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**Analytical Article**

# Egypt's Reconstruction Experiences and Gaza's Peculiarity

**T**he topic of Gaza reconstruction arose in post-war political deliberations. In this vein, Egypt has emerged as a significant potential participant in the reconstruction of Gaza, alongside other actors. This is due to various technical, political, and logistical factors, including a skilled workforce, previous experience in reconstruction, close geographical proximity, and the ability to offer more competitive prices compared to multinational corporations, let alone the wide international

acceptance it enjoys, driven by vital interests, political rationality, and national security considerations. The reconstruction will not be without obstacles though, given its inherent connection to a long-standing military conflict and unresolved political issue that has persisted for decades and has not yet been resolved, along with the regional and international power dynamics as well as internal complexities within the Strip

## Distinctive Characteristics

Egypt has gained expertise in reconstructing several conflict zones in Africa and the Arab world, including:

**Iraq:** Egypt played a prominent role in the reconstruction of Iraq after its cities were liberated from Daesh control. This liberation was announced by the Iraqi government in December 2017, stating that Daesh had been completely eliminated. In February 2018, Kuwait hosted an international conference with the objective of backing the reconstruction endeavors in Iraq, an undertaking that was projected to fundraise \$88 billion. Cairo actively participated in the conference and subsequently took steps to play a significant role in reconstruction. This involved leveraging its affiliated

companies and streamlining the entry of essential construction materials to Iraq, such as iron and cement, thanks to its ample factories, which played a crucial role in supplying the required materials for construction activities.

Egypt's role extended beyond infrastructure reconstruction to encompass the restoration and maintenance of archaeological sites. An Egyptian company was chosen to carry out a restoration project for the historic city of Mosul, including the ancient Great Mosque of Al-Nuri. Furthermore, Cairo has successfully obtained numerous Reconstruction projects by enhancing its relations with Baghdad, particularly during the tenure of Mustafa Al-Kadhimi's government. These projects were secured through the tripartite Iraqi-Jordanian-Egyptian mechanism, also known as the "New Levant" initiative.

In effect, Egypt's flexibility was a factor in the country's extensive involvement in the "oil for reconstruction" scheme in Iraq. Egypt received oil in exchange for carrying out reconstruction projects, particularly under the Al-Kadhimi government. In 2019, Egypt and Iraq reached an agreement stipulating the annual export of construction materials to Iraq valued at \$1 billion, let alone the operations of Egyptian

companies in Iraq, particularly in Saladin, Al Anbar, Nineveh, and Samarra. However, several of these projects are currently impacted by the recent Iraqi administration led by Mohammed Shia' Al-Sudani, despite Al-Sudani's initial affirmation of the ongoing reconstruction projects with Egypt upon assuming responsibility. During his visit to Egypt in June 2023, Al-Sudani signed 11 agreements with President Al-Sisi, including those pertaining to reconstruction.

**Libya:** Egypt effectively contributed to the reconstruction efforts in Libya, particularly in the eastern regions. In September 2021, Salama Al-Ghwell, the Minister of Economic Affairs of the National Unity Government, projected the cost of reconstruction to be \$111 billion. Al-Ghwell further clarified that Egyptian companies would get the lion's share of the projects, accounting for 70 percent of the total, which amounts to approximately \$77.7 billion. In March 2023, a group of Egyptian companies agreed to restart the Third Ring Road in Tripoli, which has been put on hold since 2008. The project's cost amounts to LYD 4.263 billion. Estimates indicate that Egyptian contracting companies have been involved in projects in Libya valued at around \$15 billion, establishing themselves as a dependable

contributor to reconstruction efforts.

