

BICOM Analysis

New thinking on the Israeli-Palestinian peace process: towards a hybrid approach

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Executive Summary:

- The Israeli-Palestinian arena is in deep disarray with little progress expected in the short term, and deep pessimism regarding the future. Israelis are plagued by political paralysis, Palestinians suffer from institutional weakness and neither side believes it has a partner for peace. Continuing regional chaos suggests the international community will remain focused elsewhere. With the EU beset by domestic challenges, and with a new US Administration still finding its feet, no significant external intervention is anticipated in the short term.
- The failure of US Secretary of State John Kerry's mediation effort between Israelis and Palestinians in 2013-2014 – following previous unsuccessful attempts to broker a negotiated, bilateral final-status agreement – has further eroded the traditional paradigm of bilateral negotiations aimed at achieving a final-status agreement. Yet the structural challenges and wide gaps in negotiations along with regional instability, international ambivalence and the absence of final-status talks provide an opportunity, and an incentive, to re-evaluate the traditional model for Israeli-Palestinian peacemaking. This paper, which is based on a series of confidential, track-two dialogues between current and former Israeli and Palestinian officials and academics and which took place under the auspices of BICOM and Chatham House, attempts to do just that.
- The dialogue analysed and critiqued four models for Israeli-Palestinian peacemaking: bilateral negotiations focused on agreed parameters; a regional framework; constructive unilateralism; and Israeli-Palestinian confederation.
- In discussing these models, the participants agreed that any successful process will also require strong third-party involvement as well as the creation of grassroots social movements that favour peace and mutual recognition.
- Such third-party involvement should attend to the realities on the ground today rather than remaining trapped in a 1990s mind-set, which seeks one more effort to solve the conflict. Independent of any potential Western involvement – which may be limited – the role of regional actors matters hugely. While the Palestinians need regional diplomatic cover to make the two-state deal, Israelis need regional

involvement in resolving the core issues as well as regional buy-in and cooperation to take the tremendous security risks involved in territorial compromise.

- Moreover, civil society has a key role in creating an environment in which the leaderships can speak the language of peace and make possible the compromises required by any final-status deal. Unfortunately both sides in our dialogue expressed alarm at the current state of public opinion in their respective societies.
- While there was little appetite for returning to the classic bilateral negotiation model without prior agreement on parameters, extensive analysis and critiques of each model did generate an interest in continuing to explore the potential of a “hybrid” model, creatively drawing upon components from each of the four different models discussed. Such a hybrid model would involve a regional framework for a peace process composed of a strategically creative deployment of genuinely constructive, and sometimes coordinated, unilateralism, and bilateral negotiations that move from framework agreements through incremental implementation to final-status talks. The advantage of such a model lies in its combination of designing a political horizon or endpoint while harnessing the flexibility of constructive unilateralism, which might begin on a small-scale. Moving away from sequential to parallel incentives, as the Arab League has recently done in the Arab Peace Initiative (API), and shedding the mantra of “nothing is agreed until everything is agreed,” would also introduce more flexibility into the process. Finally, seemingly radical proposals found within the confederative model – such as allowing some Israeli settlers to remain in a Palestinian state with a similar number of Palestinian refugees residing in Israel – may also form part of this model, helping to resolve some hitherto intractable core issues.

Introduction

US Secretary of State John Kerry's mediation effort between Israelis and Palestinians in 2013-2014 was the third major attempt to broker a negotiated, bilateral final-status agreement that ended in failure, after the Camp David II talks in 2000-2001 and the Olmert-Abbas “Annapolis” talks of 2007-2008.

The process is currently at an impasse and the situation on the ground is deteriorating. Fatigue has set-in amongst international observers and other developments in the Middle East have taken priority. Yet, challenges remain and the conflict will continue to have a substantial impact on the region so long as it remains unresolved.

While the current diplomatic vacuum has led some policy makers to despair of the two-state solution, it has also generated a number of creative proposals – whether unilateral, regional, interim, confederal, or bottom-up approaches – for how to change the status quo in the Israeli-Palestinian arena and move towards a two-state reality in the absence of bilateral Israeli-Palestinian negotiations.

A gap has been opening up between the dominant assumptions of the peace process amongst many international actors and the sharply changing political realities on the ground, not to mention the much more chastened and sceptical attitudes that prevail among ordinary Israelis and Palestinians. Bringing the parties together for another intensive effort at reaching a deal will not succeed. New thinking is needed.

This paper is based on a series of confidential, track-two dialogues between current and former Israeli and Palestinian officials and academics designed to explore new thinking and provide a detailed critique of different ideas. The meetings took place in the latter part of 2016 under the auspices of BICOM and Chatham House. As one participant put it, we are here to “come up with seeds of ideas that can be developed in the future”. “We want candid discussion, and no clichés” said another.

Section one describes the current parlous state of the peace process and maps out its regional and international context as well as the structural challenges facing the two sides. Section two presents details of four separate strategies discussed and critiqued by the participants in order to examine their effectiveness in advancing the two-state solution. Section three identifies additional dimensions – such as civil society, and third-party actors – that need to be addressed regardless of which strategy, or combination of strategies, is preferred. Section four tentatively draws together the threads of the discussion to suggest the outlines of a new “hybrid” approach to peace making between Israelis and Palestinians.

Section 1: The current state of the peace process

The Israeli-Palestinian arena is in deep disarray with little progress expected in the short term, and deep pessimism regarding the future. “We are at a very low point, as low as I can remember, politically, if not in terms of violence” said one participant.

Israeli political paralysis; Palestinian institutional weakness: While publically backing the principle of two states for two peoples, Israel’s ruling right-wing coalition has almost no room to manoeuvre regarding gestures to the Palestinian Authority (PA) and many of its members flatly oppose Palestinian statehood. The Palestinians are fragmented and beset by geographical and political divisions. No presidential or parliamentary elections have been held since 2006 with recent plans to hold local elections shelved and polls suggesting that neither party enjoys strong popular support. PA President and Palestinian Liberation Organisation (PLO) Chairman Mahmoud Abbas (Abu Mazen) is 81 years old but is yet to present plans for a smooth succession when he exits the political stage.

