



Updated April 15, 2025

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 the Gaza Strip. The October 7, 2023, attacks on Israel—led by the Iran-backed Sunni Islamist group Hamas (a U.S.-designated foreign terrorist organization)—and subsequent conflict in Gaza have raised challenges for U.S. policy in the region. Palestinian issues that had arguably faded as a priority since the 2010s for the United States and many Arab states became prominent again. How to end the war and implement a governance and security transition in Gaza are crucial questions, along with potentially interrelated developments regarding political outcomes in the West Bank, the status of Jerusalem, risks of broader regional war with Iran and its allies, and Israel's efforts to improve its security and relations with Arab states.

Successive U.S. Administrations and Congresses have helped shape developments on Palestinian issues. Since the mid-1990s, U.S. officials have sought to facilitate a negotiated Israeli-Palestinian peace. During much of that time, Congress has appropriated bilateral economic and nonlethal security aid in support of stated U.S. goals to assist Palestinian governance, civil society, and economic development, while also appropriating humanitarian aid for Palestinians in the region. The Bush, Obama, and Biden Administrations voiced open support for an eventual independent Palestinian state in the West Bank and Gaza, with a capital in East Jerusalem. In 2017, President Donald Trump recognized Jerusalem as Israel's capital (while leaving sovereign boundaries open to negotiation), and in 2020, his first Administration presented a plan to potentially allow for Palestinian statehood under certain conditions.

Prospects for a Palestinian state seem unclear amid various regional challenges, resistance from Israeli officials, and questions regarding U.S. policy in early 2025. The Trump Administration appears to have relaxed U.S. scrutiny of the continued or expanded Israeli control and settlement activity in the West Bank that could present obstacles to Palestinian statehood. President Trump also has raised ideas about possible U.S. responsibility for Gaza and its reconstruction, and the potential relocation of Gazans, that have generated debate. Additionally, his Administration's review of U.S. foreign aid has reportedly led to reductions or delays in aid for the West Bank and Gaza.

The war in Gaza has reportedly resulted in more than 1,600 Israeli and (according to the Hamas-controlled health ministry in Gaza) 50,000 Palestinian deaths. Some 59 hostages are reportedly held by Hamas or other militants in Gaza. During the war, a great majority of Gazans have faced displacement, and most continue to face threats from fighting, overcrowding, and/or acute shortages of food, water, and medical care. U.S. officials have provided material support for Israel's operations against Hamas in Gaza, while also seeking to help mediate a ceasefire and hostage releases. Since early March 2025, Israel has

prevented new supplies of food and other humanitarian aid from coming into Gaza.

The duration and intensity of Israeli military operations and the issue of who manages Gaza's reconstruction, security, and governance remain open questions. Arab and many European states support the return to power in Gaza of the Palestinian Authority (PA)—which currently exercises limited self-rule in the West Bank. Israel has to date publicly rejected renewed rule by the PA, alleging that it has engaged in corruption and supported terrorism, while the PA insists that any return it makes to Gaza be linked with progress toward a two-state solution. Hamas forcibly seized Gaza from the PA in 2007.

Overview: Population, Politics, and Economy

About 3 million Palestinians live in the West Bank, plus an estimated 2.1 million in Gaza. Around 98% are Sunni Muslim, with a small Christian minority. Another estimated 2 million Palestinians live in Israel as citizens. Of the Palestinians living in the Middle East, about 5.9 million are registered refugees (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 UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)—funded mostly by voluntary contributions from various countries—is mandated by the UN General Assembly to provide protection and services to these registered refugees. The United States has not funded UNRWA since January 2024, when allegations surfaced that some UNRWA staff may have participated in the October 2023 attacks against Israel.



Source: Economist Intelligence Unit.

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

Palestinian domestic politics are dominated by two factions. Fatah, a secular Arab nationalist faction, is the driving force within the Palestine Liberation Organization (PLO), which

represents Palestinians internationally. Hamas has not accepted PLO recognition of Israel and constitutes the main opposition to Fatah. The United States and other Western countries have generally sought to bolster the Fatah-led PA and its West Bank security forces vis-à-vis Hamas, and also support PA-Israel cooperation. The economy in the West Bank faces challenges related to unrest and violence, as well as measures by Israel to limit the transfer of tax revenue due to the PA, and considerable Israeli movement, access, and land use restrictions.

