



Academic Paper

Repercussions of the Israeli Aggression in May 2021 on Gaza Strip and the Reconstruction File



Dr. Raed Hillis

August 2021



Al-Zaytouna Center for Studies & Consultations

The opinions expressed in all the publications and studies are those of the authors and do not necessarily reflect the views of al-Zaytouna Centre .

Table of Contents

Table of Contents	1
Introduction	2
First: Economic Losses Resulting From the Aggression	3
1. Housing and Infrastructure Sector.....	4
2. Economic Development Sector	5
3. Social Development Sector	6
Second: Impact of the Aggression and Siege Policy on the Economic Sectors	7
Third: The Different Dimensions of Reconstruction	9
Fourth: A Development Vision for the Reconstruction Issue	11
1. Defining and Setting Priorities	12
2. Rapid Relief Intervention	13
3. A Favorable Environment for Investment.....	13
4. A New Mechanism for the Reconstruction Process.....	13
5. Mobilizing of Funding Necessary for Reconstruction	13
6. Reconstruction Legal Framework	14
7. Allocating a Fund for the Reconstruction Process	14
Conclusion	14



Repercussions of the Israeli Aggression in May 2021 on Gaza Strip and the Reconstruction File

Dr. Raed Hillis¹

Introduction

On 10/5/2021, Israel launched a new aggression, the fourth, on Gaza Strip (GS), where the resistance forces responded and fought the battle of the “Sword of Jerusalem” for 11 days. This aggression came at a time when GS has been facing siege and schism for nearly 15 years, and it dealt a new blow to the Palestinian economy, especially in GS. This blow has come following previous shocks represented in the strict Israeli siege imposed since 2007 to prohibit the freedom of movement of individuals, merchandise and primary commodities, as well as the internal Palestinian schism, which has had dangerous and catastrophic repercussions on all economic sectors, and following three Israeli wars launched on GS in 2008, 2012, and 2014, leaving great and deep destruction in the infrastructure, production institutions, public utilities and housing. These blows have caused stark deterioration and fluctuation in economic activity and growth, as well as a rise in unemployment rates and poverty, in addition to instability in trade and investment in GS.



In light of the above, this paper studies the economic losses caused by the Israeli aggression in May 2021, analyzes the impact of the siege and aggression on the economic sectors, and discusses various dimensions of the fourth reconstruction of GS. It seeks to develop a vision that is based mainly on a reconstruction program that would make job opportunities available, enhance the capacity of the economy, and respond to the damages and losses inflicted by the aggression.

¹ Holder of a PhD in Economics and a specialist in Palestinian economic affairs. He has published several books, studies and academic papers.



First: Economic Losses Resulting From the Aggression²

The Israeli aggression on GS in May 2021 is part of a series of attacks in recent years, specifically during the heavy GS siege since 2007. It is an essential siege tool and part of the Israeli destruction policy that tries to eradicate what the Palestinians have achieved economically and socially. As a result, it would be difficult for the economy to grow, consequently the entire national project would become weak and establishing a Palestinian state in the context of the internationally approved two-state solution becomes impossible. Israel uses massive bombing and destruction—which is unjustified according to the balances of military power—to exhaust the Palestinian citizen financially and psychologically and to inflict harm and damage on his livelihood, and even his aspirations and future goals. Consequently, it would burn into the consciousness of Palestinians that the struggle for liberation and the establishment of the state is not feasible.³

Since the start of the GS war in May 2021, it was clear that Israel has used the same method of bombing and extensive destruction to paralyze all possibilities of development in various sectors. Thus, it destroyed vital infrastructure and facilities sparing no area, facility, road or port. It even bombed and destroyed residential, health, educational, social and sports gatherings and complexes, which left GS with tragic difficult economic and social conditions.