Neither side believes it has a partner: Palestinians point to the consistent expansion of settlements as undermining their trust in the Oslo Process and perceive Israel’s security demands for a two-state deal to be incompatible with Palestinian sovereignty and merely an excuse to maintain the occupation, which they see as the core of the conflict. They believe that their significant compromises over the years – relinquishing 78 per cent of Mandatory Palestine in 1988 and recognising Israel in 1993 – went unrewarded by Israel. Moreover they argue that while Abbas has publically rejected violence, stated he had no intention to return to his birthplace in Safed, and showed flexibility on territorial swaps (something neither Egypt nor Syria offered), Israel has failed to fulfil its obligations under Oslo and to negotiate seriously towards a two-state solution along the 1967 borders. Palestinians also point out that Israel has failed to respond positively to the API, which offers the country normalised relations with the Arab world following the establishment of a Palestinian state and a resolution to the conflict. Many Palestinians feel invisible to Israeli society and are deeply frustrated by the seeming failure of the US and international community to pressure Israel to fulfil its commitments. “You Israelis are in denial about our condition, and that’s why we can’t move forward to an agreement. You just don’t see us,” said one participant.

Israelis point to the Palestinians' failure to seriously respond to what they see as far-reaching proposals made at the Camp David II talks (2000), the Clinton Parameters (2000), at the Annapolis talks (2008) and in President Barak Obama's framework document (2014) as proof that the Palestinians are either unwilling or unable to end the conflict, and perceive their failure to recognise Israel as the nation state of the Jewish people as rejecting the Jewish people's right to self-determination in any part of Eretz Yisrael / Historic Palestine. Palestinian terrorism in the 1990s and during the Second Intifada (2000 – 2004) moved many Israelis politically to the Right, while wars with Hezbollah (2006) and Hamas (2008-9, 2012 and 2014), following unilateral Israeli withdrawals from Lebanon (2000) and Gaza (2005), created the perception that "land for rockets" was a more accurate description of the result of the withdrawals than "land for peace". With Hamas rule cemented in Gaza and low-level Palestinian violence continuing uninterrupted since October 2015, even those Israelis on the centre-Left who recommend practical steps to move the two-state solution forward have little faith that a Palestinian partner exists.

Wide gaps on final-status issues: Despite the adage that "everyone knows what the final deal looks like," the two sides have never fully agreed on any of the core issues, with one Israeli official involved in negotiations remarking that although negotiations have narrowed many of the gaps between the two sides, unfortunately "the last inch is a mile deep".

Even when leaked reports claimed that the Israeli government agreed to the Palestinian demand of using the Green Line as a baseline for negotiations – plus/minus territorial swaps in which Israel would annex West Bank areas where most settlements are situated and compensate the Palestinians with territory within sovereign Israel – the two sides still failed to agree the volume or nature of potential swaps. Israeli officials have remarked that while the Palestinians agreed to a 4 per cent swap prior to the Camp David II summit in 2000, their position has since regressed to agreeing only 1.9-2.3 per cent. This is some distance from then Prime Minister Ehud Olmert's offer in 2008, which included an Israeli annexation of 6.3 per cent of the West Bank in return for a 5.8 per cent swap and a land corridor between the West Bank and Gaza.

On security issues, the two sides agree that a future Palestinian state will be demilitarised

although they have failed to define what demilitarisation means in practice. Negotiators continue to be far apart on other issues, such as Israeli control over Palestinian airspace and an IDF military presence in the Jordan Valley. On refugees, the Kerry talks saw both sides focus on practical solutions rather than historical-narrative issues, which brought them close to a solution, but the issue remains unresolved and highly sensitive. Likewise, Israelis and Palestinians continue to disagree on the future status of Jerusalem and the Old City, as well as the Israeli demand for recognition of Israel as the nation state of the Jewish people and the practical meaning of terms such as "finality of claims" and "end of conflict".

Current stability, but for how long? Despite the often fierce rhetoric against one another in the media and international fora, and the low-level violence since October 2015, the Israeli and Palestinian leaderships *do* share certain common interests and have succeeded in maintaining relative stability on the ground. These interests include preserving security coordination, advancing economic projects in the West Bank, maintaining the existence of the PA and preventing the empowerment of Hamas. Yet the continued absence of political support for pursuing new negotiations, and deep disagreement over a final-status vision, ultimately make these interests harder to maintain in the long term.

Regional chaos and international community focused elsewhere: While international initiatives to resume negotiations have recently been raised – primarily by the French and Russians – they have generally lacked any strategic thinking, seeking only to "get the sides back to the table". At the same time, the Middle East remains beset by fractured, dysfunctional states experiencing an erosion of control over their borders and an increase in ethnic and religious tension, as well as the empowerment of Iran and semi-state actors. Confronted with the costly legacies of military interventions in Iraq and Afghanistan, as well as the challenges of the ongoing civil war in Syria, the threat from ISIS, the resultant refugee crises, a resurgent Russia, and political and economic instability in Europe, many Western policymakers have turned their attention away from the Israeli-Palestinian conflict. With EU beset by domestic challenges and a new US administration still finding its feet, no significant external intervention is anticipated in the short term. Some international stakeholders may even re-evaluate the levels of foreign aid they provide to the PA.

Section 2: The erosion of the traditional paradigm and the emergence of new thinking

As we noted, the collapse of the talks organised by US Secretary of State Kerry in 2013-14 represented the third failure of the sides to reach a negotiated two-state solution since 2000. This failure, coupled with continuing wide gaps on core issues such as borders, Jerusalem and refugees, have further eroded the belief in the bilateral negotiation model. While the international community continues to recommend a return to negotiations, and each side pays lip service to it, Palestinians are increasingly pursuing a more “internationalised path” via the UN and international organisations, while many Israelis are debating the efficacy of regional and unilateral options.

