



المركز العربي للأبحاث ودراسة السياسات
Arab Center for Research & Policy Studies

CASE ANALYSIS

The Reconstruction of the Gaza Strip: Background and Challenges

Khalid Walid Mahmoud | Dec 2014

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Introduction

The damage caused by the latest round of fighting in the Israeli war against the Gaza Strip was considerably worse than that of 2008 and 2012. “Operation Protective Edge” was the third aggression mounted by Israel against Gaza in just six years. In Cairo, while aggression was still raging, negotiations on a ceasefire were simultaneously held with discussions on the reconstruction of the Gaza Strip – Israel having made reconstruction conditional on calm along the borders of Gaza. This paper casts light on the Cairo Conference on the Reconstruction of the Gaza Strip held in October 2014, the promises made, Israel’s interests in the reconstruction process, and the choices that are now facing Hamas. Delay in reconstruction may detract from the popularity of Hamas, a popularity that considerably grew during the latest Israeli assault.

Resolutions from the Cairo Conference

A conference to assess how to reconstruct the Gaza Strip was convened in Cairo on October 12, 2014. Under the joint auspices of Norway and Egypt, the UN-and EU-chaired meeting brought together delegations from 50 states, international and regional organizations, representatives of international aid agencies, the IMF, the World Bank, Arab and Islamic development funds and banks, the Arab League, and the UN and its main programs and agencies, including UNWRA, the UNDP and the World Food Program.

At the end of the conference, the donor states pledged 5.4 billion dollars in aid, half of which was allocated for reconstruction projects, and the other half for supporting the budget of the Palestinian government and development in the West Bank, according to the concluding statement of the conference.¹

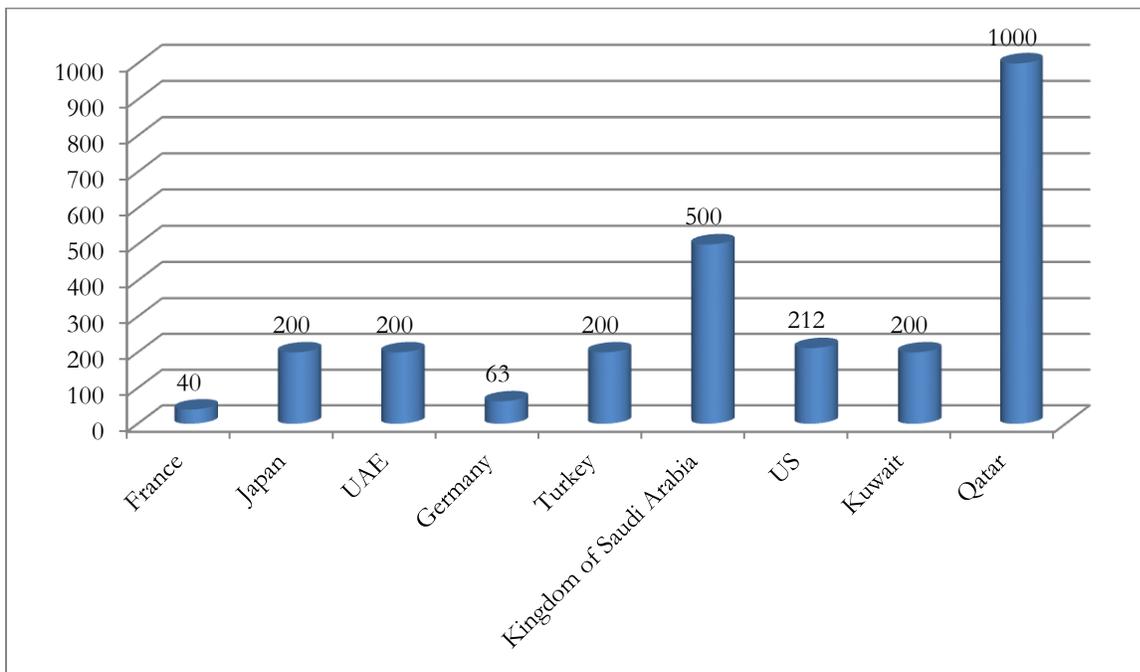
The extent of destruction caused by the latest assault means that the reconstruction in Gaza now includes: securing temporary shelter for the newly homeless; repairing the electricity network, water wells, and the water and sewage system; rebuilding mosques, churches, cultural centers, and historical sites; constructing homes completely destroyed and repairing those partially destroyed; repairing of roads and bridges, and compensation for the losses of farmers; reconstructing damaged industrial, commercial,

¹ “Donors Pledge \$5.4bn for Gaza Reconstruction,” *Al-Jazeera*, October 12, 2014, <http://goo.gl/UHPnBP>.

and service facilities and re-opening of border crossings to allow entry of construction materials, while ensuring that unauthorized weapons do not enter the Gaza Strip. The chair of the conference made international financial support conditional on three matters: that the national unity government take authority in Gaza, particularly over the border crossings and customs; that aid not be used for non-designated purposes; and that action be taken to open the border crossings between Israel and Gaza.

