-U.S. plan is the only political option. The Gulf states and the Arab League should be encouraged to recognize the principle of one authority in Gaza – putting additional pressure on Hamas and boosting the PA. They should also be willing to offer Israel the incentive of some form of improved relations in exchange for progress on Gaza. Europe will have a particularly important part to play in presenting the PA with both incentives and pressures to accept the Egypt-U.N.-U.S. plan, as discussed. Those pressures could include threatening to reprogram aid money away from the PA and into direct assistance for Gaza if the PA's policies do not change. The United States should press Turkey to put its financial aid to Gaza through the U.N. mechanism instead of going directly to Hamas. Like Qatar, Turkey should also be pushed to stay out of the political process.

Overall, the United States and Egypt will have the most impact in pressing Israel to accept the plan. The U.N., Egypt, and Qatar will have the greatest leverage over Hamas. And Europe, the U.N., the Arab states, and the United States will all have to press the PA to accept. Getting agreement from Israel, Hamas, and the PA will still be extraordinarily difficult, but a coordinated campaign that involves all of the external actors has the greatest likelihood of achieving success.

Moreover, as part of this effort the United States will have to work with UNSCO, Egypt, and the rest of the

key players not just on an agreement but on a viable monitoring and implementation mechanism. Any deal will have to include the introduction of monitors, likely Egyptian, to ensure Hamas is indeed taking the steps it has committed to on demilitarization and to assist with the transition of ministries from Hamas to the PA. The United States will need to ensure the steps Israel has agreed to with regard to ending the blockade are also being executed.

It's important to note as well that this approach does not require the United States to change its relationship to Hamas. The United States can continue its policy of not engaging with Hamas, considering it a foreign terrorist organization until it meets the conditions laid out by the Quartet. This approach instead calls for U.S. policy to support an intra-Palestinian reintegration agreement that creates a government that includes Hamas and recognizes the Quartet conditions. Moreover, the United States will actively work for such a reintegration agreement on the condition that it includes arrangements by which Hamas respects a long-term cease-fire with Israel.

Complementary Economic Measures

The political solutions described in this chapter should be complemented with long-term economic measures. Gaza requires a transformation in freedom of movement if it is to prosper on even a moderate level. First, and most importantly, vigorous diplomacy is needed to set the conditions for the 25,000 Gaza residents who once worked in Israel to regularly return to work – or even double or triple that figure. As 70,000 West Bank residents work in Israel, this should not be impossible to imagine with time. Second, the organic connection between Gaza and the West Bank can and should be established. After the Oslo Accords were signed in the mid- to late 1990s, about 25,000 residents had permits to travel into Israel for regular work.¹¹²

The United States and the international community should also support a long-term development strategy for Gaza. Connected Gaza, an initiative of Palestinian business groups and others is one such initiative.¹¹³ It details a future Gaza able to accommodate its projected 3.5 million residents in 2050. It sees a Gaza with a GDP many times higher than today, driven by a modern knowledge- and trade-based economy that is securely connected to the West Bank, Israel, and the outside world. Instead of its present, cumbersome system of importing goods through Israel, Gaza would have its own seaport. Some have estimated this would lower trade costs for Gaza by as much as 25 percent and potentially boost exports by 27 percent, thereby strengthening

the economy, improving consumer purchasing power, and creating jobs. The Connected Gaza plan anchors economic growth on a Gaza seaport and airport near the Strip's northern demarcation line with Israel. The status quo, on the other hand, is that goods enter Gaza via Israel's Kerem Shalom crossing, which is closely supervised, or via Gaza's border with Egypt, which is not.

Several other ideas, some more practical than others, have been floated. Israeli Minister of Transportation and Intelligence Yisrael Katz has proposed an artificial island off Gaza's coast that could be tightly controlled by Israel,¹¹⁴ Hamas has put forward an idea for a port in Gaza City, and Asaf Ashar, an Israeli-American academic and transportation consultant, has outlined concepts for Gaza-dedicated seaports just outside the Strip in Zikim, Israel, or just on the Egyptian side of the Gaza border, and another one farther west in Al Arish, Egypt.¹¹⁵ Each presents its own challenges. Israelis feel threatened by ports inside Gaza, Palestinians feel that seaports outside of Gaza do not fulfill their national aspirations for dignity, and Egyptians fear that a Gaza-tied port might connect Gaza to Egypt too closely.

