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Palestinian Politics in Crisis: An Urgent Call for Action by the International Community

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Foreword

I have been engaged in the search for a just and lasting resolution of the Israeli-Palestinian conflict for the best part of 20 years. Despite the apparent agreement of the international community that the correct resolution is for a solution of “two states for two peoples”, the blunt reality is this outcome is further away than ever. More than that, the interest of the international community and even the region in striving for Israeli-Palestinian peace has diminished significantly over the past years and is now, frankly, in abeyance.

This is the first US administration I can recall that has set out no great ambition for a peace process, instead attempting to manage the situation because they believe the circumstances are not right for resolving it. This is, however, not a criticism. Many of the administration members have a long commitment to the peace process and experience of it. It is simply that on analysis of the current state of affairs, they think the success of any revived process is highly unlikely, and unfortunately this is right.

This paper focuses on the crisis – not too strong a word – in Palestinian politics. As the authors make clear, this doesn't in any way absolve the Israeli government of its responsibilities or set aside the many criticisms that can be made of Israeli policy over the years.

But the paper pinpoints something that cannot be ignored or left unattended if we're serious about the prospects for peace. Without a resolution to the issues in Palestinian politics, leading to a unified Palestinian politics genuinely committed to peace, there will be no resolution of the Israeli-Palestinian conflict.

It is time there was a proper and open debate about this in the international community. Otherwise, the issue will continue to be ignored, the situation will fester and deteriorate, and the losers ultimately will be the Palestinian people, the Israelis and the region.

Tony Blair
Executive Chairman

Executive Summary

Palestinian politics is in fully fledged crisis. The international community appears to have largely given up on the prospect of reviving the peace process. This has created a toxic combination that threatens to undermine the stability of the region and beyond unless urgent, earnest and renewed efforts are made to remedy the stalemate.

In this paper we focus on the need for reform of Palestinian politics as preconditional to a revival of the hopes for peace. However, none of this means either that we do not believe a heavy responsibility also lies with Israel or that the Palestinians are to blame for the present impasse. There are many things that Israel can and should do to change the underlying dynamic of the present situation. It is simply that we believe the internal Palestinian question can no longer be ignored by the international community if it truly wants a resolution to the conflict.

Without fundamental changes to Palestinian politics, there will be no two-state solution, as this paper shows. If the Palestinians cannot agree on a unified political platform, reform the near-defunct institutions of the Palestinian Authority (the administrative body created by the Oslo Accords) and the Palestine Liberation Organisation (their national representative), and finally select an empowered, representative leadership, they will never be in a position to engage in a serious political process or negotiation. Given its current state, reform of Palestinian politics has now become a prerequisite for the two-state solution.

Here, we provide an assessment of recent developments both in the Palestinian Authority (PA)-ruled West Bank and Hamas-controlled Gaza. We also set out how the ensuing state of paralysis and decay in Palestinian institutions should motivate all relevant international parties to re-engage urgently on the Israeli-Palestinian conflict before it is too late. The failure to hold elections, growing levels of repression in both the West Bank and Gaza, and a lack of credible and legitimate representational structures mean it is only a matter of time before the crisis deteriorates further, potentially leading to a state of disorder or even collapse.

Perhaps more pressingly, the economic crisis facing the PA adds further urgency to the need for the international community to prevent an imminent financial meltdown. These financial and budgetary issues are being driven by precipitous declines in international aid, the withholding of PA tax-clearance revenues by Israel, an economic slowdown brought on by Covid-19, and general conditions of stagnation and instability. Israeli restrictions on economic activity in the West Bank, and movement and trade in and out of Gaza, have exacerbated this crisis. Increasing PA reliance on generating income from Palestinian labour in Israel has further added to the risks of economic collapse.

It is therefore incumbent on the international community to act and create new possibilities for change. The issues currently dominating the Palestinian political sphere are centred on narrow factional disagreements and the question of succession in terms of national leadership. But this scope of debate and discourse must be expanded, along with the more fundamental questions of reconciliation and political reform. Only the international community can guide and expedite this process, given the existing impasse in Palestinian politics.

An appraisal of existing policy trends among international actors with influence over Palestinian politics raises serious concerns. The United States, the European Union (and its members states), as well as most Arab nations in the region have largely and progressively downplayed their engagement with the Palestinian issue, to the extent that prospects for renewed peace negotiations have almost entirely dwindled. In many instances, it could be argued that they have withdrawn altogether from diplomacy and donor aid:

- Rather than merely responding to future crises with stabilisation measures, **the US** should take the initiative and reassert its leadership as a sponsor of the peace process. The US should focus its efforts on creating the conditions required for diplomatic engagement to be resumed, and direct its diplomatic influence and funding power towards convincing the Palestinian leadership of the need for urgent reform.
- The role of **Arab nations** must similarly be reinvigorated, whether it is the neighbouring states of Egypt and Jordan or members of the broader region – particularly the Gulf states. Egypt and Jordan have played crucial roles in supporting Palestinian political stability. Now Egypt's efforts on reconciliation in Palestinian politics must be redoubled, and broadly supported by the region and the international community. The influential role of Gulf states as providers of financial support and political backing should be reinstated, bringing with it the positive leverage to underpin the Palestinian leadership's future decision-making.
- **Europe** has played a central role in the development of PA institutions, providing funding and technical and policy support since the authority's inception. Recent trends suggest a progressive retrenchment in engagement; however, while the frustration of EU donors is understandable given recent developments in the Palestinian territories, turning away from an intractable problem will only make matters worse. Europe can and should use its substantial influence (financial, moral and political) to guide the course of political reform of the PA.
- **Israel** has a long list of issues on which it must be pressured and which need to be addressed – most notably on the expansion of settlements. Additionally, Israel must not be given a plausible reason to avoid engaging in the process, since this will have long-term repercussions for both Israel and Palestinian politics.

Our recommendations for immediate re-engagement by the international community include:

- Creating a secure political space for discourse and debate in Palestinian politics by encouraging

activists and reformers to come together around common challenges, while promoting the emergence of pragmatic and forward-looking thinking among a young and more dynamic constituency.

- Fully supporting Egypt's efforts to bring about reconciliation in Palestinian politics – namely, closing the schism between the two dominant political parties, Fatah and Hamas – with this process underpinned by the coordination of the international community.
- Setting out a proposal to end the tragic situation in Gaza, backed both by the international community and agreed with Israel, and which then leads to a durable ceasefire and reconstruction process. To this end, pressure must be placed on Hamas to engage on a peace footing and move towards a political horizon that is in step with the platform of the PLO.
- Ensuring the financial viability of the PA, provided it meets the benchmarks of good governance and democratic reform.

1. Introduction

The two-state solution remains the only viable outcome to the Israeli-Palestinian conflict that will allow both sides to live in peace and security. A territorial division that results in the creation of a Palestinian state in the West Bank and Gaza would allow the Palestinians to fulfil their aspiration for national self-determination while preserving Israel as a democratic nation, with a clear Jewish majority that lives within secure and defensible borders.

Without a fundamental change in Palestinian politics, however, there will be no two-state solution to the Israeli-Palestinian conflict – and time is running out. Such a change does not absolve the Israeli government of its share of responsibilities in the peace process or towards the Palestinian population under its control. However, as theoretically correct as the assertion that there is no alternative to the two-state solution may be, the truth is that a viable, coherent and sustainable Palestinian leadership is today a prerequisite to any practical implementation of that solution. Virtually every external party who has come into the sphere of the conflict recognises this reality. If the international community really believes in the two-state solution, then it is time for it to work actively together to create this change in Palestinian politics – now a fundamental precondition of achieving the solution.

Ever since they signed the 1993 Declaration of Principles¹ – which inaugurated the Oslo peace process, leading to the conclusion of the Oslo Accords – Israel (represented by successive governments of the left and the right) and the Palestine Liberation Organisation (PLO) have engaged in successive rounds of negotiations, sponsored and mediated by the United States. For their part, European and Arab countries have provided much of the funding for the process as well as support for the establishment of the Palestinian Authority (PA) on the ground in the West Bank and the Gaza Strip.

When the parties signed the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, which established the PA, giving it limited civil and security responsibilities in parts of those areas,² they both agreed to continue negotiations on “permanent status” issues, identified at the time as borders, Jerusalem, settlements, security, refugees and water.

