

## Gaza: how can the next war be prevented?

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### Executive summary

- Gaza deserves more international policy attention and prioritisation. On the one hand, it constitutes a powder keg threatening to explode. On the other hand, policy options exist which offer opportunities to significantly reduce the dangers of escalation.
- A Hamas-ruled Gaza represents an unresolved challenge to the currently gloomy long-term prospects of Israeli-Palestinian peace, given Hamas's extreme Islamist nature, inherent objection to recognising Israel, use of terror and rivalry with the Palestinian Authority (PA).
- Gaza's economy and infrastructures are in a dire state while the pace of reconstruction is slow, creating tremendous pressures within the Strip. Fixing them is hindered by the lack of international donor funds, the PA's reluctance to be involved in Gaza, Egypt's profound hostility towards Hamas, basic tensions with Israel, and Hamas diverting reconstruction materials to its own governance and military needs.
- Exacerbating the situation in Gaza to the detriment of the population, Hamas has been frantically re-arming itself, building its military capabilities and digging cross-border offensive tunnels for a future round of conflict with Israel, and its extremely radical military wing has developed cooperation with Islamic State in Iraq and Syria (ISIS) in Sinai, as well as with Iran.
- While Israel regards Hamas as a bitter enemy sworn to its destruction, in practical policy terms, its current attitude towards the organisation represents constant balancing within the following tensions: Weakening Hamas, yet keeping it as a responsible *de facto* governing address (for lack of a better alternative) capable of enforcing a ceasefire on all other factions; maintaining Israel's policy of disengagement from Gaza while ensuring the Strip does not collapse into chaos or further militarise; and fostering deterrence vis-à-vis Hamas and other armed groups in Gaza without contributing to an undesired escalation. An additional challenge is implementing these policies without undermining the important relations with Egypt and undercutting the PA.
- Israel would prefer to use the significant deterrence vis-à-vis Hamas achieved in the 2014 Operation Protective Edge as a basis for a long-term ceasefire arrangement, which would incorporate far-reaching reconstruction projects and strict security arrangements. However, this is made harder by the difficulties in reconciling Israel and Hamas's conflicting expectations, the unresolved issue of Hamas holding Israeli citizens and soldiers' bodies, Hamas's opposition to commit to a Gaza ceasefire also applying to the West Bank, the PA's reluctance to play an active role in Gaza, and Egypt's hostile attitude towards Hamas.
- While political tools to address Gaza's basic maladies are currently limited, the key to a possible change in the picture is a more assertive role by the next US administration, with active European support. The aim should be to raise international priority for basic humanitarian and economic solutions for Gaza, garner necessary international resources and create a political context for these solutions.
- Notwithstanding the political challenges, the international community should advance available economic tools (detailed in this paper) in the areas of water, sewage, electricity, energy, housing reconstruction and economic development, in order to effectively and speedily address Gaza's collapsing infrastructures and

faltering economy. A seaport should also be on the agenda, yet treated carefully given the high security and economic stakes and tied to a long-term ceasefire.

- At the same time and mindful of Hamas's ambitions to lead the Palestinian national movement in the post-Abbas era (it intends to compete in the upcoming municipal elections and may run in future national elections) – these policies should be mindful not to embolden Hamas at the expense of the PA or bestow Hamas with the legitimacy it seeks as long as it refuses to renounce violence and accept a political solution which recognises Israel.

## Introduction

Two years after the last round of armed conflict between Israel and militant groups in Gaza, this tiny Hamas-ruled strip resembles a powder keg and pressure cooker. In the Israeli public discourse another violent round is considered a matter of when, not if. However, policy options for Gaza exist which offer opportunities to significantly reduce the dangers of escalation.

Since Israel's 51-day Operation Protective Edge in Gaza in the summer of 2014, the Gaza/Hamas-Israel border has seen two of its quietest years since Israel's unilateral evacuation of Gaza in 2005. Hamas suffered a severe blow and is for now deterred from direct violent confrontation with Israel. It even effectively enforces the ceasefire on other armed groups in Gaza who occasionally fire at Israel. Yet below the surface serious tensions are simmering and the ceasefire is challenged and fragile.