Qatar made the largest contribution of all with a donation of one billion dollars. The EU pledged 450 million dollars, and the United States committed to 212 million dollars in aid. Kuwait pledged 200 million dollars over three years, and the UAE also offered 200 million dollars.² The absence of any Saudi contribution was noticeable, although the Kingdom explained it had previously given 500 million dollars in aid. (See: Figure 1)

Figure 1: Pledges made by states at the Cairo International Conference on Palestine “Reconstructing Gaza”



Source: the author

² *Ibid.*

The final statement of the conference commended the Egyptian ceasefire initiative and stressed it was ready to back the ceasefire “by mobilizing international support for the recovery and reconstruction of Gaza within a framework of longer-term sustainable development of Palestine as a whole.” This framing of the conference indicates the politicization of reconstruction, despite the fact that ultimately it is being primarily dealt with as a humanitarian project.

The final statement also explained the need for 414 million dollars in humanitarian relief, followed by 1.2 billion dollars for early recovery and an additional 2.4 billion dollars to meet the costs of reconstruction.³ The donor nations also declared their endorsement of the Palestinian unity government’s National Early Recovery and Reconstruction Plan for Gaza, and the need for this to be accompanied with budgetary support for the government and development in the West Bank.

It is however striking that the pledges made by the EU and the Arab Gulf states, excluding Qatar, total 747 million dollars, a sum incommensurate with the destruction wrought by the Israeli war machine in Gaza. In addition, the Palestinian experience of similar previous conferences confirms that the amounts pledged do not necessarily materialize beyond promises. This was the case after the Sharm el-Sheikh conference in 2009, where the pledges of donor states totaled 4.7 billion dollars, none of which reached Gaza.

The present conference convened in quite different circumstances to those of 2009; it occurred after the Gaza Strip had faced an unprecedented assault whose initial reconstruction costs have been estimated at 4 billion dollars, that is three times as much as the previous war. Furthermore, it came at a period of heightened calls for the end of the Israeli siege on the Gaza Strip, which has been in place for seven years. In contrast with the 2009 conference, the 2014 donor conference took place in the presence of the Palestinian national unity government (the first such since 2007) which was formed on June 2, 2014 after Fatah and Hamas reached an agreement to end seven years of Palestinian political division.

The conference also cast light on the magnitude of the losses caused by the Israeli aggression on Gaza: 2,147 Palestinians were killed, including 530 children, 302 women,

³ United Nations, Security Council, “The Situation in the Middle East, including the Palestinian Question,” S/PV.7281, October 21 (2014): 2, <http://goo.gl/p6Vqpt>

23 medical workers, 16 journalists, and 11 employees of UNRWA.⁴ More than 100,000 people were made homeless after the destruction of their homes, while more than 300,000 were forced to leave their homes as a result of Israeli shelling and incursion.

In economic terms, the Euro-Mid Observer for Human Rights estimated the total direct and indirect economic losses to the Gaza Strip at around 3.6 billion dollars. However, the Palestinian government put the figure at 6 to 8 billion dollars, on the basis of assessments by the Ministry of Public Works and Housing and the Ministry of the National Economy.⁵ The UN Conference on Trade and Development (UNCTAD) stated that losses ranged between 6 and 9 billion dollars, and that Israel's war had destroyed 40,000 housing units, 141 schools, 29 hospitals, and dozens of factories and electricity generating stations, among other things.⁶

According to statistics from the Palestinian Ministry of Religious Endowments, the Israeli army completely destroyed 71 mosques, and partially destroyed a further 200, in addition to destroying 24 endowment estates, 12 cemeteries, six charity centers, a church, a Sharia school, the campus of a religious college, and the Religious Endowments Directorate in Gaza. The total losses for the Ministry came to 35 million dollars.⁷

Prospects

The Cairo Conference for the Reconstruction of Gaza has raised many questions over its prospects for success or failure. Palestinians also fear the risk that efforts may be deflected from the original aims due to a number of factors, including:

⁴ "Israeli Assault on Gaza in Numbers," *Euro-Mid Observer for Human Rights*, August 28, 2014, <http://euomid.org/en/article/607/Israeli-Assault-on-Gaza-in-Numbers>.