Both sides arguably share part of the blame for the successive failures and missed opportunities since then. For example, the Israeli settlement policy has undermined Palestinian faith in the negotiations while the Palestinians have frequently failed to restrain terror attacks against Israeli civilian targets. An increasingly problematic issue, however, is the deepening crisis in internal Palestinian politics, and the resulting failure to produce fresh leadership that has the capacity and vision to govern effectively, implement change, engage constructively with the rest of the world and eventually enter into serious negotiations with Israel. The effects of this leadership breakdown are increasingly alarming, extend beyond mere stagnation, and take the Palestinian cause and its international standing backwards. The

international community has so far failed to confront this situation head-on – and this is to the detriment of the Palestinian people, their cause and peace in the region.

With an increasingly dysfunctional, financially destitute, Fatah-controlled PA in Ramallah, and a rogue de facto administration run by Hamas in Gaza, the situation on the ground in the Palestinian territories has progressively deteriorated over the years. And it continues to worsen day by day.

Beyond the crisis in governance and questions of internal legitimacy, cumulative actions by leaders over the past two decades while negotiations have been taking place behind closed doors, have adversely affected prospects for a viable and negotiated two-state solution. What's more, the recent trend of normalisation of the relations between Israel and some Arab states have left the Palestinians more isolated, and less capable of leveraging either Arab or international support for their cause. These developments call for a frank assessment of Palestinian politics today, and of the reforms needed to bring about a scenario where the different Palestinian factions can come together under a pragmatic and forward-looking programme, with leadership empowered to carry out the difficult task of diplomacy and negotiations.

The international community has a responsibility in this regard, both in terms of offering political support and guidance, and of providing the PA with financial support, incentives and governance guidance. The challenge is that the international community, with all the pressing issues and complexities it faces around the world today, no longer feels as though it has the bandwidth necessary to galvanise the changes that Palestinian politics so desperately need. Meanwhile Israel has been content with the status quo, opting for the expedient path of coordination on day-to-day matters (in the West Bank) and of military deterrence (in Gaza) to maintain stability. While this approach has been relatively successful for Israel, it is short-sighted over the longer term: if the structures established by the Interim Agreements in the Palestinian territories start to crumble, making the prospects for a viable two-state solution even more remote, the consequences will be detrimental to Israel's security.

It is clear that some form of reconciliation between Fatah and Hamas – Palestine's two dominant parties and rivals – remains a basic prerequisite for progress on domestic political reform. Egyptian efforts are crucial in this regard but this process has consistently faltered over the past 16 years.³ A meaningful reconciliation must take place based clearly on peace – and on a political platform in tune with the international obligations of the PLO (even if Hamas itself does not explicitly commit to the Middle East Quartet's conditions).⁴ At the same time, Fatah must show flexibility despite its mistrust of Islamist politics in general, and the Hamas leadership in particular, by allowing Hamas to participate in legitimate political activity under the right conditions. This will give Hamas a role in a unified Palestinian politics that reflects the level of support the movement has among the Palestinian people.

Without these reforms, namely a reinvigorated leadership and a pragmatic reconciliation process, time will quickly run out for the two-state solution, and sympathy towards the Palestinian cause (both in the

Arab world and the broader international community) will give way to indifference, or worse. It is therefore imperative for the international community to act decisively, to urge, cajole and facilitate this process as an urgent priority moving forward.

The two-state solution still remains plausible – under the right set of conditions – but its viability is being eroded with each passing year. While Palestinian politics remains in paralysis, unilateral actions and developments on the ground, particularly in the West Bank, are likely to continue to unfold in a political vacuum, with these actions potentially precipitating further deterioration of the economic and security conditions in the West Bank and Gaza – or indeed the very collapse of the PA in its existing form. Some of the other specific risks are addressed later in this paper, including for the Palestinian economy (Chapter 4). Without the international community backing a process of reform and the renewal of Palestinian politics, the risks outlined in this paper will become inevitable outcomes.

There are no encouraging signs that change can take place from within Palestinian politics. With the rift between Fatah and Hamas deepening even further after last year's cancellation of general elections, and following the May conflagration between Hamas and Israel, the prospect of a reconciliation deal between the two rival camps is receding, despite the best efforts of Egypt and other international mediators. Reconciliation has never been more pressing, however, warranting even deeper international engagement and intervention. A lack of political reforms and democratic accountability has weakened many institutions of the PA, meaning it is today more difficult than ever to bring about change – without the external support and active intervention of the international community.

2. Recent Developments in Gaza and the West Bank

It could be said that 2021 represented a low point for the Palestinian national movement, with a marked decline in its diplomatic standing and prestige across the region and the world, a retrenchment of donor support, a stagnant peace process, and a deepening of internal divisions and rivalries. These developments have contributed to a decline in public trust in both Fatah and Hamas, and a growing cynicism towards the whole political system. Interestingly, support for each rival faction is typically higher in the territory that is not under its control – Hamas has gained in popularity in the Fatah-controlled West Bank, while Fatah has recently grown in popularity in Gaza, although this is subject to fluctuations. This is a clear indication of the widespread popular discontent with the governance record and political strategy of both groups.⁵ As a result, 2021 saw several instances of public protests and demonstrations against corruption, censorship and repressive policies in both the West Bank and Gaza.

A review of the key events of 2021 paints a mostly discouraging picture, with few positive developments for Palestinians. Early in the year, plans for democratic general elections were abruptly cancelled by the PA, as Fatah grew concerned about a potential defeat at the polls. A further complication for the PA leadership was the apparent Israeli position of restricting the holding of elections in East Jerusalem, even under procedures used in the last elections of 2006.⁶ These developments were followed by an increase in repressive measures within the Palestinian territories, including the arrest of dissidents, and media and internet censorship, culminating in the killing of activist Nizar Banat by PA security forces while in custody.⁷ The case of Banat became a rallying cry, sparking public protests that expanded to demonstrations over a broader set of issues, namely the repressive policies of the intelligence and preventive security services; the PA's mismanagement of the economy and the pandemic; and its policy of security coordination with Israel.⁸ These protests brought together different segments of the population – especially the younger generation, many of whom had been previously discounted as being largely cynical and apathetic in terms of political organisation. However, the protests were quashed in due course, with the PA making it clear that such challenges to its stability in the West Bank would be handled decisively, even if this meant resorting to use of force against the protesters.

One of the results of the way in which the protests were curbed was the realisation among the activists that, beyond general statements of support by some international NGOs and diplomats, they had no allies willing or capable of investing capital in the cause of reforming the PA. Indeed, the PA was largely successful in ensuring the continuation of support (if only passive) from the international community – including the US and Israel – despite these demonstrations, and the ensuing repression of dissent including what many argue is a decline in the rule of law and human rights.⁹

Rather than tackle the substantive challenges posed by this wave of discontent and initiate real reforms, the PA's reaction was to deflect criticism by revisiting the same positions and policies on the diplomatic front that it has been promoting for the past several years. As set out in President Mahmoud Abbas's speech to the United Nations General Assembly in September 2021,¹⁰ and consistent with most of his recent public statements, the peace plan advocated by the PA/PLO ambitiously calls for an "international conference" under the auspices of the Middle East Quartet (the UN, US, EU and Russia), in order to reach a two-state solution based on "international resolutions and legitimacy". This plan is proposed despite the current Israeli government's explicit position that no such political horizon is even remotely possible or open for discussion today; the apathy of the international community towards such an unrealistic approach; and the internal disarray within the PA's own house. In this way, the PA has been attempting to avoid the domestic issues in need of urgent attention and reform: divert attention from the political stagnation and deteriorating situation in the West Bank and Gaza while assigning blame for all the woes of the Palestinian people to a rejectionist Israeli government and the failure of international efforts to revive the peace process.