The structural challenges facing each side, along with regional chaos, international ambivalence and the absence of final-status talks provide an opportunity, and an incentive, to re-evaluate the traditional model for Israeli-Palestinian peacemaking, and to explore alternative approaches and ways they might be combined into a hybrid strategy. The traditional model, which has evolved in the years since the Oslo Accords in 1993, has with some variations primarily been comprised of the following components: Negotiations were bilateral and mediated by the US with the goal of reaching a permanent-status agreement based on separation between Israel and the Palestinians. Such an agreement would be achieved through a package approach to all the core issues, in which nothing is agreed until everything is agreed, and would be entered into without any prior agreement on parameters. Those European and Arab states offering incentives for achieving peace (either via a Special Privileged Partnership or the API of 2002) planned to do so sequentially, only after an agreement was reached.

Model 1: Bilateral negotiations focused on agreed parameters

Bilateral negotiations on final status have seemingly been tried ad nauseam with little success. But surveying the different compositions of these negotiations over the last 20 years raises the possibility that altering certain aspects of the traditional model can create a better atmosphere for progress.

The Oslo Accords began as a secret, strictly bilateral back-channel negotiation in which the

Americans (and many in the Israeli government) were only told about the breakthrough after it had occurred. Negotiations during the interim period of Oslo – which included the Hebron Agreement (1997), Wye River Memorandum (1998), Sharm el-Sheikh Memorandum (1999) and Camp David II summit (2000) – all took place under strong US mediation. The Annapolis Process (2007-2008) included US mediation through then Secretary of State Condoleezza Rice, but also encompassed a dual negotiation track between then Foreign Minister Tzipi Livni and senior PLO official Ahmed Qurei (Abu Ala) on the one hand, and the two leaders Olmert and Abbas on the other, as well as hundreds of experts in different working groups. The Obama administration’s negotiation strategy began in 2009 with a failed attempt via Senator George Mitchell for the two sides to agree on parameters, while Kerry’s subsequent nine month timetable (2013-14) for this goal similarly proved to not be long enough and was ultimately dropped.

Later negotiations, also focusing on developing a set of parameters, took place via discussions with the US rather than directly between the two sides, which constituted a regression. At the same time, back-channel discussions in London prior to the Kerry talks made substantial progress on parameters (and were, unfortunately, brought to a halt by those talks). With these historical experiences in mind, what might an effective bilateral negotiation model look like?

Structure: Direct negotiations via a back channel:

It seems the best model for bilateral negotiations involves Israeli and Palestinian teams discussing the issues directly rather than using the US as a go-between. Moreover, as significant progress was made in both the back-channel negotiations prior to the Oslo Accords and reportedly during the negotiations in London before the Kerry talks, it seems wise to re-incorporate such a channel – staffed with empowered negotiators acceptable to both leaders – into any future negotiations so as to allow the sides to float creative ideas away from the spotlight of media and public opinion.

Content: Agree parameters and terms of reference:

Given the current situation in which neither leadership seems to be inclined to incur the political risk required to reach a final-status agreement, as well as the likely high cost of an additional failure, any further negotiations should initially focus on discussing parameters and terms of reference rather than jumping into the specifics of the core issues. This would help

create a political horizon, as a general vision of what a post-agreement reality might look like.

Implementation: Move away from “nothing is agreed until everything is agreed” package approach: The so-called package approach – under which nothing is agreed until everything is agreed – has an advantage in that it allows the sides to trade between core issues rather than only within them (so Israeli concessions on territory can be “traded” for Palestinian concessions on security). It also prevents one side from “pocketing” compromises made by the other without having to respond, as unless all issues are resolved (“everything being agreed”) each side’s concessions on a specific issue such as Jerusalem or refugees will be automatically

deemed null and void and taken off the table (“nothing is agreed”). However, the net-result of this package approach has been the continuation of the problematic status quo. In light of this, the sides should consider adopting an alternative strategy in which they first agree parameters and then work towards implementing those areas on which they find agreement. Such an approach would also allow the sides to move forward without resolving the difficult issue of Hamas control over Gaza.

Such parameters could involve the following components:

- Mutual recognition: Two nation states for two peoples.

THE BILATERAL MODEL

Altering certain aspects of the traditional model may generate progress in negotiations.

How to avoid the pitfalls of previous negotiations?

In the past, bilateral negotiations have often been mediated by the US and followed a package approach, whereby “nothing is agreed until everything is agreed”.

Structure



Use direct backchannel negotiations, with empowered negotiators acceptable to both leaders.

Content



Initially focus on discussing parameters and terms of reference, rather than jumping into the specifics of the core issues, helps create a political horizon and general vision of what a post-agreement reality might look like.

Implementation



Move away from package approach. Work in stages towards implementing those areas where both sides agree.

Limitations of the model



Bilateral negotiations on final status have been tried repeatedly in the past with little success.



Wide gaps between the parties remain on core issues, raising questions over the extent to which this model will be able to facilitate a breakthrough.

- A Palestinian state whose borders are based on the former Armistice “Green Line” plus territorial swaps that would allow Israel to maintain some large settlement blocs.
- A physical connection between Gaza and the West Bank under Israeli sovereignty – either as a bridge, a sunken road or a tunnel.
- A demilitarised Palestinian state, with Israeli control over airspace and a special security regime in the Jordan Valley on both sides of the border, which would provide the Palestinians sovereignty but allow international elements and effective Israeli forces to be stationed along the border for an agreed period of time.
- Jerusalem as the capital of both Israel and Palestine with a political – yet “breathing” – border through which people can move easily.
- Sovereignty over the Holy Sites should either be held by both sides or neither side.
- Instead of focusing on the historical debate over Palestinian refugees, advance a practical solution – similar to the Clinton Parameters – which offers refugees either relocation in a Palestinian state, citizenship in their current “host country,” or rehabilitation in a third country. Small numbers would be allowed to move to Israel on an individual basis, but that would be subject to an Israeli sovereign decision.
- The agreement would constitute an “End of conflict” and “Finality of all Claims”.

