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Addressing Needs, Promoting Peace: A Proposal for an International Incentives Package for Israeli-Palestinian Peace

**A Policy Paper Based on Deliberations by
a Team of Israeli and Palestinian Experts**

Dr. Lior Lehrs, with Moien Odeh,
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Incentives are an important tool in peace processes and have the potential to contribute to the advancement of Israeli-Palestinian conflict resolution. A team of Israeli and Palestinian policy experts developed a joint proposal for an international package of incentives for peace. The proposal defines the central needs of the parties that the incentives package must address, focusing on security, recognition and legitimacy, religious rights, economic prosperity and domestic needs. It examines which international actors can be relevant in addressing those needs and should be part of an international incentives package, elaborating on the potential role of the US, the EU, and the Arab and the Muslim world. The proposal also discusses when and how a package of incentives should be introduced and delivered, and what should be the international mechanism required to promote it.

A. Introduction: Incentives for Peace

During times of stagnation in the Israeli-Palestinian peace process, civil society actors can assess long-term structural issues and advance recommendations to facilitate progress before and after official negotiations resume. It is in this context that Israeli and Palestinian policy experts worked in 2019-2020 to develop a joint proposal for an international incentives package for Israeli-Palestinian peace.²

International incentives can be important and powerful tools in international diplomacy in general, and in conflict resolution in particular, and they have the

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² The project was carried out by the Mitvim Institute, in cooperation with the Friedrich-Ebert-Stiftung.

potential to contribute to Israeli-Palestinian peacemaking. Third parties can offer incentives as a strategy to promote a peace process and to persuade leaders to change their policy and behavior toward peace. Incentives can be used at various stages – to promote peace negotiations or to push the parties to sign a final peace treaty. International incentives need to address collective and specific needs of the parties to the conflict, and require four components for effective implementation: awareness – the parties and the public are aware of the incentive; attractiveness – the incentive is regarded as desirable; feasibility – the incentive is perceived as realistic; linkage to conflict resolution – the incentive is connected to the peacemaking process.³

International actors have already offered various types of incentives for Israeli-Palestinian peace, the most notable of which are the Arab Peace Initiative (2002),⁴ the EU's Special Privileged Partnership offer (2013),⁵ and the US security plan for the two-state solution (2014).⁶ These incentives were offered at different times along the conflict cycle and in an uncoordinated manner. Their impact was lower than expected.

In 2016-2017, multiple actors in the international community agreed on the need to offer Israelis and Palestinians a global set of political and economic incentives for peace: (1) During the first Paris Peace Conference (June 2016), participants “discussed possible ways in which the international community could help advance the prospects for peace, including by providing meaningful incentives to the parties to make peace”;⁷ (2) In Brussels (June 2016), the EU's Foreign Affairs Council said it is “determined, alongside other international and regional partners, to bring a concrete and substantial contribution to a global set of incentives for the parties to make peace”;⁸ (3) At the second Paris Peace Conference (January 2017), the participants “expressed their readiness to [...] contribute substantially to arrangements for ensuring the sustainability of a negotiated peace agreement,

3 Nimrod Goren, “A Package Not Delivered: US Incentives and Israel's Settlement Freeze,” *The International Spectator* 46(1), 2011, pp. 26-27.

4 See the [full text of the Arab Peace Initiative](#), 28 March 2002.

5 “[A Special Privileged Partnership with the EU as an incentive for Israeli-Palestinian peace](#),” *Mitvim – The Israeli Institute for Regional Foreign Policies and the Friedrich-Ebert-Stiftung*, June 2016.

6 For a report based on the official plan, see: Ilan Goldenberg, Gadi Shamni, Nimrod Novik and Kris Bauman, “[A Security System for the Two-State Solution](#),” *Center for a New American Security*, May 2016.

7 “[3 June 2016 - Middle East Peace initiative - Joint communiqué](#),” *Permanent Mission of France to the United Nations in New York*, 3 June 2016.

8 “[Council conclusions on the Middle East Peace process, 20 June 2016](#),” *European Council*, 20 June 2016.

in particular in the areas of political and economic incentives”;⁹ (4) At the Israeli-Palestinian Peace Symposium in China (December 2017), participants called for “creating a set of economic and political incentives that would encourage the parties to make the necessary compromises towards the resumption and completion of a successful negotiations process”.¹⁰

Yet, to date, no progress towards devising the international incentives package has been made. Reasons include the lack of an international mechanism to facilitate this process, a reluctance within the international community to plan towards a final-status agreement when no Israeli-Palestinian negotiations are taking place and the divide within the international community since US President Trump’s ascent to power. For Israelis and Palestinians, though, it is important to deal with the core issues even when negotiations are not taking place, in order to generate hope, empower pro-peace political actors, portray to both Israelis and Palestinians how a post-conflict reality would look, and emphasize the personal and national benefits of peace in a tangible fashion. At a time of despair regarding the feasibility and desirability of peace, this proposal could help empower an optimistic, future-oriented discourse in both societies, making them more receptive to peace initiatives; it can also chart a path that the international community may take to help mobilize for peace.