## The challenge of the humanitarian crisis

The first major challenge is the dire state of the economy and basic infrastructure in Gaza and the slow pace of reconstruction. Gaza, one of the more densely-populated areas in the world, has seen ongoing deterioration in its economy and infrastructure since its takeover by Hamas in a violent coup in 2007. Hamas's extreme Islamist nature, political rivalry with the Palestinian Authority, ideological hostility towards the West, rejection of peace with and calls to eradicate Israel, and the use of terror have resulted in Gaza suffering from international isolation and the Strip's borders being mostly closed (save for humanitarian needs). Moreover, following Israel's

unilateral pull-out of Gaza in 2005, Hamas and other armed groups in Gaza have constantly provoked Israel with rocket-fire and other types of terror (in both Gaza and the West Bank), leading Israel to three rounds of armed conflict in six years in order to stop the threat.

As a result of the Arab Spring, Hamas lost essential sources of support, most notably neighbouring Egypt (since President Abd-al-Fattah al-Sisi ousted the Muslim Brotherhood regime in 2013) and some Iranian financial assistance (because of differences over the war in Syria). The loss of Egypt was a particularly painful blow. Unlike Mohamed Morsi's Islamist government's support to Hamas, al-Sisi regards it as a national enemy due to its affiliation with the Muslim Brotherhood (Hamas is essentially the Palestinian wing of the Muslim Brotherhood movement) and its cooperation with ISIS elements in Sinai. Under al-Sisi's rule, the border between Egypt and Gaza has been effectively sealed and smuggling through it greatly reduced. Consequently, Hamas lost a major source of income. The 2014 war further exacerbated the dire humanitarian situation in Gaza, leaving behind more destruction.

Immediately following the war, in September 2014, a Gaza Reconstruction Mechanism (GRM) was established by agreement between the UN, Israel and the PA. Since then, notable reconstruction efforts have been implemented.

Almost all reconstruction materials and basic humanitarian needs go to Gaza through Israel. Over the past two years Israel more than tripled the number of truckloads crossing daily from its territory to Gaza to over 800, and is in the process of expanding the border crossings' capacity to allow for well over 1,000 trucks a day (including the addition of a cargo crossing in Erez). Israel has also allowed for limited exports from Gaza to Israel and the West Bank for the first time since Hamas took over Gaza.

According to the 1 July Quartet report on the Israeli-Palestinian situation, since the 2014 Israel-Hamas confrontation 1.3m tons of construction material have entered Gaza, and more than 90 per cent of schools, 80 per cent of electricity and 60 per cent of water infrastructure damaged in the conflict have subsequently been repaired or rebuilt with international support.

Yet reconstruction remains inadequate and Gaza continues to suffer from a humanitarian crisis,

# Improving the situation

Since the 2014 Gaza conflict, efforts have been made to rebuild damaged facilities and improve the humanitarian situation in the Gaza Strip.

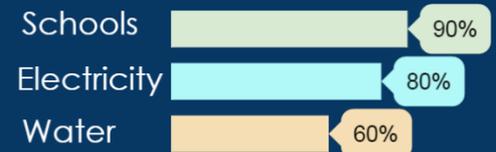
The number of trucks entering Gaza from Israel has tripled in the past two years and this will increase further after border checkpoints are upgraded



**1.3m**  
Tonnes of construction material have entered Gaza since 2014

**325%**  
Increase in merchants crossing from Gaza into Israel since 2015

Percentages of infrastructure damaged in the 2014 conflict which has now been repaired



\*Source: 2016 Quartet report, COGAT, BICOM Research

under-developed and crippled infrastructure, high rates of unemployment and severe poverty. The Quartet report notes that of the houses that suffered severe damage in the last confrontation (all in all, about 100,000 houses were hit in various degrees of severity) over three quarters have yet to be repaired. Meanwhile of Gaza's approximately 1.8m inhabitants, about 1.3m (over 70 per cent) require sustained international humanitarian assistance, including shelter and food. Unemployment is estimated at over 40 per cent (and over 50 per cent among the youth). Electricity is provided for less than 12 hours a day and there is an acute shortage of drinking water with over 90 per cent of Gaza's aquifer polluted. The lack of proper sewage infrastructure and waste water treatment<sup>1</sup> create serious public health and water pollution challenges; on a number of occasions in recent months Israel was forced to temporarily shut down its Ashkelon water desalination facility in the Mediterranean due to the high concentration of wastewater flowing from Gaza. A widely cited [UN report](#) warned that lacking a solution, Gaza may become uninhabitable by 2020.

