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

The Palestinians are an Arab people whose origins are in present-day Israel, the West Bank, and Gaza. Their ongoing disputes and interactions with Israel raise significant issues for U.S. policy (see “U.S. Policy Issues and Aid” below). After a serious rupture in U.S.-Palestinian relations during the Trump Administration, the Biden Administration reengaged with the Palestinian people and their leaders in the West Bank-based Palestinian Authority (PA), and resumed aid—with hopes of preserving the viability of a negotiated two-state solution. The Palestinians aspire to an independent state with East Jerusalem as its capital.

Near-term prospects for diplomatic progress toward Israeli-Palestinian peace reportedly remain dim. Palestinian leaders lamented some Arab states’ normalization of relations with Israel near the end of the Trump Administration because it could undermine past Arab efforts to link such improvements with addressing Palestinian negotiating demands. Domestic political uncertainty among both Palestinians and Israelis also presents challenges to a return to Israeli-Palestinian talks.

Palestinian domestic politics are dominated by two factions. 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. Since 2007, the United States and other Western countries have generally sought to bolster the Fatah-led PA vis-à-vis Hamas.



Source: Economist Intelligence Unit.

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

Of the approximately 13.4 million Palestinians worldwide, about 5.1 million (98% Sunni Muslim, 1% Christian) live in

the West Bank and Gaza. About 1.6 million additional Palestinians are citizens of Israel, and about 6.7 million more live elsewhere. Of the total Palestinian population, more than 5.7 million (roughly 43%) 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)—funded mostly by voluntary contributions from the United States and other countries—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. Since the 2010s, other regional political and security issues have taken some of the global attention from Palestinian issues.

Reduced international focus on the Palestinians may affect their economy, which faces political risk challenges related to unrest and violence, as well as considerable Israeli movement, access, and land use restrictions. According to the World Bank, external aid to the PA declined from 27% of gross domestic product (GDP) in 2008 to just under 2% in 2022, contributing to large fiscal deficits that endanger the economy’s sustainability. The World Bank estimated end-2022 unemployment as 45% in Gaza and 13% in the West Bank. Price hikes connected to the Russia-Ukraine war, including on grain, affect Palestinians alongside others in the region.

Timeline of Key Events Since 1993

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.
2017-2021	U.S.-Palestinian relations worsen during the Trump Administration. Biden Administration resumes aid and reengages diplomatically.
2022-2023	Domestic tensions increase in northern West Bank cities of Nablus and Jenin, contributing to heightened Israeli-Palestinian violence.

PLO/PA: Governance, Security, and Succession

Since the Hamas victory in 2006 PA legislative elections, the PA has ruled by presidential decree, and has drawn some international criticism for alleged violations of the rule of law and civil liberties. While women hold some prominent positions, including within the PA cabinet, men still largely outnumber them in traditional leadership roles. Given the West Bank-Gaza split in 2007, it is unclear if elections will take place again. After announcing elections for 2021, PA President Mahmoud Abbas indefinitely postponed them, generating significant domestic criticism.

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. Top advisers Hussein al Sheikh (on political affairs) and Majid Faraj (on security) have major profiles internationally, but limited domestic popular support. Marwan Barghouti attracts significant popular support, but has been imprisoned by Israel since 2002. 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. For security reasons, Israel and Egypt maintain tight controls on goods and people transiting Gaza's borders.

Hamas and other Gaza-based militants have engaged in occasional conflict with Israel since Hamas seized Gaza by force in 2007. During major escalations in 2008-2009, 2012, 2014, and 2021, Hamas and other militants launched rockets indiscriminately toward Israel, and Israeli military strikes largely decimated Gaza's infrastructure. This has perpetuated challenges for international actors who seek to rebuild Gaza without bolstering Hamas.

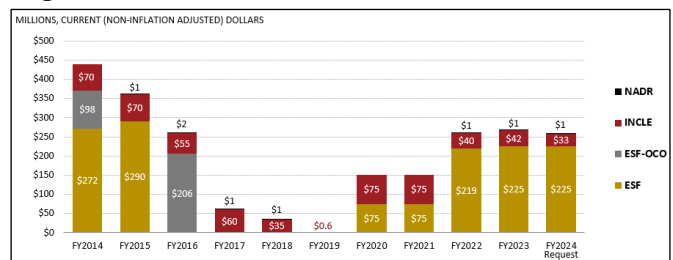
Difficult living conditions for Palestinians in Gaza persist and are exacerbated by uncertainties regarding external funding. Israeli-approved funding transfers from Qatar since 2018 have provided some relief for Gazans. To the extent that outside contributions replace funding from the West Bank-based PA—whose actions suggest ambivalence over taking responsibility for Gaza—they could undermine prospects for West Bank-Gaza unity.

U.S. Policy Issues and Aid

The extent to which the Biden Administration might help improve U.S.-Palestinian relations remains unclear. Tensions increased in 2018 after President Trump recognized Jerusalem as Israel's capital (without specifying the boundaries of Israeli sovereignty within the city). The Biden Administration has occasionally stated its intention to reopen the U.S. consulate general in Jerusalem that the Trump Administration subsumed into the U.S. embassy to Israel in 2019, but has not specified the timing amid opposition from Israeli officials and some Members of Congress. In 2022, the Biden Administration appointed a Special Representative for Palestinian Affairs. The Office of Palestinian Affairs in Jerusalem operates under the auspices of the U.S. embassy to Israel, while reporting directly to the State Department in Washington, DC. The Biden Administration has stated opposition to Israeli or Palestinian incitement to violence, and to other unilateral actions with the potential to affect a two-state solution—including Israeli settlement building and Palestinian initiatives in international fora. The Administration also is reportedly seeking to boost PA security forces' capacities to counter rising militancy in key West Bank areas via the ongoing U.S. nonlethal assistance program.

In the context of U.S. bilateral aid (see **Figure 1**), the Taylor Force Act (Div. S, Title X of P.L. 115-141) prohibits most Economic Support Fund (ESF) assistance directly benefitting the PA unless the PLO/PA were to curtail domestically popular payments that arguably incentivize acts of terror. Since FY2021, Congress also has funded initiatives aimed at strengthening Israeli-Palestinian cooperation and the Palestinian economy under the Nita M. Lowey Middle East Partnership for Peace Act of 2020 (Div. K, Title VIII of P.L. 116-260).

Figure 1. U.S. Bilateral Aid to the Palestinians



Source: U.S. Department of State.

Notes: NADR=Nonproliferation, Antiterrorism, Demining and Related Programs; INCLE=International Narcotics Control and Law Enforcement; ESF=Economic Support Fund; OCO=Overseas Contingency Operations.

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