



DISMANTLING USAID: CONSEQUENCES FOR THE WEST BANK AND GAZA

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The Trump Administration's assault on foreign assistance is now in its final stage. The United States Agency for International Development (USAID) has been systematically dismantled and more than [80 percent of the agency's projects](#) have been terminated. Congress must still approve Secretary Rubio's [reorganization plan](#) and the dramatically reduced foreign assistance budget, but the [tragic consequences of the administration's actions](#) are already being felt worldwide, including in [the West Bank and Gaza](#).

Since the six-week ceasefire expired in March, Israel has resumed its bombing campaign and prohibited the entry of trucks carrying food, fuel and medicines into Gaza. The Trump Administration implicitly acceded to Israel's action.

More recently, Trump [pressed](#) Netanyahu during their April 22 telephone call to "get food and medicine into Gaza." Regardless, Israel's policy has not changed and the situation is becoming more dire by the day: civilians are being killed by Israeli bombs and preventable deaths are increasing. On April 25, [the local UN official](#) responsible for coordinating assistance in the Palestinian Territories confirmed that "humanitarian agencies are unable to meet the soaring needs of civilians due to the collapse of supply lines."

A renewed ceasefire must remain the number one priority of US diplomacy. Without a ceasefire, the release of those still held hostage in Gaza, including a US citizen, will not happen. However, the US should also forcefully reject the weaponization of humanitarian assistance against Palestinian civilians, advocate for an immediate lifting of the Gaza siege, and renew US funding to ensure that immediate humanitarian needs are met. The Trump Administration should also press Israel to meaningfully engage in on-going planning exercises for a post-war "day after" in Gaza.

Eventually, pressure from Arab countries and from an Israeli government unwilling to properly facilitate the provision of aid to Gaza's population are likely to lead the Trump Administration to revive a Palestinian assistance program, even if limited to life-saving activities. The looming shutdown of the USAID field mission, however, will deprive the US of an effective monitoring mechanism and the technical and operational expertise of the mission's long-serving Israeli and Palestinian staff. While a reversal of the shutdown decision seems unlikely, understanding USAID's work in the West Bank and Gaza during the past 30 years highlights the shutdown's costs to US interests and credibility.

USAID West Bank/Gaza: 1994-2016

The USAID West Bank/Gaza mission (USAID/WBG) was established in 1994, soon after the signing of the Oslo Accords. USAID activities were politically motivated, but they were implemented with a development mindset – via joint planning with Israelis and Palestinians, infrastructure investments, and strict monitoring to prevent misuse of funds. Over 30 years, [the mission contributed](#) to Palestinian political, economic and social development as part of an effort to build the essential foundations for achieving an Israeli-Palestinian peace agreement.

[USAID/WBG's program received \\$75-600 million annually from Congress](#). Initially, it focused on facilitating Israeli-Palestinian agreements on key issues, strengthening the nascent PA's institutions, and, most importantly, demonstrating US commitment to improving Palestinians' quality of life. As resources increased, sectors like health, education, and [closely monitored budget support](#) were added to the portfolio.

From the outset, USAID/WBG programs were among the most scrutinized within the USAID universe. Congress legislated strict vetting to ensure the assistance program did not get ahead of the political negotiations and that allocated funds were not diverted into the wrong hands. Under the [2018 Taylor Force Act](#), for instance, Congress barred aid to the PA for so long as the PA rewarded families of terrorists. USAID also required all grantees and sub-grantees to sign an anti-terrorism certification, which many NGOs refused to sign, and hence were ineligible to receive USAID funds.

All USAID programs required State Department, US Embassy, and congressional approval. All Palestinian contractors, grantees, and their respective sub-contractors and sub-grantees were vetted by an inter-agency team, including US intelligence agencies. Moreover, the procedures used by USAID/WBG to ensure that funds did not end up in the hands of malign actors were repeatedly reviewed by The [USAID Inspector General](#) and the [Government Accountability Office](#) and, when weaknesses were identified, they were quickly modified.

The assistance program was sustained for three decades, notwithstanding the ups and downs of Israeli-Palestinian cooperation. During the second intifada (2000-2005), specific projects were adjusted to address humanitarian needs and prevent the collapse of the Palestinian economy. USAID/WBG also reinforced Prime Minister Fayyad's efforts to combat corruption and to promote transparency within the PA. The Mission also provided expert advice and technology enhancements to address Israeli security concerns and to enable the movement of people and goods between Israel and the West Bank/Gaza. USAID also supported efforts to promote interactions between Israelis and Palestinians in the private sector and civil society, culminating in 2020 when the [Nita M. Lowey Middle East Partnership for Peace Act](#) was enacted, authorizing \$250 million for joint programs over a five year period.