On November 19, 2023, the Egyptian Businessmen Association held discussions with the Libyan Business Owners Council regarding the potential for Egyptian companies to participate in the reconstruction of Libya. As a result, a committee has been established by both parties to further explore this opportunity. Further, the General Federation of Egyptian Chambers of Commerce held discussions with the General Libyan Union of Chambers of Commerce on December 25, 2023, regarding potential collaboration between the two parties and the involvement of Egyptian companies in the reconstruction efforts in Libya. The Libyan delegation conveyed its inclination towards collaborating specifically with Egyptian corporations.

Egypt's reconstruction efforts in Libya are primarily focused on the eastern region of Libya, where it maintains robust relations with the Libyan House of Representatives and the National Army, unlike the western region, which is under the control of the Government of National Unity led by Abdul Hamid Dbeibeh and where reconstruction projects being overseen by Turkey and Italy. Although the Dbeibeh

government signed significant agreements worth \$4.1 billion with Egypt in July 2021, many of these projects were not carried out in the western region due to political disagreements. However, work is still ongoing in both the western and eastern regions, with a greater focus on the eastern region. Reconstruction projects involving Egypt include the establishment of the third ring road in Tripoli and the Ajdabiya-Jalo road, which spans a distance of 250 kilometers. Additionally, the Benghazi Reconstruction Committee entered into a contract with the Egyptian Nile Valley Company on March 15, 2023. The contract entails the construction of four bridges and a tunnel in the city, with a projected completion time of six months. This agreement demonstrates the Committee's trust in Egyptian companies and their ability to deliver projects efficiently.

**Syria:** Egypt attended the International Donors' Conference for Turkey and Syria in Brussels in March 2023. The conference, titled "Together for the people in Turkey and Syria," aimed to provide assistance following the destructive earthquake that hit the two countries on February 6, 2023. Egypt affirmed during the conference that it places a high value on expediting the reconstruction process in both Syria and Turkey;

however, in reality, no projects were initiated in Syria because of domestic and international political concerns resulting from the embargo and sanctions placed on the country, even after Damascus rejoined the League of Arab States. Furthermore, the director of the Russian Foreign Intelligence Service, Sergey Naryshkin, revealed in May 2023 that Saudi Arabia, the Emirates, and Egypt are actively preparing to play a significant role in the reconstruction efforts in Syria. Naryshkin also highlighted that there are several developments in the Middle East that contradict the interests of the United States, such as Russia's and the Arab majority's backing for the reconstruction initiatives in Syria.

As a result of the European-American sanctions against Syria, any business or political association with the Syrian regime, including its private and public institutions, senior military and political figures, and associate businessmen, is subject to sanctions. This is the reason why Egypt and other countries are unable to take part in the reconstruction efforts. In May 2023, Ambassador Hossam Zaki, the Assistant Secretary-General of the League of Arab States, confirmed this, saying that the American and European sanctions have caused significant complications with the Syrian reconstruction



and that removing the sanctions is a complex task that necessitates careful consideration and diplomatic engagement to assess the present circumstances and identify potential solutions.

**Lebanon:** While Egyptian corporations did not make a significant contribution to the reconstruction efforts in Lebanon, Egypt funded certain strategic initiatives following the 2006 war, including the completion of all electrical work required to restore power to the electrical network in areas of Lebanon damaged by Israeli bombing. After the 2020 Beirut explosion, President Al-Sisi expressed Egypt's complete preparedness to utilize its resources in aiding Lebanon's reconstruction efforts during the International Conference in Support of the Lebanese People. Notably, the estimated cost of reconstructing and resolving Lebanon's economic issues is \$30 billion. The World Bank, in collaboration with the European Union and the United Nations, previously earmarked \$2.5 billion for the reconstruction of Lebanon.

However, reconstruction processes in Lebanon have been impeded as a result of the country's political climate and the Gulf states' reluctance to back the country due to Hezbollah. This has

made it difficult to secure funding for reconstruction efforts, even with Egypt's and other countries' help. Worse yet, there are concerns about a potential Israeli conflict with Lebanon due to Hezbollah's involvement in the Gaza war.