The findings of the Mitvim Institute’s 2017 Israeli Foreign Policy Index, compared to previous findings, indicated a growing popularity of the idea of an international incentives package among the Israeli public. Additionally, findings of a 2017 the Palestinian-Israeli Pulse (a joint Israeli-Palestinian poll) indicate the relevance of the topic and provided data on Israeli and Palestinian attitudes towards possible incentives. The poll’s authors concluded, “A package of incentives shows that attitudes are flexible on both sides, and motivates significant shift in favor of the peace package leading to majority support on both sides.”¹¹

Previous discussions of international incentives for Israeli-Palestinian peacemaking were conducted by international actors without major input from Palestinians and Israelis; this proposal presents the parties’ perspectives on the question of international incentives for peace. Additionally, incentives frequently

9 “[Conference for peace in the Middle East \(15 January 2017\)](#),” *French Ministry for Europe and Foreign Affairs*.

10 “[Palestine-Israel peace symposium: Two state solution only viable option](#),” *Xinhua*, 23 December 2017.

11 “[The 2017 Israeli Foreign Policy Index of the Mitvim Institute](#),” *Mitvim – The Israeli Institute for Regional Foreign Policies*, November 2017; “[Palestine-Israeli Pulse: A Joint Poll](#),” *Palestinian Center for Policy and Survey Research and The Tami Steinmetz Center for Peace Research*, 1 August 2017.

focus exclusively on Israelis, with insufficient attention to incentives for the Palestinian side. This proposal maps the needs of both sides, and suggests incentives for both Israel and the Palestinians to address them. The introduction of a balanced incentives package could assist in addressing the asymmetrical structure of the conflict. The package proposed in this policy paper includes incentives that target specific social sectors within Israeli and Palestinian societies, which are traditionally skeptical of peace prospects. This may help mobilize additional constituencies to adopt pro-peace positions.

This policy paper is based on joint deliberations by Israeli and Palestinian policy experts, which took place in Jerusalem. It does not necessarily reflect a consensus among all who participated in the process. It identifies the main Israeli and Palestinian needs that can be addressed by an international incentives package; spells out which international actors can be relevant in addressing those needs and should be part of an international effort to introduce incentives; and discusses when and how an international incentives package should be best introduced and delivered.

B. Key Israeli and Palestinian Needs

This section presents and analyzes the basic needs of Israelis and Palestinians that the international incentives package has to address. It assumes that effective international incentives should deal with the main concerns, fears, aspirations and hopes of the rival parties to the conflict. The discussion focuses on five important and significant needs for both sides: security, recognition and legitimacy, religious rights, economic prosperity, and domestic needs. Both sides share these needs but they include different elements and meaning for each side, given the asymmetrical structure of the conflict and the differences between the parties.

1. Security

Security concerns are central and dominant elements that preoccupy societies in intractable conflicts.¹² They include constant concerns over ensuring national survival, personal safety, security guarantees for the future, and tools to deter future threats and to minimize consequences of attacks.

On the Israeli side, security concerns and fears are dominant in politics, discourse and psychology and are considered the main and crucial element in a future peace

¹² Daniel Bar-Tal, "Societal Beliefs in Times of Intractable Conflict: The Israeli Case," *International Journal of Conflict Management* 9(1), 1998, pp. 22-50.

agreement. Israel wants guarantees that any peace agreement that entails territorial compromise will improve its security, maintain its qualitative military edge in the Middle East, and allow it to effectively deal with possible security risks. Israel wants guarantees that a Palestinian state will not compromise its security and that the Palestinians will fulfill their security obligations (especially in the struggle against security threats and potential armed peace spoilers). Israel wishes to guarantee its continued use of practical and effective border-crossing systems that detect and target potential threats and prevent arm smuggling.

Security is an important and basic need for the Palestinians too, as it relates to national security, the rule of law and personal safety. The Palestinians wish for incentives that ensure security and safety for Palestinian citizens against external and internal threats, and support the building of a successful security sector in a future Palestinian state. The PLO has demanded throughout the peace negotiations a full Israeli withdrawal from all Palestinian territory (according to the 1967 borders), airspace and waters with no Israeli military presence, control or interference, and full Palestinian security control of the borders. At the same time, the Palestinians agreed to a non-militarized state and proposed the deployment of an international peacekeeping force in Palestine as part of the security arrangements, especially in the Jordan Valley, and together with strong security coordination with neighboring countries. The international forces would help the Palestinians build their security capacity, ensure the implementation of the agreement and maintain border security.

