Explainer: Palestinian Prisoner Payment Reform

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The Palestinian Authority (PA) prisoner payment program, known by Palestinians as the Martyrs Fund and by many Israelis and American Jews as "pay-for-slay," is being overhauled pursuant to a February 2025 decree by PA President Mahmoud Abbas. An independent audit concluded that social welfare benefits are now distributed to all Palestinians based solely on socio-economic criteria regardless of prisoner status, but the US and Israeli governments remain skeptical of the PA's commitment. This explainer provides background on the prisoner payment program and US and Israeli laws pertaining to it, outlines the findings of the recent audit, describes the progress the PA has made on reforms, and recommends that the US government take the PA up on its invitation to have the United States conduct its own audit.

Palestinian Authority Prisoner Payment Fund

The prisoner payment fund, enshrined in PA law, provided monthly stipends to Palestinians imprisoned by Israel, those released from prison, and the families of individuals killed, injured, or detained while committing acts of violence against Israelis. These payments date back to the 1960s and were routinized during the Second Intifada. The PA spent about $350 million (7 percent of its total operating budget for the year) on prisoner payments in 2018, the last year it published this data. Since then, according to Israel's National Bureau for Counter-Terror Financing, the PA continued to spend similar amounts annually.

The fund has been dubbed "pay-for-slay," given that the amount of social support provided to the families of prisoners is proportional to the length of prison sentences, and those convicted of terror attacks (including some of the prisoners released in the Gaza ceasefire agreement) are among the recipients. Palestinian supporters of the fund argue that it is intended to support the families of Palestinians resisting injustice, that the majority of Palestinians detained by Israel are not violent offenders, and that individuals are not meaningfully incentivized to risk their lives and attack others by a potential future payment. Many Israelis and other opponents of the practice maintain that it incentivizes terrorism. J Street has consistently objected to the Fund and has called on the PA to reform it.

US Taylor Force Act and Israeli Freeze Law

The Taylor Force Act (H.R.1164), passed by the 115th Congress and signed into law by President Trump in March 2018, conditions US aid to the PA upon the termination of "payments for acts of terrorism" via the Martyrs Fund. Accordingly, in August 2018, President Trump permanently cut more than $200 million in aid to the PA. The Act is named for US Army veteran

Taylor Force, killed in Tel Aviv in 2016 by a Palestinian whose family has since received Martyrs Fund payments.

The Taylor Force Act sets forth conditions the PA has to meet for US aid to resume:

- Take "credible steps to end acts of violence" against Israeli and US citizens;
- Terminate "payments for acts of terrorism" against Israeli and US citizens;
- Revoke "any law, decree, regulation, or document authorizing or implementing a system of compensation for imprisoned individuals that uses the sentence or period of incarceration" as a determinant; and
- Publicly condemn acts of violence, take steps to investigate them, and "bring the perpetrators to justice."

In July 2018, the Knesset adopted the corresponding Freeze Law, which deducts Martyrs Fund spending from the annual tax revenues Israel collects on behalf of the PA. Critics argue that the Knesset law violates the 1994 Paris Protocol, given that all of the tax revenues being withheld are Palestinian tax revenues collected by Israel on the PA's behalf – not actually Israeli government money. J Street does not support the seizure of PA funds by Israel that were agreed upon in the Oslo Accords and Paris Protocol.

Reforming the PA Prisoner Payment Program

The Biden Administration conducted extensive, multi-year negotiations with the PA over prisoner payment reforms, culminating in President Abbas's February 2025 announcement that he would end the controversial program. Abbas signed a decree outlining the process for eliminating the prisoner payment program. Per Decree-Law No. (4), families who had previously benefited from the fund are now "subject to the same standards" as others who receive social welfare benefits. Eligibility for these benefits is based solely on financial need and does not correspond to lengths of prison sentences. The decree also transfers responsibility for social assistance exclusively to the Palestinian National Economic Empowerment Institution (PNEEI) – an independent body managed by a Board of Trustees appointed by the President.

While the PA has taken demonstrable steps to implement these reforms, the Trump Administration and Israel remain skeptical of the PA's commitment. In February 2025, Abbas fired the head of the PA's prisoner affairs body for pushing back against the new decree. In November 2025, Abbas fired his finance minister for authorizing payments outside of the new social welfare system and ended those payments. The PA also commissioned the prominent global consulting firm, Alvarez & Marsal (A&M), to conduct an audit of the new system. The summary of the independent audit, released earlier this month under US pressure, confirms that the new welfare program is being properly implemented.

The State Department called the audit a “deception,” claiming that the PA is still providing Martyrs Fund payments disguised as fake wages and pensions, delivered in cash. The Israeli government has similarly alleged that the Martyrs Fund has gone underground and that “pay-for-slay is still official Palestinian Authority policy.”

Back in April, Secretary of State Marco Rubio submitted a report to Congress, as required by the Taylor Force Act, in which he claimed that the fund continues “through new mechanisms and under a different name.” Rubio, citing the Israeli government as his source, claims that the PA spent $156 million on the fund last year despite Abbas’s decree. The PA disputes the findings of Rubio’s report and insists that no Palestinian entity currently possesses legal authority to provide payments based on prisoner status. Meanwhile, reporting from May 2026 suggests that the PA may have agreed to partial payments, but there is no confirmation that these payments were made – nor were they reported in the independent audit.

Independent Audit and Progress on Reforms

The 12-page summary of the independent audit conducted by A&M confirms that the PA has taken demonstrable steps toward ending the controversial program. A&M examined the roles and responsibilities of PNEEI and the Ministries of Finance, Social Development, and Telecommunications and Digital Economy, as well as other relevant stakeholders. The audit verified the following:

- “The Unified National Social Protection and Care Program has been established as a dedicated, poverty-based social protection system, supported by an independent technical platform, clear governance structures, and strengthened operational controls.”
- “The integrity of the program’s systems and processes, including the accuracy of beneficiary data, the application of objective eligibility criteria, the reliability of benefit calculations, the proper implementation of payment procedures, and the separation of the Unified National Program from previous payment mechanisms.”
- “Allowances were allocated correctly,” according to beneficiary classification as “very poor,” “poor,” or “not poor.”
- There are no “signs of fraud, error or manipulation” within the PNEEI.

Rather than continue to rely on Israeli reporting, the Trump Administration should accept the PA's invitation to send a US verification team to Ramallah. If the verification team confirms the findings in the A&M audit, the US government should collaborate with the PA to certify that the requirements under the Taylor Force Act have been met, sustain this progress, and restart US assistance to the PA.

Israel’s laws on this issue differ significantly from those of the US, and Israel should conduct a separate analysis based on its own criteria.