

U.S. Resumption of Foreign Aid to the Palestinians

April 14, 2021

On April 7, 2021, Secretary of State Antony Blinken [announced](#) the Biden Administration’s plan to resume various forms of aid to the Palestinians that had been discontinued under the Trump Administration. Separately in March, the Biden Administration [allocated](#) \$15 million in International Disaster Assistance for Coronavirus Disease 2019 (COVID-19) response needs and emergency food assistance in the West Bank and Gaza Strip.

Secretary Blinken’s statement and other documents (see textbox below) indicate that the Administration plans to provide:

- \$75 million in bilateral Economic Support Fund (ESF) assistance from FY2020 appropriations for the West Bank and Gaza (see **Figure 1**);
- \$40 million in bilateral International Narcotics Control and Law Enforcement (INCLE) assistance from FY2016 and FY2017 appropriations for Palestinian Authority (PA) security forces and justice sector institutions in the West Bank;
- \$150 million in contributions for humanitarian response to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); and
- \$10 million in peacebuilding programs.

The Trump Administration had suspended contributions to UNRWA [in August 2018](#), peacebuilding programs involving Palestinians [in September 2018](#), and ESF and INCLE aid [in January 2019](#).

[UNRWA](#) provides education, health care, and other social services to more than five million registered Palestinian refugees in the West Bank, Gaza, Lebanon, Jordan, and Syria. It is funded through voluntary contributions from governments and other donors. Since the United States halted its voluntary contributions, UNRWA has [relied](#) on other international donor support, and [reduced](#) its provision of services to help manage expenses—sometimes delaying payment of salaries to its employees. Some [Members of Congress](#) and [Israeli officials](#) want U.S. officials to pressure UNRWA to reform some of its practices (as referenced below). While many [supporters](#) of the organization may agree with the need for reform, they also argue that UNRWA provides critical humanitarian support to the Palestinian refugee population.

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For background on U.S. aid to the Palestinians and other key issues affecting U.S.-Palestinian relations, see CRS reports on the [Palestinians](#), [aid to the Palestinians](#), and [amendments to the Anti-Terrorism Act](#).

Description of Bilateral Aid Announced in April 2021
(congressional notifications available to congressional staff from CRS upon request)

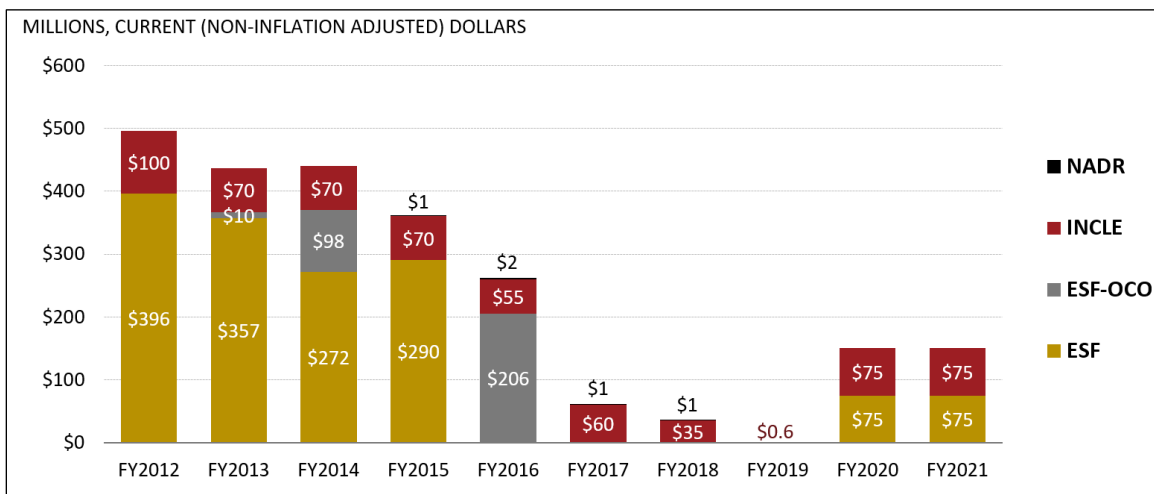
FY2020 ESF (\$75 million total) for Palestinians in the West Bank and Gaza

- \$5.4 million for civil society organizations and independent media outlets.
- \$10 million to pay for Palestinian patients with the East Jerusalem Hospital Network.
- \$21.5 million for water supply and sanitation needs.
- \$4.2 million for community engagement, job placement, and psychosocial support for Palestinian youth.
- \$8 million in economic development assistance.
- \$18.5 million for transportation infrastructure.
- \$6.4 million in general humanitarian assistance.
- \$1 million for disaster readiness.

