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# country report

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## The Palestinian Authority has a new Prime Minister

**Mohammad Shtayyeh follows Rami Hamdallah**

*Marc Frings*

On the 29th of January, President Mahmoud Abbas accepted the resignation of his Prime Minister Rami Hamdallah. However, the change of power in favor of Mohammad Shtayyeh on 10 March 2019 aggravates the political situation. As challenges increase, Ramallah's will to consolidate power dominates.

### **The end of the Hamdallah era in the light of the political split**

Before becoming the head of the Palestinian Authority government in 2013, Rami Hamdallah had served as the president of the Al Najah University in Nablus since 1998. His tenure came at the time of a deepening political split between

Fatah and Hamas. Both movements claimed leadership after the elections to the 2006 Palestinian Legislative Council (PLC). During those elections, most parliamentary seats were won by the Islamist political wing. It came to a violent internal Palestinian conflict in 2007, which eventually led to the split. Initially, there were difficulties to launch this government. Hamdallah

immediately announced his resignation. However, under his leadership, a Fatah-Hamas national unity government was formed, which began its functions in June 2014. After just one year, President Abbas made a government reshuffle, which was perceived as provocative by Hamas.

Formally, Hamdallah had resigned, but de facto this step has been forced by the President. There are three reasons for this: firstly, the resignation came due to increasing tensions between Hamas and Fatah, as a result of which the leadership in Ramallah wanted to consolidate its power; secondly, Hamdallah was later blamed for a failed social security reform that has provoked massive street protests since the fall of 2018. The social security reform was withdrawn by Abbas. Finally, it has become increasingly apparent that the preparation for the "post-Abbas era" is being advanced among the political elite.

### **The new prime minister: not a technocrat, but a sign of power**

With the appointment of Mohammad Shtayyeh as Prime Minister, a politician who is the antithesis of Rami Hamdallah in all aspects is at the pinnacle of the office of prime minister. Until the end, Hamdallah's reputation was that of a technocrat. Without a political network, he was not equipped with counterbalance to the strong president. He was widely perceived as a puppet of the president, with miserable poll results and low political charisma.

On the other hand, Shtayyeh has a long career in the Fatah, PLO and PA echelons as a supporter of the two-state solution. He has been involved in various negotiation rounds since the Madrid Peace Conference (1991). Prior to that, he took part in the first Intifada, which broke out in 1987 in the occupied territories. He expressed disappointment with President Obama and has recently voiced concern that the two-state solution would not survive Donald Trump's presidency. As a member of the Fatah Central Committee, Shtayyeh has been for many years a member of the inner power circle of the Palestinian leadership. Additionally, he was until recently the head of the Palestinian Economic

Development and Reconstruction Council (PECDAR). In the past, he served as Finance Minister and later on as Labour Minister in PA governments. He was also responsible for economic policy within Fatah. His financial competencies will be even more in demand in the future. In 2018, unemployment stood at 32 percent. Half of all young Palestinians are unemployed. While the population is growing by 2.8 percent, economic growth is continuously dropping and currently stands at only 1.5 percent. At the same time, the numbers of those living beneath the poverty threshold have risen to just under 29 percent.

So far, Mohammad Shtayyeh has not stepped out as an adversary to President Abbas. With regard to the political split, the President takes a tough stance against Hamas. This leaves no middle way. Shtayyeh is expected by Fatah to support this course. With his international background - he earned his doctorate at the University of Sussex - and initiatives for better donor coordination in development cooperation, Shtayyeh is no stranger for the international community.

At the age of 61, Shtayyeh also represents the middle-aged Fatah functionaries who molded the first intifada and who could serve as a hinge for a comprehensive democratic renewal and change of leadership. This could help the youth who make up 70 percent of the population under the age of 30 or younger in the occupied territories and open the way to include them into the political decision-making process. The first impression is that with this profile the new Prime Minister could set the grounds for important and considerations that are long overdue. Meanwhile, he will have to get used to the restrictions of the PA: power lies not with the Prime Minister, but primarily in the presidential palace. It is Mahmud Abbas alone who ultimately decides in regard to key issues.