2. Recognition and Legitimacy

Recognition and legitimacy are of crucial importance for the Israeli side. Even though Israel is a regional superpower in the Middle East, it still lacks regional recognition and acceptance, and still struggles for international legitimacy. Israel seeks recognition of its right to exist in peace and security and as the nation state of the Jewish people. Public opinion polls indicated that normalizing relations with the Arab world is a significant incentive for increasing public Israeli support for the peace process. Israel has suffered since its establishment from boycotts and non-recognition by regional actors, and has adopted a mindset of “a people dwelling alone”. From the 1950s, the Arab League led a strategy of economic and diplomatic boycotts against Israel, as well as a secondary boycott against non-Israeli companies that cooperate with Israel. In 1967, the Arab League summit in Khartoum concluded with the “Three No’s” decision - No peace with Israel, no recognition of Israel, no negotiations with Israel. However, over the years, growing cracks appeared in this Arab position. Egypt (1979) and Jordan (1994) signed

peace treaties with Israel, and other Arab countries stepped up public or secret cooperation and relations with Israel during the Israeli-Palestinian Oslo process in the 1990s, and in 2002 the Arab League adopted the Arab Peace Initiative. In 2020, the United Arab Emirates, Bahrain and Sudan declared the establishment of full diplomatic ties with Israel. However, Israel still lacks full diplomatic, economic and cultural relations with the majority of Arab and Muslim countries. The Israeli need for regional and international recognition includes acknowledgement of Israel's existence, addressing Israel's security concerns and demographic fears, as well as recognizing Jewish history and accepting the Jewish people as part of the Middle East.

The Palestinians, for their part, seeks international recognition of an independent, sovereign and free state with full rights and total control, and without external interference. They wish for full recognition of Palestine by the international community, including of their state's political and economic independence, citizenship, identity and heritage, freedom of movement, and control over resources. They see it as a basic fulfilment of their right to self-determination and of international law and UN resolutions. The Palestinian National Council adopted the Declaration of Independence in 1988 and today 139 countries recognize the state of Palestine. In September 2012, the UN General Assembly accepted Palestine as a non-member observer state, which subsequently joined UNESCO and other international organizations and treaties. International incentives that drive progress towards the goal of international recognition and legitimacy would be significantly important for the Palestinians.

3. Religious Rights

The religious dimension is an important aspect in the peace process and the holy sites have been a major obstacle in previous negotiations. The issue of holy places is a good example of "sacred/protected values", which are considered part of a personal or group identity, connected to narratives and beliefs, making it harder to negotiate and agree to compromise on.¹³ The holy sites in Jerusalem, especially the Temple Mount/al-Haram al-Sharif, are at the heart of the national and religious ethos of both parties; there are also holy sites outside Jerusalem, such as the Cave of the Patriarchs in Hebron (al-Haram al-Ibrahimi/Me'arat ha-Makhpela), of major importance and sensitivity. The parties' concerns in this context have two main aspects. The first is guaranteed access and visits, and in some cases control of,

¹³ Scott Atran and Robert Axelrod, "Reframing Sacred Values," *Negotiation Journal*, 23(3), 2008, pp. 221-246.

the holy sites. The second is the symbolic dimension: The need to acknowledge and recognize the parties' emotional, historical and religious affinities to the sites.

This issue came up in past negotiations, for example when Israel asked for an Arab declaration recognizing the religious importance of the Temple Mount to the Jewish people. Israel has also condemned UNESCO's resolutions on Jerusalem for failing to refer to Jewish ties to the Temple Mount/al-Haram al-Sharif. At the same time, the Palestinians felt that many peace plans and proposals did not acknowledge their rights and claims to the holy places, and expressed fear regarding possible changes in the status quo arrangements. An eventual agreement on the holy places depends on the parties and their ability to find an agreed solution, but international actors could offer incentives to help them reach agreement on this sensitive issue. During the Olmert-Abbas talks in 2007-2008, Olmert suggested the possibility of establishing an international framework for the management of the Holy Basin in Jerusalem that would include, in addition to Israel and Palestine, the US, Jordan and Saudi Arabia. These international actors, and others, could contribute to future negotiations and agreement on a special regime at Jerusalem's holy sites.

4. Economic Prosperity

Economic prosperity is important for both sides and could be a significant incentive in peacemaking, as discussed at various stages of the peace process. Naturally, in light of the economic asymmetry between the two sides, the needs of the parties are very different and a future incentives package has to address this disparity.

