An Economic Plan for Rebuilding Gaza: A BOT Approach

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EXECUTIVE SUMMARY

The Hamas experiment, since Israel's unilateral withdrawal from Gaza in 2005 has proven to be a complete failure. The reconstruction of Gaza after the October 7^{th} Hamas invasion of Israel and year-long war between Israel and Hamas creates an opportunity to approach Gaza from a new paradigm based on a purely economic analysis. A computable general equilibrium (CGE) model presented in the paper is used to track a three-sector Gaza economy (tourism, agriculture and high tech) and will address alternative pathways for the development of this sovereign non-militarized green economy.

This paper proposes a new and fresh approach to an old problem. Our plan is based on the classic Build – Operate – Transfer (BOT) framework. Since Israel's unilateral withdrawal in 2005 left the Oslo architecture in place, we can begin to lease Gaza to equity shareholders for a minimum of 50 to 100 years. The civil administrators will be brought into Gaza by the stakeholders, from around the world. They will function under a regional economic model, used successfully in many countries, based on the market economy principle of 'private provision of public services.' Along with the civil administration a legal infrastructure and administration based on common law principles will be created and required to govern property, contract, criminal, family and tort disputes. A revitalized education system (from K to University) will be instituted based on a reformed UAE, Bahrain and Saudi Arabian curriculum. A health care system will be developed and manned by outside health care staff. The sovereignty for the residents will be addressed only after the lease arrangement is complete and only after a robust civil administration (e-Government) and the 'rule of law' is implemented.

The first step in making Gaza available for a full re-start will require the complete elimination of the underground military infrastructure. This will involve digging up the entire 365 square kilometer Gaza land mass and recycling the cement. This process can be combined with

the commencement of constructing a hotel, entertainment and restaurant network on the West side of Gaza (sea front) and a housing and office space complex on the East side. The Housing and office place complexes will be provided to the residents with full title, by the investors. This will serve as a 'sunk cost' to the investors and an initial asset portfolio to the residents. Agricultural green houses will occupy the land mass between the hotels and residential areas. The investors will maintain the property rights of the hotel, entertainment and restaurant network along with the agricultural greenhouses.

The development of electric power in Gaza will be independent of Israel. A recent gas power plant in the UAE has been planned to use natural gas and will provide a desalination plant to provide clean water for agriculture (not for the public) and a desalination plant for clean water for the public. The same approach can be applied to Gaza. Natural gas can come from offshore Gaza deposits.

As part of the Oslo II accords Israel and the PLO agreed to establish an international airport and a port facility in Gaza. These projects can be restarted immediately in the northern portion of Gaza as a pilot project once the IDF cleans out the militants.

In the context of the congestion in Gaza an above ground green rail system will be the most efficient mode of transportation. Gaza will not have a need for automobiles or trucks. All transportation will be electric and tied to the above ground rail grid.

The three initial sectors that will fund the GDP of Gaza will be tourism, agriculture and high tech. The exchange of funds between residents and businesses will be exclusively via an on-line exchange network like WeChat. There will be no need for paper money, credit cards or foreign aid.