Another troubling aspect of 2021 was the growing rift between the PA in the West Bank and Hamas in Gaza. While this has been ongoing ever since Hamas violently took over the Gaza Strip in June 2007, the divide continues to widen to the point that it could soon amount to a total rift between the two territories – one that would be extremely difficult, if not impossible, to bridge or even mitigate, barring a fundamental change in the politics of one or both sides. This trend is perhaps illustrated by the PA policy of punitive measures taken against the Hamas authorities. These were first applied by the PA several years ago and with various fluctuations, but are now rendered a semi-permanent feature of the political divide.¹¹ While these measures had less of a direct impact on the Hamas ruling echelon, they adversely affected the civilian population due to cuts in social payments, salaries and other transfers, and played a significant role in the humanitarian and economic crisis that continued to plague the beleaguered strip last year. Conversely, Hamas started ramping up its own activities aimed at destabilising the West Bank, as the PA's security services and the Israel Defence Forces (IDF) intensified their raids and arrests of Hamas and Palestinian Islamic Jihad (PIJ) targets on an almost daily basis.

The effect of the growing divide was vividly illustrated in the course of events starting in May – the 2021 Gaza War (dubbed operation "Sword of Jerusalem" by Hamas) – in which Hamas militant elements took up the cause of the Sheikh Jarrah families facing eviction in East Jerusalem, as well as taking on the role of "protectors" of Al-Aqsa mosque and the Muslim holy sites in Jerusalem, launching a mass campaign of rocket attacks against Israel, and sparking a devastating round of hostilities that led to yet more destruction and economic suffering in Gaza.¹² On the political level, Hamas received an initial boost in public support due to its firm position in defence of Palestinian rights in Jerusalem (but more so in the West Bank than in Gaza, which bore the brunt of Israeli retaliation) while the PA was sidelined as ineffectual in the face of mounting pressures in East Jerusalem.

Subsequent months saw a further rise in Hamas and PIJ activities in the West Bank, both in terms of organisation as well as attempts to carry out attacks against Israeli targets. Many of these were spearheaded by Hamas, which saw an opportunity that it could exploit in the decline in support to the PA, thereby reinforcing its “resistance” credentials, all the while maintaining calm in Gaza. This led to a marked increase in IDF as well as PA operations to clamp down on the rising influence of Islamist militancy in the West Bank, further adding to the public discontent with the PA’s policy of security coordination with Israel.

Further undermining stability in the West Bank, a protracted economic and fiscal crisis took hold as the PA struggled to meet its basic financial obligations in terms of public expenditure. Economic stagnation due to the Covid-19 pandemic undoubtedly was – and continues to be – a major factor in the crisis, but perhaps more significant was the ongoing decline in donor assistance to the PA’s budget, which in past years had constituted a major component of its income. The potential impact of these developments on both the Palestinian economy and stability of the PA is discussed in Chapter 4.

In Gaza, Hamas continues to oscillate between a policy of relative calm (short-term ceasefires in exchange for easing measures from Israel and Egypt) and targeted escalation. It does this by raising the stakes at opportune times to achieve what it considers worthwhile political gains, whether vis-à-vis the Egyptian-mediated ceasefire talks, or for the purposes of bolstering its resistance credentials within its own rank-and-file – and among an increasingly receptive constituency in the West Bank, East Jerusalem and indeed in many parts of the region, including the Palestinian community in Jordan.

In 2022, tensions continue to mount on the ground in the West Bank, with violent confrontations between Palestinians and Israeli settlers taking place daily, as well as regular clashes with the IDF, which has been conducting operations throughout the West Bank, including inside its major cities.

3. Origins of the Current Crisis

The Palestine Liberation Organisation (PLO), Fatah and the Palestinian Authority (PA)

The PLO as Umbrella Organisation

Sometime after its creation by the Arab League in Cairo in 1964, the PLO came to be recognised in the international system as the sole political representative of the Palestinian people¹³ and now enjoys an enhanced status as non-member observer state at the UN. However, the organisational structure of the PLO has largely atrophied since the creation of the PA in the mid-1990s, leaving the Executive Committee – headed by the chairman of the PLO (who also happens to be the president of the PA) – as the only operative decision-making body. Although meetings of the Palestinian National Council (the legislative arm of the PLO) and the Central Council have been held sporadically, these have become largely ceremonial events designed to cement the existing power structure, in terms of control over both the PLO itself and the governing institutions of the PA in the West Bank.¹⁴

The Executive Committee of the PLO should have a full membership consisting of 18 officials, elected from within the leadership ranks of the various factions of the PLO.¹⁵ Currently, there are 15 sitting members of the committee, headed by President Abbas (Fatah), including members from smaller factions – those that have not boycotted the PLO – as well as “independents”. These are mostly figures close to the Ramallah leadership, but not technically members of Fatah. A summary of the various components that make up the political spectrum under the PLO umbrella can be found in the Annex.

The Leadership in Stasis and a Democratic Deficit

Over several years, President Abbas and the senior PA leadership have been consolidating power to the exclusion of other elements of the Palestinian political spectrum, causing their popularity to decline among Palestinians, particularly those living in the refugee camps and the younger generation – some of whom have resorted to street protests against the PA. Public-opinion polls show a progressive decline in support for the current leadership,¹⁶ which has held power for the past 15 years without allowing general elections, and acted to stifle political opposition both within its ranks and among political dissidents.

There were times when the PA appeared vulnerable to public discontent, but its capacity to garner financial resources and pay salaries (especially for members of its security apparatus) has allowed the body to continue to operate under its current configuration. Moreover, the PA has been adept at taking advantage of external challenges (notably those posed by the Trump administration, and the normalisation of relations between Arab nations and Israel) to reinforce its nationalist credentials,

claiming that it has managed to withstand a barrage of threats and pressure on behalf of the Palestinian people – thereby deflecting mounting calls for reform and democratic change.

Thus, the US's decision to move its embassy to Jerusalem, the recognition of Jerusalem as the capital of Israel and the publication of the Trump administration's peace plan enabled the PA to position itself as the unwavering defender of Palestinian "red lines" – one that was willing to confront the US administration, and the rest of the world, in defence of Palestinian rights, regardless of the consequences. This position gained the PA some measure of public support among significant domestic constituencies in 2019 and 2020 while deflecting public discontent away from the internal political arena, focusing it externally – for a while. In retrospect, this dynamic has done a great deal of damage to the prospects of internal political reform of the PA, and this has not been helped by the overall approach taken by the international community. Hence, President Abbas's vociferous critique of former US President Trump and his administration positioned him as a firm leader in the eyes of a section of Palestinians, some of whom had previously opposed his position on Israel and the negotiations that they considered too conciliatory.

The US decisions to cut contributions to the UN's Relief and Works Agency for Palestine refugees (UNRWA) and the PA, and its reconsideration of refugee status, gave further opportunities to the PA to deflect internal disgruntlement, as well as the Arab frustration growing towards it, by playing up the undercutting of the refugee issue both within Palestinian society and among Arab political elites.

Not only did this strategy enable the PA to contain criticism in the West Bank but it also provided an arguably plausible justification for its Gaza policy, with the punitive measures imposed on the Hamas-controlled strip being portrayed as necessary to thwart a US–Israeli plan (involving Hamas's willing participation, or acquiescence) to establish a "rump state" in Gaza.

At present, however, more than a year after the Trump administration has left office, and with the signing of the Abraham Accords and other steps towards normalisation of Arab-Israeli relations, these arguments do not resonate as powerfully. The current economic and fiscal crisis in the PA, brought about by a sharp decline in aid and the impacts of the pandemic, may alter the dynamic altogether, especially if the PA finds itself unable to meet its basic financial obligations – in particular, salaries and funds to its security forces and the rank-and-file.

The Question of Succession

For the elites surrounding the president of the PA, succession is a thorny question that must be delayed as long as possible. Should a leadership vacuum arise, however, their likely preference will be to attempt to put in place some sort of process to appoint a leader from among the senior ranks of Fatah, both as PA president and as chairman of the PLO Executive Committee. None of this is certain because the institutional processes of the PLO have been in a defunct state for some time, and are therefore

increasingly lacking in predictability and legitimacy – even among the members of Fatah, let alone other factions.

In what might be viewed as a positive scenario, a candidate who is broadly acceptable to the senior leadership could plausibly be appointed by the Central Council as the president of the PA, who would in turn appoint a prime minister and cabinet. The Central Council might then assume a governance role for the “State of Palestine” until elections are held. Potential candidates for this transitional role would mainly comprise the Fatah “old guard” i.e., officials of President Abbas’s generation and his senior advisors. However, they may be challenged by other officials who currently wield influence both within the movement and on the ground. Regardless, even if such a succession were to take place in a smooth manner, it would do little to address the dysfunction – evidenced by institutional decay and the democratic deficit – at the core of Palestinian politics.