Timeline of Key Events Since 1993

1993-1995	Israel-PLO mutual recognition, and their establishment of the PA with 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, and leads to tightened Israeli security in the West Bank.
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 Mahmoud Abbas.
2007	West Bank-Gaza split: Hamas seizes control of Gaza Strip; Abbas reorganizes PA cabinet to lead West Bank; Israel and Egypt establish tightened controls on goods and people transiting Gaza.
2022-present	Another round of Israel-West Bank violence—which increased after the October 2023 outbreak of Israel-Hamas war—is accompanied by rising (and partly Iran-backed) Palestinian militancy, Jewish ultra-nationalist influence in the Israeli government, and Israeli settler attacks on Palestinians.
2023-present	Hamas-led attacks in October 2023 trigger Israeli counteroffensive. PLO/PA supports cases against Israel in international courts and Israel increases economic restrictions on the PA while threatening others.

PLO/PA Leadership and Succession

Since Hamas's 2007 takeover of Gaza and the establishment of divided rule between Gaza and the West Bank, **PA President Mahmoud Abbas** has ruled over the areas the PA controls in the West Bank by decree. It is unclear if elections will take place again. The PA's alleged violations of the rule of law and civil liberties have drawn some international criticism. Since the October 7 attacks, polls indicate increased support in the West Bank for Hamas at the expense of President Abbas and Fatah, possibly stemming from Hamas's military actions, prisoner releases it has secured, and civilian suffering in Gaza.

Abbas's age (b. 1935) has contributed to speculation about leadership succession in the PLO and PA. Top advisers **Hussein al Sheikh** (on political affairs) and **Majid Faraj** (on security) have high international visibility, but limited domestic popular support. **Marwan Barghouti** attracts major popular support; he has been imprisoned by Israel

since 2002. **Mohammed Dahlan** was a former PA security chief in Gaza and receives support from some Arab states.

Hamas and Gaza

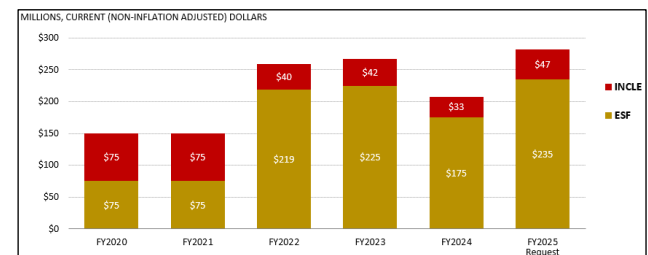
Amid ongoing conflict, Hamas's future in Gaza is unclear. Hamas has controlled Gaza through its security forces and obtained resources from smuggling, informal "taxes," and reported external assistance from Iran and private entities operating from some other regional countries. Key Gaza-based leaders behind the October 2023 attacks, Yahya Sinwar and Mohammed Deif, were both killed by Israel in 2024. Hamas also maintains a presence in the West Bank. Hamas leaders who are based in or travel to other parts of the region—including Qatar, Lebanon, Turkey, Egypt, and Iran—help conduct the group's worldwide dealings.

Before the ongoing conflict, Hamas and other Gaza-based militants engaged in major escalations with Israel in 2008-2009, 2012, 2014, and 2021. Hamas also constructed a vast network of tunnels—some under civilian areas—that apparently pose major challenges to dislodging it. Prior to October 2023, with key actors unsure of how to allow assistance for Gazans without bolstering Hamas's capabilities, Israel permitted Qatar to provide certain types of funding to Gaza. Some observers have asserted that Israeli officials accepted the status quo with Hamas ruling Gaza, partly to avoid Israeli-Palestinian peace negotiations.

U.S. Policy and Aid

Trump Administration officials have backed Israeli military operations openly aimed at ending Hamas control over Gaza. Amid West Bank violence and PA-Israel tension, some U.S.-backed security coordination between PA and Israeli counterparts appears to continue. The Administration has not, to date, declared specific policies on a possible two-state solution and/or potential Israeli annexation of West Bank areas. A March 2025 *Politico* article purporting to cite a Trump Administration document about foreign aid projects suggested that U.S. economic aid for the Palestinians (along with aid elsewhere) may face major reductions (see **Figure 1**). The first Trump Administration suspended economic aid for the Palestinians in 2018.

Figure 1. Major U.S. Bilateral Aid Appropriations for the Palestinians



Source: U.S. Department of State.

Notes: INCLE=International Narcotics Control and Law Enforcement (nonlethal security aid); ESF=Economic Support Fund.

Congress has prohibited most economic aid directly benefitting the PA (via the Taylor Force Act, or TFA—Div. S, Title X of P.L. 115-141) unless the PLO/PA were to curtail domestically popular payments that arguably incentivize acts of terror. In February 2025, the PA announced changes to these payments; it is unclear how such changes might address the TFA's requirements.

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