For 11 days GS was subject to fierce and intrusive Israeli aggression that led to the destruction of the infrastructure of the public services sector, including sewage networks, road networks and water wells in addition to buildings of public and governmental institutions, homes, residential towers, associations and private properties. Israel also bombed and destroyed economic



² For details of the size of losses, see: \$479 Million Total Losses of All Sectors.. The Government Committee Announces the Damages of the Israeli Aggression on Gaza, Ministry of Information - Government Information Office, 13/7/2021, <https://bit.ly/3iee6NB> (in Arabic); \$479 Million. Total Losses of the Recent Israeli Aggression on Gaza Strip, Anadolu Agency, 12/7/2021, <https://bit.ly/3fbAIBO> (in Arabic); and A Preliminary Outcome of the Casualties and Losses of the Israeli Aggression on Gaza, site of Aljazeera.net, 21/5/2021, <https://bit.ly/3idDjaY>

³ Mazen Elejlal, *Sanawat al-Tanmiyah al-Da'i'ah fi Qita' Ghazza (2007–2018)* (The Lost Years of Development in the Gaza Strip (2007–2018) (Ramallah: Palestine Research Center, 2020), p. 123.



establishments (shops, companies, factories and stores), agricultural lands, health, educational, media and sports institutions, mosques and cemeteries transforming GS into heaps of rubble and causing huge material damage and losses. According to estimates, the total losses and damages in all sectors amounted to about \$479 million; \$292 million direct damages to the housing and infrastructure sector (housing, public facilities and government buildings, transportation, electricity and energy, communications and information technology as well as the infrastructure sector), \$156 million direct damages to the economic development sector (economic, tourism and agricultural facilities), and \$30 million in direct damages to the social development sector (health institutions, social protection institutions, education institutions as well as cultural, sports, religious and civil society institutions).

1. Housing and Infrastructure Sector

The housing and infrastructure sector is one of the sectors most affected during the aggression, where its total direct damages are estimated at about \$292 million, including damages to the housing sector, public facilities and government buildings, the energy and electricity sector, the communications sector, information technology, roads, the water and sanitation sector, municipal and local government utilities.

In the housing sector, as a result of the Israeli bombing, about 1,447 housing units in GS were completely demolished, 13 thousand units were partially damaged, in addition to the total demolition of about 205 houses, apartments and residential towers. The Higher Governmental Committee for the Reconstruction of Gaza estimated the direct damage to the housing sector at about \$144.7 million.

Public facilities and government buildings were a major target for Israel as about 75 government headquarters and public facilities were damaged, including service facilities and security headquarters. The Higher Governmental Committee for the Reconstruction of Gaza estimated the direct damage to public facilities and government buildings at around \$30 million.



In the transportation and communication sector, about 454 cars and means of transport were completely or severely damaged. The Higher Governmental



Committee for the Reconstruction of Gaza estimated the direct damage to the transportation sector at about \$2 million.

In the energy and electricity sector, 31 power transformers in GS were damaged by the Israeli attacks, and nine main lines were cut. Hence, this sector was one of the most important vital sectors damaged by the years of Israeli siege and aggression, which ultimately led to power outages in areas in the Strip, exacerbated by the fact that Israel allows only partial entry of industrial diesel to the sole power plant in the GS. The Higher Governmental Committee for the Reconstruction of Gaza estimated the direct damage to the power and electricity sector at about \$15 million.



In the communications and information technology sector, the networks of 16 telecommunications and internet companies were damaged by the Israeli bombing. According to the estimates of the Higher Governmental Committee for the Reconstruction of Gaza, the direct damages in the communications and information technology sector amounted to about \$7.6 million.

In the infrastructure sector, Israel's intention to destroy all sectors and prevent all GS development opportunities was very clear since the very first moments of siege and war. Most notable among these sectors is the infrastructure sector and its vital facilities in various areas of GS. During the war, Israel focused on targeting streets and infrastructure, leaving sewage networks and underground water supplies significantly damaged. According to the estimates of the Higher Governmental Committee for the Reconstruction of Gaza, the direct damage to the infrastructure sector (roads, water, sanitation, municipal and local government utilities) amounted to about \$93 million at \$62.4 million for roads, \$17.6 million for water and sanitation, and \$13 million for municipal and local government utilities.