In addition, Gazans suffer from the fact that their borders are normally closed given that both Israel and Egypt regard Hamas-ruled Gaza as enemy territory. Exit to and through Israel is restricted to medical and other humanitarian cases as well as businesspeople and religious visits. In the last three years the border with Egypt has been opened on average for around two days every month, leaving trapped tens of thousands of Gazans who have registered to exit.

There are several reasons for the slow pace of

reconstruction in Gaza. First, the international donor community is slow in providing the funds it has pledged. At the Cairo donor conference organised by Egypt and Norway in October 2014 in the wake of the Gaza war, US\$3.5bn was pledged to Gaza, but since then only some 40 per cent has actually been delivered.

Second, the PA is extremely reluctant to play any active role in Gaza. Lacking full control over Gaza, the PA is concerned lest it finds itself in a situation where it helps boost reconstruction (possibly at the expense of the West Bank) but it is Hamas – a competitor for the leadership of the Palestinian national movement – that cashes in politically. While the PA is part of the GRM (which decides on reconstruction projects and funnels funds for them) and is financially involved in Gaza (including through salaries and taxes), its deep suspicion towards Hamas prevents it from providing full support for reconstruction and undertaking any role on the ground, including the deployment of PA personnel at the Gaza crossings with Egypt (the Rafah Crossing) and Israel. This dichotomy further complicates and slows down the reconstruction process. Meanwhile numerous failed mediation attempts between Fatah and Hamas have been registered and reconciliation is still not in sight.

Third, Hamas diverts some of the humanitarian reconstruction materials to its own governance needs – especially building up its military capacity. There is clear evidence of Hamas seizing trucks with designated reconstruction materials and of its personnel buying such materials on the black market in Gaza. On several occasions Israel temporarily suspended the

inflow of some dual-use materials into Gaza after exposing smuggling attempts of such materials for military purposes, such as cement for tunnel reconstruction. In August 2016 Israel's security services exposed two cases in which Hamas had infiltrated major international humanitarian organisations operating in Gaza – World Vision and UN Development Programme - and had for years diverted humanitarian goods and funds worth tens of millions of dollars towards military purposes.<sup>2</sup>

While Egypt does not prevent humanitarian assistance entering Gaza, it refuses (with rare exceptions) the entry of materials and goods through its own crossing (Rafah) and directs them through Israel – thereby trying to escape any responsibility for the Strip. The onus therefore falls on Israel and its crossings (Kerem Shalom and Erez), which are governed by strong security considerations given Hamas's nature.

### Hamas's military build-up and Israel's response

Since Operation Protective Edge in 2014 Hamas has been frantically re-arming itself and building its military capabilities for a future round of conflict. However, such a high priority national project has come at the expense of the local population. According to Israeli intelligence, Hamas invests as much as 20 per cent of its budget on military build-up. Hamas has organised and trained its armed forces, built a line of military strongholds along Israel's border and strives to replenish and develop its arsenal of rockets (which following Operation Protective Edge was depleted to less than a third of the original number of about 10,000), mortars, drones, MANPADS, explosives and other military material. There are systematic smuggling efforts via the sea, as well as through Sinai and Israel which have only been modestly successful given Israel's and Egypt's tight security control. In addition, Hamas fosters a limited indigenous defense industry (built with Iranian help).<sup>3</sup>

Hamas attaches special importance to the digging of defensive and offensive tunnels (alongside smuggling tunnels). During Operation Protective Edge Hamas used an extensive network of tunnels – an underground city – to defend itself against the Israel Defence Forces (IDF) operating inside Gaza, as well as utilising an extensive network of cross-border tunnels (14 of which were exposed and destroyed by Israel) to carry out offensive operations inside Israeli territory.

Hamas's tactical achievements encouraged the organisation to heavily invest in this “weapon” in preparation for the next military confrontation. There are currently digging efforts taking place 24 hours a day, employing hundreds of diggers and costing Hamas several hundred million shekels a year. Meanwhile Hamas has significantly increased the number of its special “Nukhaba” forces (Israeli intelligence estimates their numbers to be 5000) designed to dash out of the offensive tunnels in times of war. Clearly, Hamas seeks to develop the option of overwhelming Israeli defences in time of war with multiple tunnel exits and numerous combatants.