⁵ *Ibid.*

⁶ United Nations Conference on Trade and Development (UNCTAD), *Occupation of the Palestinian Territory Jeopardizes Economic Viability of Two-State Solution*, UNCTAD/PRESS/PR/2014/035, September 2 (2014), <http://goo.gl/GoUBxs>

⁷ Mohsend Moh'd Saleh, *Gaza Strip: Development and Reconstruction in the Face of Siege and Destruction*, (Beirut: Al-Zaytouna Centre for Studies and Consultations, 2014): 30, http://www.alzaytouna.net/english/books/Book_Gaza_Development_Construction.doc.

1. Failure to honor financial pledges, as had previously occurred, despite official statements by donor nations that they will provide aid.
2. The possibility of renewed Palestinian differences concerning the national unity government, a breakdown in the reconciliation between Fatah and Hamas, or disputes over leadership of the reconstruction process, a risk that was alluded to by some participants at the conference who stated that starting to rebuild was contingent on the return of the Palestinian Authority (PA) to Gaza, and the stepping aside of Hamas.
3. The extent to which the national unity government is able to minimize the consequences of disputes with Hamas, exert its authority, enforce the law in the Gaza Strip, merge public and security bodies in the Gaza Strip and the West Bank, control the border crossings with Israel and Egypt, and implement the PA's plan for the reconstruction of Gaza.
4. The Israeli position on the reconstruction of Gaza and its ability to disrupt efforts to this end, particularly given the lack of Egyptian will to reopen the Rafah crossing at least in the short term, in view of the deterioration in the security situation in the Sinai and the closure of the crossing since the end of October 2014. Israel also remains in control of the crossings and sets strict conditions for the movement of goods and labor between Gaza and the West Bank.
5. The fact that there is no deterrent or guarantee that would prevent Israel from repeating its aggression and launching new assaults on the Gaza Strip, and the collapse of the ceasefire between Hamas and Israel, agreed on August 26.

The conditions laid out by the Israelis stipulate that the materials needed for reconstructing Gaza will only be allowed to arrive under the direct supervision of the PA, as demanded by its agreement with Israel, to determine the kind and quantities of materials needed.

Through the work of UN Middle East envoy Robert Serry, the UN has developed detailed mechanisms to allow the tripartite committee of the UN, the PA, and Israel to monitor the raw materials required for reconstruction. This can take place through the installation of cameras in depots and the observation of the progress of the trucks conveying them, in order to ensure that Hamas does not use them to build tunnels and

repair its military infrastructure. These mechanisms in fact are allowing the UN to give legitimacy to the Israeli siege on Gaza, rather than working to lift it.⁸

Profits and Losses

The fact that Israel was not invited to the reconstruction conference in Cairo was a cause for optimism in many quarters. No doubt, Israel's absence was clearly felt in the room. Israel officials said that Egyptian President Abdel Fattah al-Sisi sent a letter to the Israeli government explaining it did not intend to invite Israel and asking it to show some understanding.⁹ According to Israeli sources, the reason why Israel did not take part in the conference lay in the fact that many participants, Saudi Arabia in particular, threatened not to attend if Israel was present. Since the main funders of the reconstruction effort would be the Gulf states, and not the EU or the United States, Israel's presence could have led the conference to fail.¹⁰

Israel's choice not to attend the conference reflects its belief that facilitating the start of reconstruction work would work to its advantage, since Israeli companies and ports would obtain the lion's share of the revenues and profits from the importation of construction materials.

In dealing with the issue of reconstruction, Israel's stance is one of "participation and facilitation in exchange for security and profits." All the construction materials and

⁸ Omar Shaban, "Donor Pledges Not Enough to Rehabilitate Gaza," *al-Monitor*, October 17, 2014, <http://goo.gl/WgIDGt>.