Hamis, the Takeover of Gaza and the Movement’s Political Ambitions

Origins of the Schism

Starting out as seemingly benign networks of social services and religious education inspired by – or some would argue, directed by – the Muslim Brotherhood, the emergence of Islamist political forces within Palestinian society in the 1980s started the process of political transformation that would culminate in the conflict between Fatah and Hamas, and the schism between the West Bank and Gaza.

Until Hamas and the Palestinian Islamic Jihad (PIJ) entered the political scene, the Palestinian national movement had been almost exclusively secular, modelled on guerrilla and national-liberation movements with Marxist-Leninist, anti-imperialist and anticolonialist rhetoric. This remains, at least nominally, the case with most factions under the Fatah-led PLO umbrella today (see Annex). The challenge posed by Hamas, by the time it decided to compete in PA elections in 2006 (winning a legislative majority), was the introduction of a model of resistance – providing an alternative to what Islamists argued was a failed strategy of Western-inspired secular nationalism and liberation ideologies. The Fatah leadership saw this emergence of Islamism as an existential threat to its primacy, namely to its command of the PLO and leadership of the Palestinian people as the “sole legitimate representative”. So, despite repeated efforts over more than a decade to find common ground for reconciliation, Fatah and many in the PLO continue to believe that the objectives of Hamas are ultimately incompatible with their own, and that accommodation through admission into the PLO ranks would result in an eventual Islamist takeover of the Palestinian cause. As a result, reconciliation based on this approach remains (and likely will continue to remain) elusive.

Hamis was founded in Gaza in the 1980s with strong ties to the Muslim Brotherhood. Since its inception, it has refused to recognise Israel or sign peace agreements, and continues to advocate violent

resistance against Israel, albeit tempered by pragmatic offers of a long-term ceasefire. Hamas has maintained ties with Iran, Qatar and Turkey, as well as other actors with Islamist sympathies over the years. While its decision-making structures are somewhat opaque, it is known that the organisation has three distinct organs: political, social and military. Political decisions are made by the Political Bureau, whose membership is chosen through internal elections driven by a “consultative council” (based on Islamic principles of *shura*).

Leadership is divided between the local (mostly in Gaza, with some officials in the West Bank) and the diaspora (these leaders mainly based in Qatar, having moved from Damascus early in the Syrian civil war); some leaders are also in Turkey and Lebanon. The chief of the Political Bureau (currently Ismail Haniyeh) is considered the most senior political representative of the movement, while the remaining members constitute the top political echelon of Hamas. The movement also has a leadership structure based in Gaza, where it operates a de facto administration. The current, influential leader there is Yahya Sinwar, who spent years in Israeli prisons.

Sinwar is one of the founders of Hamas’s military wing – the militant al-Qassam Brigades – which is based in Gaza and has a mostly independent command structure from the political side of the organisation; it is currently headed by Mohammed Deif.¹⁷

The Rise of Hamas Rule in Gaza

The origins of the territorial split between Fatah in the West Bank and Hamas in Gaza can be traced to Hamas’s victory in the January 2006 PA legislative elections, and its subsequent attempts to form a viable government, backed by the majority it won in the Palestinian Legislative Council. Given its refusal to abide by the Middle East Quartet’s conditions (which include recognising the state of Israel, accepting previous diplomatic agreements and renouncing violence), the Hamas-led government was immediately isolated by the international community, met with hostility from Fatah and was unable to govern as a result. Its subsequent proposals to form a national-unity government in partnership with Fatah in order to avoid engaging explicitly with the Quartet’s conditions proved unsuccessful, as Fatah and the international community worked to further isolate the Hamas administration and to demonstrate its failed governance to the Palestinian public.¹⁸

With the bulk of the PA’s ministries and security agencies remaining loyal to Fatah, and with donor states refusing to deal with Hamas, the latter moved, shortly after its electoral win in 2006, to form the nucleus of a parallel administration and security apparatus. Hamas created its own police and intelligence services based in Gaza that would prove pivotal to its takeover of the strip a year later, and form the basis of a separate security apparatus.¹⁹ Given its inability to access funds through PA channels, and with President Abbas controlling most of the levers of official power from Ramallah, Hamas resorted to alternative means of financing for its Gaza-based operations. Meanwhile, the Muqat’a (the presidential headquarters in Ramallah) under President Abbas became the effective authority ruling from the West

Bank. Thus, by the time Hamas took Gaza by force in June 2007 – ejecting the PA’s forces – the foundations for separate administrations in Gaza and the West Bank had already been laid.

The 2007 takeover resulted in a split between the two parts of the Palestinian territories that endures to this day. Furthermore, the entrenchment of Hamas rule in Gaza, and the vested interests it has accumulated during more than a decade of control there, make it highly unlikely that Hamas will surrender power. This does not mean, however, that a compromise – a power-sharing arrangement under an agreed political agenda – cannot be reached, at least in theory. However, as noted above, the objectives of Fatah and Hamas have been so incompatible to date, and the prospects of Hamas establishing a foothold in the PLO so patently unacceptable to Fatah, that reconciliation along the lines envisaged by successive rounds of mediated negotiations over the past decade is almost certainly out of the question.

Reconciliation and Ceasefire

All negotiation rounds between Fatah and Hamas towards reconciliation over the past 15 years have arrived at a dead end. Fatah’s position remains that Hamas must transfer all authorities, both civil and security, immediately and unconditionally to the legitimate authority in Ramallah, as a condition to ending sanctions on Gaza. Hamas refuses and insists the transfer of power should happen gradually, after President Abbas ends the punitive measures on Gaza and as part of broader reforms to PA and PLO institutions.

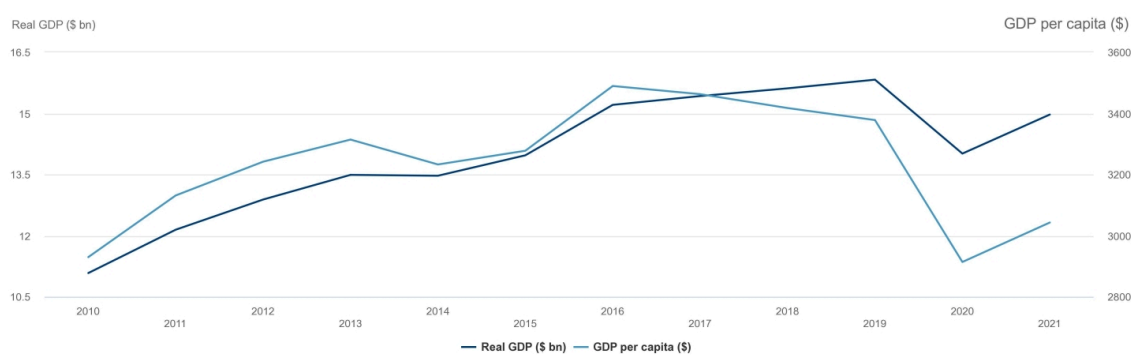
While inclined to agree with Fatah’s position in principle, Egypt understands the dynamics motivating the Hamas leadership, given the situation in Gaza, while equally recognising that Hamas maintaining security control and stability on the ground is better than having the Gaza Strip descend into sheer chaos (the only alternative at this time). Egypt has therefore worked to bring Hamas leadership to the table to establish mechanisms for a long-term ceasefire with Israel (with Israel’s agreement likely to hinge on a prisoner-exchange deal) to allow for some degree of stabilisation, and prevent further rounds of violence and conflict.

The issue of prisoner exchange with Israel should be noted as a central item on the Egyptian agenda to lay the groundwork for a long-term ceasefire, itself a prerequisite for the reintegration of Gaza into Palestinian political institutions. The Israeli position is that the release of its two citizens – held since 2015 – and the remains of two soldiers killed in 2014 are a precondition for significant easing of the restrictions it has imposed on the movements of goods, materials, people and trade in and out of the Gaza Strip. Without such easing, the prospects for calm are much less likely. It is therefore in the interest of the international community to push for a reasonable deal to be made on an exchange of these prisoners, in order to both avert yet another escalation of hostilities and advance the cause of Palestinian political reforms.