In recent years Hamas's military wing has developed cooperation with ISIS in Sinai, mainly because the Peninsula provides depth to besieged Gaza as well as greater operational possibilities against Israel. This cooperation includes the establishing of production lines for weapons and explosives in Sinai under Hamas's guidance to serve both parties, two-way smuggling across the Sinai-Gaza border, training for ISIS elements in Sinai, the provision of medical treatment in Gaza hospitals for ISIS operatives wounded in clashes with the Egyptian army, as well as shelter and hospitality in Gaza for ISIS operatives (e.g. Suleiman al-Sawarka, one of the founders of ISIS in Sinai, whom Egypt and Israel both accuse of being part of the 2004 terror attack in Taba that killed 34, including 18 Egyptians and 12 Israelis). These links also allow Hamas's military wing to design operational plans against Israel from Sinai, especially towards a future military confrontation.<sup>4</sup>

Israel has not stood idly by against this threat. In addition to adding anti-rocket Iron Dome batteries, which scored an unprecedented 90 per cent success rate in Operation Protective Edge, Israel has embarked on an ambitious technological project designed to detect and destroy tunnels, and significantly increased the number of its anti-tunneling forces. The project, which enjoys some US financial assistance, and includes an underground concrete barrier coupled with sensors, may require two years to complete. Meanwhile Israel has arrested dozens of tunnel-diggers from Gaza, extracting valuable information, and has scored initial successes in discovering a few tunnels through technological means.

Some analysts portray this picture as a “race” between Hamas's tunneling and Israel's anti-tunneling efforts, speculating whether Hamas's extreme military wing might initiate another

# Challenges of Reconstruction

Despite improvements, a number of interrelated factors make it difficult to see a positive resolution in Gaza in the near future.

## Donor aid

Gaza's economy has been hit by a shortage in pledged international donor aid



**40%**

Percentage of the £2.7bn of aid pledged at the 2014 Cairo donor conference has been delivered

## Hamas

Of the remaining aid that has arrived, Hamas siphons some off for military projects



It's difficult to see how the Gaza crisis can be resolved without a change in Hamas' ideological support for using violence and rejection of Israel

## Regional issues



Egyptian president al-Sisi sees Hamas as enemies of his regime

Hamas' misuse of construction materials has led Israel to suspend their entry into Gaza in the past



No reconciliation with the Palestinian Authority (PA) has been forthcoming

## Security concerns

In addition to their tunnelling operation, Hamas possess missiles which can reach most of Israel's major cities



\*Source: 2016 Quartet report, COGAT, BICOM Research

confrontation before Israel comes up with a comprehensive solution. Speculations aside, it is evident that both parties are investing tremendous efforts and resources in preparing for the next round.

### Domestic Challenges in Gaza and within Hamas

Hamas is at a very low point in its history with the organisation facing Egyptian hostility, regional and international political isolation, acute economic and humanitarian crises and domestic challenges. It is constantly attempting to balance between being the governing authority in Gaza, responsible for the needs of the local population, and being an anti-Israel (and anti-Western)

Islamist “resistance” group characterised by a jihadi identity.

While Hamas’s distress encourages restraint in the short run, these developing pressures may ultimately cause an eruption. For now, Hamas prefers the ceasefire in Gaza to another confrontation and is using the lull to garner outside economic support, allow for reconstruction and seek to break the so called “siege” and isolation – all the while initiating terror attacks in the West Bank, preparing the military option in Gaza, maintaining a tight grip on power and adhering to its basic ideology.

The economic pressure is especially challenging

given the magnitude of the humanitarian crisis, the shortage of external economic support, the loss of important sources of income (especially smuggling through Egypt and Iranian financial assistance), the rift with the PA and Hamas's investment in its military build-up.

The economic challenge may be best exemplified in the inability of Hamas to pay the salaries of its public sector employees. Since Hamas took over Gaza in 2007, it made redundant the PA's 50,000 government civil servants and instead recruited some 43,000 employees of its own. While the PA continues to pay its own employees (even though they are merely on a payroll without working) it refuses to pay the salaries for Hamas's employees. Accumulating economic difficulties culminating in the closure of the Egyptian border has made it increasingly difficult for Hamas to pay these salaries. It has therefore resorted to paying part salaries funded by taxation, compensating employees with former-settlement land plots, softening its stance towards reconciliation with the PA if the latter would incorporate these employees into its payroll (which the PA essentially rejects), and looking for outside financial sources of support.<sup>5</sup> This unresolved issue is considered to be one of the pressure elements that contributed to Hamas's militant policies in the run up to Operation Protective Edge in 2014.