⁹ *Ibid.*

¹⁰ Israeli Foreign Minister Avigdor Lieberman disclosed the existence of "understandings between Israel and the United States over the conditions for the reconstruction of Gaza, which would not be without Israeli participation. The main points for Israel are "an interest in the civil reconstruction of Gaza" while wanting "an oversight system for the movement of materials and funds." Lieberman denied that Israel was not a participant at the conference, "for it would not be possible to rebuild Gaza without Israel's participation and cooperation, despite understanding the restrictions on the Arab states. In any case we will try to be positive about the civilian infrastructure and civilian reconstruction." Amos Gilad, head of the political and security department of the Ministry of Defense stated, "We're the ones on the ground, and we decide." This hints that Israel has conditions for reconstruction, which, it should not be ruled out, it will use to blackmail the Palestinians politically in the future. See: Nidal Mohammad Watad, "Gaza Reconstruction: Israel, the Absent Presence," (Arabic) *al-Araby al-Jadeed*, October 13, 2014, <http://www.alaraby.co.uk/politics/6dfa56a5-fb11-4921-8624-0c2e40af1c58>.

equipment for the rebuilding of Gaza will have to pass through the Israeli crossings, and Israel will oversee the mechanisms for their entry, monitor them until they reach their destination, and control the funds flowing into Gaza.¹¹

Available information indicates that materials will enter via three avenues. First, materials allocated for projects in the Strip will be stored in special warehouses under 24-hour guard and fitted with security cameras under Israeli control. Second, materials for rebuilding destroyed houses will only go to professional contractors and only after a thorough review of the quantities and sites. Israel and Egypt will prevent the entry of metal pipes of any kind, which will be replaced by plastic. And third, a team of expert builders and engineers will be formed to check materials for possible dual use and prevent entry of such materials into the Strip.¹²

Although the PA has confirmed that it alone will implement tasks in the reconstruction project, that it will do so transparently, that funds will be received into an account at the Finance Ministry of the unity government, and that no funds will go to any party who might use them for military ends (a reference to Hamas), Israel nevertheless claims to have fears that Hamas will exploit the funds for reconstruction to repair its tunnels, build fortifications, and change the situation in the Strip, especially at the border crossings, making it possible to carry out resistance operations there. The Israeli security bodies, therefore, are closely following the dialogue between Hamas and the PA over the deployment of the police at Rafah, Karam Abu Salim, and Erez crossings.¹³ In contrast, other Israeli bodies have expressed their interest in facilitating the reconstruction of Gaza, guided by particular motivations in the context of the strategy for extending the current period of calm adopted by Benjamin Netanyahu's government.¹⁴

¹¹ Ibrahim Abdel Karim, "Gaza Reconstruction: Mechanisms and the Israeli Position," (Arabic) *Emirates Center for Strategic Studies and Research*, October 13, 2014, <http://goo.gl/co9PBG>.

¹² Dimi Reider, "Gaza reconstruction: The new Israeli strategy," *Middle East Eye*, October 11, 2014, <http://goo.gl/rnMpV4>.

¹³ Hedaya al-Saidi, "Gaza reconstruction could take 3 years: UNRWA," *Anadolu Agency*, November 4, 2014, <http://www.aa.com.tr/en/gaza/415181--gaza-reconstruction-could-take-3-years-unrwa>.

¹⁴ Benny Avni, "Plans to Rebuild Gaza Keep Getting Undermined," *Newsweek*, November 3, 2014, <http://goo.gl/txugJA>.

For its part, Hamas fears that being distanced from the process of reconstruction will marginalize it and damage its standing in Gaza. Its exclusion from the reconstruction process on the pretext of preventing funds from falling into its hands, and empowering the PA to consolidate its control over the Strip, will impact negatively on the role and domestic relations of Hamas.¹⁵

Occupation at the Heart of the Problem

While the Cairo Conference does contribute to overcoming the effects of the Israeli assault on the Gaza Strip, relieving the daily hardships of its population, and providing employment, it makes no provisions to ensure that the scenario of physical destruction and the killing of civilians is not repeated. Nor does it hold Israel, which still occupies the Strip in the opinion of the International Court of Justice, responsible for the destruction it caused.

In other words, the destruction in Gaza is handled as though it were the result of a natural disaster and not the result of systematic political and military actions. From this perspective the donor states have dealt with the siege on the Gaza Strip, and the Palestinian issue in general, as humanitarian relief, or charity work.

At this pace, repeated Israeli assaults mean reconstruction is required approximately every two years, a pattern which realistically can only be broken if Israeli occupation is ended – that is if permanent security and stability is the desired outcome.

For the Palestinian people, the recurrence of these conferences strengthens doubts as to their value, leaves little room for hope that Israel will not attack again, and gives the sense that all the international concern is specious and a mere formality, serving only to lessen the horror of the massacres and systematic annihilation that Israel commits. Palestinians are asking many questions about the Cairo Conference, such as: what is the true amount of funds that will be spent on reconstruction? What share goes to the international institutions overseeing things? How much will their representatives, employees, and inspectors receive? What is the share for intermediaries, technical and consultative committees, and bureaus? How much will be spent on the families of the

¹⁵ Avi Issacharoff, "Palestine Government Asks Israeli Occupation for Additional Gaza Border Crossing," *Occupied*, November 4, 2014, <https://occpalgaza.wordpress.com/tag/border/>.

dead and injured, the homeless, and the owners of destroyed factories, workshops, and farms?