4. An Economy Near Breaking Point

The political impasse in domestic Palestinian politics, stagnation of the peace process, and Israeli policies and security restrictions in the West Bank and Gaza Strip have limited the Palestinian economy's potential over the past several years. Exacerbating these factors, the Covid-19 pandemic has had a severe impact on the economy, with GDP per capita falling in 2020 to below its 2011 value.

Figure 1 – GDP per capita (constant 2015 \$) fell to below its 2011 value in 2020, showing a faltering Palestinian economy



Sources: World Bank ²⁰ and [Palestinian Central Bureau of Statistics \(PCBS\) Projections](#) ²¹

Despite a small increase in economic growth in the first half of 2021 as a result of the temporary easing of Covid-19 restrictions, Palestinian economic activity remains below its pre-pandemic levels. The World Bank estimates that in 2021, growth for the year stood at 6 per cent (6.5 per cent in the West Bank and 2.4 per cent in the Gaza Strip), partly made possible by lockdown measures remaining relaxed and partly by the implementation of some Israeli confidence-building measures to support economic activity and facilitate reconstruction. In 2022, however, the World Bank estimates that growth for the Palestinian territories is projected to slow down to 3.3 per cent as the low base effect weakens and fiscal consolidation continues. ²²

Risks of Destabilisation and Collapse

Economic growth in the West Bank in recent years has been boosted by income generated by Palestinian labour in Israel and in Israeli settlements. According to a recent labour-force survey by the Palestinian Central Bureau of Statistics, approximately 17 per cent of employed Palestinians in the West Bank overall were working in Israel and in Israeli settlements. Moreover, their income, estimated at about \$2.3 billion in 2020, accounted for 29 per cent of all Palestinian income in the West Bank. ²³

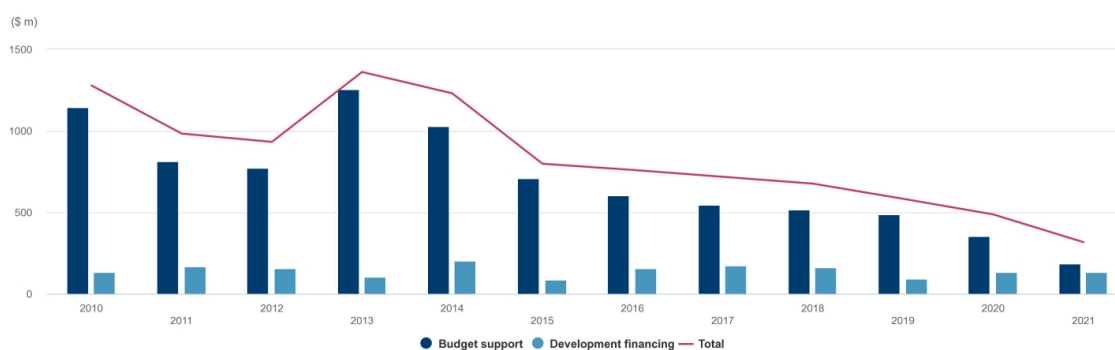
Given the high dependence of West Bank-based Palestinians on work in Israel, any serious deterioration in the security situation there that leads to Israeli closures and suspensions or cancellation of work permits would result in a severe and immediate shock to the Palestinian economy, potentially destabilising the PA and its institutions.

Exacerbating these risks, the PA’s fiscal situation has significantly worsened in recent years due to two main factors: first, a sharp decline in external budgetary support; and second, Israel’s decision to freeze the Palestinian taxes it collects on the PA’s behalf. In 2018, the Israeli Knesset passed legislation that required its government to freeze taxes (or “clearance revenues”) equivalent to the payments made by the PA to Palestinian prisoners and families of Palestinians who have been killed in attacks against Israelis.²⁴ Since 2019, Israel has frozen more than \$600 million in PA clearance revenues, according to this law.

External budgetary support from donor countries has been dropping precipitously over the past decade, from a high of around \$1.25 billion in 2013 to \$356 million in 2020 and \$188 million in 2021. In addition, donor-generated development financing has also dropped from \$300 million in 2013 to approximately \$100 million in 2021 (see Figure 2).

The drop in aid is in large part related to the long-standing stagnation in the peace process during a time when donors have had to respond to other pressing crises in the Middle East, including civil wars in Syria, Yemen and Libya, and the growing crisis in Lebanon. However, donors have also signalled discontent with the impasse in the process of Palestinian reconciliation, the PA’s increasing authoritarianism and disregard for the rule of law and human rights, and the cancellation of parliamentary and presidential elections, which were last held in 2005/2006.

Figure 2 – The sharp decline in donor aid to the PA between 2010 and 2020 has adversely affected its fiscal stability

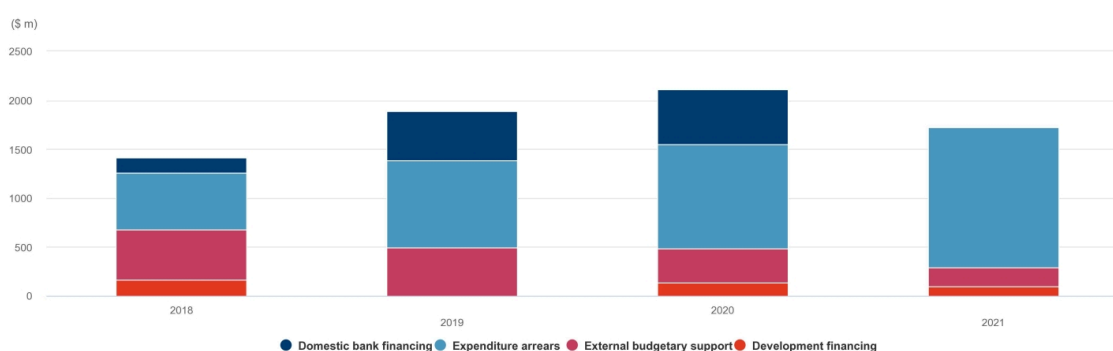


Source: [Palestinian Ministry of Finance Monthly Reports](#)

The Outlook for 2022

The World Bank estimates the PA's deficit had reached \$1.26 billion in 2021. As borrowing from domestic private banks already exceeds the limit set by the Palestinian Monetary Authority (PMA), the PA is unable to borrow more funds from local banks going forward. Moreover, as aid has been declining, the PA has relied mainly on the accumulation of additional arrears owing to the private sector, thus draining liquidity out of the markets.

Figure 3 – How the PA is financing its significant budgetary deficit



Source: [Palestinian Ministry of Finance Monthly Reports](#)

According to a report from the PA's Ministry of Finance, until December 2021 public debt stood at close to \$3.85 billion, out of which \$2.53 billion was domestic debt. In addition, an indirect additional exposure to the PA lies in the accounts of public-sector employees – some of whom are likely to default on loans they have taken out to supplement their salaries – which combined represent \$4 billion, or 40 per cent of total banking-sector credits. ²⁵

Looking to 2022, it will be increasingly difficult, if not impossible, for the PA to continue to rely on local bank financing or the accumulation of additional private-sector arrears to finance its operations because both options will have a drastic impact on the economy, reducing revenue generation even further. Therefore, the PA will likely have to make difficult political decisions in order to avoid economic collapse.

Since November 2021, the PA has implemented a 20 per cent reduction in public wages and another sharp reduction in public spending. It is expected that the PA will have to continue dropping these wages significantly despite growing inflation and surging basic-commodity prices until May 2022, when it anticipates receiving delayed EU support (the PA has resorted to this option in previous years but it cannot supplement this policy this time by borrowing from local banks). Taking this route for a sustained period could lead to public unrest in both the West Bank and Gaza Strip.

The PA may negotiate with Israel for the release of frozen clearance revenues and other withheld funds. However, the Israeli government is likely to insist upon the PA suspending payments to

Palestinian prisoners and their families. President Abbas is unlikely to do this, given his declarations on several occasions that he will never stop these payments. Indeed, doing so at this stage, given the historical rhetoric devoted to the issue, would make him and his close circle even more unpopular – not only with the general public but, more importantly, with his support base and Fatah loyalists, strengthening his opponents within Fatah and other Palestinian factions.