A long-term solution for Gaza should also include a large-scale desalination plant. Previously discussed measures offer short-term and much-needed improvements to the precarious water situation, but they only go

a short distance in addressing the enormous gap between Gaza's water needs and its present supply. To fill this gap, the Palestinian Water Authority is working closely with the international community on plans for a \$700 million Gaza desalination plant,¹¹⁶ which should be able to provide 55 MCM within five years of commencement on the project, with double the output down the line with further investment.¹¹⁷ At a meeting in Brussels in March 2018, donors pledged 80 percent of the €562 million cost of the project, with the Islamic Development Bank pledging 50 percent of the total cost. The government of Israel has voiced its support for the project.¹¹⁸ The United States has already invested tens of millions of dollars in associated water infrastructure in Gaza in recent years and should continue its leadership role in the water sector in Gaza and continue to voice support for the project. Although the water would not be provided for years to come and will require a considerable fuel source, it is essential to advance work now to avoid a humanitarian catastrophe.

There is also an important solution that could help meet Gaza's growing needs for electricity over the coming decade. The Gas for Gaza program could provide triple the power that Gaza used throughout 2017, and by 2021 it could satisfy two-thirds of the Strip's projected electricity needs using one of the cleanest, most reliable,



A U.N. housing project intended to shelter Palestinians whose homes were destroyed on the Rafah-Egypt border remained incomplete for a considerable period of time after construction in Gaza was halted due to the Israeli blockade. (Warrick Page/Getty Images)



Old generators wait to be fixed in a repair shop in Gaza City, Gaza. Residents in Gaza desperately need more than the few hours of electricity they receive each day. (Chris McGrath/Getty Images)

cost-efficient energy sources: natural gas. Planning for this project began in 2014, and persistence by all parties – Palestinians, Israelis, and the international community – will be required to make it a reality. The PA has long since green-lighted the project, and in 2016 Israel offered its approval of the pipeline's route in principle. Over the coming year, continued focus will be required to choreograph solutions to make this pipeline a reality. Infrastructure costs are estimated at \$80 million to \$100 million. The United States and the international community could provide financing for both Israeli and Palestinian sides of the pipeline. The European Union and key governments, especially the Netherlands, have played a leading role in developing the project.¹¹⁹

Finally, a long-term solution for Gaza will also require fixing the public-sector workforce. According to one estimate, fewer than half of the estimated 23,000 non-security PA employees in Gaza report to work¹²⁰ for Gaza ministries controlled by the de facto (Hamas) government, but they nonetheless continue to get paid. Meanwhile, the de facto government has about 20,000 nonsecurity personnel in Gaza who are working, but they are rarely fully paid due to Hamas' chronic financial problems. Each workforce – Hamas' and the PA's – in theory has a wage bill of about \$200 million per year.¹²¹ Under the framework of the 2011 Cairo Reconciliation Agreement¹²² and noted in the October 2017 agreement,¹²³ Ziad Abu Amr from the PA led – with Hamas participation – a “Legal and Administrative Committee.” The goal of the committee was to examine how the de facto civil servants could be integrated into the PA. During the fall/winter of 2017–18 this committee took a close look at the

situation and proposed integrating about 15,000 to 17,000 de facto (Hamas) nonsecurity employees in Gaza onto PA payrolls and hiring 3,000 to 5,000 new Gaza-based employees. With enough political will, this should be a fairly straightforward process – where only a modest amount of vetting is required, followed by an intensive training program to bring these employees to PA standards. The ultimate goal should be that “all working employees should receive a salary, and all employees receiving a salary should be working.”¹²⁴

A more complex issue is how to resolve the employment of those who report to the de facto ministry of interior in Gaza: security police, civil defense and the two Hamas intelligence services. These concerns will likely need to be deferred to a second phase.

Chapter 7: Preparing for Contingencies

As the United States pursues the policy described in previous chapters, it should also prepare for contingencies. The current situation is so difficult, and the incentives of the parties to maintain the status quo are so strong, that a long-term sustainable political arrangement may not be immediately possible. It may take a moment of crisis to produce the necessary flexibility in each of the key parties to allow for a comprehensive deal that can fundamentally reshape the situation.