The challenge facing this adapted bilateral model is whether it offers anything significantly different to past failed negotiation attempts that would enable success. In light of the continued wide gaps between the parties, it remains questionable to what extent this model will be able to facilitate a breakthrough.

Model 2: Regional framework

Fears from the rise of ISIS, Iran’s attempt for regional hegemony, and the perceived American regional retrenchment have created converging interests between Israel and a number of pragmatic Sunni states, such as Egypt, Jordan, Saudi Arabia, UAE, Kuwait and Morocco. This convergence may present an opportunity to design a new regional security and economic model that could help to break the deadlock on the Israeli-Palestinian conflict.

Co-opting these Arab Sunni states into negotiations, and encouraging them to incentivise Israeli concessions by matching them with gestures such as normalisation, security coordination and economic cooperation, could change public opinion on both sides and protect the agreement from local and regional spoilers. The model has additional advantages. Arab states’ involvement on the issue of Jerusalem could help facilitate an agreement (at the Camp David II summit, Palestinian leader Yasser Arafat rejected the American proposal, telling President Bill Clinton that he first needed to speak to the entire Islamic world), while the design of a regional security model that includes Israel may help the sides compromise on that issue as well. Certainly, Egypt and Jordan could play an important role in security arrangements regarding Gaza and the West Bank respectively. Furthermore, bringing regional states into the picture might also help smooth the Fatah-Hamas division and the expected succession crisis within the PA after Abbas departs, although Palestinians are very sensitive to Arab interference in their domestic concerns.

What would be the main strategic components of such a model? It would be driven by regional powers without external international mediation (*regionalism*); include a phased implementation process (*gradualism*); and the front-loading of those API benefits linked to progress with the PA (*parallelism*) so Israel benefits from them during the process rather than solely once it has ended. It would include an Israeli-Palestinian track, which would negotiate core issues, and an Israeli-regional track, which would discuss a regional alliance. Implementation of progress on both tracks would be gradual.

“If you [Israel] are willing to embrace the API, we [the Arab states] will jump in and help in Israeli-Palestinian negotiations” was one participant’s description of an emerging attitude among some Arab leaders.

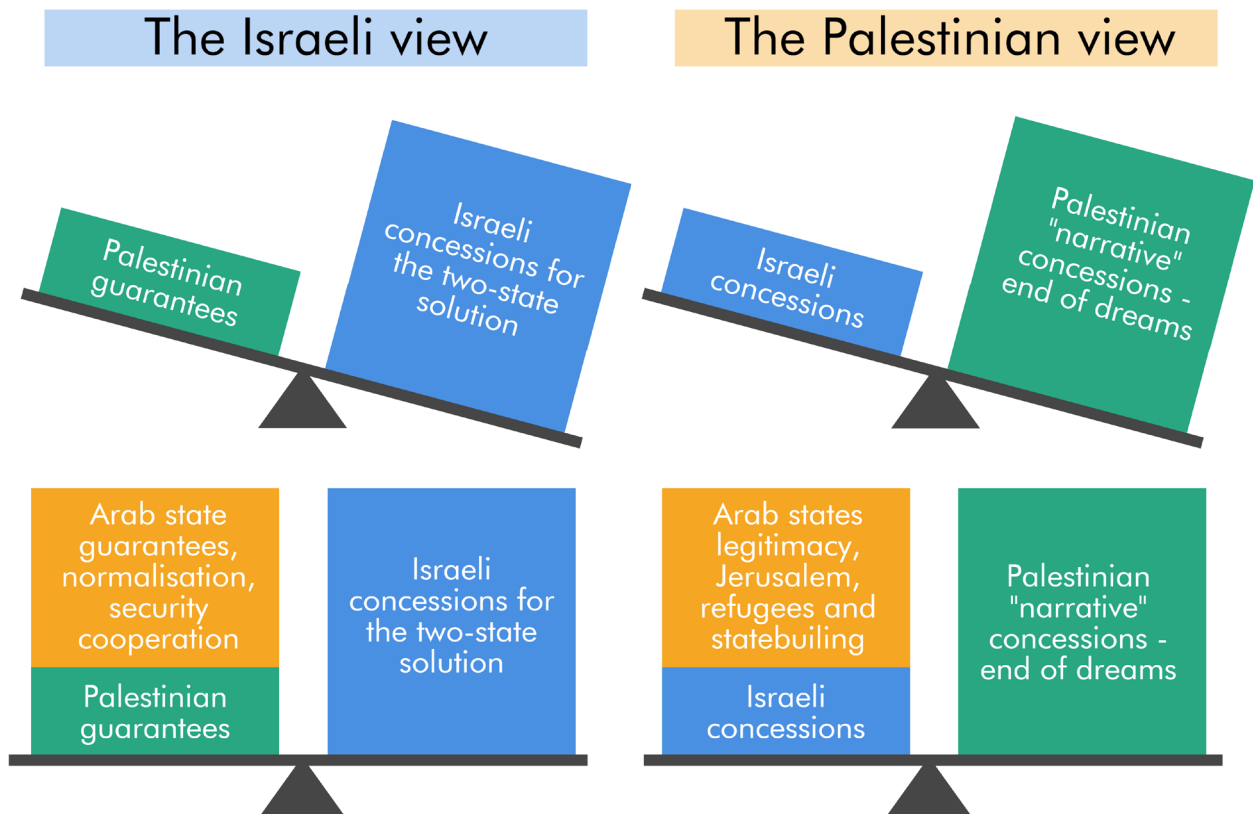
How might the regional framework process work?

Quiet, back-channel talks would lead to agreed terms of reference covering bilateral elements between Israel and the Palestinians as well as key principles of security benefits and economic development agreements between Israel and the Arab states. The process would also include a nuanced Israeli embrace of the API as reaffirmed and modified by the Arab League in April 2013 on the basis of the 1967 lines with minimal and agreed upon land swaps. The current Israeli

THE REGIONAL MODEL

The involvement of Arab states in negotiations can play an important role in resolving core issues between Israelis and Palestinians, and provide legitimacy to concessions both sides will have to make.