Hamas is also under pressure from jihadi elements inside Gaza, such as Islamic Jihad and other jihadi organizations, who regard Hamas as insufficiently committed to "resisting" Israel. While these elements are not strong enough to endanger Hamas's grip on power (and Hamas uses its ties to jihadi elements in Sinai to mitigate the risk of cross-border support for them), their escalatory potential cannot be ignored.

As Hamas seeks ways to extricate itself from its low point, internal policy differences are coming into play with the differences between (and within) the political and the military wings assuming particular significance. The political wing – both the external political leadership led by Khaled Meshaal and the internal one represented by Ismail Haniyeh – currently advocates restraint, bets on Qatari and Turkish financial support and has been (unsuccessfully) seeking improved relations with the Arab world (especially Egypt and Saudi Arabia). In contrast, it appears that the military wing, most noteworthy Yahya Sinwar (a founder of the military wing), often ignores the political wing and drives a more militant policy. The military wing pushes enhancing military

capabilities as a high priority and constantly initiates and encourages armed terror attacks against Israelis in and from the West Bank. When the (currently receding) wave of violence erupted in the West Bank in late 2015, Hamas made a deliberate effort to pour fuel on the fire through terror attacks of its own, most of which have been thwarted by Israeli security forces.<sup>6</sup> Moreover, the military wing fosters simultaneous relations with two opposing poles – both ISIS elements in Sinai and with Iran, which is a continuous source of military assistance.<sup>7</sup> The military wing's more aggressive and less restrained attitude may lead to an escalation in the future.

Hamas is now entering a sensitive process of internal elections of its political leadership, the Shura Council. Stepping down after 20 years in office will be the head of its politburo, Meshaal as well as Gaza's prime minister, Haniyeh. It remains to be seen which direction the movement will take following these elections.

Notwithstanding its weaknesses, Hamas continues to eye the leadership of the Palestinian national movement. It hopes to benefit from the lack of proper governance and rampant corruption in the PA-ruled West Bank, the lack of political horizon for a peace settlement with Israel and, most of all, the loss of legitimacy by the current PA leadership and the stated intention of Mahmoud Abbas (Abu-Mazen), the last of the founding fathers of the Palestinian national movement, to step down from the PLO<sup>8</sup> and the PA's leadership sooner or later. Hamas recently agreed to partake in the upcoming municipal elections in the West Bank and the Gaza Strip, scheduled for early October (Hamas last participated in local elections in 2004 and in national elections in 2006), perhaps in order to test the water and improve its domestic legitimacy. Both Abu-Mazen and Hamas have essentially rejected the option to hold national elections (while publicly supporting it), yet Hamas may decide otherwise in a post-Abu-Mazen era.

### Israel vs. Hamas – Policy dilemmas

Israel regards Hamas as a bitter enemy sworn to its destruction. In practical policy terms, however, its attitude towards Hamas is based on the need for constant balancing within the following tensions:

a. Weakening Hamas, yet keeping it as a responsible *de facto* governing address capable of enforcing

a ceasefire on all other factions. This attitude is also informed by the assessment that a viable alternative to Hamas (e.g. chaotic fragmentation dominated by jihadi groups) will likely be worse.

b. Maintaining Israel's policy of disengagement from Gaza<sup>9</sup> while ensuring the Strip will not collapse into chaos or further militarise. In practical terms this translates into enabling and encouraging reconstruction efforts in Gaza for humanitarian and stabilisation purposes, while preventing Hamas's military build-up and seeking to deny it political benefit.

c. Fostering deterrence vis-à-vis Hamas and other armed groups in Gaza without contributing to an undesired escalation.

d. Implementing all of the above without undermining the important relations with Egypt and undercutting the PA.

e. Opposing Palestinian moves towards internal unity which would provide Hamas with access to power and influence, as long as Hamas does not moderate its traditional policies (i.e. rejecting Israel and upholding violence).

