



Decision to Stop U.S. Funding of UNRWA (for Palestinian Refugees)

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On August 31, 2018, the State Department announced that the United States will not make further contributions to the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), but will seek to help “innocent Palestinians” through other models and approaches. The U.S. decision to end contributions could greatly affect UNRWA, which provides services for around 5.4 million Palestinian refugees in the West Bank, Gaza Strip, Jordan, Lebanon, and Syria. The decision also has other important humanitarian and political implications. The United States has been a major contributor to UNRWA since its establishment shortly after the 1948 Arab-Israeli War, and provided approximately one-third of UNRWA’s annual budget in 2017. For additional background, see CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by (name redacted)

The State Department’s statement came shortly after a separate announcement that it would reprogram \$200 million of already appropriated (FY2017) bilateral economic aid for the West Bank and Gaza for other purposes. In January, the Trump Administration placed contributions to UNRWA and aid to Palestinians on hold pending further review. The following factors have played a role in public debate on the issue:

- Palestine Liberation Organization (PLO) Chairman and Palestinian Authority (PA) President Mahmoud Abbas’s negative reaction to the Administration’s policy on Jerusalem;
- a particularly challenging security, political, and humanitarian situation in Gaza;

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- the position of some Trump Administration officials that too many Palestinians have refugee status, and that UNRWA has prolonged the refugees' demand for a right to return to present-day Israel; and
- Administration assertions that the United States has disproportionately shouldered the financial burden regarding Palestinian refugees—particularly in relation to Arab Gulf states.

In response to the August 31 decision to withhold contributions, UNRWA Commissioner-General Pierre Krahenbuhl said that the responsibility for the protracted nature of the refugee issue “lies squarely with the parties and in the international community’s lack of will or utter inability to bring about a negotiated and peaceful resolution of the conflict,” and that attempting to hold UNRWA responsible is “disingenuous at best.” Following the Administration’s initial action in January, some Members of Congress—including 70 Representatives and 10 Senators—wrote to the Administration emphasizing the situation in Gaza and urging the Administration to resume contributions to UNRWA.

Until sometime in August, the Israeli government had reportedly been recommending that U.S. officials make any reductions in funding to UNRWA gradual and to leave Gaza unaffected. This position apparently had the support of Israel’s security establishment, based on concerns about the potential humanitarian and security consequences of larger cuts. Reports citing senior Israeli officials suggest that Israeli Prime Minister Binyamin Netanyahu changed course without consulting his security officials and urged President Trump to cut all funding for UNRWA. In voicing support for the U.S. decision, Netanyahu said that UNRWA was formed “not to absorb the refugees but to perpetuate them.”

Citing anonymous sources, one journalist has asserted that U.S. officials hope that financial pressure on UNRWA can compel the PLO and PA to resume negotiations with the Administration. Abbas halted these high-level contacts in December 2017 in response to U.S. policy on Jerusalem. However, PLO Secretary General Saeb Erekat said that the Administration has a pro-Israel bias and is therefore disqualified from any role in a peace process. Erekat also said that UNRWA is a U.N. agency, not a Palestinian one, “and there is an international obligation to assist and support it until all the problems of the Palestinian refugees are solved.” That point has been echoed by various humanitarian aid groups who asserted in January that funding to UNRWA provides essential, lifesaving assistance to vulnerable Palestinian refugees and should not be used as leverage in negotiations.

Possible Impact on Refugee Services and Stability

The U.S. actions this year have prompted discussions both on how UNRWA might adjust to or compensate for the cuts, and on how changes or alternatives to UNRWA’s operations might affect refugees’ lives and associated political and security issues.

UNRWA intends to carry on and to seek emergency funding. Anticipating the U.S. decision, an UNRWA spokesperson said, “The fact that any particular member state decides to withhold funding does not change our mandate. It just means we have less money to implement it.” UNRWA’s current mandate from the U.N. General Assembly runs until June 2020. UNRWA made some initial budget cuts in July, and has raised \$238 million in an attempt to cover its 2018 shortfall, but reportedly remains more than \$200 million short. Jordan, the European Union, Sweden, Turkey, and Japan have agreed to co-chair a September 2018 meeting in New York to garner financial and political support for UNRWA on the sidelines of the U.N. General Assembly.

If UNRWA cannot provide core services such as youth education and health care (about 54% and 17% of UNRWA’s budget, respectively), it is unclear what alternatives Palestinian refugees might have. One UNRWA official said that without additional funding, the educational system is “in danger of collapsing, with only enough money to last through September.” In late August, Israeli defense officials reportedly

told Israeli leaders that swift cuts affecting UNRWA in Gaza could create a vacuum for social services that could strengthen Hamas. A former Israeli military spokesman has argued that a similar vacuum could affect stability in the West Bank.

Options for Congress

Congress has the power to appropriate, condition, or prohibit contributions for UNRWA. In general, U.S. contributions to UNRWA are not earmarked, but have come from global humanitarian accounts whose funds are managed by the State Department's Bureau of Population, Refugees, and Migration (PRM).

Congress also could provide U.S. foreign assistance to other countries (such as Jordan or Lebanon) or organizations to benefit the Palestinians whom UNRWA serves. Additionally, congressional oversight could focus on potential implications of the Administration's decision and other aspects of UNRWA and its operations.

Pending legislation includes the FY2019 Department of State, Foreign Operations, and Related Programs Appropriations bills (H.R. 6385, S. 3108). Both bills would contain a reporting requirement for UNRWA virtually identical to the provision that has been in annual appropriations legislation since FY2015. On September 6, Senator James Lankford introduced the Palestinian Assistance Reform Act. The bill would require the Administration to certify UNRWA's compliance with various conditions (including a change in its classification of refugee status) by June 2020, and absent the certification would permit the Administration to reprogram funds intended for UNRWA to other entities for the benefit of needy Palestinians. Two other bills introduced earlier this year are the UNRWA Accountability Act of 2018 (H.R. 5898, ordered to be reported amended by the House Foreign Affairs Committee on June 28) and the UNRWA Reform and Refugee Support Act of 2018 (H.R. 6451).

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