The three exogenous scenarios most likely to cause a shift in this calculus are: (1) a new major military conflict between Hamas and Israel; (2) a change in Palestinian leadership; and (3) a change in Israeli leadership or a shift in the governing coalition. The United States should not play any role in bringing about these scenarios. In case of any of these outcomes, however, the United States should be prepared to pursue the two objectives of stabilizing Gaza and reintegrating the Palestinian polity. This is especially acute with the possibility of a new conflict between Israel and Hamas.

A New Conflict

The first priority of any policy toward Gaza should be to work strenuously to avoid conflict between Hamas and Israel. The last major war between the two sides, in 2014, had grave consequences, with 2,104 Palestinians and 72 Israelis killed¹²⁵ and extensive damage done to Gaza's infrastructure, which after four years has still not been repaired. The authors in no way advocate another conflict between Israel and Hamas as a solution to Gaza's problems; everything should be done to prevent one.

But if a new conflict does break out, the United States should be prepared. In response, it should work with the international community – but particularly, core Gaza policy partners Egypt and UNSCO – to use the pressure and attention triggered by the conflict to push the parties toward the comprehensive agreement outlined in Chapter 6: namely, an integrated PA-Hamas reintegration agreement and a comprehensive long-term Hamas-Israel cease-fire. This would represent a fundamental shift from conflict resolution efforts during previous rounds of fighting, which produced limited cease-fires between Israel and Hamas that managed only to cement the status quo.



Soldiers inspect an Israeli home in Yehud, south of Tel Aviv, that was hit by a Hamas rocket in 2014. The last major war between the two sides, in 2014, had grave consequences. (Lior Mizrahi/Getty Images)

A new conflict may prompt the parties to reconsider their options and question whether maintaining the status quo really serves their interests. With every conflict with Hamas, the political pressure rises on Israeli leaders to invade and retake the Strip at great cost. Meanwhile, every conflict forces Hamas to contemplate the question of its very survival as Israel weighs the option of invasion. The PA, for its part, has come under less pressure during such a conflict, as it is not a direct party; pressure would build, however, as the Palestinian people watch another disaster unfold in Gaza, with the PA seen as irrelevant and ineffectual. Moreover, previous conflicts in Gaza have always led to instability and protest inside the West Bank, potentially threatening the PA's ability to control events there.

The United States, working with the other external actors, should make three changes from past efforts in its response to a potential conflict. First, it should avoid the temptation to pursue the simple solution of the past, by which Egypt negotiates a “quiet for quiet” deal involving minor economic improvements in Gaza and an agreement to later negotiate broader issues. The temptation to pursue this approach is obvious, as it may most easily end the conflict. Once the pressure of the conflict recedes, however, the tough conversations on long-term arrangements never materialize. The next cease-fire agreement can and should instead be more comprehensive, acting as part of a broader intra-Palestinian reintegration deal. It should include detailed, written understandings and potentially an international oversight mechanism for implementation. Egypt must play a central role, but it cannot be the sole guarantor of such an arrangement, which must also include the United States and UNSCO, with the cooperation of other parties, including Qatar and its Gulf Cooperation Council rivals.

It is not practical to develop a comprehensive agreement from scratch in the middle of a war, and such an attempt would only extend the conflict. Therefore, conditions need to be set now. The United States, UNSCO, and Egypt should agree on a formula for an agreement and gain support from all the external actors for such a framework. If these parties are willing to support such an arrangement publicly, it could set the conditions for a breakthrough in the event of a conflict. This means that even a failed negotiation now could be valuable later in setting expectations of what a viable long-term solution may look like. Such expectations would mean that, when conflict breaks out and the various parties become more amenable to an agreement, they are not starting from nothing.

Finally, the surge in international interest and attention brought by a conflict produces both opportunities and challenges. If the various external actors have a coordinated policy and agreed-upon objectives, then the additional attention could aid them in pressuring the combatants to pursue their approach. Without such coordination, however, the international surge of interest can just reinforce the chaos, as was the case in 2014. During that year's conflict, the United States, the U.N., France, Qatar, and Egypt all had high-level officials engaging with the parties, each pursuing its own approach. These conflicting initiatives likely extended the conflict, and in the end the parties simply returned to the same formula used in 2012 and 2009.