Israelis want a peace agreement to promote more regional economic cooperation with Arab states and strengthen its economy. In 1993, Israel's Foreign Minister Shimon Peres published his peace-era economic vision in his book "The New Middle East". Along these lines, the Oslo process was accompanied with annual economic summits with Middle East leaders and representatives of major corporations in Casablanca (1994), Amman (1995), Cairo (1996), and Doha (1997), but the collapse of the political peace process derailed the economic process too. Nonetheless, there have been some developments in the economic cooperation between Israel and Arab countries over the years, despite the stalemate in the peace process. These include natural gas export agreements with Egypt and Jordan, a regional trade corridor running through Israel to/from Jordan, and behind-the-scenes economic ties with the Gulf states, that are expected to strengthen following the signing of the normalization agreements.

Palestinians wish to build a strong, independent and viable economy; various international plans focused on this aspect. In 2007, for example, Middle East Quartet representative Tony Blair began to promote various economic projects in the Palestinian Authority, and in 2013, a 4 billion USD initiative for the Palestinian economy was launched during then-Secretary of State John Kerry's peace initiative.¹⁴ The Trump Administration tried to use economic incentives in its "Deal of the Century",¹⁵ which includes a 50 billion USD plan for the Palestinian economy. However, it did so in an ineffective and flawed way, detached from a political vision acceptable to the Palestinians and was perceived as an attempt "to buy" the Palestinians in return for concessions on their basic needs, including their right to self-determination. The economic plan was not linked to serious peace negotiations and a two-state political vision, and was presented in the context of the rift between the US and the Palestinians prompted by various Trump Administration policy measures, including the move of the US Embassy to Jerusalem.

5. Domestic Needs

Both parties have domestic needs that should be addressed in a future incentives package. In this context, we should distinguish between collective domestic needs and the specific needs of certain groups on each side. An example of the former is an incentive to ensure good governance. Opinion polls conducted by the Palestinian Center for Policy and Survey Research (PSR) in Ramallah indicate that an important incentive for an agreement is ensuring a democratic system in a future Palestinian state based on the rule of law, periodic elections, a free press, a strong parliament, an independent judiciary and equal rights for religious and ethnic minorities, as well as strong anti-corruption measures.¹⁶

Some domestic needs could be relevant to specific groups on each side. For example, Palestinians in East Jerusalem have specific concerns regarding their social and economic rights and their access to West Jerusalem, which need to be addressed in any future agreement. The Palestinian citizens of Israel have special needs and concerns; they wish to ensure, for example, that any agreement does not exclude them and guarantees their equal rights in Israel. Palestinian refugees are another important group whose needs must be addressed in the process, and

14 Raphael Ahren, "[Kerry proposes \\$4-billion economic plan to boost Palestinians](#)," *The Times of Israel*, 26 May 2013.

15 "[Peace to Prosperity: A Vision to Improve the Lives of the Palestinian and Israeli People](#)," *The White House*, January 2020.

16 "[Poll Summary: Palestinian-Israeli Pulse](#)," *Palestinian Center for Policy and Survey Research*, August 2018.

incentives can refer to acknowledgment of their suffering and assistance in the various aspects of the solution framework for the refugees. Another example is the Mizrahi Jews in Israel, who fled persecution in Arab and Muslim countries, and wish to have their history acknowledged and their suffering compensated.

There is an inherent sensitivity in presenting international incentives that addresses domestic needs. For example, while some Palestinians will welcome efforts to strengthen democracy and good governance, others might oppose such an incentive and view it as a patronizing and unnecessary Western intervention in their internal affairs. Therefore, incentives addressing domestic needs should be used with caution.

Incentives Package - The Needs of the Parties

Security

Recognition
& Legitimacy

Domestic
Needs

Religious
Rights

Economic
Prosperity

C. International Actors Who Could Address the Needs

This section identifies the international actors who could be relevant and useful for the international incentives package. It discusses which actors have abilities and interests in addressing the various Israeli and Palestinian needs mentioned in the previous section, and what incentives they can offer.

1. The US

The US, as a superpower, has been a crucial actor throughout the Israeli-Palestinian peace process. It has significant leverage in the conflict, special relations with Israel and has served as the main mediator between the sides over many years. Under the Trump Administration, the US lost its ability to serve as an honest broker and the Palestinians severed contacts with Washington. However, its role could be restored under the Biden administration. The US could be an important part of an international incentives package and has important tools with which to address the parties' needs.