## Diverse Capabilities

Egypt possesses diverse capabilities and resources that bolster its role in reconstruction, particularly in Arab countries. These include:

### **Accessibility of Skilled Labour:**

Egypt has a significant competitive edge compared to other countries because it has a large number of highly skilled workers in the building and construction industries, who are readily available at a comparatively affordable price. This helps to decrease the expenses associated with reconstruction operations as these projects involve labor-intensive tasks, which result in higher costs and longer completion times. In addition, reconstruction endeavors typically require prompt execution within a restricted timeframe to effectively manage, stabilize, and deliver essential services to the inhabitants of the impacted regions, whether due to an external war or internal conflicts.

**Having Advanced Technical Expertise:** In contrast to other countries in the region, Egypt possesses substantial and sophisticated technical knowledge in the domains of construction and infrastructure. This significantly enhances Egypt's prospects, particularly given Egypt's non-reliance on foreign expertise in infrastructure projects—including those involving electricity, water, housing, sewage, bridges, and roads.

Egypt's extensive experience in modern construction, compared to other countries in the region, has resulted in a highly skilled workforce capable of executing these projects. Let alone the well-trained and educated professionals in specialized colleges and institutes that have been established for many years. Furthermore, the Federation of Egyptian Chambers of Commerce has a dedicated unit that oversees the progress of reconstruction projects Egypt is carrying out abroad, such as in Iraq for instance.

**Strong Ties with Arab Countries:** Egypt maintains a policy of non-interference in the conflicts of neighboring countries, rejecting such an approach on the grounds that it undermines the principles of national state unity and regional stability. This enabled it to establish

a level of political relations that is acceptable to the majority of parties, thereby increasing its likelihood of participating in reconstruction projects that commence following the cessation of civil wars or internal strife. In this vein, Prime Minister Dr. Mustafa Madbouly announced in August 2018 the formation of a working group of experts charged with overseeing reconstruction efforts in Iraq, Syria, Libya, Yemen, and Palestine, reflecting the government's recognition of the importance of rebuilding destroyed countries.

**Reduced Cost Compared to Corresponding Offers:** The aforementioned factors, along with others, contribute to lowering the cost of projects in which Egypt participates in reconstruction operations, giving it a significant comparative advantage, particularly since countries emerging from wars are financially and economically weak. Furthermore, it is common for countries to depend on external assistance and funding for reconstruction efforts, resulting in limitations and conditions that necessitate reducing the expenses associated with such operations.

**Egyptian Businesses' Need to Expand Internationally:** Numerous Egyptian firms engaged in the building, construction, contracting,

and manufacturing of building materials have gained expertise and enormous capabilities, particularly as a result of their expanded activity within the country over the past few years in response to Egypt's emphasis on infrastructure projects and the construction of residential facilities, railway and metro networks, power plants, roads, bridges, and the new administrative capital, among others. These corporations will seek financial gain by expanding their operations internationally and engaging in reconstruction initiatives in neighboring countries.

**Egypt's Leverage over Competitors in the Arab World:** Egypt possesses unparalleled capabilities in the field of construction, both in terms of building infrastructure and residential facilities, outperforming any other Arab country. This positions Egypt favorably to actively participate in reconstruction projects. While Gulf States possess substantial financial resources and operational capabilities that they allocate to the construction sector, their firms specialize in undertaking reconstruction projects that primarily target tourist destinations and new cities rather than venturing into areas affected by conflict. Regarding other Arab countries, they lack the necessary financial, technical, and

human resources to fulfil such a role. However, there are regional countries like Turkey, Iran, and Pakistan that are vying for this role, let alone Western countries, despite significant expenses they incur.