2. Economic Development Sector

During war, the Israeli destruction policy targeted the economic development sector, including industrial, commercial, agricultural and tourist facilities in addition to related means of transportation and public property. The Israeli army



bombed more than 300 industrial, commercial and agricultural facilities, seven factories were completely demolished, and more than 60 tourist facilities were damaged. The Higher Governmental Committee for the Reconstruction of Gaza estimated the total direct damages to the economic development sector at about \$156 million (\$74.2 million for economic facilities, \$78.2 million for agricultural facilities and \$3.6 million for tourism facilities).



3. Social Development Sector

During the war, the Israeli destruction policy targeted public institutions that fall within the social development sector, including health institutions, social protection institutions, education institutions, and cultural, sports, religious and civil society institutions, where 68 schools, health facilities and primary care clinics were severely or partially damaged as a result of the heavy bombing in their vicinity. Also, three mosques were completely demolished as a result of direct targeting, while 40 mosques and one church were severely damaged, in addition to the damage in about 33 media institutions. The Higher Governmental Committee for the Reconstruction of Gaza estimated the total direct damage in the social development sector at about \$30 million (\$4.6 million for health institutions, \$5 million for social protection institutions, \$7.2 million for educational institutions and \$13.4 million for cultural, sports, religious and local community institutions).



Second: Impact of the Aggression and Siege Policy on the Economic Sectors

For 15 years, the GS has been under persistent, heavy Israeli siege that obstructs the entry and exit of goods and merchandise to and from GS. This policy has contributed to the deterioration of economic and social conditions and impacted various economic sectors (industry, agriculture, trade, water and energy, transportation and communications). Some sectors have faced further damage at different stages of the siege, when Israel maximized its targeting of these sectors. At the same time, Israel was keen to make certain sectors further deteriorate, such as the energy sector, with the subsequent repercussions on various activities in the Strip.⁴

After it had closed all other commercial crossings in years following its withdrawal from GS in 2005, Israel has kept Karm Abu Salem as the only commercial crossing. Most of the GS's needs of food, medicine, fuel and basic materials for operating factories and workshops, as well as the supplies for agriculture, fishing, infrastructure and construction projects, pass through this crossing. It is also used to export Gaza's products, especially agricultural ones.



After the outbreak of war on 10/5/2021, Israel closed Karm Abu Salem completely, while four days after the cessation of operations, it was partially reopened, yet with further restrictions on the import and export traffic. According to the head of the PA's Coordination Committee for the Entry of Goods into GS, Israel allowed after the war the entry of only four types of materials, including basic foodstuffs, medical materials, fuel for cars and fodder, while completely preventing exports.⁵

The severe restrictions on the import and export movement and the extended closure of the crossing have caused further deterioration of the humanitarian and economic conditions. On the humanitarian level, preventing the entry of goods, especially construction materials, may increase the suffering of thousands of

⁴ Fact Sheet: The Effects of the Tight Israeli Siege on the Economic and Humanitarian Situation in the Gaza Strip, May 10 – June 14, 2021, Al Mezan Center For Human Rights, Gaza, 2021, p. 3, <http://www.mezan.org/uploads/files/1623741528120.pdf> (in Arabic)

⁵ Is the Rafah Crossing Between Gaza and Egypt an Alternative to the Commercial Crossing with Israel? Aljazeera.net, 7/6/2021, <https://bit.ly/3ffs7bM>



families whose homes were destroyed and who are still living in alternative temporary housing units rented or owned by relatives.⁶ On the economic level, the strict restrictions on import and export and the closure of the crossing, especially the prevention of the supply of raw materials, impede the re-growth of local economy. This exacerbates the extent of damage and losses faced in all economic sectors, especially the productive sectors. It greatly limits the ability of producers, particularly those whose facilities have escaped destruction, to provide raw materials necessary for the continuation of the production process. Furthermore, Israel has banned completely the entry of the materials it designated as dual-use items, which are also needed in many industries.