### **Reconciliation slips further away**

The split has meanwhile permeated deeply into politics and society. No initiative has so far been able to bring about the necessary reconciliation between the feuding political movements Fatah and Hamas. However, it is urgently needed, as it

has been emphasized time and again that only if it can be overcome will the project of democratic renewal be advanced in a socially comprehensive manner – not only within the Palestinian Authority but also within the Palestine Liberation Organization. Although Egypt's reconciliation agreement of October 2017 provided initial relief for the civilian population in Gaza, it ultimately failed because of the unwillingness of Fatah and Hamas to make painful concessions. In light of the March 2018 assassination attempt on Hamdallah and Majed Farraj, Head of the Palestinian Intelligence Services, relations hardened once again.

However, prior to that, it was clear that Hamas and Fatah are not interested in a settlement and at the same time are promoting strategies that sustain their agendas. While Islamist Hamas has been thriving since 2017 with a new program ("political document"), a new leadership following internal elections and the taking over of the "Great March of Return," which had originally been a civic initiative, the secular block was limping behind, ragged and torn apart. Despite the diverse opportunities for change within Fatah and the PLO, cadre and programmatic changes have not materialized. It seems that President Mahmoud Abbas has consolidated his power to such an extent that he will not resign during his lifetime, leaving the reconciliation chapter to his successor.

Although Fatah is gaining ground in public perception, one should not forget that it is no longer a closed movement. Within the party, several individuals are struggling for the optimal exit for the post-Abbas era. Moreover, Mohammad Dahlan, the exiled Fatah politician (2011) and ex-security chief of the Gaza Strip, is longing for a new confrontation with President Abbas. Dahlan enjoys high regard among some parts of Fatah, especially in Gaza. Because of his familial roots, Dahlan also maintains good relations with the current Hamas elite, which he has known since childhood. Should legislative elections take place, there is a risk that secular forces, who might enter the elections race with more than one list, might lose to the Islamists.

Hamas rejected the choice of new prime minister. Fawzi Barhoum, spokesman for the movement in Gaza, sharply criticized the appointment: "The new government formed without consensus (between factions) demonstrates Abbas' unilateral action and power monopoly. Abbas bypasses the previously signed reconciliation agreement, prepares for the final disconnection of the Gaza Strip from the West Bank, and augments the gap within the Palestinian population". Hamas made it clear that it would not recognize the "separatist government", which according to Hamas was formed without national consensus. On behalf of Hamas, Barhoum demanded the formation of a unity government with all Palestinian factions and the holding of PLC elections. Hamas has opted for a decisively apathetic external statement. It was posted on the usually very active Hamas Twitter account in the form of a short message. In contrast, the majority of tweets in recent days was on the political and economic relations with Qatar, the cooperation with Egypt and the conflict with Israel.

### **Between blockade and regional control: Hamas' accomplishments in Gaza**

Hamas is currently in a dilemma. On the one hand, it benefits from Fatah's weakness and internal fragmentation, as well as its strategy of portraying itself as a political movement that takes care of the needs of the vulnerable people in Gaza and forges regional alliances to this end. On the other hand, Hamas is standing with its back to the wall. Together with the two million inhabitants of the Gaza Strip, Hamas clearly feels the effects of Israel's and Egypt's effective control over the Strip. The United Nations Relief and Works Agency for Palestine refugees alone provides food aid to one million Gazans. The economy has largely collapsed while Hamas can barely provide for its own employees. As a result, the Islamists are inevitably dependent on external help. The Emirate of Qatar, which has been the target of Saudi Arabia and allied Gulf monarchies since June 2017, continues to intensively support Hamas. It is steering forward the Gaza reconstruction after three devastating wars and has recently contributed to ease Gaza's

budget with the amount of \$ 90 million. It is worth noting that the first installments found their way into the coastal strip through Israel last November. The money was delivered in suitcases in a most mundane manner. It was only during the heated current election campaign that Prime Minister Benjamin Netanyahu confirmed what was long suspected. The Likud politician in the Knesset stated that the money was deliberately allowed into Gaza by the Israeli government in order to maintain the internal Palestinian political split. Egypt also contributes to this power game. In January 2019, PA security forces withdrew from the Palestinian-Egyptian border crossing of Rafah. The PA had hoped that by doing so Egypt would shut the border with Sinai again. Nevertheless, nothing occurred because Egypt kept the borders open in order to avoid a humanitarian and economic collapse.

