

The Gaza Reconstruction Cake: Who Will Build It? Who Will Fund It? And At What Cost?





After the cease-fire in Gaza, the Strip has returned to the forefront of the narrative but this time under a different guise. Once long described as the world's largest open-air prison, Gaza is now being presented as the Middle East's largest potential reconstruction workshop.

While promises of participation in the rebuilding effort multiply and states and companies race to showcase their plans and projects, the figures remain conflicting, financing opaque, the timetable wide open. Two competing visions intersect: one sees reconstruction as an economic and investment opportunity; the other views it as a political lever tied to disarming Hamas and re-shaping regional power balances.

Between ambitions of reconstruction and power calculations, the reality on the ground remains far more complex and open to every possibility. Meanwhile Israel continues to keep crossings closed, block the entry of building materials and limit aid flows, even as more questions than answers pile up atop the rubble: Who owns the right to rebuild? Who will foot the bill? And who will guarantee that reconstruction isn't transformed into a new tool for political extortion?

A Massive Cost and a Long Road

Gaza is not in prime shape to receive thousands returning to their homes, having endured two years of systematic destruction by occupying forces. The situation is

no different across the entire Strip: according to the latest statistics, Israel destroyed 90% of the infrastructure in Gaza, leaving its condition far worse than many cities destroyed in World War II.

Many returnees did not find a stone upon another in the homes they left, as Israel demolished around 300,000 housing units completely, while another 200,000 units were severely or partially destroyed. Out of 38 hospitals, 25 were taken out of service, and over 100 primary health care centres were destroyed.

In the education sector, more than 95% of schools were affected: 165 schools and universities completely demolished, 392 partially damaged.

Some 85% of water and sanitation facilities were rendered inoperable, along with other infrastructure, factories, workshops and firms all of which were already depleted before the war by the Israeli blockade.

With nearly everything in the Strip reduced to rubble, initial UN estimates speak of 55 million tons of debris. That vast figure represents one of the largest volumes of rubble recorded in modern conflicts. It only begins to reflect the consequences of a war in which Israel dropped about 200,000 tons of explosives on the tiny, densely populated enclave.

The scale of this destruction is hard to imagine, yet to illustrate: the accumulated debris would require more than 2.7 million 20-ton trucks, a convoy stretching roughly 30,000 km three times the distance between Gaza and Washington.

For comparison: the rubble equals the weight of 5,000 identical copies of the Eiffel Tower; it could build a wall as long as the Great Wall of China (~21,000 km); or it is equivalent to eight pyramids the size of the Great Pyramid of Giza. Removal of it is an expensive and lengthy phase before actual rebuilding can begin.

Given the wide-ranging destruction across Gaza, the battle to rebuild is also one for survival for more than two million people living in what war experts have described as an unprecedented reality, even compared to world's most destructive conflicts. The issue is not merely rebuilding homes, but reviving an entire city where urban fabric, economy and social order collapsed together.

International estimates reveal the magnitude of the catastrophe. According to the UN, the World Bank and the European Union, direct infrastructure losses reached about US\$18.5 billion by end of January 2024, before the figure was updated in February to US\$53.2 billion over ten years.

When indirect costs such as rehabilitating energy, water, ports, institutional infrastructure, human capital and lost economic production are added, the total may exceed US\$80 billion, according to a study by the RAND Corporation

published in September 2024.

The study emphasized that these figures reflect not just a construction project, but a historic rescue plan demanding multilateral financing and a long-term commitment spanning at least two decades.

In the most recent assessment of damage after two years of war, the Gaza government's media office estimated losses in the housing sector alone at US \$28 billion, meaning this sector absorbs more than 30% of total reconstruction needs. With Israeli forces intentionally destroying factories, losses in the industrial sector are estimated at US \$4 billion; commercial sector losses at US \$4.5 billion; and agricultural losses at more than US \$2.8 billion.

Other sectors social protection, education, transport, water and sanitation collectively face needs estimated at about US \$16.3 billion.

Before rebuilding can begin, there is an urgent priority to restore basic services: electricity, water, roads, health, education. This short-term phase (first three years) requires about US \$20 billion to provide temporary shelter, restore basic services and kick-start limited economic activity.

Clearing rubble and debris is the most pressing and complex step in the recovery plan; according to the UN, removal could take 21 years even if adequate machinery and resources are available, and initial cost estimates for the removal sit at US \$1.2 billion a necessary starting point to rebuild Gaza and a measure of the world's seriousness in enabling life's return for Gazans.

The Race to Rebuild

Amid wide variances in figures, conflicting estimates on damage, funding and length of time to restore life to the battered Strip, talk has returned to a "reconstruction stage" that is meant to be marked by rebuilding but is masking complex political equations and regional-international power struggles, turning reconstruction more into a bargaining arena than a purely humanitarian project.