Within the US government, other agencies also managed Palestinian-related programs. For example, the State Department managed US support for UNRWA, with the [USG serving as the agency's largest funder](#), and from 2007 onward coordinated security cooperation between Israel and the PA, and training for the Palestinian Authority Security Forces.

Developments Under Trump I, Biden & Trump II

Funding for USAID/WBG projects was eliminated for most of [Trump's first term](#). However, the Mission was not disbanded. Upon taking office, the Biden Administration [revived the Palestinian assistance program](#).

The events of October 7 and their aftermath, however, severely disrupted USAID/WBG activities. Many Gaza projects became impossible due to the conflict environment, and security and political conditions complicated West Bank projects. In response to the growing humanitarian needs, the Biden Administration obligated approximately [\\$1.2 billion for humanitarian assistance in Gaza](#) between October 2023 and January 2025.

Biden also [deployed senior level envoys](#) – initially Ambassador David Satterfield, who was followed by US Institute for Peace President Lise Grande – to engage with the Israeli military on allowing humanitarian access while addressing Israeli security concerns.

On the first day of his second term, President Trump [paused all foreign assistance](#) programs. In response to widespread criticism, Rubio authorized a [waiver program for life-saving assistance projects](#), but the criteria for obtaining waivers were never fully articulated. The pause affected all West Bank-Gaza assistance projects, including [support for the Palestinian Authority Security Forces](#).

On March 28, [Rubio notified Congress](#) of the administration's intent to dissolve USAID and to realign certain USAID functions to the State Department no later than July 1, 2025. Accompanying the Congressional Notification was a list of more than 80 percent of USAID projects worldwide that purportedly did not align with administration priorities. Virtually all USAID/WBG mission projects were included on the termination list transmitted to Congress, including those authorized under the MEPPA program and a five-year, \$50 million Gaza Health Recovery Activity [awarded](#) in November 2024.

All USAID/WBG foreign service officers and more than 100 foreign service nationals (FSNs) have been informed that their jobs have been eliminated. Many of the FSNs have been employed by USAID for more than 20 years; they have benefitted from considerable training provided by USAID and serve as the Mission's institutional memory.

More generally, the dismantling of the USAID mission and the reduction in amounts allocated for foreign assistance significantly diminishes the ability of the US to influence global events. The impact on populations, like those in Gaza, is immediate and dramatic: the absence of food stocks and medicines will result in many preventable deaths. Equally important, Palestinian hopes for a better future that emanates from a major power like the US investing in health clinics, schools, and drinkable water supplies will be lost, further radicalizing Gaza's population and further complicating efforts to achieve a long-term settlement of the conflict. Israel too will suffer as conditions in Gaza worsen under its de facto military control and the US and other international donors limit their support to life-saving projects.

Looking Forward

The immediate diplomatic priority is to negotiate a new ceasefire, whereby Hamas would release additional hostages and Israel would allow humanitarian supplies to enter Gaza. However, as the abrupt end of the previous ceasefire illustrated, the relevant parties must negotiate the terms for a permanent ceasefire and agree on plans for rebuilding Gaza.

Many [reconstruction plans](#) have been put forward during the past 16 months, but the most relevant starting point is the [Egyptian plan](#) agreed upon by the Arab League at their Cairo summit on March 4 and which would require an estimated \$53 billion to implement. While Israeli and US officials initially rejected the plan, Trump's [special envoy Steven Witkoff](#) subsequently met with Arab leaders to elaborate details related to the formation of a security force and interim governing body, which would exclude Hamas. At

this point, the US has committed neither to playing an on-the-ground role nor to contributing funds to support the reconstruction effort.

Policy Recommendations for the Trump Administration

- Engage proactively in negotiations with the relevant actors to achieve a) a permanent ceasefire, which would facilitate the return of all hostages and the entry of humanitarian assistance into Gaza, and b) agreement on an approach to rebuild Gaza.
- Appoint a senior diplomat to monitor Israeli compliance with its international humanitarian law obligations that require it to allow essential food, fuel, water, and medical supplies to enter the Gaza Strip.
- Continue funding critical life-saving humanitarian assistance in Gaza, while ensuring adequate oversight and compliance with US laws prohibiting material assistance to terrorist organizations and their members.
- Request funding from Congress that would allow the US to implement and oversee specific project activities associated with rebuilding Gaza, stabilize the West Bank economy, and improve the functioning of Palestinian institutions.
- Encourage the US Embassy in Jerusalem to hire former USAID staff, who will contribute to effective oversight of on-going and future programs.