

# Donors Growing Weary of Reconstructing Gaza

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## The promise of renewed conflict between Israel and Hamas has made donors shy away from funding the large-scale projects and new housing developments needed to improve and not simply manage living conditions in Gaza.

The three Israel-Hamas wars in the last seven years have destroyed billions of dollars of infrastructure and housing in Gaza. Hamas launches rockets into Israel to burnish its credentials for violent resistance in the eyes of its public, and Israel retaliates to manage an unacceptable security situation. Some Israelis refer to these wars as efforts to "mow the grass" and prevent Hamas's terror infrastructure from developing. Yet, while regularly mowing down Hamas's capabilities, Israel also has set back development and humanitarian efforts.

Despite the risks, many donors recognize that their efforts must continue for humanitarian reasons. Yet ongoing tensions between Hamas and Israel and the promise of future conflict likely make them hesitant to continue providing aid. At the very least, these groups probably would want guarantees -- from Hamas and Israel -- to avoid targeting projects or using them for cover in the future.

After the last 2014 Gaza War, donor countries promised more than \$3.5 billion of humanitarian and development aid, but according to an August 2015 World Bank report, only 35% of promised funds have been delivered. Western donors, including the United States, European Union, and Japan, have given the most aid and almost met their full pledges. Qatar and Turkey, both Hamas supporters, have fulfilled 10% and 29% of their pledges, still high absolute totals, respectively. Finally, Saudi Arabia, the United Arab Emirates, and Kuwait -- aligned against Hamas and the Muslim Brotherhood more broadly -- have all given less than 13% of their pledges. Egypt did not pledge aid to Gaza and instead has undermined the Gaza economy by closing the Rafah crossing and destroying smuggling tunnels along the Egyptian-Gazan border.

For the Middle Eastern countries, the decision to send aid to Gaza results from political competition. Hamas's backers eagerly help the group improve living conditions in Gaza to aid an ally and increase its legitimacy, while opposing countries, cautious about bolstering Hamas, limit funds and disburse them through proxies and international organizations such as the United Nations.

Humanitarian concerns rank foremost for Western donors, which helps explain their speedy and full delivery of aid, but several countries have questioned the wisdom of spending more money on projects that Israel later destroys. European diplomats in particular have expressed concern about the destruction of their Gazan -- and West Bank -- projects and have even debated asking Israel for compensation for destroyed humanitarian efforts. European officials perceive Israeli intransigence as the main obstacle to resolving the conflict and they fear Western aid may unintentionally prolong the Israeli occupation by defraying the costs of occupation. Given that the European Commission estimates that Israel destroyed 29.4 million Euros of European Union and EU member state-funded projects in the West Bank and Gaza from May 2001 to October 2011, it is unsurprising that a Western diplomat reported "considerable donor fatigue" from watching "infrastructure projects that we have contributed to" be destroyed.

Though aid continues to flow, donor wariness has impacted the ability of international organizations to continue raising funds for large development projects and expanded humanitarian work. As Robert Piper, the United Nation's Deputy Special Coordinator (UNSC) for the Middle East Peace Process, notes, "[The] possibility that work completed now, could be destroyed later in the event of renewed conflict...makes it more difficult to obtain funding -- for the reconstruction of totally destroyed homes, as well as large-scale development projects."

Piper contrasts ongoing humanitarian work -- repairing homes, disbursing food, maintaining educational infrastructure -- with bigger efforts such as building new homes, building a 161kv power line for a desalination plant, and converting Gaza's power plant to natural gas. Donors are abandoning such large-scale projects that seek to invest in the future of Gaza for fears of another conflict. Piper also noted that these same donors limit these projects due to concerns about empowering Hamas and granting the Islamist group construction materials, which could be used to build weapons. In Piper's view, Palestinian reconciliation that would give the non-violent, Fatah-dominated Palestinian Authority a greater role could reassure donors and increase aid.

However, the specter of future war may not discourage donors, but spur them to invest in measures that decrease the chances of conflict. According to Mike Herzog, a retired Israeli brigadier general and fellow at the Washington Institute for Near East Policy, donors are "actually motivated to do more to...delay the next round." In other words, donations that improve Gaza's quality of life may alter Hamas's strategic calculus from seeking legitimacy through conflict, to seeking legitimacy through economic prosperity.

Further, Israel has demonstrated willingness to work with the international community in developing Gaza. According to Herzog, Israel does consider the presence of foreign investments when making its targeting decisions and Israel has never cut off water or electricity supplies to Gaza during conflict. Thus, investments in desalination plants or electricity grids have a high chance of lasting through conflict. Herzog holds that investors could work with Israel and Hamas to obtain commitments not to target or militarily use projects before starting constructions. Nevertheless, guaranteeing the safety of an air or seaport would be harder given Israeli concerns on their use for smuggling in military materials.

Yet, guaranteeing any project against Israeli targeting is unlikely. Even if Hamas and Israel both agreed to respect a no-go zone around a desalination plant, Palestinian factions could launch rockets near the site and trigger Israeli retaliation. The absence of a political deal or even ceasefire between Israel and Hamas also shakes donor confidence. Between this donor wariness and competing urgent priorities, including the civil war in Syria, Western donors and major international organizations remain unlikely to undertake major projects.

Donors continue to fund Gaza's reconstruction for humanitarian political reasons. Still, the promise of renewed conflict between Israel and Hamas leads donors to shy away from funding the large-scale projects and new housing developments needed to improve and not simply manage living conditions in Gaza. Donor wariness alone does not explain this behavior -- the lack of Palestinian reconciliation, competing priorities, and regional politics all matter as well -- but without hope of tangible progress, donors will remain hesitant to invest in a failing a project.

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