The agricultural and industrial sectors also incurred heavy losses as a result of the inability to sell their products in foreign markets, when Israel has prevented the export of more than 250 trucks loaded with agricultural and industrial products. This has led to heavy losses that negatively impacted the economic situation in GS.⁷

After the aggression, the restrictions on exports and imports and the closure of the crossings caused the prices to soar in GS, while some items disappeared from the market, especially goods and merchandise for which no alternatives were allowed through the Rafah crossing with Egypt.⁸ This has increased the financial burden for Gazans already suffering from unprecedented rise in unemployment

⁶ The United Nations Office for the Coordination of Humanitarian Affairs in the Occupied Palestinian Territories (OCHA oPt) estimates the number of forcibly displaced people at 8,500. For more details on this topic see: OCHA oPt, Response to the Escalation in the oPt | Situation Report No. 6 (25 June - 1 July 2021), 2/7/2021, <https://www.ochaopt.org/content/response-escalation-opt-situation-report-no-6-25-june-1-july-2021>

⁷ Gaza: Economic Sectors are Facing Difficulty in Recovering due to the Continued Israeli Restrictions, *Al-Quds al-Arabi* newspaper, London, 19/6/2021, <https://bit.ly/3yjPvg6>

⁸ Is the Rafah Crossing Between Gaza and Egypt an Alternative to the Commercial Crossing with Israel? *Aljazeera.net*, 7/6/2021.



rates (48%), steady rise in poverty rate (53%), high food insecurity (68.2%), and 70% of GS households depend on relief aid.⁹

Third: The Different Dimensions of Reconstruction

The reconstruction issue is manifested in more than one dimension, as it has human rights, political, humanitarian and developmental dimensions. On the level of human rights, the reconstruction of what was destroyed is a duty and a responsibility rather than being a charity from anyone. Primarily, the side that has



caused the damage, along with the international community, are legally responsible for the reconstruction. Politically speaking, what Israel has destroyed during the aggression was meant to weaken the entire national project and destroy the possibility of settling the Palestinian-Israeli conflict, which was meant to lead to the establishment of a Palestinian state within an internationally approved two-state solution. As for the humanitarian side of reconstruction, due to the severe siege and the need to alleviate its catastrophic impact on people's lives and their livelihoods, the stability of their social lives and their communication are very important. In addition, the horrendous crimes committed by Israel during its aggression on GS in May 2021, which are tantamount to war crimes, make reconstruction a serious humanitarian issue that would address the damage inflicted on GS and its people. The developmental dimension of the reconstruction program would seek to create job opportunities and reactivate the economy's capacity.

Despite the importance of the various dimensions of reconstruction, the development dimension remains the most important one. For GS is suffering exceptional great paralysis of all development sectors, due to the ongoing siege and the aggression, and the consequent wide and deep damage whose reparation is beyond the local productive capacities and economic, material and human resources.

Interestingly, the talk about reconstruction was usually renewed in the wake of each aggression, and international conferences for reconstruction were held

⁹ Fact Sheet: Fact Sheet: The Effects of the Tight Israeli Siege on the Economic and Humanitarian Situation in the Gaza Strip, May 10 – June 14, 2021, Al Mezan Center for Human Rights, Gaza, 2021, p. 6.



following the previous Israeli aggressions in 2008, 2012 and 2014. However, following the May 2021 war, and until the time of writing, no one has talked about holding an international conference for reconstruction, except the Egyptian President ‘Abdul Fattah El-Sisi on 18/5/2021, who promised to spend \$500 million on reconstruction aid. The Egyptian initiative has come in the wake of meetings between Egyptian diplomats and their counterparts from Turkey and Qatar to restore strained relations after the army toppled the late President Muhammad Morsi in 2013 and the Egyptian government designated the Muslim Brothers (MB) movement a “terrorist entity,” while accusing Turkey and Qatar of supporting it. Also, the initiative has come after another mediation carried out by Cairo to resolve the situation and divisions in neighboring Libya mired in chaos since the 2011 uprising, which was supported by the North Atlantic Treaty Organization (NATO) and saw the overthrow of former President Muammar Gaddafi. The initiative came as Libya has begun a political solution, months ago, with the selection of the interim prime minister ‘Abdel Hamid Dbeibeh. Therefore, it can be concluded that Egypt, through the GS reconstruction issue, is seeking to restore its regional and historical role, which has greatly declined after its successive crises it witnessed since 2011.¹⁰



