



Why the race is on to rebuild Gaza

KEY POINTS

- While Israel dealt Hamas a major military blow in its most recent offensive, it could easily lose the ensuing political battle.
- A comparison to the rebuilding process that followed the 2006 Israel-Lebanon War highlights the pitfalls that Israel, but also Fatah, will face in the coming months with Hamas.
- While Israel will do its best to continue to isolate Hamas, recent indications are that this will increasingly be an unobtainable objective.

As the smoke clears in Gaza and damage assessments of the three-week Israeli military campaign roll in, perhaps inevitably, comparisons are being drawn between Israel's latest operation against Hamas and its 2006 war on Lebanon targeting Hizbullah, the Shia militia and political party.

The evaluation is not academic: the 2006 summer war is almost universally considered an Israeli fiasco. Not only did the Israeli Defence Forces (IDF) underperform - and in the process erode its deterrence and invite Hamas adventurism - Hizbullah emerged from the fighting stronger, both domestically and regionally.

Weeks after the war, both Hamas and Israel are declaring victory. Foreign Minister Tzipi Livni said that Israeli objectives were achieved; meanwhile Hamas Politboro head Khaled Mishal claims that the "resistance emerged victorious". As these divergent views might suggest, the political fallout of the war remains unclear. Israel is facing the harsh public relations consequences of Palestinian civilian casualties and a burgeoning humanitarian crisis. At the same time, Hamas has paid an extremely high price and has reportedly launched a probe into its military failures.

While the Palestinian militants were

The reconstruction period that followed the 2006 Israel-Lebanon War can be instructive for those seeking to curtail Hamas' political influence as Gaza enters a period of restoration. *David Schenker* assesses the stakes for the Middle East and the international community in this early phase of rebuilding Gaza.

dealt a military setback, like Hizbullah in 2006, Hamas may yet derive political gains. Should Hamas emerge from the war strengthened in Gaza and the region, it would be a boon for its patrons in Tehran and Damascus. Conversely, it would constitute a strategic setback for Washington, its moderate Arab allies and for Palestine Liberation Organisation's (PLO) Fatah faction, which controls the Palestinian Authority in the West Bank. In this regard, the trend lines already seem to be tipping in Hamas' favour.

Cost comparison

The post-war challenges for Hamas are similar to those encountered by Hizbullah in 2006, both in terms of the scope of the damage and the fundraising required to carry out the reconstruction.

Early indications are that it will cost billions of dollars to rebuild Gaza. According to a preliminary assessment from the Palestinian Central Bureau of Statistics, physical destruction amounts to nearly USD2 billion, including about USD200 million in infrastructure damage. UN sources say that over 4,000 homes were destroyed, displacing 100,000 people or roughly one in 14 residents. In total, some 21,000 buildings were destroyed or damaged. As of mid-January, nearly half a million people in the Strip still had no reliable

access to water and the sewage network remained compromised.

In late January, the UN launched an appeal to raise USD613 million for Gaza, much of which the UN Relief and Works Agency (UNWRA) will probably administer. Meanwhile, during the emergency Arab summit in Doha the same month, Arab states made their own promises with an eye toward establishing a fund for Palestinians in excess of USD2 billion. The headline of the Arab meetings was a USD1 billion pledge by Saudi Arabia.

Iranian President Mahmoud Ahmadinejad also attended the Arab summit, but unlike Saudi Arabia, did not volunteer a figure. Instead, Tehran pledged to underwrite reconstruction of the Palestinian parliament building in Gaza, and an Iranian government-affiliated organisation offered to rebuild 1,000 houses, 10 schools, a hospital, a university and five mosques.

The most important development at the summit was not the pledges, but rather the emergence of a regional division regarding how this aid should be distributed. Iran, Syria and Qatar supported the provision of assistance directly to Hamas but Saudi Arabia, Egypt and Jordan favoured channelling funding through the Palestinian Authority (Fatah) leader Mahmoud Abbas.

While UNWRA demonstrated little

compunction about providing assistance to Hamas in the past, in the aftermath of the war, with all eyes on Gaza, the organisation has been a little more hesitant to do so. When UNWRA staff refused to hand over aid supplies to the Hamas-controlled Ministry of Social Affairs in Gaza on 4 February, Hamas confiscated the aid.

