

GAZA DONOR CONFERENCE 2014:

The Case for a Collaborative Council for Gaza's Reconstruction

Sultan Barakat and Omar Shaban¹ October 12, 2014

TIME TO RECONSTRUCT

As the fragile August 26, 2014 ceasefire between Israel and Hamas struggles to hold, attention has shifted to the reconstruction of Gaza. The Palestinian Authority (PA) appealed for urgent international assistance for the Gaza Strip, a territory that had been facing extremely difficult humanitarian, economic, and social conditions even prior to Israel's recent "Operation Protective Edge."

Much like in the aftermath of previous wars in Gaza, a special donor conference has been organized, this time under the joint auspices of Norway and Egypt. It is taking place today, October 12, 2014, in Cairo, and the PA is seeking to raise \$4 billion in reconstruction aid. The purpose of this conference, however, is not only to raise the specified amount of aid required to rebuild what has been destroyed in the Strip, but also to agree on the mechanisms through which this aid will be distributed and used.

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

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

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

THE THIRD GAZA WAR IN FIVE YEARS

Even before the last war, the Gaza Strip was already in a state of crisis due to the severe restrictions imposed on Gaza's air, land, and sea borders by Israel. Israel's seven-year blockade has prevented Gazans from accessing 35 percent of their farmland and 85 percent of their fishing waters while reducing Gaza's exports by 97 percent. As a result, many goods were unavailable, there were frequent electricity outages and water shortages, and unemployment and malnutrition were widespread. Government employees had not received their salaries since October 2013. The tightening of restrictions along the Gaza-Egypt border by Egyptian authorities following Muhammad Morsi's overthrow in July 2013 has further compounded Gaza's political and economic isolation.

¹ Sultan Barakat is a senior fellow and the director of research at the Brookings Doha Center. He is also the Founding Chairman of the Post-war Reconstruction and Development Unit at the University of York, UK; Omar Shaban is an Economist and Director of Pal-Think for Strategic Studies, based in Gaza. The Policy Briefing is part of a larger collaborative project intended to investigate the complex process of post-war reconstruction in Gaza. The authors would like to express their sincere gratitude for all those on the ground in Gaza who were willing to share their insights with the authors. Bahaa Al-Dahoudi, research assistant at Pal-Think provided important support in Gaza. In Doha, Lina Raslan and Talal Al-Naama, research interns at the BDC read various drafts of this paper and kept an eye on the development of events internationally. The utmost appreciation is also extended to Khaled Elgindy and Ibrahim Sharqieh, Fellows at the Brooking's Center for Middle East Policy as well as Sansom Milton from the Post-war Reconstruction and Development Unit at the University of York who provided helpful and constructive feedback on earlier drafts. Last but not least, thanks are due to Bill Hess for the final edits, and Sarah Abdelhadi for the design and layout of this publication.

In the early hours of July 8, 2014, the Israeli army launched a military campaign, dubbed "Operation Protective Edge," against the Gaza Strip. The operation targeted Hamas and Islamic Jihad (IJ), the two main armed groups that continued to launch rockets into Israel before and during the war, in particular, and the population and infrastructure of the Strip in general. The war, the third major confrontation between Israel and the Gaza Strip since 2009, lasted for 50 days and resulted in the deaths of more than 2,300 Palestinians, most of whom were civilians. More than 11,000 people were wounded with 80% of the victims suffering severe injuries that will cause lasting disabilities.²

After several rounds of mediated talks in Cairo, brokered through a joint effort by Egypt and Norway, a ceasefire agreement was reached between Israeli and Palestinian delegates.³ The Palestinian delegation was headed by the PA, but, significantly, included representatives of Hamas and IJ as well.⁴ Under the terms of the ceasefire, Israel and the Palestinians agreed to end all military action. The agreement eventually took hold on August 26, 2014.