Moreover the regional model can help balance the apparent inequalities of compromises as perceived by both sides.



Limitations of the model



Increasing the number of stakeholders and introducing multiple parallel negotiation tracks generates more opportunities for failure, both in negotiation and implementation.



Some Palestinians hold reservations that Israel might normalise relations with Arab states without making the requisite concessions to the Palestinians.

government has described the API as including positive elements that can help revive constructive negotiations with the Palestinians but has stopped short of formally accepting it, viewing specific components of it – such as its reference to the Golan Heights and UN General Assembly Resolution 194 relating to refugees – as worrisome. However, some form of official embracement of the API,

even as a platform to be further negotiated, would constitute a psychological game changer as it would represent the first time that Israel would publically be on the same side of a document that has been endorsed by the entire Arab League. Other components of this initial stage include a full or partial Israeli settlement freeze as well as an end to Palestinian incitement. Israel could also

consider supplementing these understandings with its own Israeli Peace Initiative.

This would be followed by a number of parallel tracks. An Israeli-Palestinian negotiation track would initially emphasise border and security issues and eventually address Jerusalem, refugees and other core issues. An Israeli-regional negotiation track with key Arab states would be dedicated to the implementation of the API and tightly (and mutually) linked to progress made in the Israeli-Palestinian bilateral track. An implementation track would be focused on changing reality on the ground by implementing those issues agreed upon in the other tracks, thus gradually building trust amongst both Palestinians and Israelis. Alongside progress on the Israeli-Palestinian track, the Israeli-regional track may agree on a series of coordinated mini-steps which could include a Gaza stabilisation package and/or development programme, an Israeli-Arab-international economic improvement programme in the West Bank, an attempt to facilitate a safe path to Palestinian leadership succession, and small steps towards Arab-Israeli normalised relations such as the opening of commercial offices.

The third stage would bring the sides towards an “incubated” final-status deal which would include Israel recognising official Palestinian statehood at the UN, transferring additional territory in Area C to the PA, state-building projects in the West Bank and Gaza under Gulf Cooperation Council (or Egyptian) responsibility. These policies would be regarded as a sufficient trigger to design and implement regional security mechanisms.

The fourth and final stage would constitute a permanent-status deal composed of some traditional bilateral ideas (similar to the above mentioned parameters) on territory, Jerusalem and refugees, yet also incorporating incremental regional components such as normalisation of relations with the Arab world, shared management over the Old City in Jerusalem, an international funding mechanism to resolve the Palestinian refugee issue, regional economic development plans and the design of regional security mechanisms to fight Iran and ISIS.

One weakness in the regional model is that by increasing the number of stakeholders, parallel tracks, and sequenced phases, the model generates more opportunities for local and regional spoilers to prevent its successful

implementation. While some Palestinian officials have previously displayed openness to accepting such an approach, others in the dialogue expressed strong reservations that Israel might take advantage of the regional model to normalise relations with Arab states without making the requisite concessions to the Palestinians. “We are wasting our time. Get real. Israelis don’t need any more agreements. They have them already – recognition [from the Palestinians at Oslo] and the [regional normalisation once an agreement is finalised from the] API,” was one comment. Palestinians have been urging the Israeli government to accept the API for many years now and would welcome its adoption. At the same time, due to their perception that the core of the conflict revolves around the occupation, many questioned the need for the complexity of the regional model in a situation in which Israel demonstrates willingness to withdraw to the 1967 borders.

Model 3: Constructive unilateralism

The structural difficulties of reaching a final-status agreement, coupled with the dangers stemming from the continuation of the status quo and the looming threat of a de-facto bi-national reality, raise the attractiveness of certain unilateral steps that may move the sides closer towards two states. Such an approach is based on the understanding that the political context requires short-term managing of the conflict in order to prepare the longer term conditions for conflict resolution. The strategy is preferable (and more constructive) when coordinated, especially in order to prevent hostile actors filling any vacuum. Moreover, what turns “unilateralism” into “constructive unilateralism” are policies that advance the two-state model and improve the parties’ ability to subsequently negotiate. Recent examples of mini-steps that fall under this category include the IDF reducing its activities in Area A of the West Bank in order to allow PA security forces greater responsibility and Israel issuing Palestinian building permits in Area C.

The “constructive unilateral” ideas raised in discussions – economic development measures and a change in Israel’s policy towards Gaza; an Israeli settlement freeze (either total or partial); and Israel transferring its powers and responsibilities within Area C of the West Bank – tie in with other, more far-reaching policy options raised in Israeli think-tank circles in recent years. These include an Israeli declaration that it has no territorial ambitions east of the separation barrier

(an area comprising approximately 90 per cent of the West Bank); legislating a Voluntary Evacuation Package to settlers living in isolated West Bank settlements; and Israeli withdrawals from the West Bank and evacuation of isolated settlements.

Additional unilateral ideas discussed, such as the completion of Israel's separation barrier, adjusting Jerusalem's municipal boundaries and transferring outlying Arab neighbourhoods to the PA's jurisdiction, as well as UN Security Council recognition of Palestinian statehood, could be considered either constructive or destructive, depending on the context in which they are raised and implemented.

While constructive unilateralism has a key role in helping to shape a de facto two-state reality, in light of the current impasse and dangerous status quo it also has several limitations, specifically its inability to bring the sides all the way to a permanent-status agreement. Moreover, by their nature unilateral actions involve non-reciprocal concessions and the sacrifice of potential bargaining chips ("land for peace" becomes "land for something more amorphous") making many of the steps – particularly those involving withdrawal from territory and evacuation of settlements – politically unfeasible for Israeli governments and an Israeli public still traumatised by the Gaza disengagement and its aftermath. Furthermore, as most of the constructive unilateral moves fall on the Israeli side, it may create

THE CONSTRUCTIVE UNILATERAL MODEL

Constructive unilateralism involves both sides implementing policies that advance the two-state model and improve their ability to negotiate, in absence of any imminent final status agreement.