It may negotiate further loans from Israel. Israel extended a NIS500 million loan to the PA in August 2021, to be repaid in June 2022. While the PA may request an additional loan from Israel on the account of withheld tax revenues, Israel would most likely place a condition on the loan stipulating changes to the PA's policy towards Palestinian prisoners. Moreover, a similar loan would have a limited impact on the fiscal stability of the PA, given the high public-wage bill.

It may look for additional external budgetary support from donors. This would inevitably require the PA to progress both political and structural reforms. Political reforms include restoring democratic processes, strengthening the rule of law and respecting human rights. Structural reforms include improving revenue collection, rationalising spending, fighting corruption, strengthening governance and providing a more favourable environment for the development of the private sector.

All these options constitute difficult political decisions for the PA at a time of instability – decisions the leadership has failed to tackle over the past several years. Time may be running short, however, as lack of action in the coming year may result in financial collapse, which would inevitably be followed by political chaos and a deterioration in the security situation.

Potential Positive Developments

It is still possible for the PA and Israel to agree on practical changes to the revenue-clearance arrangements to limit tax leakages and increase Palestinian tax revenues and collection. They may also reactivate and convene the Joint Economic Committee, established under the Paris Protocol (or Protocol on Economic Relations) of the Oslo Accords, to resolve trade issues that could otherwise significantly contribute to the cost of living in the Palestinian territories at this critical juncture.

Updating the list of commodities agreed upon in the Paris Protocol to allow the PA to set an independent import policy will allow Palestinians to import cheaper products to meet the demand of the Palestinian market in the West Bank and the Gaza Strip, and help reduce the impact of inflation and low public-employee wages. The parties could also discuss ways to reduce transaction costs while safeguarding legitimate Israeli security requirements.

The signing of the Abraham Accords between Israel, the UAE, Bahrain and Morocco provides the Palestinian private sector with myriad potential new opportunities to increase trade with these countries. According to recent data published by the Israel Central Bureau of Statistics, Israel's trade with the UAE

slightly exceeded \$1 billion at the end of 2021. Israel and the UAE are now negotiating a free-trade agreement to further facilitate trade between their two countries, and the PA should seek to participate in this agreement. [26](#)

5. Avenues for Change

Despite the advancing age of President Abbas, the views on succession within Fatah and other PLO factions – as well as among the ranks of the independents – remain remarkably fluid and opaque. This makes it difficult to assess the types of calculations that might be made in the formation of a future ruling coalition: a frustrating aspect of Palestinian politics where no one is willing to show their hand, and alliances are often transitory and shifting. Indeed, there appears to be very little overt discussion within the top echelons of Fatah regarding future leadership options, or how a smooth transition could be accomplished.

Apart from the composition of a potential future leadership coalition, the question of what mechanism could be used to bring it about is perhaps equally salient: whether through some form of elections or other consensus-driven process, through some sort of *fait accompli*, or a takeover following a power struggle.

Despite periodic talk of legislative and presidential elections, the chances of these actually taking place are low, given the aversion shown by both Fatah and Hamas, and the fact that Hamas demands they be coupled with elections to the Palestinian National Council (PNC), the PLO's equivalent of a legislative body. Fatah and Hamas – despite recent public displays to the contrary – continue to harbour strong mistrust, resentment and at times downright contempt for each other. This makes the outcomes of elections – should they be held – highly unpredictable, resulting in perhaps more destabilisation than unification. The other two options are a consensus-driven coalition-building process, or a takeover of power by one or more factions, likely under the leadership of a “strongman” figure. In the latter scenario, substantial control over the security apparatus and the loyalty of its members would be critical factors.

Legislative, Presidential and Council Elections: Part of Political Renewal

After lengthy discussions in 2019 between Fatah and Hamas, along with the rest of the smaller factions, a quasi-deal had been reached to settle on elections as a means to bridge the divide.²⁷ Some in both Fatah and Hamas believed that a formula for a power-sharing arrangement could be reached through legislative elections, providing political cover for the continuation of the status quo in both Gaza and the West Bank via the establishment of a “national unity government” that would likely have had only nominal powers. Effective control would remain with President Abbas and the PA institutions in the West Bank, and with Hamas and its security apparatus in Gaza.

These plans fell apart when challenges emerged from within Fatah itself to President Abbas's candidacy. In the final analysis, President Abbas decided that, with several potential candidate lists running that

would pose a challenge to him, and with no deal in sight with Hamas, elections were not in Fatah's ultimate interest. He cancelled them a few weeks before the 22 May date last year, when legislative elections were slated to be held.

The prospect of elections, while unlikely to take place under current conditions, remains a valid scenario even though both Fatah and Hamas have substantial reservations about holding them (despite their public rhetoric to the contrary). Fatah lacks cohesive organisational capacity beyond its senior echelons, and would be likely to dissolve into multiple candidate lists in competition with one another rather than enter the legislative elections with a single, unified list. Fatah has also lost some of its grassroots support among the young and in the refugee camps, with centralisation and consolidation of power at the top, over the past decade, alienating popular elements within the movement who would be capable of generating support among the rank-and-file.

On the other hand, while relatively organised and disciplined, Hamas has become increasingly unpopular in the Gaza Strip after 13 years of successive wars, ongoing closures, and economic and humanitarian catastrophes. Moreover, among its hardcore loyalist base, it has also lost much of its appeal as a resistance movement after a series of attempts to strike ceasefire deals with Israel in exchange for easing measures.

Thus, the outcome of elections for both rival camps – were they to be held – would be unpredictable. They might result in a greater crisis of leadership should the legislative body be unable to form a governing coalition, or if presidential elections were to yield a candidate incompatible with the make-up of the legislative body. Therefore, elections – certainly, not in isolation – should not be considered a panacea for the current impasse in Palestinian politics.

Despite these challenges, it is incumbent on the international community to work with Palestinian political factions, leaders, activists and civil society to promote democratic processes for governance and reform. The goal of elections should not be an end in itself, or a zero-sum game, but rather part of a process of reconciliation and political renewal that would put forward a new and more dynamic leadership. There are several third-party actors, including in Europe and in the Arab world, who can exercise influence and place pressure on the current leadership – and the opposition – to engage more constructively in democratic politics, so that elections are more likely to produce positive results. So far, however, the international community has refrained from taking on such a role, preferring not to interfere in the internal affairs of the PA. However, since these third parties are funding PA operations and have a stake in the stability of the region, this is no longer a viable option they can afford to take.

Transition of Power Within the Inner Circle

This is perhaps the most straightforward scenario, but likely to be unhelpful for resolving the crisis. A leadership transition would take place within the ranks of the current ruling circle – it could involve the PLO Executive Committee “electing” a new president, and Fatah choosing new leadership through its Central Council. The top PA role would be appointed by the new leadership in line with the political interests of the existing power configuration. In this case, it is likely that there will be continuity of policy, although a new leader may be willing to show some additional flexibility, at least on certain issues. This scenario is likely to involve the old-guard figures (as discussed in Chapter 3).

A Coalition of Fatah Leaders Outside the Inner Circle

This scenario might be described as an internal coup from within the senior ranks of Fatah. Several of the party’s members have been showing signs of frustration with the inertia of the current leadership. In this case, a new leadership is likely to want to distance itself from the old, and would adopt new policies (at least in principle) and may act in a more pragmatic manner in order to secure concrete gains that would strengthen its position with the public.

A Grand Coalition Across the Political Spectrum

This “grand coalition” scenario – a combination of Fatah, independents, factions and Abbas’s opponents – would require a concerted effort by leaders from across the political spectrum to create a broad-based coalition appealing to a large segment of the population, as well as to the international community and regional powers, and international donors. This coalition would likely be a more pragmatic and dynamic leadership, and may also be in a better position to reach a reconciliation deal with Hamas. Equally, it might be constrained by a lack of consensus within its ranks, and the potential instability of the coalition.

Fatah-Hamas “Unity Government” or Power-Sharing Deal

This is the scenario in which a bargain is struck between Hamas and Fatah (bringing along most of the factions) in line with the discussions on reconciliation that have been held in the forum of the “secretaries-general” meetings between the two in 2019. It would involve a power-sharing arrangement between the West Bank and Gaza, some understanding on the use of violence (with joint decision-making mechanisms and an agreement on the preferred choice of “popular” – i.e., non-violent – “resistance”), and joint financial arrangements. This is highly unlikely under the existing political circumstances, with animosity between Fatah and Hamas deepening rather than abating. But the

situation can still change, especially if internal (economic and security-related) factors play a more decisive role in both Gaza and the West Bank, and external parties place pressure on the two rivals to create a transitional administration, should a major crisis erupt.