According to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the UN Office for the Coordination of Humanitarian Affairs, more than 485,000 people were internally displaced due to the destruction of their homes, of whom approximately 110,000 remain homeless. More than 50,000 homes were either destroyed or extensively damaged as a result of the seven-week long conflict. In addition, 450 businesses, mosques, schools, health clinics, and other civilian installations, as well as public infrastructure, including communication networks, water pipes, and the electricity grid were severely damaged. As a result, the commencement of the school year was delayed until the middle of September instead of its original date of August 24.5

DE JURE VERSUS DE FACTO AUTHORITY

The most critical dilemma facing the reconstruction efforts of Gaza is one of legitimacy and control. While the PA is the only legitimate authority in the eyes of the international community, including Egypt and Israel, no one can deny the fact that Hamas has been effectively in control of the Strip for the past several years and is seen as legitimate by a significant portion of the population. Meanwhile, the actual control of access and resources is largely in the hands of Israel, which under international law remains the occupying power in the Gaza Strip. Among other things, Israel fears that Hamas will use reconstruction efforts as a pretext for rearming and rebuilding its defenses on the ground.

As was the case in previous conferences, most international donors share Israel's security concern and continue to fear that any large-scale international assistance for the Gaza Strip may fall into the hands of Hamas. At the same time, however, they also fear that Israel desires to permanently sever Gaza from the West Bank and are therefore keen to ensure that Israel continues to permit access to Gaza through its territory. Egypt, which could potentially provide the most effective access to Gaza, is concerned that doing so may help Israel implement its plan of making Gaza Egypt's responsibility.

Given that Hamas has been serving as the de facto government in Gaza since 2007, these combined fears have (particularly after Operation Cast Lead in 2008-2009) complicated the disbursement process, hindered reconstruction efforts, and tied progress to Israel's wavering political will. The international community's reluctance to engage with Hamas (directly or indirectly), combined with the PA's lack of authority in Gaza and desire to utilize reconstruction to regain control over the territory, has made governing reconstruction for the benefit of civilians extremely difficult. As a result,

² United Nations Office for the Coordination of Humanitarian Affairs: Occupied Palestinian Territory, "Gaza Emergency Situation Report," 3 August 2014, http://www.ochaopt.org/documents/ocha_opt_sitrep_04_08_2014.pdf.

³ Norway tried to mediate at a very early stage of the conflict.

⁴ The key representatives were Fatah leader and delegation head Azzam al-Ahmad, Hamas leader Moussa Abu Marzouq, and Islamic Jihad leader Khalid al-Batsh.

⁵ Ibid.; "Gazans Displaced By Israel Offensive Still Waiting for Solutions," Ma'an News Agency, 27 September 2014, http://www.maannews.net/eng/ViewDetails.aspx?ID=730093.

destruction accumulates with every Israeli assault. For instance, on the eve of the summer 2014 war, more than 1,000 homes destroyed in the 2008-2009 Israeli campaign had yet to be rebuilt. Furthermore, reconstruction has been pending for Gaza's airport and various other infrastructure projects since they were destroyed by Israeli airstrikes in 2002.

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

In recent weeks the unity government has appeared to be ready to cooperate and take the necessary steps to overcome the myriad of challenges Gaza faces today. On September 25, both sides signed an agreement that would allow the new unity government to operate and assume control of security aspects in the Strip, effective immediately.⁶ In light of these developments, it would be very shortsighted of the international community if they do not capitalize on this opportunity to strengthen the capacity of the unity government by ensuring that it leads on reconstruction and demonstrates its ability to gain legitimacy amongst the population of Gaza.

SECURITY GUARANTEES VS. RECONSTRUCTION IMPERATIVES

On September 16 a trilateral agreement on the management and facilitation of reconstruction was reached between the United Nations, Israel (driven

by a more pragmatic view from the military), and the PA. Caught between the need to attempt to alleviate the suffering of the Palestinians while offering Israel sufficient security guarantees regarding the reconstruction process, the United Nations proposed a way forward with it playing a third-party role. The United Nations Special Coordinator for the Middle East Peace Process, Robert Serry, disclosed few details about the deal but stated that it would "enable work at the scale required in the Strip, involving the private sector in Gaza, and giving a lead role to the Palestinian Authority in the reconstruction effort" with the United Nations monitoring the use of materials. ⁷