Egypt and Israel have common interests to control Gaza by isolating and disconnecting it from the West Bank, stabilizing its humanitarian situation and implementing its own security interests. Neither Tel Aviv nor Cairo have any interest in having risks emanating from Gaza into their territories. At the same time, they control the Hamas authority. It is clear for both border states that only Hamas is able to enforce the current ceasefire and prevent further violence.

### **Bolstering Power instead of Improvement Measures**

At this point in time Ramallah is consolidating power in two manners. President Abbas has already announced the dissolution of the Legislative Council in December 2018. In the aftermath of Hamas takeover of Gaza and the ensuing split in 2007, the de facto Palestinian parliament was no longer able to function. Nevertheless, it served largely as a visible symbol of social unity since representatives of the West Bank, Gaza and East Jerusalem came together in this Parliament. Hamas did not recognize Abbas's unilateral decision to dissolve the PLC and continued its separate parliamentary sessions in Gaza.

The PLC dissolution, which Abbas justified with a decision of the Constitutional Court that he

controlled, also meant an attack on the political structure. The Palestinian Basic Law does not foresee a PLC dissolution since parliamentarians should exercise their mandate until a new Legislative Council convenes. Moreover, the role of the interim president goes to the PLC spokesperson should Mahmoud Abbas no longer be in a position to exercise his authority. Abbas' decision was also viewed with mistrust since the PLC spokesperson was a Hamas politician who would have the responsibility to prepare for new presidential elections and ensure a democratic transition. It is now widely expected in Ramallah that in the event of a vacuum in the presidency, the prime minister will fill it up. In the meantime, it is unlikely that Abbas will resign and that new elections to the Legislative Council will be held by June.

### **Challenges of a New Government**

It is so far unclear how swiftly Prime Minister Shtayyeh will form a new Cabinet. When the first rumors of a government reshuffle made the rounds within the political circles in Ramallah in January, numerous name lists of potential ministers were circulated. What they all had in common was the names of politicians loyal to Abbas, particularly men belonging to the old guard. Not only Hamas and Islamic Jihad had publicly criticised Abbas' decision but also PFLP, which is the second largest faction within the PLO. It is predicted that apart from Fatah, small and insignificant PLO movements will receive minister appointments. This is one of the reasons why the population is critical of the new government and assumes that political reconciliation will be further deferred. 40% of Palestinians are dissatisfied with the appointment of Shtayyeh as Prime Minister and 47.5% do not believe that reconciliation will advance under his tenure. What are the possible scenarios in this context?

#### **› More PA pressure on Hamas**

During these weeks there is a form of a crisis tsunami rolling towards the Palestinian Authority. The US and Israel have recently passed laws that further restrict the financial power of the already weakened PA. The Israelis accuse the Palestinian

leadership of using state funds to support terror. It was therefore planned to withhold 140 million USD in the coming months. The PA is actually entitled to this amount which is revenues from customs. According to the Israeli calculations, this sum corresponds to PLO expenditure on prisoners and martyrs in the last year. Subsequently, the PA decided to refuse the whole transfer until the full amount was received. The United States has passed two laws in 2018 that make it virtually impossible for the Palestinians to receive financial aid from Washington. In February, a think tank concluded that the budget deficit of the PA budget will double to \$ 800 million in the 2019 fiscal year. So far it is unclear how the PA is going to absorb this financial crisis. In order to avert state bankruptcy, the PA will not exclude restricting financial transfers to Gaza. In the past, there was no hesitance to withhold power supplies and to cut salary payments even to Fatah-loyal PA employees. Parts of Gaza gradually fell into complete darkness. President Abbas could justify such painful decisions based on the Israeli and American reprisals. At the same time, he could brand Hamas once again as a weak organization that has no power to act.

