

MP-IDSA *Commentary*

Egypt's Gaza Reconstruction Plan

Hirak Jyoti Das

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S*ummary*

While the Egyptian Gaza reconstruction plan is perceived as more realistic than Trump's 'Riviera in the Middle East' proposal, it does not sufficiently address Israel's concerns.

On 4 March 2025, the Arab League held an emergency summit in response to United States (US) President Donald Trump’s announcement to “take over” and “own” Gaza, under long-term American control and relocating Palestinians elsewhere, particularly Egypt and Jordan. Trump’s plan has fostered collective concern within the Arab world, not just about Palestinians but also to protect their own states from spillover effects. The Arab League members adopted Egypt’s Gaza reconstruction plan which focuses on re-development and rehabilitation without removing the Palestinian population.¹

The plan envisions a green and smart city powered by renewable energy, fostering a sustainable economy with long-term employment in industry, agriculture and technology. Gaza is divided into five key sectors each with distinct functions, i.e., Rafah as a logistics centre; Khan Younis as a science and knowledge centre; Deir Al-Balah hosting Al-salam centre; Gaza city hosting the government headquarters; and a cultural centre in North Gaza. The plan designates six basic zones, i.e., residential zones, commercial and mixed-use spaces, service and development corridors, recreational and tourism zones, central green axis and agricultural and industrial zones.²

The estimated cost of the five-year Gaza reconstruction plan, set to conclude by 2030, is US\$ 53 billion. The six-month early recovery phase (US\$ 3 billion) focuses on clearing rubble, building 200,000 temporary housing units, restoring 60,000 homes and implementing social protection and loan programmes. Phase one (two years, US\$ 20 billion) will develop infrastructure, essential services and utilities. Phase two (2.5 years, US\$ 30 billion) aims to construct 460,000 housing units for 2.75 million people, establish utilities, build industrial zones, fishing and commercial ports, an airport and a 10 km Corniche road. The plan seeks to generate 500,000 jobs across housing (80,000), industry (70,000), tourism (60,000), services (90,000), agriculture (120,000) and fishing (80,000).³

The sources of financing that could be tapped include the United Nations (UN), financial institutions, donor states, development banks, FDI and private partnerships. A trust fund under international supervision is proposed for transparency and efficient fund allocation. Politically, the plan aims for a two-state solution, ceasefire preservation and governance under a non-partisan technocratic Gaza Administration Committee during a six-month transition period facilitating Palestinian Authority’s (PA) return in Gaza Strip. Egypt and Jordan offered training

¹ [“Arab Leaders Set to Huddle in Cairo Over Alternative to Trump’s Gaza Plan”](#), *The Times of Israel*, 4 March 2025.

² [“Explainer: Everything You Need to Know About Egypt’s Gaza Reconstruction Plan”](#), *Ahram Online*, 7 March 2025.

³ Ibid.

for Palestinian forces, while a UN Security Council-backed peacekeeping force is suggested for security and state-building.⁴

Lacuna in the Proposal

The Egyptian plan is perceived as more realistic than Trump’s ‘Riviera in the Middle East’ proposal which could perpetuate significant destabilisation in the region. The Egyptian plan excludes Hamas from governing Gaza and dismisses the relocation option. There are, however, significant gaps in the Egyptian plan’s security and governance provisions and it does not sufficiently address Israel’s strategic concerns.

Israel’s Foreign Ministry rejected the Arab League-endorsed proposal arguing that it "fails to address the realities of the situation following 7 October 2023, remaining rooted in outdated perspectives". It suggested that Donald Trump’s idea could provide an opportunity for the Palestinians in Gaza “to have free choice based on their free will”.⁵ The statement blamed Arab states for levelling baseless accusations against Israel and rejecting Trump’s initiative. Israel’s swift rejection is a calculated move to block the plan from gaining international acceptance. Israeli commentators have pointed to the lack of condemnation of Hamas’ 7 October 2023 attack and the absence of accountability for their actions in the Egyptian plan.⁶