Israel has no desire to fight a war in Gaza every few years. Instead, it would prefer to use the significant deterrence vis-à-vis Hamas achieved in the last round as a basis for a long-term ceasefire arrangement, incorporating far-reaching reconstruction projects alongside strict security arrangements. However, overtures towards such an arrangement have encountered a number of challenges that have been difficult to overcome. Beyond the challenge of reconciling Israel and Hamas's conflicting expectations for Gaza these

include the unresolved issue of Hamas holding three Israeli citizens (who crossed the border) and the remains of two Israeli fallen soldiers and demanding a heavy price for them; Israel's demand that a ceasefire arrangement also apply to the West Bank; the PA's reluctance to play any active role in Gaza; and Egypt's profoundly hostile attitude towards Hamas.

In the context of a long-term ceasefire arrangement, Israel's government is divided on how far to go in easing the pressure on Gaza through significant reconstruction of all basic infrastructures, without endangering Israel's security and emboldening Hamas. This is no more apparent than in the issue of a seaport in Gaza. While there is unanimity that a seaport should not be allowed in the territory of Gaza itself for security reasons, and that Israel's Ashdod port could serve Gaza's needs, there is a debate whether to allow for a floating port or an offshore island port.<sup>10</sup> This debate could come to the fore especially if a ceasefire deal becomes practical.

The nomination of Avigdor Lieberman as Israel's minister of defense raises further questions regarding Israel's future policy towards Hamas. Lieberman has long sounded a different voice on the required strategic goal in a military confrontation with Hamas. Unlike the prime minister and the IDF who favour a strategy of attaining maximal long-term deterrence rather than destroying Hamas (which would require the conquering of Gaza and staying there until the job is done, and which raises the challenge of designing an exit strategy), Lieberman has been consistently calling for the destruction of Hamas. Immediately after he was appointed minister of defense, an anonymous senior defense official

## Next steps

Though the situation appears unsolvable at present, there are measures Israel can take which would improve the conditions in Gaza.

### Electricity



Establish a new power station and bring existing stations to full capacity

### Water



Establish a desalination plant and rehabilitate Gaza's water transmission system

### Port



Proposals to establish a port within Gaza under international inspection

\*Source: 2016 Quartet report, COGAT, BICOM Research

was quoted by the Israeli media as saying that the next war with Hamas should be the last one. Soon after, it was leaked to Israel's press that Lieberman ordered the IDF to prepare a contingency plan for destroying Hamas without conquering Gaza. It remains to be seen if and how this line of thought can and will be translated to a practical policy.

### Policy tools and recommendations

Unfortunately, political tools to address Gaza's basic maladies are currently limited. Hamas is unlikely to change its stripes in the foreseeable future (and may even further radicalise as a result of its internal dynamics); reconciliation between Hamas and Fatah is not in sight (and is essentially discouraged by Israel and Egypt before a real change in Hamas's orientation)<sup>11</sup>; Egypt's hostility towards Hamas is unlikely to fade away; and the PA shies away from an active role in Gaza. The international community is compelled to operate within these constraints.

While it is not easy to reconcile the divergent and often conflicting interests of all relevant regional and international actors, the key to a possible change in the picture could be a more assertive role by the next US administration, with active European support. The aim should be to raise the international priority for basic humanitarian and economic solutions for Gaza, garner the necessary international resources and create a political context for these solutions, including advancing a long-term ceasefire arrangement and convincing the PA to play an active role in Gaza. The advantage of a long-term ceasefire arrangement over the existing situation is that it would bind Hamas by an extended (and renewable) timeframe – Israel would aspire to at least a decade. This, in turn, would inject a measure of stability to the picture and make it easier for Israel and the international community to further upgrade reconstruction in Gaza, including a seaport – on condition that Israel's security concerns are met. Should Hamas violate the agreement it would stand to lose more.<sup>12</sup>

Whereas political tools are limited, there are plenty of economic tools to seriously address Gaza's collapsing infrastructures and faltering economy. These should be advanced effectively and speedily in order to alleviate the humanitarian crisis, mitigate the economic pressure and reduce the chances of another violent eruption.