#### › **Political Calendar: Brewing Violence**

The 30th of March marks the beginning of the "Great March of Return". Political and civic actors are currently preparing for major protests. This anniversary is close to the date of the Israeli Knesset elections (9th April), so that another military escalation scenario cannot be excluded. The "right of return" of Palestinian refugees counts as one of the demands of the protesters. While 1.2 million Gaza residents hold refugee status, the US has completely halted its financial assistance to UNRWA. Frustrations with domestic and external policies may quite possibly lead to another breakdown. In the Gaza Strip today, the humanitarian, economic and energy situation are desolate. Hence, the conditions for protests and violence are already there.

#### › **More Authoritarianism in the West Bank**

As the Islamist regime, which has expanded in recent years in Gaza, is being suspiciously watched, it should not be forgotten that

authoritarianism is also spreading in the West Bank. A recent study by Human Rights Watch has documented human rights violations, torture and legal arbitrariness in Gaza and the West Bank and has shown that these are among the tools used by both regimes. One cannot exclude the fact that while clamping down on Hamas, authoritarian trends have emerged in the West Bank. There is a similar development in Gaza which is more serious in nature.

#### › **Post-Abbas Scenarios - and why Shtayyeh has been appointed as prime minister at this point in time**

This authoritarianism collides with mind-games on the post-Abbas era. These are increasingly being discussed in public life. A small group of leading Fatah politicians is currently struggling to succeed the president. The novelty is that no one is obviously waiting for "Day X" to come out. Behind the scenes there are trends to arm smaller groups and entrench loyalty conflicts within the significant security bodies (a third of PA budget flows towards the diverse security groups). At the same time, the relevance of the center of power is shifting on the level of the political landscape. Ramallah is becoming less and less a stage for power struggles. Instead, men of the second row are seeking support inside West Bank refugee camps and in the ranks of frustrated Fatah supporters in Hebron and Nablus. The PA is becoming a mere vehicle as it is no longer a means for policy making but rather of access to financial resources, security bodies and diplomatic channels.

Mohammad Shtayyeh can certainly be assigned to this group. The fact that he is already venturing out to the public and is stepping into a formally important office reveals a certain amount of nervousness. Even ex-prime minister Hamdallah was recently accused to have advanced his own political agenda after a long time of having been perceived as only a politics manager. Although Shtayyeh has had some space and a got off to a good start, he is now somehow trapped in the mills of everyday politics. The PA is barely present in many parts of the West Bank and is even struggling to ensure the safety of the population. Shtayyeh's success

threshold is achieved by fighting unemployment, promoting economic performance and demonstrating the government's strength. Currently, a majority assumes that he will not be successful.

› **No International Momentum**

There is no ambitious actor on the international arena at this point pursuing constructive goals other than those regional actors who advance their own (security) interests while influencing Palestinian politics. Circles close to US President Trump are saying that the details of the peace plan that Washington has worked out is expected to be revealed in the aftermath of the Knesset that the plan will no longer be about sovereignty and statehood for the Palestinians, but rather

about economic relief. Due to internal division within the EU over the question of Palestine and the European elections in May there is no initiative from Brussels. Russia, in turn, is in conflict with Washington on Middle East issues. This is obvious primarily in Syria and in Iran. Also, on the Israeli-Palestinian conflict, Russia has a decidedly different position. In February, Moscow invited representatives of twelve Palestinian parties, including Hamas and Fatah, to discuss questions of national significance. Finally, the international community has a responsibility to defend the feasibility of a peaceful settlement of conflict, considering previous UN resolutions and International Law. This is the only way that a renewal of democratic processes can emerge within Palestinian politics.

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