Israel has insisted on adhering to a security-centric approach towards Hamas. In this context, the plan lacks clear mechanism for Hamas’ transition out of power in the long term and does not address the armed group’s military capabilities or durable security arrangements. The plan does not mention disarming Hamas but instead calls for resolving the issue of armed factions through a credible political process by restoring Palestinian rights. Moreover, Israel is unlikely to favour a UN peacekeeping force in Gaza Strip due to its distrust of the UN’s activities and their overall stance on Israeli occupation policy.⁷

Israel’s non-acceptance of a PA rule in Gaza poses a serious challenge to the Egyptian plan. Israel has reasons to be concerned about the selection of members for the Palestinian technocratic team, as radical elements could potentially infiltrate in the governing bodies. While technocrats may be responsible for managing day-to-day

⁴ Ibid.

⁵ David Gritten, [“US and Israel Reject Arab Alternative to Trump’s Gaza Plan”](#), *BBC News*, 5 March 2025.

⁶ Herb Keinon, [“Why Hamas Loves the Arab World’s Latest Backward Gaza Plan – Analysis”](#), *The Jerusalem Post*, 5 March 2025.

⁷ Ahmed Aboudouh, [“Egypt’s Plan for Gaza May Have Thwarted Trump’s ‘Riviera’ For Now. But Its Loopholes Need to be Fixed”](#), *Chatham House*, 7 March 2025.

affairs, Hamas could still maintain de-facto authority by exerting influence behind the scenes.⁸ The proposal does not include any provision for elections. During the summit, PA President Mahmoud Abbas expressed his commitment to holding elections in the West Bank, Gaza and occupied East Jerusalem if the circumstances are suitable. However, Abbas’ commitment to elections remains highly doubtful that could in fact weaken Fatah’s hold in West Bank.

Besides Israel, divisions among Arab states could hinder the Egyptian plan’s feasibility. While all Arab League members have endorsed the proposal, Gulf States remain cautious about Hamas’ Islamist agenda and links with Iran. Qatar supports Hamas’ inclusion in the political process, whereas, Saudi Arabia and the United Arab Emirates (UAE) insist that the group relinquish power and commit to disarmament.⁹ The absence of Saudi Crown Prince Mohamed bin Salman and Emirati President Mohamed bin Zayed in the Cairo summit suggests hesitation to commit to Gaza’s rehabilitation without a clear roadmap for security, peace and political reform.¹⁰ Notably, the Emirati Ambassador to the US, Yousef Al-Otaiba speaking at the World Government Summit in Dubai on 12 February 2025, broke from the broader Arab stance stating that he saw ‘no alternative’ to Trump’s plan and expressed hope for finding common ground with the US policy.¹¹ The rehabilitation process along with critical financial support from Gulf States could be jeopardised if Hamas continues its militant activities, perpetuating the cycle of violence and increasing the risk of newly built infrastructure being destroyed in future conflicts.

In the US, reactions have been mixed. White House National Security Council spokesperson Brian Hughes argued that the Arab Plan

did not address the reality that Gaza is currently uninhabitable and residents cannot humanely live in a territory covered in debris and unexploded ordnance. President Trump stands by his vision to rebuild Gaza free from Hamas. We look forward to further talks to bring peace and prosperity to the region.¹²

Subsequently, US Special envoy to the Middle East Steve Witkoff called the proposal a “good faith first step” with “a lot of compelling features to it”. Hours later, State Department spokesperson Tammy Bruce stated that Trump’s plan was “an invitation

⁸ Thomas S. Warrick, [“The Egyptian Plan for Postwar Gaza is a Good Starting Point – But It Needs Changes”](#), Atlantic Council, 5 March 2025.

⁹ Danny Zaken, [“Saudi Arabia, UAE Demand Hamas Disarmament- Egypt, Qatar Oppose”](#), *Israel Hayom*, 25 February 2025.

¹⁰ Ahmed Aboudouh, [“Egypt’s Plan for Gaza May Have Thwarted Trump’s ‘Riviera’ For Now. But Its Loopholes Need to be Fixed”](#), no. 7.

¹¹ Hélène Sallon, [“United Arab Emirates Break Arab Front Against Trump’s Gaza Plan”](#), *Le Monde*, 14 February 2025.