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## Gaza's Peculiarity

Irrespective of the settlements and agreements that may be reached to bring an end to the current conflict in Gaza, Egypt is widely regarded as the most capable Arab country to lead the reconstruction efforts in the Gaza Strip once the current war concludes. This can be attributed to the following factors:

**Egypt's Deep Involvement in the Palestinian Cause:** Egypt sustains a substantial impact on the Palestinian cause, specifically concerning the ongoing conflict, by means of its diplomatic ties with Palestinian factions, Israel, and engaged international actors. This has been made abundantly clear by its participation in the prisoner and detainee release dossiers. Furthermore, it reintroduced reconstruction on a wider scale within the framework of initiatives aimed at resolving the aftermath of the war and facilitating the liberation of prisoners. The Wall Street Journal

disclosed on January 21 that Egypt is engaged in negotiations with Qatar, the United States, and Israel regarding the establishment of a fund to rebuild Gaza. These negotiations also involve providing security assurances to Hamas leaders as part of a plan to resolve and conclude the ongoing war within a 90-day timeframe, after which reconstruction efforts will commence. After the fighting stops, Egypt will be politically and practically responsible for rebuilding through its institutions and businesses, either alone or in partnership with others, with funding from the Arab and international communities. Egypt may contribute financially or offer pro bono assistance in the reconstruction efforts.

**Immediate Geographical Proximity with the Gaza Strip:** Due to the close geographical proximity between Egypt and Gaza, Egypt serves as the sole access point for the materials required for reconstruction. This is because it is anticipated that Israel will prohibit their entry by sea or through the Karm Abu Salem crossing. Even if Israel permits their entry, such entry will likely be restricted and proceed at a very slow pace.

**Strong Egypt-Israeli Relations:** In spite of the strained relations between Egypt and Israel as a result of the Gaza War, Cairo stands out as one of

the few Arab countries that maintain diplomatic ties with Israel. This has played a crucial role in mitigating the aftermath of the conflict, preventing a direct confrontation between the two countries. Additionally, Egypt's cooperation has facilitated the delivery of aid to Gaza through its territory and the transfer of injured individuals from Gaza for medical treatment. Reconstruction will undoubtedly require Israel's approval, and Egypt is in a position to negotiate this matter on account of the effective and established relations between the two countries, although these relations are primarily of a security nature. In addition to the peace treaty between Egypt and Israel, Egypt also possesses the leverage to control the export of Israeli gas to Europe.

**Egypt's Robust Relations with the Arab Parties Financing the Reconstruction:** Egypt maintains robust and strategic relations with Arab countries, particularly the Gulf countries. These relations are anticipated to provide financial support for the reconstruction of Gaza, thereby facilitating its undertaking of reconstruction.

**Global Acceptance of Egypt's Involvement in Gaza:** Most international parties involved in the Palestinian cause widely



acknowledge and accept Egypt's role in Gaza and the Palestinian cause. This recognition greatly aids Egypt in carrying out its mission of implementing reconstruction efforts and exerting pressure on all parties involved to ensure its success. This is supported by the United Nations (UN) establishing a new position, i.e. the Senior Humanitarian and Reconstruction Coordinator, who is in charge of managing the facilitation, coordination, monitoring, and verification of humanitarian aid to Gaza. The UN appointed Sigrid Kaag to this position in accordance with the UN Security Council resolution on aid entry and reconstruction in the Gaza Strip. Kaag embarked on her first trip to Egypt on January 17, 2024, where she toured Rafah and engaged in discussions with Egyptian officials regarding this reconstruction.

**Technical Expertise and Previous Experience in Gaza:** Egypt possesses the technical know-how necessary to undertake the reconstruction, in addition to its Gaza-specific expertise. In May 2021, Egyptian President Abdel Fattah Al-Sisi declared the earmarking of \$500 million as an Egyptian initiative for the reconstruction of the Gaza Strip after the Israeli conflict, with the involvement of specialized Egyptian companies in the implementation

of the reconstruction efforts. While Egypt has successfully executed the majority of reconstruction projects that were previously announced for the Strip, what stood out in this regard was the substantial amount of funding that Egypt directly declared. At the time, no Arab or foreign country contributed this amount of money to the Strip's reconstruction efforts.

