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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 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 new 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 have returned to the forefront. Post-conflict governance in Gaza is one crucial question, along with potentially interrelated developments regarding political outcomes in the West Bank, the status of Jerusalem, risks of a broader regional war with Iran and its allies, and Israel’s efforts to improve its security and relations with Arab states.

Successive U.S. Presidents and Congresses have helped shape Palestinian issues, including through humanitarian, economic, and non-lethal security assistance for Palestinians. Since the mid-1990s, U.S. officials have sought to actively facilitate a negotiated Israeli-Palestinian peace. Most U.S. administrations since the early 2000s have voiced support for an eventual independent Palestinian state in the West Bank and Gaza, with a capital in East Jerusalem (and President Trump’s 2020 plan arguably allowed for a variation on the idea).

The ongoing conflict has resulted in more than 1,200 Israeli and 25,000 Palestinian casualties, with some 130 hostages reportedly held (as of late January 2024) by Hamas or other militants in Gaza. As Israel seeks to recover hostages and eliminate Hamas’s military and governing capabilities, life has been upended for Gaza’s citizens—with around 75% displaced, and most facing threats from the fighting, overcrowding in southern Gaza, and acute shortages of food, water, and medical care. While U.S. officials have supported Israel’s operations against Hamas, they have urged Israel to minimize threats to civilians and increase humanitarian access.

Beyond the immediate crisis, questions surround when and how the conflict might end or abate and who will control security and governance. U.S. officials support the idea of a revamped Palestinian Authority (PA)—which currently exercises limited self-rule in the West Bank—returning to power in Gaza, despite public opposition from Israeli officials and PA insistence that any return be linked with progress toward a two-state solution. Hamas forcibly seized Gaza from the PA in 2007.

Overview: Population, Politics, and Economy

About 3.2 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 1.9 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 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.



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 vis-à-vis Hamas and support PA-Israel cooperation. The economy in the West Bank faces challenges related to unrest and violence, as well as 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, 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 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 tight controls on goods and people transiting Gaza; 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	The Trump Administration recognizes Jerusalem as Israel's capital (without specifying the boundaries of Israeli sovereignty). External aid (including from Arab Gulf states) to the PA significantly declines, exacerbating its economic problems.
2022-present	Another round of Israel-West Bank violence 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 surprise attacks in October 2023 trigger Israeli counteroffensive.

PLO/PA Leadership 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. Given the West Bank-Gaza split in 2007, it is unclear if elections will take place again. Amid Israel-Hamas conflict, **PA President Mahmoud Abbas** has not endorsed Hamas, but has refrained from publicly condemning it. Polls show a spike in West Bank Palestinian support for Hamas that may stem 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 major profiles internationally, but limited domestic popular support. **Marwan Barghouti** attracts significant popular support; he has been imprisoned by Israel since 2002. **Muhammad Dahlan**, who was expelled from Fatah in 2011, was a former PA security chief in Gaza and enjoys support from some Arab states.

Hamas and Gaza

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. **Yahya Sinwar** has been Hamas’s leader for Gaza since 2017, and was a driving force behind the October 2023 attacks in Israel. 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.

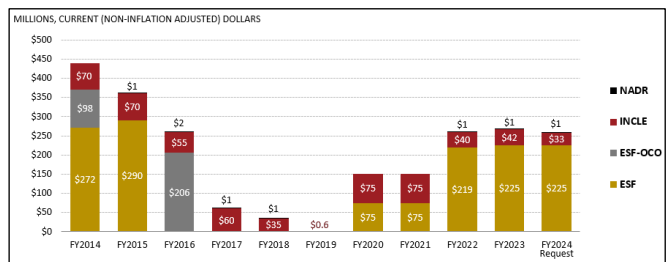
Before the ongoing conflict, Hamas engaged in major escalations with Israel in 2008-2009, 2012, 2014, and 2021. Hamas also constructed a vast network of tunnels—some

under civilian areas—that apparently pose major challenges to dislodging it. In the previous conflicts and the present one, Hamas and other Gaza-based militants launched rockets indiscriminately toward Israel, and Israeli military strikes largely decimated Gaza’s infrastructure. Before 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 Issues and Aid

Biden Administration officials publicly support a pathway toward a two-state solution, and oppose unilateral Israeli or Palestinian actions that incite violence or could obstruct peace efforts—including Israeli settlement building and Palestinian initiatives in international fora. Regarding U.S. bilateral aid (see **Figure 1**), via the Taylor Force Act (Div. S, Title X of P.L. 115-141) Congress has prohibited most Economic Support Fund (ESF) aid directly benefitting the PA unless the PLO/PA were to curtail domestically popular payments that arguably incentivize acts of terror.

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.

In response to the October 2023 outbreak of conflict, President Biden requested over \$9 billion in supplemental global humanitarian funding, which could be partly allocated for civilian needs in Gaza and the West Bank. Some in Congress support more humanitarian assistance for Palestinians; some others call for a halt to or conditions on such aid, citing risks of its possible diversion to Hamas.

The U.S. proposal to have a revamped PA extend its rule into Gaza faces various challenges, including:

- Hamas’s deep roots and longstanding presence in Gaza.
- Israeli officials’ potential entrenchment of forces in Gaza and skepticism regarding a future Palestinian state.
- PA reluctance to accept leadership change and reform, and broad Arab insistence on prioritizing international efforts toward a two-state solution.
- Israeli actions since October 2023 that have arguably threatened West Bank stability—including via Israeli settler violence against Palestinians and a reduction in PA revenues. The Administration has imposed visa bans on some extremist Israeli settlers, and has called on Israel to stop withholding taxes it collects for the PA.

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