¹² David Gritten, [“US and Israel Reject Arab Alternative to Trump’s Gaza Plan”](#), no. 5.

for new ideas, and it seemed to have spurred some new ideas” from the Arab world but characterised the Egyptian proposal as “inadequate”.¹³ The US policy, therefore, intends to push regional allies to propose alternative offers, shape the diplomatic process and keep its options open.

In the coming days, how key Arab states such as Saudi Arabia, Qatar, the UAE and Egypt navigate their engagement with the Trump presidency will be critical in influencing Israel to compromise. This could involve accepting a reformed Palestinian Authority, resuming aid, ensuring full implementation of Phases Two and Three of ceasefire deal, and ultimately ending the war.¹⁴ To salvage the plan, securing US backing and leveraging its strategic heft to pressurise Israel will be pertinent. The US, rather than UN, could be assigned a leading role in peacekeeping efforts.

The US, even without direct troop deployment, could provide diplomatic leadership, operational and logistical support. The peacekeeping efforts should proceed in parallel with confidence-building measures and international guarantees to prevent Israel from reneging and resuming hostilities. Arab states should also exert pressure on Hamas to ensure full compliance. A joint US–Arab initiative could help relaunch Israel’s peace negotiations with PA and long-term truce with Hamas. A Saudi–Israel normalisation based plan could help secure US’ active involvement and a central role in a renewed Arab plan.¹⁵

While Israel supports Trump’s plan and rejects the Egyptian proposal, Hamas’ refusal to disarm could deepen divisions, making the initiative a non-starter. Hamas has sent mixed signals about its future in Gaza, expressing willingness to discuss demilitarisation as the end goal of the peace process, but rejecting it as a prerequisite for negotiations.¹⁶ Uncertainty remains over whether Hamas will cooperate, disarm and relinquish control. Moreover, Netanyahu’s political compulsions and the growing unpopularity of a two-state solution within Israel could impede any path towards reconciliation.

Conclusion

Trump’s displacement option carries significant risks creating unpredictable outcomes and potentially leading to the annulment of Egypt and Jordan’s peace

¹³ Jacob Magid, [“After Initial Rejection, US Sends Mixed Signals on Arab Alternative to Trump’s Gaza Plan”](#), *The Times of Israel*, 7 March 2025.

¹⁴ [“Arab League Adopts Egyptian Proposal for Palestinian Authority Control in Gaza at Cairo Summit”](#), *Haaretz*, 4 March 2025.

¹⁵ Ahmed Aboudouh, [“Egypt’s Plan for Gaza May Have Thwarted Trump’s ‘Riviera’ For Now. But Its Loopholes Need to be Fixed”](#), no. 7.

¹⁶ [“US Rejects Alternative Gaza Reconstruction Plan Proposed by Arab Leaders”](#), *CNN*, 5 March 2025.

treaties with Israel, sabotage the Abraham Accords and normalisation plans with Saudi Arabia. However, Israel’s current government remains unwilling to compromise on PA rule in Gaza, uninterrupted aid supply and complete withdrawal from the Philadelphi corridor. The continued political domination of Hamas in post war Gaza could complicate the rehabilitation process pushed by the Gulf States.

While mass displacement is unlikely, Israel may seek territorial concessions that would redraw Gaza’s borders. A security buffer zone running from north to south on the Palestinian side would confine the population within the 365 sq. km area, which spans approximately 40 km in length and 3 to 12 km in width.¹⁷ Given these constraints, the most probable scenario is the return to status quo.

This would entail a slow and fragmented rehabilitation process, a stalled reconstruction effort, and continued Palestinian dependence on Israel for aid and essential services. Intermittent rocket attacks and IDF counter strikes would likely persist, reinforcing instability. Additionally, Israel may retain military presence in key areas within Gaza, solidifying control through the buffer zone while avoiding full reoccupation. The prolonged deadlock would deepen humanitarian challenges, delaying any long-term resolution to the conflict.

¹⁷ Jacob Magid, [“Israel Said to Tell Neighbours and US of Plans to Create Gaza Buffer Zone After War”](#), *The Times of Israel*, 2 December 2023.

About the Author



Dr. Hirak Jyoti Das is Research Analyst at the Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi.

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