Unilateral moves Israel could make

Economy



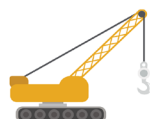
Israel could support Palestinian economic development measures.

Area C



Israel could transfer some responsibilities within Area C of the West Bank to the Palestinian Authority.

Construction Freeze



Israel could enact either a total or partial freeze on settlement construction.

Evacuation



Israel could evacuate isolated West Bank settlements outside of the major blocs.

Limitations of the model



The main drawback is the model's inability to bring the sides all the way to a permanent status agreement.



Unilateral actions involve non-reciprocal concessions, sacrificing potential bargaining chips that could have been used in negotiations.



As most of the constructive unilateral moves fall on the Israeli side, it may create an imbalance that will prevent the Israeli public from supporting them.

an imbalance that will prevent the Israeli public from supporting them. At the same time the Palestinians are often opposed to unilateral moves, fearing that Israel is trying to squirt its responsibilities. Palestinian participants emphasised that a political horizon or an endpoint to the negotiations needs to be an essential component of this strategy, without which any Israeli unilateral steps would become irrelevant. “What really matters” said one Palestinian participant, “is the final stage and where we are going”.

Model 4: Confederation

While the first three models of bilateral negotiations, regional framework and constructive unilateralism all imagine a similar end game – even while disagreeing on the most effective route to achieve it – the fourth model, confederation, represents a more radical approach. “We need a new paradigm” said one supporter, to resolving the structural obstacles to an agreement. The term “Confederation” generally envisages two sovereign, independent states with elements of shared governance on certain issues – such as security and economy – and extensive cooperation on areas of mutual concern such as water, cyber, counter-terrorism and the environment. In the Israeli-Palestinian context, such a model envisages two sovereign states each with their own parliament (Israel and Palestine) in the territory west of the Jordan River, which would allow – after a transitional period – freedom of movement for people, goods and services across their internal borders, namely Israel, the West Bank and Gaza.

In the confederal model, Palestinian external security, including patrolling the border crossings into Israel and international borders of the West Bank and Gaza, would be primarily dealt with by the IDF, in cooperation with Palestinian security forces. Moreover, while all current citizens of Israel and Palestine would maintain their legal status, residency of Israelis in Palestine and of Palestinians in Israel could be allowed, based on quotas and benchmarks which could be adjusted over time. Such a model would allow Israeli settlers to maintain their residence in Palestine and an equal number of Palestinians, including refugees, to take up residency in Israel.

The security components of a confederation – such as the IDF’s continued presence in the Jordan Valley – would help to alleviate many of Israel’s current concerns and provide them the capacity to prevent weapons smuggling, the potential Hamas takeover of the West Bank, and

threats from ISIS or Al-Qaeda. Furthermore, the de-linking of residency and citizenship may help resolve two additional final-status issues, settlements and refugees, by potentially allowing settlers to stay in a Palestinian state and a limited number of refugees to “return” to Israel.

A confederation with a degree of economic cooperation and integration between the two states also provides financial advantages, especially as the Israeli and Palestinian economies complement one another. Such an economic model would include joint trade and investment (and maybe even currency), and would open markets in the Arab and Muslim world to Israel as well as better access to the West for Palestinian citizens, goods and services. The EU could be expected to work very closely with such an integrated economy. Lastly, a confederation model also provides legitimacy to both sides’ historical identity and claims to the entire land of Eretz Yisrael / Historic Palestine, which is particularly important to several constituencies among Israelis and Palestinians.

However, the move from the classic “separation model” of the Oslo Accords (known in Israel as “we’re here, they’re there”) to a more integrative model raised serious concerns among Israelis and Palestinians in our discussions. Israelis worried that, given the history of animosity to Jews in the region, the concept of open borders, free movement and mixing of hundreds of thousands of Israelis and Palestinians would create a security nightmare that would make it difficult to prevent terror attacks. “You have made me fall in love with the two-state solution all over again,” said one Israeli. Furthermore, many expressed concern that due to demographic trends, a future post-national confederation would threaten the Jewish national character of Israel and queried whether Israeli public opinion would support such a move. Indeed in many Israeli eyes, such a mixing of populations is the equivalent to a binational state, a reality a majority oppose. Others argued that the side would still find it difficult to resolve the issues of borders under a confederation and questioned how a shared economy would work in light of the vast disparity in socio-economic levels of the two peoples. Palestinians were apprehensive that continued IDF presence in a confederation was simply maintaining occupation by another name and that it would undermine their sovereignty, while others noted how the on-going presence of settlements and settlers in Palestine brings the potential for significant friction and frustration. “Let Palestinian people taste freedom for a long time. Then talk to us about confederalism” said a participant.

THE CONFEDERATION MODEL

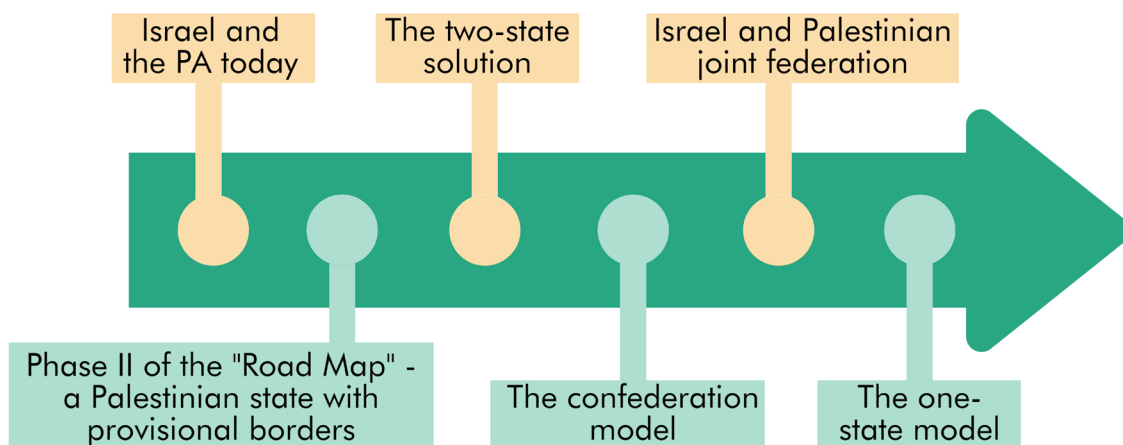
The confederal model envisages two independent sovereign states with freedom of movement between them and elements of shared governance on certain issues, such as security and economy.