‘Abdul Fattah El-Sisi

Undoubtedly, the Egyptian pledge to spend \$500 million on reconstruction is an important step, but it needs to be implemented, especially since Egypt itself is one of the countries that receive grants and aid, and is burdened with debt and foreign currency deficits. Therefore, such a pledge requires a subsequent written commitment, and needs to be in the form of real grants with actual transfers that are not restricted or associated with the provision of goods and services at overvalued prices.¹¹



¹⁰ The Gaza Reconstruction Plan Aims to Strengthen Egypt’s Political Influence in the Region, site of France 24, 11/6/2021, <https://bit.ly/3xhBtu2>

¹¹ Mahmud Sabra, Reconstruction and Containment Policy, site of Zawaya, 17/6/2021, <https://bit.ly/3zZx5Bo>



In this context, the researcher believes that the Egyptian intervention in the reconstruction process according to a new mechanism, far from the previous “Gaza Reconstruction Mechanism (GRM)” agreed upon for the reconstruction of Gaza after the 2014 aggression, would fall in the context of disengagement from the Israeli economy. It will involve the Palestinian economy more in economic and commercial relations with the Arab world, especially with Egypt. While this is what the PA has sought and is still seeking to attain in order to alleviate the economic dependence on the Israeli economy, there are fears that the Egyptian intervention will strengthen the schism, if it takes place without achieving reconciliation. Hence, intervention while there’s schism will cause political damage, harm the national project and destroy the possibility of establishing a Palestinian state and building one economy for one people .



Fourth: A Development Vision for the Reconstruction Issue

The years of Israeli siege and aggression have had extremely negative repercussions on the GS economy, leading to sharp decline in the general economic situation and the social conditions. There has been a significant hike in unemployment rates, especially among young people and university graduates, and poverty has increased. The turbulent investment landscape has led to poor investment, while Israel has been controlling through the Karm Abu Salem crossing the quality and quantity of goods exported and imported to and from the GS. The repeated Israeli aggression on GS has had damaging repercussions on all aspects of life there and the destruction caused by the recent May aggression stirred renewed talks about the fourth reconstruction.



Given all the above considerations, and in light of the political bickering over the reconstruction issue, as well as the previous experiences concerning the GS reconstruction after wars, it is necessary first to move towards ending the division



due to its harmful effect on all aspects of life, and because it might delay the reconstruction. The reconstruction file should be separated from the political dispute, and a development vision must be based mainly on a reconstruction program in which all society forces participate under official supervision.¹² This program must pave the way for job opportunities and strengthen the economy's ability to meet the challenges that might hinder the reconstruction process.

► The following are the most prominent features of the development vision for reconstruction:

1. Defining and Setting Priorities

The housing sector is one of the most urgent priorities that need development and reconstruction, especially since GS has a large housing deficit estimated at 70 thousand units, with a demand for around 10–15 thousand housing units annually,¹³ in order to meet the needs of new couples as well as the demands of annual natural population growth, in addition to the need to replace obsolete housing units. There is also need for restoration and reconstruction of thousands of housing units targeted during the Israeli aggression in May 2021.

The same priority is given to the infrastructure sector, the health and education sectors, the water sector in addition to the energy and electricity sector.



¹² ‘Umar Sha‘ban, The Reconstruction File Shall Not be Politicized, site of PAL-Think for Strategic Studies, Gaza, June 2021, <https://bit.ly/37a0WLC>

¹³ The Ministry of Public Works and Housing, The general framework for the reconstruction of the Gaza Strip (public and private buildings and main roads), Gaza, 2015, p 17.