Like Gaza, the direct costs of the 2006 war in Lebanon were also substantial; Jihad al Bina', Hizbullah's construction company, identified approximately 20,000 homes damaged or destroyed during the war with Israel. According to the Lebanese Council for Development and Reconstruction, the rebuilding alone would cost more than USD3.6 billion, including damage of USD2.4 billion to housing and commercial space and nearly USD500 million in the transport sector (roads and bridges). When indirect costs were included, some estimates rose to USD7 billion.

In January 2007, Paris III, an international donor conference, was convened and USD7.6 billion in pledges was secured toward the reconstruction. Heavy hitters in Paris included Saudi Arabia (USD590 million), Kuwait (USD315 million), Qatar (USD300 million), and the US (USD140 million). With some exceptions, most notably Qatar, most of this funding was provided to the pro-West central government, which distributed the funding throughout Lebanon, including to Shia organisations controlled by Hizbullah.

The Shia militia and political party also received substantial funding from Tehran, which according to press reports granted it USD500 million, a gift that prompted popular protests in Iran. This assistance provided Hizbullah with increased flexibility and independence from the central government, enabling the organisation to better compete against the government in the reconstruction process. Hizbullah derived ad-

ditional political credit from the Qatari assistance, which was delivered directly to the Shia group in the south. Weeks after the fighting ended, for example, Qatari officials descended on Bint Jbeil, a town that was heavily damaged in the fighting, to hand over a cheque to a local Hizbullah official to cover the costs of rebuilding the municipality.

Diplomatic gains

One does not have to look far for signs of a preliminary post-war paradigm shift benefitting Hamas. Before the Israeli offensive, there was a broad international consensus that diplomatic engagement with Hamas should be contingent on the organisation accepting Israel's right to exist, agreeing to abide by PLO accords with Israel and foreswearing vio-

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lence. These conditions were set by the Middle East Quartet (US, EU, Russia and the UN) shortly after Hamas' parliamentary election victory in January 2006. In the aftermath of the war, this consensus appears to be eroding.

Like Hizbullah, which emerged from the 2006 war with a burnished image in the region, Hamas too seems to be heading for greater international recognition as a result of the hostilities. Khaled Mishal told Al Jazeera television on 21 January: "[The] time has come to engage with Hamas...it established the legitimacy of triumphing in a war over the most tyrannical power in the

region." His message was not lost on France and the EU, which both indicated a willingness to talk to Hamas in late January, if it joins a Palestinian government of national unity.

Washington has given little indication of a shift in its position. When US Middle East envoy George Mitchell travelled to the region in late January, he did not meet Hamas. Former US officials believed to be close to the Obama administration (including retired general Anthony Zinni, former commander at US Central Command) are urging the president to open discussions with the organisation.

In addition to making progress in its quest for international recognition and legitimacy, Hamas also appears to be making headway toward securing the opening of the Rafah passage, Gaza's economic lifeline that had been closed since Hamas took control of the Strip from Fatah in June 2007. Israel and Egypt, which border the town of Rafah, had sealed the frontier in an effort to undermine Hamas and increase support for Fatah leader Mahmoud Abbas with the support of the international community. But now, it seems that Hamas may succeed in removing this lever of pressure as well.

According to the *Jerusalem Post*, Israeli Prime Minister Ehud Olmert, during his remaining days in office reversed his 2006 position and offered to free 1,000 prisoners and open the Gaza crossings in exchange for Gilad Shalit, the IDF soldier who was captured by Hamas in June 2006, leading to the failed Israeli incursion to free him, Operation Summer Rains. The current Israeli proposal is parallel to the Israeli-Hizbullah deal in 2008 that returned Samir Kuntar to Lebanon in return for the bodies of two dead IDF soldiers kidnapped by the Shia militia in 2006.

The 2006 Hizbullah kidnapping of Israeli soldiers, whose stated purpose was the return of Lebanese prisoners in

Israel, sparked a war. With a prisoner exchange two years later, however, the Hizbullah provocation was essentially vindicated. Should Israel open Rafah, it will likewise be seen, by Hamas and many Israelis, as a Hamas victory.