The model provides legitimacy to both sides' historical identity and claims to the entire land of Eretz Yisrael / Historic Palestine.

Shared governance and cooperation

Security	Citizenship	Resources	Economy
			
IDF and Palestinian security cooperation would prevent weapons smuggling and threat from Hamas and ISIS or Al Qaeda.	The de-linking of residency and citizenship may allow settlers to stay in a Palestinian state and a limited number of refugees to "return" to Israel.	Joint management of shared resources, such as water and the environment, would allow access for both states.	Joint trade and investment would provide access to the West for Palestinian citizens and open markets in the Arab world to Israel.

The spectrum of political models



Limitations of the model



Open borders and free movement would pose serious security challenges and make it difficult to prevent terror attacks.



A confederal solution might threaten the Jewish national character of Israel, drawing opposition from the Israeli public.



Many Palestinians hold reservations that continued IDF presence in a confederation would undermine their sovereignty while on-going presence of settlers in West Bank could create friction.

Breakdown of the four models			
Strategy	Main Components	Advantages	Critiques
Bilateral Negotiations on Final Status	<p><i>Structure:</i> Back channel direct negotiations with empowered negotiators acceptable to both leaders.</p> <p><i>Content:</i> Initially focus on political horizon. Agree parameters and terms of reference.</p> <p><i>Implementation:</i> Move away from package approach. Work in stages towards implementation.</p>	Back channel facilitates greater flexibility on positions; Creating political horizon may facilitate subsequent progress on core issues; Dropping package approach makes it easier to change the status quo.	As gaps on core issues haven't changed, and trust is missing, unclear whether model is different enough to prevent further failures.
Regional Framework: Using convergence of interests with Sunni Arab states to co-opt into negotiations and link API benefits to Israeli progress with the PA.	<p>Phased staged implementation:</p> <p><i>Stage 1:</i> Agreed TOR, based on Israeli nuanced embrace of API as a platform to be negotiated; Psychological game changers.</p> <p><i>Stage 2:</i> Parallel Israeli-Palestinian and Israeli-Regional tracks; "coordinated mini-steps" such as Gaza stabilisation package, steps towards normalised relations between Israeli and Sunni states;</p> <p><i>Stage 3:</i> Incubated final status deal: Israel recognising UN Palestinian statehood, state-building projects in West Bank and Gaza under regional responsibility.</p> <p><i>Stage 4:</i> Permanent Status deal, comprising traditional bilateral parameters alongside incremental regional components.</p>	Adding Arab states can: favourably influence Israeli public opinion (esp. on centre right); help both sides agree on core issues; provide Israel with better security coordination; insulate agreement from local and regional spoilers.	Number of stages and complexity provide greater opportunities for spoilers to derail the process.
Constructive Unilateralism	Spectrum of options: Economic development measures, transferring Area C powers and responsibilities to the PA. Other suggestions include Israeli declaration of no territorial ambitions east of barrier; voluntary evacuation package to settlers in isolated areas; Evacuation of isolated settlements and / or IDF withdrawal.	<p>Unilateralism moves sides closer to two state reality in situation where the status quo is problematic and the sides are unable to reach final agreement.</p> <p>"Mini" unilateral steps can be useful within the context of other strategies.</p>	<p>Sides can't reach final status without negotiations.</p> <p>Requires political horizon.</p> <p>Thin line between constructive and destructive unilateralism.</p> <p>Some unilateral actions politically unfeasible.</p>

Breakdown of the four models			
Strategy	Main Components	Advantages	Critiques
Confederation: Two independent states with elements of shared governance on certain issues – such as security and economy.	De-linking of residency and citizenship allows Israeli settlers to reside in Palestine and an equal number of Palestinians to reside in Israel; IDF controls external security of Palestinian state; Freedom of movement for people, goods and services across their borders.	Helps resolves disagreements on core issues such as security, settlement evacuation and Palestinian refugees; Grants legitimacy to competing historical claims to entire land of Israel-Palestine and full access to all religious and historical sites .	Israeli (and perhaps Palestinian) publics prefer separation to integration; Free movement might create a security nightmare; IDF presence undermines Palestinian sovereignty and settlements may cause friction.

Section 3: Creating a supportive environment for peace: the role of the international community and civil society

Third parties

International actors should reengage seriously and go beyond “declaratory diplomacy,” but this cannot substitute for a serious commitment from the two parties.

The EU, requiring consensus among its 27 member states, and having already downgraded its funding to the PA, “is not a sufficiently nimble political actor to lead an international diplomatic initiative,” noted one former diplomat.

The US remains the indispensable actor. However, the new president, casting an eye over his predecessor’s experience, is very likely to be wary of engagement, inevitably questioning the efficacy of greater American involvement. Moreover, while the future strategy of a Trump administration remains unknown, it may portend a further reduction in US commitment to global affairs including the promotion of stability in the Middle East.

While the Palestinians need regional diplomatic cover to make the two-state deal, Israelis need regional involvement in resolving the core issues, as well as regional buy-in and cooperation to take the tremendous security risks involved in territorial compromise.