This is true, for example, in terms of security. The US can offer security guarantees that would make it easier for Israel to make concessions and agree to take risks in a future peace agreement. The US is perhaps the only international actor the Israelis trust concerning security guarantees, based on the special historic relations between the countries. The US can offer various security incentives that would be highly useful in promoting Israeli-Palestinian peacemaking. Indeed, discussion of US security guarantees has played a significant role in peace negotiations in the past – between Israel and Egypt, the Palestinians and Syria. Some of the ideas discussed were US security aid packages, an Israel-US defense treaty or the presence of US soldiers in a peacekeeping force. For example, during the 1990s, the Clinton Administration expressed readiness to sign a defense treaty with Israel if an Israeli-Palestinian final status agreement were reached.¹⁷ In 2000, during Israeli-Syrian peace negotiations, Israeli Prime Minister Ehud Barak suggested an Israel-US Memorandum of Understanding to include a special security aid package and intelligence cooperation. In 2013-2014, John Allen, a former commander of US forces in Afghanistan, worked on a plan that would guarantee Israel's security in the event of an Israeli-Palestinian peace agreement based on the two-state solution. One of the main issues of the plan was the security arrangement in the Jordan Valley; it included establishing an American situation room, sensors,

¹⁷ Goren, "A Package Not Delivered," pp. 25-32.

drones and satellite imagery. That said, since the US already provides Israel with full military, economic and political support, the American incentive toolbox for a peace agreement is limited. In addition, some in Israel oppose the idea of a formal defense treaty with the US, claiming it would restrict Israel's freedom of action.

The US also had a role in helping Palestinian security forces. In 2005, after the election of Mahmoud Abbas as Palestinian President, the US created the office of US Security Coordinator (USSC) in order to help reform and train the Palestinian Authority's security forces.¹⁸ Lt. General Keith Dayton was the head of USSC from 2005 to 2010 and he led a special training program to "professionalize" the Palestinian Authority's security forces. In a future peace process, the US needs to offer the Palestinians security guarantees and incentives to compensate for their willingness to accept demilitarization and international forces. Palestinian President Abbas has repeatedly stressed his proposal to deploy US-led NATO forces in a future Palestinian state. The US would have a significant role in such a deployment in Palestine, and these forces would need to assist in border security, protection against potential internal or external threats, capacity building, supervision of the agreement and assistance at the border crossings.

The US, as a major superpower and permanent UN Security Council member, could also have an important role in recognition incentives, for example, by recognizing Palestine and a Palestinian capital in Jerusalem, or pushing Arab countries to recognize Israel and its capital. The US can also offer economic incentives and help in projects, such as building a passage between Gaza and the West Bank; creation of an "artificial island" near Gaza's coast that would serve as a Palestinian port and airport; and promoting tourism projects. It could also contribute on the refugee issue. US President Bill Clinton offered in the past, as part of his 2000 peace parameters, a US-led international effort to help the refugees and an international commission to implement agreement on this issue. The US could also provide incentives regarding Jerusalem and the holy sites by playing a role in a special regime or taking part in an international force in the Old City.

18 Jim Zanotti, "[U.S. Security Assistance to the Palestinian Authority](#)," *Congressional Research Service*, 8 January 2010.

2. The EU

The EU is an important international actor in any future peace process, as are specific European countries. The EU is part of the Middle East Quartet and played a role in the history of the process, particularly in aspects related to Palestinian economy, security and state building. It has been the main contributor of economic aid to the Palestinian Authority and in 2006 established the EU Police and Rule of Law Mission for the Palestinian Territory.¹⁹ The EU incentives, for the Palestinian side, focused on state building, good governance, strong civil society and human rights.

The EU could also offer incentives of recognition and legitimacy to both parties: recognizing Palestine, recognizing the Jewish link to the Temple Mount and recognizing two capitals in Jerusalem. Some also raised the possibility of recognition of Israel as the nation-state of the Jewish people in exchange for Israel's guarantee of full equality for all its citizens. Today, Sweden is the only EU member that has recognized the State of Palestine in recent years. European countries have discussed recognition of Palestine at various peace process stages, and some countries considered doing so in the past – but only as a tool to promote the peace process. It could be an important incentive in a future peacemaking process. The 2020 discussion of possible Israeli annexation in the West Bank renewed the discussion among a few EU states about recognizing Palestine in response to Israeli annexation steps.²⁰

In the past, the EU has offered a Special Privileged Partnership (SPP) with Israel and the future Palestinian state as an incentive to advance peace. The EU's Foreign Affairs Council stated in December 2013 that "The EU will provide an unprecedented package of European political, economic and security support to both parties in the context of a final status agreement. In the event of a final peace agreement the European Union will offer Israel and the future state of Palestine a Special Privileged Partnership including increased access to the European markets, closer cultural and scientific links, facilitation of trade and investments as well as promotion of business to business relations. Enhanced political dialogue and security cooperation will also be offered to both states."²¹ EU representatives stress that the SPP proposal is still on the table.²²

19 "About the Mission," *EUPOL COPPS*.

20 "Some nations said gearing up to recognize Palestine if annexation goes ahead," *The Times of Israel*, 10 June 2020.