A Shift in Palestinian Leadership

Recent years have seen rampant speculation about the possibility of a leadership transition inside the Palestinian Authority. At the time of publication, Abbas is 83 years old and will eventually step down as president. The authors do not wish to speculate either on the time frame for such a transition or on the desirability of candidates to succeed Abbas – that is only for the Palestinian people to decide. But this report can focus narrowly on how such a transition might impact U.S. policy, especially with regard to Gaza.

One possibility is that a transition could create greater flexibility inside the PA. Abbas is deeply skeptical of any effort in which the PA retakes control of governance in parts of Gaza. In negotiations with Hamas, he has insisted on a hard-line position, essentially requiring a



Palestinian President Mahmoud Abbas leaves Palestine Liberation Organization headquarters after attending a meeting of the PLO Executive Committee on January 26, 2011, in Ramallah, West Bank. (Thaer Ganaim/PPO via Getty Images)

full Hamas surrender before the PA would be willing to take responsibility for Gaza. This is a nonstarter for Hamas. Abbas' position is not universally held inside the PA and Fatah, however. Many who see the plight of their brethren in Gaza feel the PA must be more constructive and engaged in pursuing a solution. If officials with that inclination assume power or see their influence rise, a leadership transition could create new opportunities for a breakthrough. Moreover, a new leadership might look to make a splash early, consolidating its power with a highly popular move. Few things are more popular in Palestinian politics than Hamas-Fatah reconciliation, which may or may not include elections. Thus, the next Palestinian leaders may at first take more flexible positions than did their predecessor.

There are also real risks to such a transition. The PA may find itself stuck in a power struggle that could take years to play out. In the meantime, it would be nearly impossible to pursue major initiatives – especially ones that come with the risk and complexity associated with reinserting the PA into Gaza. Moreover, a leadership transition could weaken the PA overall, creating opportunities for Hamas inside the West Bank to potentially take over leadership. In such a moment of weakness for the PA, it and Israel would be highly reticent to pursue any agreement with Hamas, and the international community would have to be wary of pushing for one.

Despite the risks, a transition in leadership may create, perhaps after a consolidation period, a moment to test old assumptions about Gaza. If the United States and its partners fail to yield significant progress along the lines described above, it should revisit these efforts in earnest should a leadership transition in the PA occur.

A Shift in Israeli Leadership

Israel also faces the possibility of leadership change through its regular electoral process, be it in parliamentary elections taking place in 2019 or at some subsequent time.

A government that continues to be led by Prime Minister Benjamin Netanyahu with the current or a similar coalition would likely not create new opportunities for significant progress on Gaza. Cease-fires between Israel and Hamas, especially informal ones, are possible: Those in Israel who prioritize alleviating the crisis in Gaza could support it, and those in the right wing who oppose a two-state solution can also see benefit in a Gaza-only agreement, and would be less sensitive to the price paid by the PA for such a deal. Ironically, some opposition may come from the left, among those who prioritize the position of the PA.



Israeli Prime Minister Benjamin Netanyahu visits an Israel Air Force base in central Israel in May 2018. (Kobi Gideon/GPO via Getty Images)

On the other hand, the right wing in Israel would strongly oppose a comprehensive cease-fire with Hamas in combination with a reintegration agreement, as this not only would require dealing with Hamas but would create the conditions for a unified Palestinian polity that could more effectively negotiate a two-state agreement with Israel. A more centrist, or even left-leaning, governing coalition may provide a prime minister with better backing for such a comprehensive approach.

Even in these scenarios, it would still be very challenging for the Israeli government to negotiate any agreement that involves Hamas, given how unpopular such a concept is with the Israeli public. Even if the right wing is less represented in the coalition, it could still apply significant pressure and score political points at the leadership's expense if it opted for a political process in Gaza. Still, in these scenarios the U.S. government and the international community should be prepared to put more effort into solving the Gaza question, especially early on after the new government's formation.

The policies proposed in this report are difficult to implement given current conditions. They may indeed not be possible without changes to the calculations of key actors. Allowing Gaza to remain as a permanent disaster, however, is morally wrong and contrary to U.S. interests. Moreover, the situation in the Middle East is not static and can shift dramatically over short periods of time. The authors believe the United States would be best served by pursuing the strategy recommended in this report and by reinvigorating its efforts to change the grim reality of the Gaza Strip today. Even if not yet fully implementable, such an approach would prepare the United States to seize a future window of opportunity to end Gaza's perpetual crisis.

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