

A Horrible Game Changer

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Articles & Testimony

Washington's frustration regarding UNRWA reform and budgetary issues is understandable, but cutting off aid indefinitely will only destabilize Gaza and Jordan.

On January 16, 2018, the U.S. State Department announced that it would only release \$60 million of its \$300 million annual contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and hold the remainder of its pledge pending review. The decision is particularly impactful given that the United States has traditionally been the largest single donor to UNRWA. In 2017, for example, the United States contributed around \$365 million, accounting for close to one-third of the organization's budget. By way of comparison, the second-largest contributor—the European Union (EU)—provided approximately \$143 million.

This decision to cut support to UNRWA came as a surprise. While U.S. support for UNRWA often faced some domestic criticism—particularly from some members of Congress—the U.S. government traditionally maintained support for the organization, arguing that it played a stabilizing role in the Middle East. In late 2017, U.S. Ambassador to the UN Nikki Haley reassured UNRWA that U.S. assistance would be forthcoming.

The suddenness of the decision to cut aid and its potential impact on UNRWA's ability to continue operating is cause for extreme worry given the depth and breadth of the services provided by the organization. Established in 1949, UNRWA today services more than 5 million registered "Palestine refugees" in five areas of operation: the West Bank (including East Jerusalem), Gaza, Jordan, Lebanon, and Syria. In these areas, the organization provides key social services: its schools educate more than half a million students, its health facilities address more than 8.8 million patient visits annually. In addition to these basic services, UNRWA also provides emergency assistance in times of crisis as well as microfinance and other programs to promote self-reliance among its beneficiaries.

While the U.S. decision to suspend support to UNRWA may have produced some positive outcomes—namely,

spurring more equitable burden-sharing and signaling the need for reform in UNRWA—these outcomes pale in comparison with the decision’s negative impact. The overall humanitarian implications for the beneficiaries of UNRWA’s services, the impact on Gaza’s humanitarian and security situation, the destabilizing impact on U.S. regional allies, particularly Jordan, and the decision’s ineffectiveness in applying diplomatic pressure on the Palestinian National Authority, all overwhelmingly argue against this step.

POLICY IMPLICATIONS

While the humanitarian implications of a significant cut in UNRWA services are obvious, assessing the policy impact is more difficult given the conflicting messaging from the Donald Trump administration regarding the objective of the decision. Ambassador Haley, who first signaled the administration’s intention to defund UNRWA on January 2, 2018, indicated that the cutback in aid was intended to apply pressure to the Palestinian Authority (PA) to “agree to come back to the negotiating table.” In contrast, the State Department did not link the decision to the administration’s larger efforts regarding the Palestinian-Israeli peace process, and instead indicated that the decision was spurred by the need to improve UNRWA’s operations by focusing on reforms and burden-sharing.

It soon emerged that the confusion was not a result of a messaging failure, but rather a symptom of deeper disagreements and dysfunction in the administration’s policymaking process. In internal deliberations, Haley’s position to completely cut off aid as a tool to pressure the PA was supported by the White House Chief of Staff John F. Kelly and National Security Advisor Jared Kushner—the President’s son-in-law and senior advisor in charge of the Middle East peace process. The Department of State, which technically has the final say on the matter, the Department of Defense, and the intelligence community opposed this decision, fearing its destabilizing impact. In the end, then-Secretary of State Rex Tillerson had to personally negotiate with the president to secure the release of \$60 million, just below half of the first tranche of the funds pledged to the organization.

The difference of messaging reflects not only disagreement regarding UNRWA itself, but also a difference of approach toward the larger issue of U.S. policy regarding international aid and international organizations. The Department of State used to see international assistance as a key tool for achieving American foreign policy objectives, and has traditionally been opposed to its politicization, particularly when it comes to humanitarian assistance. This traditional approach has come in conflict with the Trump administration’s overall aversion to foreign assistance and to Ambassador Haley’s own objective to bring the UN more in line with U.S. foreign policy objectives.

The lack of clarity regarding the decision’s objectives, however, has made it difficult to assess its success, and to identify the steps needed to reinstate U.S. support for UNRWA. Indeed, while some of the objectives identified by the State Department are reasonable and are being met, the ones articulated by Ambassador Haley are likely to be ineffective.

IMPROVING UNRWA OPERATIONS

The points raised by the State Department cannot be dismissed out of hand. Like any large bureaucracy—particularly in the UN—UNRWA suffers from a degree of inefficiency and waste. Furthermore, credible reports of occasional misuse of UNRWA facilities, especially by Hamas in Gaza, warrant continuous vigilance both by UNRWA itself as well as its donors. While UNRWA has recognized this need and has embarked on its own reform efforts, a more robust reform and monitoring effort by the organization’s donors can be helpful. In this sense, using aid to effect reform is a legitimate tool, but for this tool to be effective, more clarity is needed regarding what kinds of reform are being sought.