21 "Press Release: 3286th Council Meeting – Foreign Affairs," *The Council of the European Union*, 16 December 2013.

22 EUSR Susanna Terstal, *Speech at the 3rd Annual Conference of the Mitvim Institute*, 14 November 2019.

While discussing the potential role of the EU in an international incentives package, one should remember that the need for consensus decisions could limit the organization's contribution. However, specific European countries, mainly France (also a UNSC permanent member) and Germany, in cooperation with post-Brexit Britain (another UNSC permanent member) could offer incentives of their own. Countries such as Ireland, Sweden, Spain and Luxembourg also have a special interest in the issue and could participate in a European initiative to present incentives for peace.

3. The Arab and Muslim World

The Arab world is another critical actor with interest in the success of the peace process and significant capacity to assist Israel and the Palestinians in advancing peace. Two neighboring Arab countries, Egypt and Jordan, are especially important and have a special interest and role in any future agreement, especially given the peace agreements they have already signed with Israel. They would be part of any Israeli-Palestinian discussions on core issues of the conflict including refugees, security, Jerusalem and borders. Other Arab countries also have special connections to specific core issues, such as Lebanon on the question of refugees, and Saudi Arabia on the question of the holy sites in Jerusalem.

Regarding Israel, the Arab countries can offer recognition and legitimacy as incentives. Regional recognition and normalization with the Arab world are central incentives for Israel, as they address an Israeli need dating to the establishment of the state; they have already served as an important component in previous peace negotiations. The Israeli public seeks Arab recognition and empathy, and wishes for gestures and steps towards regional peace and normalization. Legitimacy incentives from Arab actors could include public declarations and public conciliation measures. They could also include more concrete and tangible steps, such as official visits, opening diplomatic representations in Israel, allowing Israelis to visit and opening their airspace to Israeli flights. Some steps can be taken by specific states, and others by organizations such as the Arab League or the Organization of Islamic Cooperation (OIC). Arab and Muslim non-governmental actors, such as religious leaders and civil society organizations, could also play a role in this process. These actors may also offer incentives that address Jewish history and heritage, including acknowledging Jewish links to their holy sites.

Future Arab attempts to incentivize peace should learn from the experience of the Arab Peace Initiative, adopted by the Arab League in 2002 and offering Israel

normal relations in return for its withdrawal to the 1967 borders. Israel has never responded formally to this offer. The Arab Peace Initiative's limited impact as an incentive for peace stems from its timing – during a peak in the second intifada, its mode of delivery and lack of trust in the Arab League as the sponsor. It was perceived as a take-it-or-leave-it proposal and there was no persistent Arab effort to promote it, despite occasional campaigns, reaffirmation of the initiative at Arab League summits, and supportive statements by Arab leaders.²³ It should be noted that Israeli Prime Minister Benjamin Netanyahu has been trying to convince the Israeli public in recent years that normalization with the Arab world is possible without progress on the Palestinian track.²⁴

In September 2020, Israel, the UAE and Bahrain signed (with US support) the Abraham Accords and agreed to normalize their relations and to develop bilateral cooperation in multiple fields, including tourism, direct flights, security, technology, energy, healthcare, and culture. This significant step of normalization and recognition was not carried out, however, as an incentive to advance Israeli-Palestinian peace. It was only conditioned on an Israeli agreement to suspend its annexation intentions in the West Bank, and reflected a deviation from the Arab consensus that is spelled out in the Arab Peace initiative.

Arab countries could also offer recognition incentives to the Palestinians. Although many of them recognized Palestine in 1988, the Palestinians seek Arab recognition of a Palestinian passport and the removal of existing limitations on Palestinian travel, employment, property rights and other issues. The Arab and Muslim world (especially Saudi Arabia, Jordan and Morocco) can also help the Palestinian leadership to gain legitimacy for an agreement with Israel over the holy sites in Jerusalem and on the refugee issue.

Arab actors could also play a role in providing security-related incentives. Egypt, for example, is a relevant actor regarding the security of Gaza, and Jordan is relevant to special security arrangements in the Jordan Valley. In addition, a framework for regional security cooperation against joint threats, such as terrorism or Iran could serve as a strong and significant security incentive. The Arab world – and especially the Gulf states – could also offer economic incentives to the Palestinians and promote cooperation on topics such as water, energy, tourism and trade. They

23 [“How to Make the Arab Peace Initiative a More Effective Incentive for Peace?”](#) *Mitvim – The Israeli Institute for Regional Foreign Policies, the API Regional Network and the Friedrich-Ebert-Stiftung*, 11 February 2016.