According to European diplomats and Israeli officials, the plan is to station between 250 and 500 international monitors in the Gaza Strip to oversee the rebuilding of major reconstruction zones, such as residential neighborhoods or large public buildings.8 Monitors would be positioned "at storage sites for construction materials like cement and concrete and dual-use materials such as metal pipes or iron rods," as well as at sites where "bulldozers and other heavy mechanical equipment are parked."9 The function of the international monitors would be to ensure that construction materials and heavy mechanical equipment, which could be used for other purposes, would be used solely to rebuild Gaza and not by Hamas for digging tunnels or building bunkers. The UN deal also called for increased efforts to ease Gaza's blockade as to allow for immediate humanitarian assistance (energy, water, emergency shelter) to be delivered. Furthermore, the deal stipulates increasing the number of trucks allowed to enter the Strip to enable the delivery of large-scale reconstruction materials into Gaza. The United Nations also underlined the importance of empowering the unity government through administrative and civil reform, and

⁶ Jack Khoury, "Hamas, Fatah Agree Palestinian Authority to Take Control of Gaza," *Haaretz*, 25 September 2014, http://www.haaretz.com/news/middle-east/1.617732.

⁷ IRIN Middle East, "Briefing: What's in the UN's New Gaza Agreement?," IRIN Humanitarian News and Analysis, 3 October 2014, http://www.irinnews.org/report/100632/briefing-what-s-in-the-un-s-new-gaza-agreement.

⁸ Barak Ravid, "UN Wants International Monitors to Oversee Reconstruction Work in Gaza," *Haaretz*, 22 September 2014, http://www.haaretz.com/news/diplomacy-defense/.premium-1.617082>.

⁹ Ibid.

expressed its readiness to provide any required technical assistance.¹⁰ Senior Palestinian officials also stated that the two sides agreed, during recent talks in Cairo, that unity government policemen would be distributed along border crossings.

In other words, under the proposed plan, the United Nations will end up policing the reconstruction effort, which will place the organization in an unenviable position and potentially cause a conflict of interest given that a significant portion of the reconstruction is required by UN facilities.

The very high cost of sustaining 250-500 international monitors will inevitably siphon resources intended for needy Palestinians. If implemented, the UN monitoring mechanism will also clearly risk delaying the reconstruction process, thereby further increasing the opportunities for black markets to develop and thrive, especially because current reconstruction plans do not account for Gaza's acute housing needs that predated the last wave of reconstruction.

Furthermore, given the precarious security situation in the territory, the divergence of agendas amongst Palestinian groups (some of whom disagree with both the PA and Hamas), and regional dynamics, including the international campaign against the Islamic State, placing a large number of international monitors in Gaza is a very high-risk strategy. This would offer "spoilers," on all sides, unprecedented opportunities to stall the process. Kidnapping one UN monitor would be sufficient to bring reconstruction efforts to a halt for weeks and months, prolonging the suffering of the thousands homeless Gazans. Furthermore, hinging the plan on Israel's willingness to allow the flow of reconstruction materials is wrong and shortsighted. It strengthens Israel's control over the territory and again places reconstruction at the mercy of Israeli domestic politics.

Clearly, the plan put forward is driven by the desperate need to reach a compromise in order to jumpstart a badly needed process of reconstruction that should have gained traction more than six weeks ago. Whatever the final format put forward, the reconstruction plan would benefit from a reflection on some of the imperatives of reconstruction in Gaza and some of the lessons learned from previous attempts to rebuild:

Excluding Gaza from the planning process: One of the most critical shortcomings of the March 2009 conference was the lack of Gazan representation. Despite the fact that more than 70 states and 16 regional and international organizations were there, no Gaza-based organization was present. The fact that the plan was presented only in English (an Arabic translation was made available only months later) underscored the low importance the PA and the international community gave at the time to participation by local civil society groups or other institutions. Local stakeholders were also excluded during the 2009 and 2014 damage assessments. The PA, in cooperation with UNRWA and the UN Development Programme (UNDP), rushed the assessments with the aim of presenting them prior to the donor conferences. As such, they did not involve a genuine process of consultation with civil society and other stakeholders in Gaza, including Hamas.

