



ISSUE BRIEF: PALESTINIAN AUTHORITY INSTABILITY

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The Functions of the Palestinian Authority:

- Pursuant to the Oslo Accords, the Palestinian Authority (PA) was founded in 1994 as a temporary official domestic governing entity of the Palestinian people in the 40 percent of the West Bank demarcated as [Areas A and B](#), and in the Gaza Strip.
- However, with Hamas since becoming the *de facto* governing authority within Gaza, and with Israel as the occupying power – directly administering the 60 percent of the West Bank comprising Area C – the PA only governs in [disjointed pockets](#) of the West Bank.
- In Areas A & B of the West Bank, the PA is responsible for about 40 specific functions enumerated in the Oslo Accords such as municipal affairs, courts, water and waste management, education and health care. Responsibility for security (policing) is split, with the PA responsible in Area A and Israel responsible in Area B.
- Critically, US-trained and -equipped PA security forces engage in close [coordination](#) with Israeli military officials to counter Hamas and other terrorist groups seeking to operate within or launch attacks from the West Bank against Israel and its citizens.

The Palestinian Authority's Finances:

- The PA faces ongoing financial strains which render it unable to fully pay its bills, most critically the [salaries](#) of its employees, who have had their pay reduced by 20 percent for nearly 18 months. The impact of these cuts are felt broadly across Palestinian society, for example with teachers on strike and children [not in schools](#) since February 5.
- Per the Oslo Accords, Israel collects and is obligated to transfer to the PA customs duties on products imported for consumption in the Palestinian Territory, as well as taxes on the earnings of Palestinian civilians working in Israel. The PA relies heavily on these transferred funds, which comprise about [65 percent](#) of its total budget.
- Israel's periodic withholding of these transfers during spikes in tensions with the PA therefore causes serious [strains](#) on PA revenues. Additionally, Israel's new rightwing government has not only withheld some of these funds, but [seized and awarded them](#) as compensation to Israeli victims of terrorism in violation of Israel's Oslo obligations.
- PA finances have also suffered from a significant reduction in foreign aid from countries around the world, with such assistance [declining](#) from 27 percent of gross domestic product (GDP) in 2008 to just under two percent in 2021.

- The Trump Administration's halting of nearly all bilateral US aid to the Palestinians contributed heavily to this reduction, as did the 2018 Taylor Force Act's prohibition on direct budgetary support or other aid that benefits the PA unless and until it reforms its prisoner payment program. As a result, US assistance to the PA [dropped](#) from nearly \$500 million in FY2012 to just \$600,000 in FY2019.
- Additionally, the Trump Administration's decided to also halt US contributions to the United Nations Relief and Works Agency (UNRWA) significantly [reducing](#) its ability to provide health and other essential social services to Palestinian refugees in the territory.
- While US bilateral assistance benefitting Palestinians and contributions to UNRWA have [resumed](#) under the Biden Administration, UNRWA still has a [massive enduring shortfall](#).

Instability and Potential Collapse of the Palestinian Authority:

- In addition to the PA's financial shortfall, its split with Hamas, corruption, lack of presidential or legislative elections for nearly two decades, uncertainty over President Mahmoud Abbas' succession, and its inability to counter deepening Israeli occupation and settlement expansion have [eroded popular support](#) not just for the governing Fatah party, but undermined the legitimacy of the PA institutions among the Palestinian people.
- Recent clashes between Israeli forces and Palestinian militants in West Bank cities like Jenin and Nablus reflect the [growing loss of PA control](#) over such population centers. Israeli security experts [warn](#) of the potential for further, even cataclysmic deterioration of the security situation in which opposing Palestinian factions vie for control while PA security forces not only fail to contain violence, but fracture and contribute to it.
- The weakening and possible collapse of the PA greatly increases the risk of terrorist attacks in the occupied territory and Israel, as terrorist groups take the opportunity to direct unrest against Israelis, potentially including the launch of a third intifada.
- A PA collapse would result in its cessation of essential functions like water and waste management, criminal justice and education, obligating Israel as the occupying military power to directly perform such functions in a massively degraded security environment.

What the United States Can Do To Help Stabilize the Palestinian Authority:

- Expand bilateral assistance benefitting Palestinians and US contributions to UNRWA, and press Israel to transfer all duties owed to the PA as required by past agreements.
- Incentivize PA compliance with the Taylor Force Act by offering improvements in bilateral relations and cooperation beyond the resumption of direct budgetary support.
- Take [concrete steps](#) to counter harmful unilateral Israeli actions that undermine the PA by deepening the occupation and violating Palestinian human rights.