24 Yuval Benziman, [“Netanyahu’s Attempt to Delink Israel-Arab Relations from the Palestinian Issue,”](#) *Mitvim – The Israeli Institute for Regional Foreign Policies*, April 2018.

could contribute, for example, by upgrading the Palestinian health and education systems and helping the Palestinian private sector. They could also sign a free trade agreement with Jordan and the Jordanians could let the Palestinians use the Port of Aqaba.

In addition to the Middle East framework, the Mediterranean framework can also support peacemaking. During the Oslo process, the Barcelona Process offered a Euro-Mediterranean Partnership aimed at assisting the peace process. In 2019, Egypt, the Palestinian Authority, Israel, Jordan, Italy, Greece and Cyprus created the Cairo-based Eastern Mediterranean Gas Forum (EMGF), which turned in 2020 into a recognized international organization. It is currently focused on economic issues but may be able in the future to also make an impact on diplomatic issues, including Israeli-Palestinian peacemaking. The Mediterranean framework can also be relevant to solving issues related to the Gaza Strip.

4. Other International Actors

All five permanent members of the UN Security Council are instrumental in terms of recognition and legitimacy incentives for the parties and support for implementation of a peace agreement. A recent study found that UNSC resolutions can have a critical role in peace agreement implementation and compliance.²⁵ We referred to the US, France and the UK in the previous sections, but Russia and China also have important diplomatic and economic resources to offer for an international incentives package. Russia has increasing power and influence in the region; it is a member of the Middle East Quartet and was involved in reconciliation efforts between Fatah and Hamas. China has strong economic abilities that could assist in large infrastructure projects. Russia and China have displayed interest in the topic, and have offered the parties their help in recent years, but the Israeli-Palestinian issue is not a top priority on their international agenda.

International organizations and institutions could also play a role. NATO can offer security incentives and guarantees, such as the deployment of NATO peacekeeping forces in specific areas like the Jordan River, or by granting membership to Israel and the future Palestinian state. Other international organizations could also be central to recognition incentives, by formally recognizing Palestine and inviting it to join as a member. The most important step is full UN membership of the Palestinian state once established, which could be promised in advance. Membership in all other

²⁵ Matthew Hauenstein, Madhav Joshi, "Remaining Seized of the Matter: UN Resolutions and Peace Implementation," *International Studies Quarterly*, 2020.

international organizations and forums, some even before a peace agreement is reached, also matters. For the Israeli side, international organizations could offer incentives in the shape of a future upgrade its international status and a change in the critical attitude of various international actors and institutions.

UN agencies could be relevant in certain aspects. UNESCO, for example, can offer incentives relating to heritage and holy places. It can be useful in offering recognition and legitimacy incentives for Israel, such as acknowledging the Jewish link to the holy sites. UNRWA, meanwhile, could be involved in incentives related to the refugee issue. International economic organizations, such as the World Bank and the International Monetary Fund, could offer financial incentives, especially assistance in building a strong Palestinian economy. One possibility is the creation of an international fund for the development of Palestine that would assist and support economic projects.

Finally, regarding the religious aspects of peacemaking, religious leaders and institutions – Christian, Jewish and Muslim – are relevant actors. They can offer religious legitimacy to an agreement and be part of an interfaith dialogue forum or an inter-religious council. The Vatican could also play a part in incentives concerning the holy sites. It can assist with international legitimacy of an agreement on the holy places and participate in a special regime in Jerusalem's Old City.

The Israeli-Palestinian issue is not a high priority on the current international agenda; there are many other urgent international crises and problems to deal with. In addition, important international actors such as the US and Europe are focused on domestic issues. Therefore, the question is not only how to incentivize the parties to the conflict, but also how to incentivize involvement of international actors in prompting and carrying out the peacemaking process. In order to push for an international incentives package, we also need to consider the question of how international actors can be encouraged to offer incentives and what can convince them of the importance and potential of such efforts and of their interest in doing so.

An incentives package would also require the establishment of an international framework or a mechanism to coordinate among the various actors, plan and promote the strategy and its timetable, cooperate and negotiate with the parties, present the package to the sides and the international community, and guarantee its implementation.

D. When Should the Incentives Package Be Presented?

The timing of the incentives package presentation could be crucial to its success. One approach is to wait until conditions are ripe in the conflict and the international community. At present, the Palestinian issue is not a high priority for the Israeli public or on the international agenda. Political developments could change that, for example the new US administration, political change in Israel or the Palestinian Authority generating a momentum for peace talks, or progress towards unity between the West Bank and the Gaza Strip. Other important potential factors are progress towards ending the wars in Syria, Libya and Yemen, addressing the global refugee crisis and overcoming the coronavirus pandemic. Israeli and Palestinian attentiveness to the proposal upon its presentation is important, and therefore it may be beneficial to wait until the public on both sides is less distracted by issues perceived as more urgent and important.