2. Rapid Relief Intervention

Rapid relief intervention is important to assist the victims and enable the affected people to return to normal life as soon as possible, especially in case of urgent cases. This is achieved through allocating an emergency budget (rapid relief intervention) to address affected aspects, such as: rent allowance, clothes, foodstuffs, health and psychological care, petty cash, etc.

3. A Favorable Environment for Investment

The reconstruction process is an opportunity to provide an environment conducive to investment and revitalizing the local economy. This opportunity must be used to encourage local investors and to attract investors from abroad to contribute to the reconstruction process, especially since it relies on local human resources, factories and companies, in addition to other requirements that can be provided from the local market.



4. A New Mechanism for the Reconstruction Process

The mechanism pursued in the reconstruction process in the wake of the 2014 war posed the most prominent challenges and obstacles to reconstruction, as it was established to control the entry of building materials designated by Israel as dual-use items, which led to a slowdown in reconstruction. Therefore, a new mechanism for reconstruction is necessary, which would allow the entry of building materials without restrictions or limiting conditions.

5. Mobilizing of Funding Necessary for Reconstruction

Previous experiences after the attacks in 2008, 2012 and 2014, indicate that the countries that pledged reconstruction funds did not meet all the pledges and funding was less than expected. So, it is necessary to secure guarantees from donors that the necessary funding pledges would be honored at specific dates.

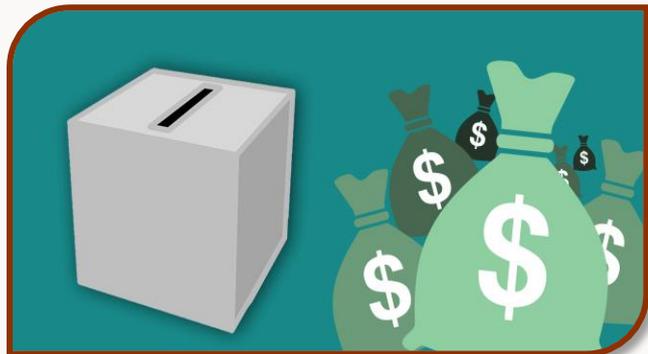


6. Reconstruction Legal Framework

A legal framework must be provided to regulate the work of the parties involved in the reconstruction process, where their tasks, responsibilities and roles must be defined. They should develop written reference manuals on the procedures for providing services to those affected.

7. Allocating a Fund for the Reconstruction Process

The allocation of a special fund for reconstruction resources ensures monitoring, enables the follow-up of disbursement terms and the spending mechanism, and enhances societal monitoring. It also encourages donor countries to contribute to reconstruction,



ensures integrity and transparency, limits corruption and the manipulation of donor funds by some international and local institutions. It ensures that everyone works under one umbrella. Hence, this fund becomes the only channel for receiving donor resources, and the disbursement would be made to institutions by submitting reconstruction program proposals to the fund.¹⁴

Conclusion

Israel's ongoing policy of siege and aggression since 15 years has affected all political, economic and social levels and led to a major collapse in the productive capacities in the GS. It has also greatly affected all Palestinian development plans and programs as they were not implemented in GS due to the siege, division and repeated attacks on the Strip. Moreover, this policy has caused the suspension of dozens of international and local projects affiliated with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), especially with regard to housing and infrastructure



¹⁴ 'Umar Sha'ban, The Reconstruction File Shall Not be Politicized, site of PAL-Think for Strategic Studies, Gaza, June 2021.



projects such as electricity, sewage, water and other services, which were completely paralyzed.

The Israeli aggression in May 2021 has also left wide-ranging destruction that affected all economic sectors and caused heavy economic losses, which requires all official government agencies, the private sector, UNRWA, international organizations and bodies, donor countries, many brotherly Arab countries and friendly countries to immediately launch the reconstruction of what Israel destroyed during its last aggression. Equally important is launching the development and rehabilitation of GS, mobilizing the necessary reconstruction funding, focusing on development to provide job opportunities and strengthening the economy's capacity.