In truth, this phase is one of the most difficult and complex issues ahead, given numerous factors including the absence of agreed mechanisms between Israel, Hamas and mediators. Instead, there are divergent visions of the file at large, amid concerns that Israel will obstruct the process as it has after previous wars in the Strip.

Many broad proposals have raised the question of Gaza's rebuilding, including the Arab plan adopted by the UN and international partners, presented at the emergency Arab summit in Cairo in March. At that meeting leaders agreed to establish a trust fund receiving financial pledges from countries and donor institutions to implement recovery and reconstruction projects.

Egypt, for its part, after the cease-fire agreement, stated its readiness to host an international reconstruction conference. Foreign Minister Badr Abdel-Ati spoke of the need for a comprehensive agreement and confirmed that Cairo would host an international conference in November, supported and chaired by former US President Donald Trump alongside Arab and European leaders indicating Egypt's desire to maintain diplomatic momentum in showcasing its regional weight.

Observers see Gaza's reconstruction file as a dual economic and political opportunity for Egypt. President Abdel-Fattah el-Sisi seeks to enhance his country's regional influence and use its war-peace mediation role to secure gains for the military establishment.

Given the dire financial crisis, Egyptian contracting firms appear as the biggest potential beneficiaries, with external reconstruction financing possibly driving foreign-currency inflows and giving the local economy the boost it badly needs after years of stagnation.

Although Egypt has the geographical and technical capacity to play a key role, its success in translating the opportunity into reality depends on factors beyond its technical expertise chiefly the extent of political alignment among international actors, and the financing mechanism and willingness of regional/international players to give Cairo the lead role in the new scenario.

Thus Egypt's future role hinges more on power balances than on construction capacity alone.

But Egypt certainly is not the only state in line to participate in Gaza's rebuilding. As the estimates multiply, so too do the entities declaring readiness from Saudi Arabia and the UAE, to the European Union, World Bank, United Nations, and regional development banks all as funding or oversight partners.

The European Union has declared its readiness to contribute to reconstruction, alongside regional and international partners including Turkey, whose president Recep Tayyip Erdoğan called for rebuilding Gaza even if Israel occupies it at the outset, and is expected to push for Turkish-contractor participation, drawing on Ankara's previous Sarajevo-reconstruction experience.

Qatar, which has a long record of financing Gaza reconstruction, established in 2012 a committee that implemented some 115 projects costing about US\$407 million, and may reactivate this committee anew with investments likely funded by state institutions and sovereign funds, possibly via Qatari contractors or partnerships with Turkish firms.

Behind the scenes, the UK government hosted a conference to exchange ideas and mobilize financing for Gaza's rebuilding, with several states and international

investors participating.

According to London, it achieved significant progress toward securing sustainable private financing for the reconstruction process, though it did not stray from using the cease-fire momentum and British desire to play a lead role in a Trump-backed peace plan.

Simultaneously, Palestinian Prime Minister Mohammad Mustafa announced a comprehensive five-year recovery and reconstruction plan with a projected cost of US\$67 billion, reflecting the Palestinian Authority's effort to restore its role in managing the Strip and prove itself as the legitimate leader of the post-war phase, amid attempts to marginalize it by regional and international actors.

The plan, divided into three phases recovery, reconstruction and sustainable development carries political dimensions nearly as significant as the economic ones. It aims to attract donors and place the rebuilding process under the Authority's supervision, countering attempts to divide regional and international influence over Gaza's future.

On the private sector and public-private partnerships front, global companies appear ready to enter the reconstruction race, but the absence of a clear legal and financial framework makes investing in Gaza more of a high-risk venture.

Without a system that ensures risk-sharing, transparency and operational stability, the entry of infrastructure developers and energy and communications operators remains hostage to the political and security fragility that overshadows the scene.

As the destroyed city becomes a battleground for fierce economic and diplomatic competition, Washington appears more focused on turning the tragedy into an investment opportunity wrapped in political calculations. Trump once envisioned the Strip as the "Monaco of the Middle East," or as a luxury Riviera-style tourism project offering compensation to its residents to leave what amounted to a disguised economic relocation.

Despite ongoing adjustments in the US narrative, Washington's intentions remain shrouded in ambiguity. In an interview with Fox News, Trump announced he would chair a Gaza reconstruction council and said Middle Eastern states would bear the financial burden, while the US would only partake in oversight and coordination not direct funding.

US special envoy Steve Bietikoff echoed the message, saying the cost is "not massive" compared to what he called "huge investment opportunities," and that the "Peace Council" set up by Trump would award reconstruction contracts and sign up regional companies.

But behind this diplomatic language lies a more candid truth: Washington, which claims neutrality in reconstruction support, is preparing to reap its economic share via its giant firms.

US-based contractors KBR and Bechtel which have profited enormously from Iraqi reconstruction contracts are among the top candidates for major projects in Gaza, alongside British companies Balfour Beatty and Laing O'Rourke, with British design firm Arup expected to participate after its successful Gulf infrastructure track record.