On the other hand, work on the incentives package should begin right away to float the idea and launch a discourse to help change the climate in which it takes place. Various international actors are looking for new ideas to promote Israeli-Palestinian peacemaking. The perception that “this is not the right time” could last indefinitely; developing the package could help create the “right time” and empower pro-peace Israeli and Palestinian actors. Yet, the question of the “shelf life” of the incentives package should also be considered. Can it wait until its implementation or might it expire and no longer appeal to the actors if the wait for implementation is too long.

Distinction is required between the process of building the package and the moment of presenting it. Work on the creation of the incentives plan, its components and the coordination between the various participants should start now, while presentation of the plan would be better delayed to a more appropriate time. During the process of developing the incentives package, international actors can also agree on criteria for identifying the most suitable timing to present it (for example, once peace negotiations are renewed).

E. How Should the Incentives Package Be Presented?

The package has to be framed as an incentive for peace and focused on positive elements, thereby neutralizing previous opposition (on both sides to the conflict) to international initiatives. That depends on successful delivery of the package.

The delivery has to differentiate between target audiences – the sides to the conflict and international audiences, and within each side delivery to decision makers, government officials, civil society organizations, religious leaders, and journalists. It should be presented in a multilateral and multinational fashion, not by just one international actor such as the US or the EU. International actors can agree on distribution of roles. The US, for example, can lead the engagement process with Israel, while other actors will be in charge of the dialogue with the Palestinian side. Engagement with the public on both sides is also crucial; the message needs to address various groups in both societies and be delivered directly to them. It is also important to engage young and emerging politicians and public figures from across the political spectrum.

An international mechanism comprised of multiple international actors, countries and organizations should shape and present the package. The mechanism should include those international actors that can offer incentives addressing the needs and aspects discussed in this paper. That said, the mechanism must be effective, flexible and dynamic, able to coordinate between all members and to promote the incentives package for a long-term process. To this end, a small and efficient leadership of the mechanism should be tasked with leading and pushing the process, without having to ask for collective permission for every small step. The leadership could include actors such as the US and key European and Arab countries. Preferably, it should also include specific countries and not only international organizations (such as the EU, the UN or the Arab League), in order to increase its chances of success.

The delivery process has to rest on the four main pillars related to the incentives as mentioned in the introduction: awareness, attractiveness, feasibility, and linkage to conflict resolution. Previous international proposals failed because they lacked some of these elements. The design of the delivery process should also take under consideration its connection to different stages in the peace process. For example, presenting some parts of the package at the beginning of the negotiation process, and others only after progress in the talks. The actors can also establish a joint

framework that includes Israelis and Palestinians to coordinate development of the incentives package and its delivery.

F. Conclusions

This paper is a joint Israeli-Palestinian effort to outline an international framework for advancing and assisting peacemaking by offering a coordinated package of incentives for peace. It assumes that the international community can play a constructive role in promoting an Israeli-Palestinian peace agreement and in moving the parties forward from the current stalemate. However, it also stresses that the involvement of external actors should address and be based on the needs and concerns of the parties, as identified by them.

The paper defined the central needs of the parties that the incentives package must address, focusing on security, recognition and legitimacy, religious rights, economic prosperity and domestic needs. It described the main concerns and hopes of the Israelis and the Palestinians with regards to these five basic needs. The paper examined which international actors can be relevant in addressing those needs and could take part in providing an international incentives package. It elaborated on the potential role of the US, the EU, the Arab and the Muslim world, and other relevant international actors. It also discussed when and how an international incentives package should be best introduced and delivered.

Throughout the decades of the peace process, the US has played a major role as a mediator, but under President Trump, the US has lost its ability to communicate with both sides. There is deep mistrust between the US and the Palestinians. In addition, the Trump plan caused deep concerns in the international community due to its departure from the internationally agreed parameters for a two-state solution. The Trump plan, the current deadlock in the peace process and the discussions on Israeli plans to annex territories in the West Bank, all emphasize the urgent need for a serious, effective international effort to push the parties towards new peacemaking efforts. Biden's victory in the US election, the multilateral approach he is expected to advance in US foreign policy (including on the Israeli-Palestinian issue), and his anticipated efforts to restore ties with the Palestinian Authority while maintaining the strong bond with Israel, all make the idea of an international incentives package even more timely and relevant.

This paper suggested that international incentives could serve as pre-negotiations incentives to nudge the parties to the negotiating table, as well as to incentivize a final-status agreement. Incentives could be implemented in stages, and with clear goals and benchmarks for progress. However, all types of incentives must be strongly linked to a clear political vision and pathway forward, else they will be ineffective and lack credibility. International incentives should also target multiple audiences and engage with formal governmental actors as well as domestic groups, civil society actors and public opinion, both Israeli and Palestinian.

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