While these questions are in the air, the essential issue remains ending the occupation and breaking the siege on Gaza, particularly as previous funding for reconstruction has accumulated since 2007 and not yet been spent. Chief among these funds is that which had been allocated for the rebuilding of the airport and the seaport which were destroyed by the occupation in 2002, and the reconstruction of the destruction wrought by the Israeli war machine in 2008-9 and 2012.

Palestinians in Gaza are afraid that the decisions of the Cairo Conference will remain on the shelf and not become implemented for a number of reasons. To start with, reconstruction is preliminary to the stifling of resistance and the return of the PA to Gaza, given the international reservations on the presence of Hamas on the Palestinian political scene. Reconstruction has been given a political slant to attract funding from regional and international powers, which are trying to put pressure on the resistance and its weapons. This is a tactic to make the resistance movements part of a bargain that aims to eliminate and expel them, and to strengthen security coordination with Israel after the lull in fighting becomes a full ceasefire. A second obstacle is that the reconstruction operation remains conditional on Israel's security considerations. A third is that the Palestinian presidency would return to the Gaza Strip and impose its authority, in line with Israeli and American demands and fourth, that the PA adheres to the peace process and the negotiated solution as the only strategic option.

Furthermore, there is a lack of unified Palestinian strategy to ensure political cover for managing the reconstruction, rehabilitation, and development of Gaza that derives from the unity government. The continued absence of such a strategy threatens to derail the course of internal Palestinian reconciliation, because of the growing indications from the PA leadership that no reconstruction materials will enter Gaza until the PA has exerted control over the Strip, an issue which is still causing controversy with Hamas.

In addition to internal Palestinian dynamics, on the Israeli side, there are those who threaten to obstruct the process of reconstruction, claiming that Hamas could exploit international aid and reconstruction materials to repair the tunnels and military capability.

The above does nothing but exacerbate the frustrations of the homeless in Gaza, who see ineffective international mechanisms for bringing materials into Gaza and

complicated and tiresome bureaucratic procedures that make the reconstruction process drag on for years,¹⁶ alongside immediate and pressing humanitarian needs that cannot wait, especially as winter has come early this year, and some neighborhoods, yet to be part of any reconstruction project, have been flooded.

Conclusion

The fact that the process of rebuilding Gaza remains bound by the conditions of the donor states will no doubt cause delay.¹⁷ Due dates pass daily and questions remain over donors' seriousness to guarantee the funding and the necessary conditions for reconstruction of the besieged Strip. All this implies that the gap between the promises of funders and their translation into facts on the ground, when added to the list of Israeli and international conditions, make reconstruction a complex affair, whose process is hostage to a series of developments and interactions.

Still, the continued slow and sluggish course of reconstruction will not necessarily result in a new outbreak of clashes between Hamas and Israel as a means for Palestinians to exert pressure on the parties linked to the pace of reconstruction. The truth is the besieged Strip may not have the strength to bear the cost of any future confrontation so close to the end of the war. This means that decision makers in Gaza are now confronted with very difficult choices.

¹⁶ There is talk that the security mechanism ensures that Israel can monitor the entry of construction materials into Gaza by means of cameras that transmit images directly from the Palestinian warehouses in Gaza to Israel, thus preventing any easing of measures. The details of the plan can be found at: <http://www.palsawa.com/ViewDetails.aspx?ID=12145#.VEqOHfmsVog> (Arabic). See: Ola Attalah, "UN plan hindering Gaza reconstruction: Trade chamber," *Anadolu Agency*, November 5, 2014, <http://goo.gl/ikO5E7>.

¹⁷ The permanent Palestinian representative to the Arab League and ambassador to Cairo, Jamal Shubaki, disclosed the two conditions set by the donor states for them to fulfil their financial commitments for the reconstruction of what the occupation had destroyed in Gaza: a permanent ceasefire, and the return of the PA to the Gaza Strip. Non-implementation would prevent the rapid and permanent reconstruction of Gaza. He made it clear that the PA's reconstruction plan has a 3-5 year timeframe. See: "Palestinian Ambassador in Cairo: The Donor States Made a Permanent Ceasefire a Condition," (Arabic) *al-Youm 7*, October 15, 2014, <http://goo.gl/AXN3BP>.