FY2016 and FY2017 INCLE (\$40 million total) for PA security forces and justice sector institutions

- Reassessment of needs, objectives, program requirements, and outcome evaluation.
- Technical assistance for the PA Ministry of Interior and related agencies.
- Improvement of PA security force communications infrastructure.
- Improvement of PA security force training capacity to meet international standards, including with curricula and facilities.
- Other training, institutional development, and technical support as needed.

Figure I. U.S. Bilateral Aid to the Palestinians, FY2012-FY2021



Sources: U.S. State Department and U.S. Agency for International Development (USAID), adapted by CRS.

Notes: All amounts are approximate. Various amounts (including INCLE for FY2020 and all amounts for FY2021) have been appropriated but not obligated. NADR = Nonproliferation, Antiterrorism, Demining, and Related Programs, OCO = Overseas Contingency Operations.

U.S. Rationale and Israeli-Palestinian Reactions

Secretary Blinken [explained](#) that resuming aid for the Palestinians would serve important U.S. interests such as critical humanitarian assistance; economic development; and fostering Israeli-Palestinian understanding, security coordination, and stability that can lead toward a negotiated two-state solution. He [also said](#) that all assistance would be provided consistent with U.S. law, and encouraged other international donors to increase their funding for similar programs. According to the [World Bank](#), foreign aid the PA received in 2020 was 20 percent lower than in 2019 and the lowest in decades. PA Prime Minister Mohammad Shtayyeh [welcomed](#) the resumption of aid and called on the Administration to take complementary diplomatic steps to address the aspirations and rights of the Palestinian people.

Israel's Ambassador to the United States Gilad Erdan [stated opposition](#) to the renewal of funding for UNRWA, and demanded that it be contingent on reforms. Secretary Blinken had [asserted](#) that the United States needs "to be at the table [with UNRWA] to ensure that the reforms advance efficiencies and are in accord with our interests and values." In [an interview](#) a few days later, a senior U.S. official said that UNRWA has made clear commitments to the Administration on transparency, accountability, and neutrality that include "zero tolerance" for anti-Semitism.

Legislative Conditions and Congressional Holds and Oversight

U.S. aid for Palestinians (including contributions to UNRWA) is subject to numerous conditions in annual appropriations legislation (see Sections 7037-7040, 7041(k), and 7048(d) of P.L. 116-260) and [elsewhere](#). The Taylor Force Act (TFA, Div. S, Title X of [P.L. 115-141](#)), enacted in March 2018, is intended in part [to discourage](#) Palestinian leaders from continuing domestic welfare payments to individuals or families that are arguably "for acts of terrorism." The [TFA prohibits](#) ESF (other than for a few specified purposes) that directly benefits the PA until the Administration can certify, among other things, that payments "for acts of terrorism" have been terminated. In an April 2021 press briefing, the State Department spokesperson [said](#) that in May 2018 (during the Trump Administration) the department apprised Congress of the criteria it uses to determine whether ESF directly benefits the PA, including:

the intended primary beneficiary or end user of the assistance; whether the PA is the direct recipient of the assistance, of course; whether the assistance involves payments of Palestinian Authority creditors; the extent of ownership or control the PA exerts over an entity or an individual that is the primary beneficiary or end user of the assistance; and whether the assistance or, in some cases, the services provided directly replace assistance or services that the PA would otherwise provide.

While Palestinian leaders have [reportedly contemplated](#) significantly altering domestic welfare payments, near-term changes [may be unlikely](#) given leaders' desire to court popular sentiment with [PA legislative and presidential elections](#) scheduled, respectively, for May and July 2021.

After the Biden Administration announced its intention to resume aid, Senate Foreign Relations Committee Ranking Member Jim Risch and House Foreign Affairs Committee Ranking Member Michael McCaul (who issued a [joint statement](#) arguing that U.S. funding should be linked to PA concessions and UNRWA reforms) [reportedly](#) placed an [informal congressional hold](#) on the ESF assistance. Also, [18 Senators](#) sent a letter to Secretary Blinken urging him to pause the ESF until the Administration takes some steps to justify it in light of the TFA's general restriction on ESF directly benefitting the PA. The letter also calls on the Administration to implement recommendations from a March 2021 [Government Accountability Office \(GAO\) report](#) to ensure that aid disbursements to implementing organizations, including sub-grantees, fully comply with anti-terrorism vetting requirements.

Congressional holds on foreign aid are not legally binding on the executive branch. However, since the late 1970s, successive Administrations have generally deferred to holds placed by pertinent committee leaders as part of a consultative process. Prior to obligating funds subject to a hold, the executive branch generally provides Congress with information or otherwise addresses committees' concerns. Previous congressional leaders [have placed holds](#) on U.S. aid for Palestinians, and [in one instance](#) the Obama Administration overrode a hold some months after a committee chair had placed it.

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