This feeling of being excluded is by far the most damaging in terms of people's acceptance of the outcome of the event and their ability to hold others accountable throughout the reconstruction process. The first step for inclusion is to engage in a direct and genuine consultation with a wide range of stakeholders based in Gaza. For example, while Hamas is deemed a terrorist organization by parts of the international community, many Palestinians would disagree with that characterization. If Hamas was capable of engaging in direct or semi-direct talks with Israel over the ceasefire, then members of the international community should to a certain extent be willing to engage with Hamas so as to provide assistance to the civilians suffering in Gaza.

Lack of transparency: In March 2009 a large

¹⁰ IRIN Middle East, "UN's New Gaza Agreement."

post-war conference under Egyptian and Norwegian auspices was held by international donors in Sharm al-Sheikh, Egypt. Around 90 countries and NGOs participated, and approximately \$4.5 billion was pledged, including around \$1.3 billion for Gaza (the rest was for overall Palestinian economic development and PA support).¹¹ The United States alone pledged at that time \$900 million, of which \$300 million was earmarked for Gaza. The rest was to support the Palestinian Authority's economic reforms and budget shortfalls. Ultimately, though, the conference organizers have disclosed little about individual donor pledges or disbursement schedules, making it difficult to track how much money was really in the pipeline for President Abbas. The lack of transparency opens the door for speculation and unfounded accusations, which further undermines trust amongst Palestinian factions and increases divisions.

Political conditionality: Regardless of the amounts pledged, many donors have attached various conditions on how the money could be used. For instance, the U.S. Secretary of State at the time of the 2009 conference, Hillary Clinton, stated that the \$900 million from the U.S. government was highly conditional and "will be withdrawn if the expected Palestinian Authority coalition government between Fatah and Hamas does not recognize Israel's right to exist."12 This seemed to be an impossible requirement to meet, as Hamas has shown no willingness to give up this core tenet of its ideological mission. Another condition placed by Gulf states stipulated that no money would be given to the Palestinians unless they completely reconciled-a stage that they have not reached until now.

Conflicting regional agendas: The Gaza war has exposed divisions between regional states, with allies of Hamas such as Qatar and Turkey being

pitted against Saudi Arabia, Egypt, and the United Arab Emirates who oppose Hamas given its ideological affiliation with the Muslim Brotherhood.¹³ In its various forms, this polarization has existed since 2007 and has contributed significantly to the lack of accountability and coordination. Regional actors have chosen to provide aid directly to their preferred Palestinian proxy instead of utilizing a transparent mechanism that is accountable to the people of Gaza.

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

Israel's policies towards Gaza pose serious challenges to the successful reconstruction of the Strip. First of all, Israel's refusal to recognize the unity government has prevented freedom of movement for its ministers between Ramallah and Gaza. As of now the Ramallah-based unity government only exists on paper, and the prohibition of official access to the Strip jeopardizes the opportunity for the representatives to establish security, administer effective governance, and lead reconstruction projects. Secondly, Israel has yet to relax its blockade of Gaza, as was specified in the terms of the ceasefire agreement in August. Lifting the blockade implies opening all border crossings into Gaza to allow entry of building materials to restore damaged infrastructure as well as enable the flow of people, goods, and exports. Ending the siege of Gaza will ultimately create the capacity for economic development and enable civilians to escape the entrenched poverty caused by the blockade.14 It is worth noting that in

¹¹ Sue Pleming and Alastair Sharp, "Donors Pledge \$4.48 Billion to Rebuild Gaza," Reuters, 2 March 2009, http://www.reuters.com/article/2009/03/03/us-palestinians-gaza-idUSL28486320090303>.

¹² Barak Ravid, "Clinton: U.S. Gaza Aid Tied to Recognition of Israel," *Haaretz*,12 March 2009, http://www.haaretz.com/print-edition/news/clinton-u-s-gaza-aid-tied-to-recognition-of-israel-1.271918.

¹³ F. Gregory Gause, III, "Beyond Sectarianism: The New Middle East Cold War," Analysis Paper no. 11, Brookings Doha Center, July 2014, http://www.brookings.edu/research/papers/2014/07/22-beyond-sectarianism-cold-war-gause.