Thus it appears that the reconstruction model headed for Gaza is a mixed-financing one grants, loans and private-sector guarantees under UN management aimed at cost reduction and speeding up implementation.

Yet between the plans on paper and the rubble on the ground, the major conundrum remains: rebuilding Gaza is not so much an engineering project as it is a test of international will: whether the world wants to build a city for life or simply manage the remains of war.

Obstacles That Go Beyond Financing

The complexity lies not just in the massive costs, securing financing or lining up construction firms, but in the challenge of removing debris: unexploded Israeli bombs, mines, rockets, hazardous contaminated materials and bodies still under the rubble render any construction impossible until removal teams do their work. Then comes the difficulty of finding disposal sites for all that toxic debris. Even if that is done, the biggest hurdle to reconstruction is building-material supply.

Although Egypt has surplus steel and cement and offers to supply them, entry of these materials into Gaza is subject to complex political and security arrangements: donors don't have the final word—the decisive voice remains Israel, which controls crossings and imposes strict rules on what it deems “dual-use” materials.

In that context, a senior White House adviser said Washington would not permit building materials to enter Hamas-controlled areas, and that threat became clearer when Jared Kushner warned against allowing reconstruction funds into Hamas-controlled zones.

Israeli media reported that the Benjamin Netanyahu government officially refused the entry of cement and steel in the initial phase, making clear that the question of rebuilding Gaza has turned from a purely technical or financial challenge into a political battleground over who has the right to build what the war destroyed.

Even when reconstruction projects are launched, the designated land must be

cleared of residents who currently live amid the debris meaning a new wave of displacement in a war-exhausted Strip. The large scale of the social destruction caused by the occupation has shredded families, orphaned more than 17,000 children, and left tens of thousands of families missing loved ones. According to International Labour Organization estimates, one-quarter of those killed in Gaza were working-age men.

Beyond these obstacles, the most pressing concern before reconstruction is how to address the trust-deficit caused by continuous occupation policies and practices. Major donors are now wary of financing Gaza's rebuilding without a final solution that ensures Israel will not destroy everything again.

In other words, investors and funders do not want to see a modern city built with billions of dollars only to find it bombed months later a scenario repeated before. What donors finance and Palestinians build over years can be destroyed quickly by Israel, which wants only solutions that fit its vision and is not ready to concede that few of them will be implemented.

The Political Price: Reconstruction Begins with the End of Hamas

For some funders, Hamas's continued presence in the Strip means the possibility of another escalation with Israel and the collapse of any reconstruction project before it begins. There is talk in political back-rooms of a scenario in which Hamas relinquishes its arms in exchange for a weak, peaceful Palestinian state within 1967 borders, with a proposed buffer zone offered as a guarantee of Israel's security and as a path to a temporary settlement that reorders the sector's dynamics.

In this context, the "Hamas problem" emerges as a key axis of Arab division over Gaza's future reconstruction. The Israeli daily Israel Hayom reported that Saudi Arabia, the UAE and Bahrain told the White House they would not continue to support the reconstruction as long as Hamas kept its weapons an evident divergence in visions on how to manage the post-war phase.

Israeli broadcaster Kan revealed that Saudi Arabia and the UAE declined to send senior representatives to the Sharm El-Sheikh summit signalling their reservations about the reconstruction path and tying their participation to complete disarmament of the movement. This widens the gap between Arab political demands and Gaza's on-the-ground reconstruction requirements.

Riyadh and Abu Dhabi adopt a pragmatic, rigid stance based on precise economic and security calculations: they recognise that they will shoulder much of the reconstruction funding and want assurance that their investments will not become casualties of another war.

They thus view disarmament as foundational for stability the same position they adopt toward Hezbollah in Lebanon. According to analysts, the stricter stance of Saudi Arabia and the UAE is also linked to their geographic distance from Gaza and their desire to reshape regional influence away from Islamist movements unlike Egypt and Jordan, which are directly affected by the Strip and consequently adopt more flexible positions.

There is also a muted regional rivalry here: hosting the summit in Egypt enhances Cairo's regional standing something not welcomed in Riyadh and Abu Dhabi while the rising roles of Turkey and Qatar (both seen as close to the Muslim Brotherhood) raise clear reservations in the Gulf capitals.

This perspective aligns with Washington's stance: Trump confirmed at the summit that Gaza's reconstruction is conditional on disarmament and the establishment of a new civilian police force in a secure environment indicating that what is underway is not just a reconstruction project but a complete reordering of power in Gaza and the region.

Ultimately, the deeper question remains hovering above Gaza's ruins: is this really a project to rebuild Gaza, or is it a political paper used to rearrange power balances? Funds can be mobilised, as Bietikoff says, and companies poised and engineering plans prepared but international will holds the key to implementation or obstruction.

Even if bulldozers move and buildings rise, the lingering worry persists: who guarantees that what is built today will not become tomorrow's new ruins?