As of August 2023, Egypt has had created three new cities in Gaza, specifically Dar Misr 1 in the Al Zahra municipality south of Gaza City, Dar Misr 2 west of Jabalia in the northern part of the Strip, and Dar Misr 3 in Beit Lahia. The combined cities contain a grand total of 117 residential structures, which include 2,500 residential units as well as commercial shops. These cities are furnished with essential infrastructure, public amenities, and Egypt's Corniche Street. The completion rate on Corniche Street is approximately 70%, while in residential areas it is around 55%.

## Crippling Challenges

Several significant challenges pose a fundamental threat to the reconstruction of the Gaza Strip, whether it is done through Egypt

or with the involvement of other parties. These obstacles include the following:

**Israel's Ambiguous Stance on the Future of Gaza:** Israel continues to oppose all current efforts to achieve a ceasefire until the military capabilities of the Palestinian resistance factions, particularly the Hamas movement, are completely eradicated. Furthermore, Israel rejects that Hamas assumes any political or administrative responsibilities in the Gaza Strip. It also maintains a steadfast military and security presence in the Gaza Strip, a stance that is met with opposition from neighboring countries such as Egypt, as well as Palestinian factions including Fatah and Hamas. Moreover, the commitment of the resistance factions to combat the Israeli occupation entails the perpetuation of the conflict and the obstruction of any endeavors towards reconstruction efforts.

**The Persistence of the Internal Palestinian Schism:** The persistent Palestinian division has been the main impediment to resolving the Palestinian cause, ranking second only to the Israeli occupation. Despite ongoing efforts since 2006, there has been a persistent inability to achieve a consensus in order to resolve this

division and establish a cohesive governing body for the West Bank, Gaza Strip, and East Jerusalem. The Palestinian Authority, led by Mahmoud Abbas, has indicated its willingness to assume control of the Gaza Strip once the war concludes. However, the resistance factions have not yet declared their stance on this issue, despite it being the most viable solution for the future of the Strip and the cessation of hostilities. Consequently, the division hinders the establishment of a cohesive and mutually accepted governing body with the power to oversee and delegate the reconstruction projects. As such, any negotiations pertaining to reconstruction operations will be impeded by this matter in the event that the war, even if only partially, is contained in a particular region, such as the north.

**Fear of Israel Destroying the Gaza Strip Again Following Reconstruction:** According to Western reports, a number of Arab countries, particularly Gulf countries, consented to the reconstruction of the Gaza Strip following the conclusion of the war, on the condition that Israel provides guarantees that it would not demolish the Strip once more and that the financial burden of Israel's actions won't be put on them.

US Secretary of State Anthony Blinken confirmed on January 17, 2024, during his remarks at the Davos Economic Forum, that Arab countries, including Saudi Arabia, are reluctant to contribute to the reconstruction of Gaza if the Gaza Strip is razed to the ground in the near future, only to be asked to rebuild it once more.

**Devastating Impact on the Gaza Strip:** The Gaza Strip experienced extensive devastation, encompassing housing units, service and health facilities, educational institutions, security headquarters, agricultural facilities, animal farms, and other infrastructure. The damage assessment is still ongoing. Apparently, the magnitude of the damages in the Gaza Strip far exceeds those incurred in the four previous Gaza wars, thereby imposing additional responsibilities on Egypt if it assumes a central role in the reconstruction efforts of the Gaza Strip.

In short, Egypt maintains a vested interest in the consolidation of peacebuilding, reconstruction, and sustainable development during the post-conflict phases in areas prone to conflict in the Arab region. This objective is intertwined with its endeavors to bolster regional stability

by means of a consortium comprising public and private enterprises. The consortium undertakes the restoration of urban areas that have been devastated and the construction of vital infrastructure—including roads, electricity, water, schools, and hospitals—while safeguarding Egypt's national security.