¹⁴ Ali Abunimah, "Palestinians in Gaza Are Still Waiting for the Siege to End," *The Electronic Intifada*, 10 September 2014, http://electronicintifada.net/blogs/ali-abunimah/palestinians-gaza-are-still-waiting-siege-end.

2013, 20% of the construction materials that went into Gaza entered through Israel's Kerem Shalom crossing, 30% came through the Rafah border crossing with Egypt, and the remaining 50% came in through tunnels between Gaza and Egypt. The Israeli and Egyptian militaries have now destroyed the majority of these tunnels. While militants did use the tunnels to bring in arms, they were also relied upon to supply badly needed humanitarian aid and raw materials for the restoration of destroyed houses and infrastructure. A loosening of the blockade will compensate for the loss of imports from underground tunnel systems; otherwise, the need for the tunnels will remain.

Taking into consideration the unjustifiable nature of the Israeli blockade, it is a matter of urgency that Egypt reviews its position on the Gaza blockade and recognizes that the recent unity government is an opportunity to change tack without playing into the Israeli agenda of severing Gaza from the rest of the Palestinian territories. In fact, easing the blockade will allow Egypt to cooperate with the PA to develop and secure their shared border as part of a broader counterterrorism strategy in the Sinai Peninsula, which would include new economic opportunities for those communities neighboring Gaza. It will also earn Egypt a broader political capital across Arab populations as a constructive regional leader.

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

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

The PA and international and regional donors should establish an intensive and regular consultation process with Gaza-based institutions, including Hamas' leadership, non-governmental organizations, business associations, and universities, to assess the damage and to design and implement interventions in a genuine partnership. The emphasis should be on recruiting local companies and institutions to whatever extent possible in order to ensure that reconstruction is a nationallyrooted operation, rather than an internationally driven one, and that Palestinian society receives the bulk of the benefit from the expected funding. Furthermore, the physical presence of the PA in the Gaza Strip should be enhanced, under the auspices of the "national consensus" joint government arrangements.

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

It is equally critical that the international community do all it can to ensure that both Hamas and the PA abide by the terms of the reconciliation agreement as well as the success of the current "national consensus" government. Placing it in the driver's seat for reconstruction would certainly help build its capacity. However, there is still a need for further in-depth dialogue among the Palestinian political factions and civil society on core issues that have so far not been resolved and which are critical for the sustainability of the unity government and to advancing political reconciliation. Some of those issues include the choice (or

¹⁵ Omar Shaban, Mo'en Mohamed Rajeb, and Nabil Abu Meileq, "Gaza Reconstruction Projects: Advances and Shortcomings," Palestine Economic Policy Research Institute, August 2013.

the balance) between resistance and the political path; the unification of the security forces, the nature of coordination with Israel, the Palestinian Liberation Organization (PLO)'s position toward political Islam as being practiced by Hamas and Islamic Jihad, and the required reconstitution and reform of the PLO.

Finally, there is a need to establish a clear and solid mechanism that allows Palestinian and international institutions and experts to track international aid, which will enhance the Palestinian right to self-determination in development and, as much as possible, reduce their dependency on humanitarian aid. Accountability to the Palestinian people will be key to the success of any reconstruction efforts in Gaza today. People need to know what resources are coming in, who is controlling them, and how they are being spent.

A COLLABORATIVE COUNCIL FOR THE RECONSTRUCTION OF GAZA

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

- PA (Coalition government)
- Representatives from 4 or 5 regional countries (to include Egypt, Jordan, Saudi Arabia, Qatar, and Turkey)
- The European Union, the World Bank and the Islamic Development Bank
- Representatives from civil society groups
 (2 or 3 representing those with no political

affiliation)

- Palestinian political factions, including Hamas, IJ, and others
- Relevant UN agencies, mainly UNRWA and UNDP

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

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

Creating a fund based on the pledged monies will ensure that the resources remain committed to the Palestinian people regardless of the rate of progress, which is likely to be slow unless Israel and possibly Egypt have a major change of heart and realize that their security is directly linked to the development and prosperity of the Gaza Strip.

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