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The Palestinians: Overview, 2021 Aid, and U.S. Policy Issues

The Palestinians and their ongoing disputes and interactions with Israel raise significant issues for U.S. policy (see “U.S. Policy Issues and 2021 Aid Announcements” below). After a serious rupture in U.S.-Palestinian relations during the Trump Administration, the Biden Administration has started reengaging with the Palestinian people and their leaders, and resuming some economic development and humanitarian aid—with hopes of preserving the viability of a negotiated two-state solution. In the aftermath of the May 2021 conflict involving Israel and Gaza, U.S. officials have announced additional aid (also see below) and other efforts to help with recovery and engage with the West Bank-based Palestinian Authority (PA), but near-term prospects for diplomatic progress toward Israeli-Palestinian peace reportedly remain dim. Palestinian leaders have lamented some Arab states’ recent normalization of relations with Israel because it could undermine past Arab efforts to link such improvements with addressing Palestinian negotiating demands.

The Palestinians are an Arab people whose origins are in present-day Israel, the West Bank, and Gaza. Fatah, an Arab nationalist faction, is the driving force within the Palestine Liberation Organization (PLO), which represents Palestinians internationally. The Sunni Islamist group Hamas (a U.S.-designated terrorist organization) has not accepted PLO recognition of Israel and constitutes the main opposition to Fatah.



Source: Economist Intelligence Unit.

Note: West Bank and Gaza Strip borders remain subject to Israeli-Palestinian negotiation.

Of the approximately 12.4 million Palestinians worldwide, about 4.8 million (98% Sunni Muslim, 1% Christian) live in the West Bank and Gaza. About 1.5 million additional Palestinians are citizens of Israel, and 6.1 million more live elsewhere. Of the total Palestinian population, more than 5

million (roughly 44%) are refugees (registered in the West Bank, Gaza, Jordan, Lebanon, and Syria) whose claims to land in present-day Israel constitute a major issue of Israeli-Palestinian dispute. The U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is mandated by the U.N. General Assembly to provide protection and essential services to these registered Palestinian refugees, including health care, education, and housing assistance.

International attention to the Palestinians’ situation increased after Israel’s military gained control over the West Bank and Gaza in the 1967 Arab-Israeli War. Direct U.S. engagement with Palestinians in the West Bank and Gaza dates from the establishment of the PA in 1994. For the past several years, other regional political and security issues have taken some of the global attention from Palestinian issues.

Timeline of Key Events Since 1993

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| 1993-1995 | Israel and the PLO mutually recognize each other and establish the PA, which has limited self-rule (subject to overall Israeli control) in the Gaza Strip and specified areas of the West Bank. |
| 2000-2005 | Second Palestinian <i>intifada</i> affects prospects for Israeli-Palestinian peace, leads to tightened Israeli security in the West Bank, and complicates the U.S. third-party role. |
| 2004-2005 | PLO Chairman/PA President Yasser Arafat dies; Mahmoud Abbas succeeds him. |
| 2005 | Israel unilaterally disengages from Gaza, but remains in control of airspace and land/maritime access points. |
| 2006 | Hamas wins majority in Palestinian Legislative Council and leads new PA cabinet; Israel, United States, and European Union confine relations to PA President Abbas. |
| 2007 | West Bank-Gaza split: Hamas seizes control of Gaza Strip; Abbas reorganizes PA cabinet to lead West Bank; this remains the status quo to date. |
| 2007-present | Various rounds of U.S.-brokered Israeli-Palestinian peace negotiations (the last in 2013-2014) end unsuccessfully; PLO/PA increases efforts to gain membership in or support from international organizations. |
| 2017-2020 | U.S.-Palestinian tensions rise during the Trump Administration. |
| 2021 | Biden Administration resumes aid and takes additional steps to reengage Palestinians; May 2021 Israel-Gaza conflict and aftermath |

PLO/PA: Governance, Security, and Succession

The PA held occasional elections for president and a legislative council until the Hamas victory in the 2006 legislative elections. Since then, it has ruled by presidential decree, and some NGOs have criticized its actions on rule of law and civil liberties. Given the West Bank-Gaza split in 2007, it is unclear if elections will take place again. After announcing elections for mid-2021, Abbas postponed them in April, generating significant domestic criticism.

After 2007, the United States and some other countries sought to bolster the Abbas-led PA in the West Bank vis-à-vis Hamas, including through economic and nonlethal security assistance. Since the U.S. suspension of aid in 2019, the European Union and Arab Gulf states have continued to provide external assistance for Palestinians, though some Gulf states may have reduced funding. Given measures to control the Coronavirus Disease 2019 pandemic, the West Bank and Gaza economy contracted by 11.5% in 2020 and the Economist Intelligence Unit forecasts a relatively slow 2021 recovery (2.2%).