The plans are there, awaiting decision,

funding and implementation by the international community and Israel.<sup>13</sup> They include:

a. Energy – establishing a new electricity power plant, bringing the existing power station in Gaza to its full capacity (from about 50-70 to 140 MW, which is more than double the current capacity), increasing and upgrading Israeli energy supplies<sup>14</sup> and rehabilitating the electricity transmission system inside Gaza (Qatar, Turkey and Germany are ready to help fund most of these solutions). Ultimately, Gaza should be connected to Israel's natural gas transmission system.<sup>15</sup>

b. Water – establishing a desalination plant (which Turkey has undertaken) or at least providing water from one of Israel's existing desalination plants in the Mediterranean (which already provides more water than Israel's consumption) and repairing Gaza's water transmission system. In the immediate future, Israel could further increase its water supply to Gaza.<sup>16</sup>

c. Sewage – activating the existing waste water plant in Beit Lahiya in northern Gaza (which could deal with one third of Gaza's wastewater) and re-building another one in central Gaza.<sup>17</sup>

d. Housing reconstruction – upgrading reconstruction efforts in Gaza requires first and foremost more international funding. In any case, the volume of reconstruction materials entering Gaza should be enhanced (Israel is in a position to expand the inflow through its crossings to 1,200 truckloads a day).

e. Strengthening Gaza's economy – including more workers from Gaza in Israel,<sup>18</sup> increased exports from Gaza, establishing an industrial zone on the Israel-Gaza border (preferably at Erez) and a permanent solution regarding the salaries of civilian public employees.

A seaport for Gaza should be on the agenda, yet treated carefully given the high security and economic stakes. On the one hand, establishing a port within Gaza itself and under effective Hamas jurisdiction represents a high security risk (even with international inspection on site) that Israel will understandably not take. There is also no economic rationale for the heavy investment required while available alternatives exist nearby. On the other hand, the issue has assumed significant symbolic importance for the parties involved. It would therefore make sense to favourably examine any of the alternatives outside the territory of Gaza, such as a floating port or an artificial island port, which would be tied to

a long-term ceasefire and to a PA role in Gaza. In the meantime, Gaza's needs could be provided through Israel's Ashdod port, which is the most available and cheapest option. It is noteworthy that Turkey, a staunch supporter of Hamas which has consistently demanded the lifting of Israel's "siege" on Gaza, ultimately agreed in the recently-concluded reconciliation agreement with Israel to channel all of its humanitarian assistance to the Strip through the Ashdod port.

Indeed, the Israel-Turkey reconciliation deal with this agreed-upon security envelope provides additional economic and political tools to deal with Gaza's problems. First, it allows Turkey to increase its active role and investment in the humanitarian field and reconstruction efforts. Moreover, heavier Turkish investments in Gaza might have a restraining impact on Hamas, and Turkey could now act as another indirect channel of communication between Israel and Hamas.

Any of the above recommended policies should be mindful not to embolden Hamas at the expense of the PA, since only the latter could represent the more moderate model required for a two-state solution. As noted, it would be preferable to get the PA involved in any of the solutions for Gaza. If it continues to shy away, Israel and the international community should still proceed, yet strive to balance it by parallel measures (which in any event are recommended) designed to improve the PA's capabilities and standing, as well as improve the atmosphere in the West Bank. At the same time, the international community should carefully audit donations and investments to make sure they are not siphoned off and be mindful not to bestow Hamas with the legitimacy it seeks, as long as it refuses to renounce violence and accept a political solution which recognises Israel.

A Hamas-ruled Gaza represents an unresolved challenge to the long-term prospects of Israeli-Palestinian peace, which are anyway gloomy right now. In the short term it constitutes a powder keg threatening to explode. It is time that all major international and regional stakeholders pay more attention to it and work more diligently to ease the pressure and mitigate the risks of yet another violent eruption.

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## End notes

<sup>1</sup> One third of Gaza's population is not connected to the Strip's (dilapidated) sewage system. A wastewater plant in northern Gaza, funded by the World Bank, has been built in recent years and is ready for initial operation, but has not been operated for lack of the required electricity supply. Israel recently announced its decision to provide the required amount.

<sup>2</sup> British donations to Christian charity World Vision were 'used to build a Hamas military base in Gaza' [Daily Telegraph](#), 5/8/2016. While World Vision is investigating the claims and has suspended its operations in Gaza, it rejects the accusation about the sums of money allegedly involved. And while UNDP is investigating Israel's allegations, a 2014 internal Audit Report leaked to the media reveals insufficient monitoring and problematic handling of funds: Gaza construction funding 'incorrectly' handled by non-staff UN personnel, report finds, [Fox News](#), 11/08/2014.