Perhaps more important for Hamas than its regional or international standing, is its status among its constituents in Gaza. Concerned about a restive population, during the fighting and after, the organisation has taken steps to insulate itself. One measure has been to target its political enemies, that is, members of Fatah it has branded as "collaborators". To date, Hamas has reportedly "knee-capped" or shot 75 and executed another 35 of its Fatah rivals.

As with Hizbullah, Hamas has also dedicated itself to rebuilding devastated Gaza, generating political capital for doing so at the expense of Fatah.

Although the government of Israel has not said so, it is apparent that one of the objectives of the Gaza operation was to weaken Hamas and strengthen Fatah in Gaza. Should Hamas be credited for rebuilding Gaza, the organisation would derive great benefits, most notably increased popularity.

Two years ago, in a strikingly similar situation, Hizbullah recognised the importance of taking a leading role in the reconstruction of Lebanon. When the fighting ended, Hizbullah and the pro-West democratically elected government of Lebanon engaged in a fierce competition to control and politically benefit from the post-war reconstruction process.

In the days after the Lebanon war when the central government was in disarray, Hizbullah moved to disburse USD12,000 in cash to homeless families. Not surprisingly, on 22 January 2009, Hamas indicated that it would take a similar tack, announcing that it would start to distribute the first installment of up to USD40 million to affected Gazans, including USD5,200

for families with damaged homes, and USD1,300 for the families of the dead.

Hizbullah's constituents were pleased at the organisation's initial response to the crisis. Aware of the stakes, however, the Lebanese government made a concerted effort to prevent Hizbullah from translating the reconstruction into political capital by precluding Hizbullah from acting as the exclusive agent of Lebanese Shias. In support of this goal, the international community, with the exception of Iran, channelled funding through Beirut.

This strategy slowed the pace of reconstruction, generating criticism against Hizbullah. Months after the war, Lebanese polling suggested a nearly 50 per cent decline in support, both among the Shias and the entire Lebanese population for Hizbullah and its popular secretary general Hassan Nasrallah. Hizbullah eventually succeeded in bypassing government hurdles, making progress on the ground and accordingly saw a rebound in its numbers at the expense of the pro-West government led by Prime Minister Fouad Siniora.

Hamas appears to have learned from Hizbullah's experience with the reconstruction process and is attempting to avoid potential pitfalls. Khalid Mishal laid out his strategy in a television interview from Damascus in January, in which he called on Arab states to provide reconstruction funding directly to Hamas, which he said, would be "fully responsible" for rebuilding Gaza. He also cautioned Arab states against routing the funding through other parties, meaning Fatah, which he described as "corrupt".

Lessons to learn

There are striking parallels between the periods following the 2006 and 2008 Israeli wars with Hizbullah and Hamas. Both organisations capitalised locally, regionally and internationally by enhancing their legitimacy and vindicat-

ing their tactics. Like Hizbullah, Hamas is also looking to exploit reconstruction for domestic political gain at the expense of its rival.

In Lebanon, the government understood the reconstruction as a struggle for the future of the state, and as such, played politics with the process, a gambit that temporarily prevented Hizbullah from consolidating its "divine victory" at home.

For Washington, Israel and moderate Arab states such as Egypt, Jordan and Saudi Arabia, what transpires in Gaza is no less significant. While Fatah is no panacea, the implications of a Hamas success in rebuilding Gaza are profound. It could strengthen the organisation at home, be likely to undermine Fatah, possibly erode chances of a peace deal and perhaps further legitimise the resistance model promoted by Iran and Syria.

It is becoming increasingly clear that the reconstruction process will either help resurrect the discredited Israel's peace partner Fatah or embolden and further ensconce Hamas in Gaza. While the international community is lining up to bolster Fatah and the PA, several Arab states and Iran will undoubtedly look to funnel assistance directly to Hamas. This dynamic presents a significant challenge for Israel and international supporters of the two-state solution for Israel and Palestine. Israel may have won the military battle in Gaza, but it is losing the political war. Given current regional trends, the fight to reconstruct Gaza is a contest that Israel, Fatah and Washington cannot afford to lose. ■

Further Analysis

■ **Shoots of recovery - Israeli operation leaves Hamas weak but alive**

Jane's Intelligence Review, 12 February 2009

This article was first published online at jiaa.janes.com on 20 February 2009