Mahmoud Abbas's age (b. 1935) and reports of health problems have contributed to speculation about who might lead the PLO and PA upon the end of his tenure. There are a number of possible successors. Top security adviser Majid Faraj (arguably the figure most trusted by Abbas) has a major profile internationally, but limited domestic popular support. Mohammed Shtayyeh (PA prime minister since March 2019) is an internationally visible Fatah insider. Other key Fatah figures include Mahmoud al Aloul and Jibril Rajoub. Marwan Barghouti attracts significant popular support, but has been imprisoned by Israel since 2002. Nasser al Qudwa is another prominent figure who formed a list with Barghouti to rival Fatah for the postponed 2021 elections. Mohammed Dahlan enjoys support from some Arab states, but was expelled from Fatah in 2011.

Hamas and Gaza

Hamas controls Gaza through its security forces and obtains resources from smuggling, informal "taxes," and reported external assistance from some Arab sources and Iran. Yahya Sinwar, Hamas's leader for Gaza, came from Hamas's military wing. Hamas also maintains a presence in the West Bank. Qatar-based Ismail Haniyeh is the leader of the political bureau that conducts Hamas's worldwide dealings. Fatah and Hamas have reached a number of Egypt-brokered agreements aimed at ending the West Bank-Gaza split. However, problems with implementation have left Hamas in control of Gaza despite PA responsibility for some civil services.

In May 2021, Hamas and other Gaza-based militants became involved with Israel in a significant 11-day conflict that also included some Arab-Jewish unrest and violence in Israeli cities, Jerusalem, and the West Bank. In a pattern that echoed past conflicts from 2008-2009, 2012, and 2014, the militants launched rockets indiscriminately toward Israel, and Israeli military strikes largely decimated Gaza's infrastructure. The actions on both sides worsened a conundrum for international actors seeking to rebuild Gaza's infrastructure without bolstering Hamas.

Difficult living conditions for Palestinians in Gaza persist and are exacerbated by uncertainties regarding external funding. Israeli-approved cash transfers from Qatar since late 2018 have provided some relief for Gazans. To the extent that outside contributions replace funding from the West Bank-based PA—whose actions suggest some ambivalence over taking responsibility for Gaza—they could undermine prospects for West Bank-Gaza unity. According to the World Bank, Gazans' real per capita incomes fell by one-third between 1994 and 2017, owing partly to Israel and Egypt's tight controls on goods and people transiting Gaza's borders.

U.S. Policy Issues and 2021 Aid Announcements

The extent to which the Biden Administration might improve U.S.-Palestinian relations remains unclear. Relations significantly worsened in light of various developments during the Trump Administration, including the U.S. recognition of Jerusalem as Israel's capital, the suspension of U.S. aid, and actions aimed at legitimizing Israeli settlement activity and the possibility of annexation in the West Bank. The Biden Administration announced its intention in May 2021 to reopen the U.S. consulate general in Jerusalem that the Trump Administration subsumed into the U.S. embassy to Israel in 2019. The Biden Administration also has stated opposition to certain unilateral Israeli or Palestinian actions, including annexation, settlement activity, house demolitions and evictions, or incitement to violence.

While the Biden Administration is resuming some types of bilateral aid and voluntary contributions to UNRWA, some complications remain. The Taylor Force Act (Div. S, Title X of P.L. 115-141) prohibits most Economic Support Fund (ESF) aid directly benefitting the PA unless the PLO/PA curtails domestically popular payments that arguably incentivize acts of terror. The Nita M. Lowey Middle East Partnership for Peace Act of 2020 (Div. K, Title VIII of P.L. 116-260) has authorized future Israeli-Palestinian people-to-people and economic cooperation initiatives.

In April and May 2021, the Administration announced the following aid amounts for Palestinians:

- \$183 million in contributions to UNRWA from the Migration and Refugee Assistance account.
- \$150 million from ESF funds that the Administration says are mostly not for the PA (\$75 million each from FY2020 and FY2021).
- \$40 million for nonlethal security assistance for the West Bank-based PA from International Narcotics Control and Law Enforcement.
- \$10 million for Israeli-Palestinian people-to-people programs from Development Assistance.
- \$5.5 million for Gaza from International Disaster Assistance.

For more, see CRS Insight IN11649, *U.S. Resumption of Foreign Aid to the Palestinians*, by Jim Zanotti and Rhoda Margesson; and CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

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