6. Conclusions and Recommendations

A Frank Appraisal of the International Community's Role

The international community, led by the United States, has over several decades focused its attention mainly on the diplomatic workings of the Middle East peace process. Since the establishment of the PA, the US, Europe and the Arab states have looked at conflict resolution through the lens of formal bilateral negotiations, aiming to reach a comprehensive agreement between Israel and the PLO.

With the failure of successive rounds of negotiations and political conditions on both sides making the prospect of success even more distant, and with pressing crises engulfing other parts of the region, the international community has essentially turned its back on the Palestinian cause.

The United States

As the leading player in this sphere, the US has put its full weight behind diplomatic efforts to bring the parties to the negotiation table over many years. The Trump administration put together a plan and attempted to relaunch talks, but the timing proved inopportune given the politics on both sides. This made it difficult to follow through on a practical level and put a process in motion that would have enabled talks over that proposed plan.

The current US administration has so far shown an interest in stabilisation and conflict management, but appears to have given up on the prospect of a more ambitious role in resolution – at least for the present. The result, perhaps unwittingly, is the impression that the US no longer considers this a pressing issue on the international agenda.

To reverse this impression, the US should reassert its central and critical historical role as the Middle East peace process's sponsor and centre of gravity. To do this, US efforts should be directed once more towards creating the right conditions, fostering channels of contact and setting the groundwork for diplomatic efforts to be resumed. The vacuum created by a US withdrawal from this process will perpetuate the current impasse and accelerate developments on the ground that make the two-state solution less attainable.

The Arab States

Having supported the Palestinians politically, morally and financially for a long time, the Arab states have also grown exasperated by developments in Palestinian politics. The angry official Palestinian reaction to the Abraham Accords (concluded between several Arab states and Israel) further contributed to the growing sense of alienation and disinterest towards the Palestinian issue in many regional capitals.

The role of the Arab states in the peace process must be restored and strengthened, particularly in terms of providing backing for political initiatives at the regional level (perhaps through the Arab League, on the basis of the Arab Peace Initiative). The role of Arab states as providers of much-needed financial and other support to the Palestinians should also be reinstated, bringing with it much-needed leverage for the Palestinian leadership's future course of action.

In short, the only way to fix the current stalemate is by re-engaging with the Palestinian leaderships – both Fatah and Hamas – on clear and unequivocal terms, and supporting efforts to bring about critical political reforms while pulling the Palestinian issue back onto the political radar of the region.

For that, the support of Jordan and Egypt is critical, as both countries have demonstrated sharp diplomatic acumen and successfully exerted influence to put Palestinian politics on a better track in the past. Egypt's efforts on reconciliation, mediating a ceasefire in Gaza, and supporting the process of reconstruction are prime examples of the right approach. Egyptian authorities should be recognised for their pivotal role in the stabilisation of Gaza and the survival of a reconciliation process, despite the mistrust and intransigence of both rival camps. These efforts should be redoubled and given as much support by the international community as possible. Jordan is positioned to play a similar role in the West Bank, and should be encouraged and assisted by the international community in this regard.

Europe

The EU and individual European states, since the inception of the PA, have also played a pivotal role for Palestine – not only as key donors and sponsors of the PA, but as a source of advice and support on institution-building, governance and the rule of law. Recent trends show a marked withdrawal from this traditional role, with substantially less support – both in terms of funding and engagement – and more tellingly, an apparent fatigue with the issue. This has materialised as a refocusing of attention on what many consider to be more pressing concerns in the Middle East.

The European donors are understandably frustrated by the dysfunctional state of Palestinian politics, the corruption within PA institutions, the erosion of the rule of law, and the divide between the West Bank and Gaza. Turning away from the problem, however, will only make matters worse over time. The Europeans should use their substantial influence, including over the provision of financial contributions,

to support the process of political reform and enable the emergence of a political leadership capable and willing to move forward on the diplomatic front.

Prerequisites for a Renewed Peace Process

At present, neither the Palestinians – whose politics is in a state of increasing disarray and dysfunction – nor the Israeli political establishment, increasingly dismissive of the prospect of reaching a reliable agreement with the Palestinians, are in a position to engage in the sort of high-level political discussions that require making and implementing painful compromises.

Clearly, Israel shares responsibility in the failure of successive attempts to progress towards a two-state solution, having taken advantage of successive Palestinian failures, using them as excuses to put off dealing with the substantive issues required to bring about such a solution. It has resorted instead to managing the situation on the ground and ensuring that security conditions are maintained to the best extent possible.

This approach is highly detrimental to the Palestinian cause and, if allowed to continue, will result in more “facts-on-the-ground” (particularly settlement expansion), and the erosion of Palestinian interests, leverage and standing on the international stage. Moreover, while this may work in Israel’s narrowly defined favour in the short term, its long-term consequences (further fragmentation of Palestinian politics and the potential collapse of the PA) would be harmful for both peoples, and detrimental to regional peace and security.

For these reasons, the international community – starting with the US, but also with the active participation of the European powers and the Arab states – must step forward and tackle the problem head-on by working to create the conditions under which both parties are able and willing to conduct meaningful negotiations, reach agreements and implement them.

The first step is the reform of Palestinian politics. Needless to say, Israel also has a long list of issues on which it should be pressured – notably on the policy of settlement expansion – but without the problems on the Palestinian side of the equation being tackled, the Israelis have a plausible reason not to engage in a serious process with long-term political impacts.

The US and other key players in the international community should therefore immediately engage in the work of supporting internal reforms within the Palestinian political system, notably by:

- Creating a safe space for political discourse and debate where activists are able to come together to debate properly the challenges facing the Palestinian people. This includes promoting the emergence of new and pragmatic thinking among a younger and more dynamic political constituency.

- Putting their full weight behind Egyptian efforts at reconciliation. This includes making sure all international actors are playing a constructive role and are working in tandem in influencing decisions of both sides of the Fatah and Hamas divide.
- There should be a new offer, with the backing of the international community and in agreement with Israel to bring an end to the tragic situation in Gaza – through a durable ceasefire and reconstruction programme. To this end, pressure must be placed on Hamas to engage with Fatah and the international community on a peace footing and towards a political horizon that is in step with the position of the PLO.
- Ensuring the financial viability of the PA, and the sustainability of the West Bank economy, provided it meets the benchmarks of good governance and democratic reform.

Annex: PLO Factions

Fatah: The most dominant faction within the PLO by far, it was initially co-founded by Yasser Arafat in the late 1950s as a guerrilla movement, and joined the PLO in the late 1960s when Arafat took control over the Executive Committee and established Fatah as the leading faction within the organisation. The movement has had many splinter factions over the decades – most recently the break with Mohammed Dahlan and his supporters, who have formed the “Democratic Reform Bloc” of Fatah which, while enjoying substantial support among anti-Abbas constituencies, remains outside the current power structure in Ramallah.

Fatah Central Committee and Revolutionary Council: The Central Committee is nominally the highest decision-making body within Fatah and currently has 18 members. It is chaired ex officio by President Abbas; the deputy is Fatah stalwart Mahmoud Al-Aloul. Senior officials in the PA make up the ranks of this committee, including Prime Minister Mohammad Shtayyeh, former security chief Jibril Rajoub, civil affairs minister Hussein Al-Sheikh, Azzam Al-Ahmad, Tawfik Tirawi, Nasser Al-Qudwa and Marwan Barghouti, among others. The Revolutionary Council has 80 members and is made up mainly of second-tier figures in the movement. The membership of both bodies has been largely purged of dissidents over the course of the past several years, notably due to decisions made at the seventh Fatah conference. ²⁸

PFLP (Popular Front for the Liberation of Palestine): Recognised as the second-largest faction after Fatah, its doctrines are based on Marxist-Leninist ideology. The PFLP opposes negotiations and the two-state solution, and advocates a one-state solution instead. It has boycotted the PLO bodies, including the Executive Committee, since 2015. Its leader, Ahmad Sa’adat, is serving a 30-year sentence in Israeli prison.