<sup>3</sup> Hamas's military build-up efforts are covered by a sub-chapter in the [Quartet report](#).

<sup>4</sup> Egypt rankled by Hamas's burgeoning ties to Islamic State, [Times of Israel](#), 01/08/2016

<sup>5</sup> Switzerland and Qatar have been trying to mediate a solution which would allow external assistance to cover these salaries through the PA's payroll, apart from those Hamas employees belonging to its security services (a condition which enraged Hamas's military wing). In reality, Qatar has twice provided full monthly payments, once in October 2014 and once in July 2016, with Israel's quiet consent.

<sup>6</sup> On Hamas's efforts to destabilise the West Bank see briefing by the director of Israel's internal Security Agency to the Knesset (Parliament): [Jerusalem Post](#), 12/07/2016. In 2014 Hamas was behind the kidnapping and murder of three Israeli teenagers in the West Bank, a turning point which ultimately led to an escalation and a slide towards the war in the summer. Some of these terror attacks, including the above-mentioned kidnapping, were guided by the Hamas office in Istanbul, whose terror activities were brought to an end by the 2016 Israel-Turkey reconciliation deal. Some terror attacks were also guided by Hamas activists in Israeli jails.

<sup>7</sup> Recently, senior figures in the political wing sounded exceptional public praise for Iran, most noteworthy Moussa Abu-Marzouq, Meshaal's deputy and contender to succeed him.

<sup>8</sup> The PLO – Palestine Liberation Organisation – is the

representative body for all Palestinians, including in the diaspora, and the source of authority for the PA.

<sup>9</sup> It should be noted that while Israel unilaterally disengaged from Gaza in 2005, the international community at large continues to regard it as the responsible address for the Strip's situation (and in many cases the "occupier") due to its control of most of Gaza's external perimeter, energy supplies and basic needs.

<sup>10</sup> The IDF does not preclude a floating port under Israel's security monitoring. Israel's minister of transportation, Israel Katz, advocates an offshore island port, possibly hosting also an airport and power and water production facilities. There are also advocates to Egypt's El Arish port serving Gaza but this idea encounters Egyptian reluctance and in any case requires turning it to a deep-water port.

<sup>11</sup> The most Hamas would be willing to accept, according to its political leaders, is a decades-long ceasefire arrangement – a kind of non-belligerence agreement with no recognition of Israel – if Israel implements a full withdrawal to the 1967 lines, allows the establishment of a Palestinian state, and accepts all Palestinian refugees into its territory.

<sup>12</sup> Following Operation Protective Edge, Fathom featured a Symposium on Gaza in which it asked a variety of people to relate to the idea of demilitarisation for reconstruction. See [Fathom Journal](#), Autumn 2014.

<sup>13</sup> These and additional recommendations have been presented to Israel's leadership, including recently by Commanders for Israel's Security, a non-partisan movement of former senior security officials, based on their analysis of the situation in Gaza. A brief summary of this analysis is included in the Gaza chapter in: [Security First: Changing the Rules of the Game](#).

<sup>14</sup> Of Gaza's approximate overall electricity demands of 280 MW Israel currently provides over 120. It could increase its supply by 30 MW in a short period of time. There are plans to establish a solar energy plant in Israel with possible Qatari funding which would supply Gaza with an additional 100 MW.

<sup>15</sup> Gas to Gaza through the Israeli system could emanate either from Israeli fields or from the Palestinian Gaza Marine Mediterranean field if agreement were reached between Israel, the PA and the British Gas Group which would enable its development. It should be noted that the existing power station in Gaza was designed so it could also operate on natural gas.

<sup>16</sup> Over the last year Israel doubled the supply of drinking water it provides to Gaza from 5 to 10 million cubic meters (mcm) a year, although the Strip needs 200 mcm.

<sup>17</sup> There is an old non-functioning wastewater treatment facility in central Gaza whose reconstruction Germany has undertaken to fund.

<sup>18</sup> Israel currently allows the daily entry to its territory of about 1000 Gazans primarily mostly for business purposes.

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