Palestinians are wary of any talk that is not focused on expediting the removal of Israel from the territories. They argue that the lack of equality

between the occupier and occupied should lead the international community to function as a strong, honest third party to oversee negotiations, that Israel will not be able to browbeat. Moreover, they believe that unless and until Israel pays a price for measures which contribute to closing the window for the two-state solution, negotiations will be ineffective.

Some Israelis looked to the third parties to encourage track-two work, reject boycotts, invest in “mind-set shifting,” and refrain from trying to impose a solution on the parties against their will, although parameters set by the international community could be productive if they are balanced and obtain wide international support. Facilitating Palestinian access to capital markets, venture capital funds, and investment in Palestinian start-ups is another role third parties can play, while governments can facilitate private sector to private sector links.

Effective third-party involvement must be strategic. It must attend to the realities on the ground today rather than remaining trapped in a 1990s mind-set, seeking “one more effort” to solve the conflict. That approach is disconnected from those realities, as John Kerry discovered.

Finally, ways to leverage foreign aid in advancing progress in negotiations, and incentivising the kind of changes that are needed should be examined closely by international actors.

Civil Society

Civil society has a key role in creating an environment in which the leaderships can speak

the language of peace, in making possible the compromises required by any final-status deal, and in sustaining a peace agreement in the implementation stage. “In parallel” to different negotiation processes, one Palestinian participant called on the two peoples to “create a social movement in Israel and in Palestine promoting a political solution, with a massive presence in media, academia, civil society”.

Alarm was expressed by both Israelis and Palestinians at the current state of public opinion: deeply distrustful of the other and deeply pessimistic about the future. A sense of a dangerous drift of opinion was expressed by both sides. Two typical comments by dialogue participants were: “The Palestinian street will dictate what will happen at the end of the day. How do we bring a different message to people in the street?” and “Israelis are not tackling public opinion. Where are we going wrong?”

Israelis and Palestinians believe there is a need for further research on how peace constituencies and a culture of peace can be strengthened and how messages can be developed that will resonate with different groups, including the young, within each nation. A Palestinian suggestion – that that “we need a social movement” to carry the messages of mutual recognition and two states into civil society – received assent.

One particular challenge may be the need for each public to internalise the idea that after deeply painful compromises the end result will likely be an “imperfect peace” when it comes to questions of history, narrative and identity. This makes it all the more important to develop a credible and attractive post-deal vision for both peoples, stressing the transformative impact on their everyday lives and prospects for the future, and those of their children, that the end of conflict would bring. That vision will be an essential component of this deflation of maximalist hopes that currently constrain the space in which politicians and negotiators can move.

Section 4: Conclusion – towards a Hybrid Model

Palestinians and Israelis continue to disagree about what constitutes the core of the conflict. Palestinians consistently referred to the occupation as the principal reason for the conflict, benchmarked each strategy against its ability to end the occupation as soon as possible,

and repeatedly argued that the only solution was an Israeli withdrawal from the West Bank and East Jerusalem. “The occupation is violence. It provokes counter-violence. No more humiliation” was one pained comment. Israeli concerns about security or Palestinian capacities were perceived to be excuses for maintaining the status quo. “Stop using Gaza as a pretext” and “Security? You are the superpower!” were two comments that reflected the frustration among Palestinians.

Israelis generally saw the challenge as more multi-dimensional. They emphasised the need for a comprehensive approach taking in the importance of recognising the Jewish people’s connection to Eretz Yisrael / Historic Palestine, security issues, Palestinian economic development, access and movement, Gaza reconstruction, settlement policy, the regional dimension, designing a political horizon, the role of the international community, facilitating Palestinian unity and governance, and creating a supportive public atmosphere as important issues to be attended to, and believed in dealing with these factors holistically. As one Israeli counselled the Palestinians, “Don’t use occupation to say no progress is currently possible on the ground”.

The sides also disagree about the way forward for resolving the conflict. Israelis imagined mutual compromises on the core issues (such as Israeli concessions on territory and Jerusalem in return for Palestinian compromises on refugees and security). Yet while showing some interest in final-status parameters along these lines, the Palestinians also emphasised that their leadership would have no ability to move from their official positions on core issues, and that a Palestinian state with weakened sovereignty due to Israeli security concerns was not worth having.

While there was little (if any) appetite for returning to the classic bilateral negotiation model without prior agreement on parameters, extensive analysis and critiques of each model did generate an interest in continuing to explore the potential of a “hybrid” model, creatively drawing upon components from each of the four different models discussed. Such a hybrid model would involve a regional framework for a peace process of a new type – composed of a strategically creative deployment of genuinely constructive, and sometimes coordinated, unilateralism (which could additionally be used as a fall back if the process fails), and bilateral negotiations that move from framework agreements through incremental implementation to final-status talks.

This process would be supported from above and from below, by both the international community's financial resources and diplomatic heavy-lifting, as well as independent, popular pro-peace social movements.

The advantage of a hybrid model lies in its combination of a political horizon of a future peace with the flexibility of constructive unilateralism, which might begin on a small-scale. Moreover, a hybrid model can be more easily coordinated with a supportive and encouraging regional framework and peace process, and more effectively deliver genuine improvements in people's lived experience, two factors that will smooth the return to bilateral negotiations. Moving away from sequential to parallel incentives, as the Arab League has recently done, and shedding the mantra of "nothing is agreed until everything is agreed," would also introduce more flexibility into the process. Finally, seemingly radical proposals found within the confederative model – such as allowing some Israeli settlers to remain in a Palestinian state with a similar number of Palestinian refugees residing in Israel – may also form part of this model, helping to resolve some hitherto intractable core issues.

Regardless of which model the sides adopt, or even whether components of each are utilised at different times, there is consensus that its chances of success would be strengthened by strong third-party engagement – whether in helping mediate between the sides when called upon, creating incentives for reaching an agreement, overseeing implementation, or helping to design a more attractive post-deal vision as well as by the creation of grassroots social movements that favour peace and mutual recognition, an idea raised by both parties in our discussions. Both sides also agreed that public support remains an indispensable condition for advancing a political solution.

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