DFLP (Democratic Front for the Liberation of Palestine): The third-largest faction; started as an offshoot of the PFLP, espousing a more Maoist line. Long-time leader Nayef Hawatmeh advocated a less radical and militant ideology than the PFLP. It retains significant influence among refugees in Lebanon and Syria, as well as support from leftist, secular members of the middle classes and Christians.

PPP (Palestinian People’s Party): The former communist party that supports the Oslo Accords and the two-state solution, and opposes violence.

FIDA (Palestinian Democratic Union): Formed by Yasser Abed Rabbo in the early 1990s as a moderate splinter party from the DFLP, FIDA advocates a two-state solution and supported the Oslo process. It has a limited base of secular moderate-leftist followers.

ALF (Arab Liberation Front): Originally founded by the Iraqi Ba'ath party and based in Iraq. Since the creation of the PA, it has had several internal splinters but continues to hold a seat on the Executive Committee.

PPSF (Palestinian People's Struggle Front): Originally a pro-Ba'athist splinter group from the PFLP, it became affiliated with Fatah in the 1970s. It has a limited independent base of support today, but retains a seat on the Executive Committee, and supports Abbas and his Fatah faction.

PLF (Palestinian Liberation Front): Created by Abu Al-Abbas (who gained notoriety for the 1985 hijacking of the cruise ship *Achille Lauro*) as a splinter group from Ahmad Jibril's PFLP-GC, the group eventually adopted a moderate position and supported Fatah's engagement in the peace process.

Charts created with [Highcharts](#) unless otherwise credited.

Footnotes

1. ^ <https://www.mfa.gov.il/mfa/foreignpolicy/peace/guide/pages/declaration%20of%20principles.aspx>
2. ^ <https://mfa.gov.il/MFA/ForeignPolicy/Peace/Guide/Pages/THE%20ISRAELI-PALESTINIAN%20INTERIM%20AGREEMENT.aspx>
3. ^ Starting with the Cairo Agreement (2005), culminating in recent and ongoing rounds of talks sponsored by Egypt. The following are the key agreements since the start of the process: [Cairo Declaration \(2005\)](#), [National Accord \(Prisoners' Document\) \(2006\)](#), [Mecca Agreement \(2007\)](#), [Sana'a Declaration \(2008\)](#), [Cairo Agreement \(2011\)](#), [Doha Declaration \(2012\)](#), [Cairo Hamas–Fatah Agreement \(2012\)](#), [Reconciliation Agreement \(April 2014\)](#), [Fatah-Hamas Agreement \(September 2014\)](#), [Reconciliation Agreement \(2017\)](#); [Fatah-Hamas Agreements January, 3 September, 24 September \(2020\)](#)
4. ^ These principles were set forth in the Quartet Statement of 30 January 2006, <https://unispal.un.org/UNISPAL.NSF/0/354568CCE5E38E5585257106007A0834>. The following reports provide an account of Hamas's evolving position on the issue: <https://www.theguardian.com/world/2017/may/01/hamas-new-charter-palestine-israel-1967-borders>; <https://www.aljazeera.com/news/2017/5/2/hamas-accepts-palestinian-state-with-1967-borders>
5. ^ Palestinian Center for Policy and Survey Research (PSR), Public Opinion Poll No (81), September 2021 <http://pcpsr.org/en/node/858>; Public Opinion Poll No (82), December 2021 <http://pcpsr.org/en/node/866>
6. ^ Elections arrangements agreed in the Oslo Accords can be found at <https://www.peaceagreements.org/viewmasterdocument/984>. For the PA Central Elections Commission assessment of 2006 elections in East Jerusalem, see <https://www.elections.ps/tabid/325/language/en-US/Default.aspx>
7. ^ “Nizar Banat’s Death Highlights Brutality of Palestinian Authority”, *The Guardian*, 31 August 2021 <https://www.theguardian.com/world/2021/aug/31/nizar-banats-death-highlights-brutality-of-palestinian-authority>
8. ^ “Protests continue in Ramallah After Activist’s Death”, *Al-Jazeera*, 27 June 2021 <https://www.aljazeera.com/gallery/2021/6/27/protesters-clash-with-palestinian-security-forces>; “Palestinian Frustrations with West Bank Government Boil Over with Death of Activist”, *The Washington Post*, 29 June 2021 https://www.washingtonpost.com/world/middle_east/palestinians-protest-abbas-and-killing-of-activist/2021/06/29/52aacafe-

d828-11eb-8c87-ad6f27918c78_story.html

9. ^ See, for example Al-Haq's "Semi-annual Field Report on Human Rights Violations, 2021" https://www.alhaq.org/monitoring-documentation/18746.html#_ftn5
10. ^ For the full text of the speech, see <https://english.wafa.ps/Pages/Details/126217>
11. ^ For details of the origins and course of this policy, see "Anger as Palestinian Authority Cuts Gaza Salaries and Pays Late" Reuters, 3 May 2018 <https://www.reuters.com/article/us-palestinians-gaza-salaries-idUSKBN1I41LM>
12. ^ For an overview of the May 2021 hostilities, see "What Drove the Israel-Gaza Conflict?" The New York Times, 17 November 2021 <https://www.nytimes.com/article/israel-gaza-what-we-know.html>
13. ^ UNGA Resolution 3210, and subsequent resolutions invited the PLO to attend plenary meetings of the General Assembly, being the "representative of the Palestinian people" [https://undocs.org/en/A/RES/3210\(XXIX\)](https://undocs.org/en/A/RES/3210(XXIX)), and granted it observer status in deliberations of the UNGA.
14. ^ <https://www.foreignaffairs.com/articles/middle-east/2021-02-16/palestinian-reckoning>
15. ^ In May 2018, the PNC elected a new EC membership, made up of 15 members including its chairman. The remaining three seats are still vacant, supposedly to be filled by representatives of groups that boycotted the last PNC meeting, such as the PFLP. Since then, the EC has lost two members who are yet to be replaced: Secretary-General Saeb Erekat, who died from Covid-19, and independent Hanan Ashrawi, who resigned, calling for major reforms of the PLO.
16. ^ Palestinian Center for Policy and Survey Research (PSR), Public Opinion Poll No (81), September 2021 <http://pcpsr.org/en/node/858>
17. ^ A detailed account of Hamas political organisation and governance history in Gaza can be found in Bjorn Brenner, *Gaza Under Hamas*, I.B. Tauris (London and New York) 2017
18. ^ For a summary of these events, see "Timeline: Key events since 2006 Hamas Election Victory," Reuters, 20 June 2007 <https://www.reuters.com/article/us-palestinians-timeline/timeline-key-events-since-2006-hamas-election-victory-idUSL1752364420070620>
19. ^ For an organisational chart of Hamas and PA security forces, see *Policing the People, Building the State: Authoritarian Transformation in the West Bank and Gaza* (columbia.edu), p.7
20. ^ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD?locations=PS>
21. ^ <https://www.pcbs.gov.ps/site/512/default.aspx?lang=en&ItemID=4146>

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22. ^ Interview with World Bank staff.
 23. ^ Palestinian Central Bureau of Statistics Labour Force Survey, 2020 <https://www.pcbs.gov.ps/Downloads/book2562.pdf>
 24. ^ See Israeli Ministry of Foreign Affairs, Security Cabinet Communique, 17 February 2019 <https://mfa.gov.il/MFA/PressRoom/2019/Pages/Security-Cabinet-Communique-17-February-2019.aspx>
 25. ^ PA Ministry of Finance Monthly Fiscal Operations Report, 2021 <http://www.pmf.ps/pmf/documents/accounts/monthly/2021/Dec.2021.en.pdf>
 26. ^ https://www.cbs.gov.il/he/mediarelease/doclib/2022/028/16_22_028t1.pdf
 27. ^ See Wafa report on conclusions of meeting of the factions' secretaries-general, 4 September 2020 https://www.cbs.gov.il/he/mediarelease/doclib/2022/028/16_22_028t1.pdf
 28. ^ See Yezid Sayegh, "The Fateh Conference: From Liberating the Homeland to Institutionalizing Power", Carnegie Middle East Centre, 29 December 2016 https://www.cbs.gov.il/he/mediarelease/doclib/2022/028/16_22_028t1.pdf
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