Likewise, a situation where the United States disproportionately funds UNRWA is unreasonable. As Jordanian Foreign Minister Ayman Safadi pointed out, this is particularly the case when it comes to Arab contributions to UNRWA,

which—with the exception of Saudi Arabia—have been traditionally meager. Judged from the point of view of creating more equitable burden-sharing, the U.S. decision to review its funding is already bearing fruit: Saudi Arabia, the United Arab Emirates, and Qatar, along with Canada and several European countries, have increased their contributions to cover some of the deficit created by the American decision. Yet, despite increased aid from countries, UNRWA's finances are unsustainable without some degree of U.S. assistance. The open-ended nature of the suspension of U.S. assistance, along with the lack of clarity regarding what would constitute an acceptable level of burden-sharing make it difficult to effectively operationalize this objective.

PUTTING PRESSURE ON THE PALESTINIAN AUTHORITY

While suspending U.S. aid could be leveraged toward improving UNRWA's operation and funding, it is not an effective tool to achieve the objective outlined by Ambassador Haley: namely applying pressure on the Palestinian leadership to engage in negotiations. PA leaders are aware that the Palestinian public's discontent over cuts in UNRWA services will likely be directed not at the PA, but against the United States, Israel, and UNRWA itself. As such, the PA can side with its public in expressing outrage while deflecting the blame onto others. Furthermore, the PA will probably judge that Israel also does not want an abrupt cut of UNRWA services given the move's destabilizing potential, and that it will likely push for backchannel-lobbying efforts to get the United States to reinstate aid.

Instead, Palestinian President Mahmoud Abbas artfully has used the perceived attack on Palestinian rights represented by the cutoff of aid to UNRWA and the American decision to move the U.S. embassy to Jerusalem to his advantage. Domestically, through heightened rhetoric, he has sought to build an image of himself as the protector of the Palestinian cause. Externally, these moves have enabled him to position himself at the center of regional diplomacy. Now any Arab leaders who attempt to apply pressure on him may find themselves open to Abbas's accusations of complicity and collusion with the United States against Palestine.

IMPACT ON GAZA

While unlikely to succeed in diplomatically pressuring the PA, the U.S. cutoff of assistance will have a severe humanitarian impact. This will be most direly felt in Gaza. Home to 1.9 million people, of whom 1.3 are refugees registered with UNRWA, the economic and humanitarian situation in the coastal strip has been steadily deteriorating after years of Israeli closure and three wars between Hamas and Israel. On top of that, the strip has been pushed closer to the edge of humanitarian collapse as a result of sanctions imposed by the Palestinian National Authority in 2017. While UNRWA has always been a major provider of health and education services in the impoverished coastal strip, the compounded impact of Israeli policies and PA sanctions has dramatically increased demand on its services, including emergency assistance. For example, today one million Gazans receive food aid from the organization. In addition to the direct impact on UNRWA services in Gaza, a reduction of UNRWA activities will have wider implications for the overall economy in Gaza. With unemployment at 41 percent, UNRWA's 12,500 staff in Gaza not only provide for their families, but also represent an important source of liquidity in the cash-strapped strip.

Ironically, therefore, the American decision to cut off aid to UNRWA undercuts a key U.S. and international objective, namely the humanitarian and economic stabilization of Gaza. In addition to the immediate imperative of meeting the needs of Gazan civilians, the renewed international focus on improving the situation in Gaza is also motivated by the urgent need to stabilize the security situation and reduce the chances of another war between Hamas and Israel.

In this regard, freezing aid to UNRWA undermines the efforts to stabilize Gaza in two ways. The first, and most obvious, is that undermining UNRWA's ability to provide vital services exacerbates the existing humanitarian situation as mentioned above. But equally importantly, given the PA's unwillingness to serve as a conduit for aid and

reconstruction on the one hand, and the international community's unwillingness to disburse aid through Hamas, UNRWA is the best-positioned UN agency to implement such a stabilization plan in the absence of legitimate Palestinian address, given its extensive networks and infrastructure in Gaza. In this regard, cutting aid to UNRWA would deprive the international community of an important partner in Gaza's stabilization to the detriment not only of Palestinians in the strip, but also regional stability, particularly for Gaza's neighbors in Israel and Egypt.

UNINTENDED CONSEQUENCES

Whether the objective is to effect UNRWA reform, or to pressure the Palestinians, the U.S. decision will have negative implications in other arenas. Jordan and Lebanon—the former hosting around 2.2 million registered Palestinian refugees and the latter 450,000—will be impacted. Both these countries are host to significant numbers of Syrian (and in the case of Jordan, Iraqi) refugees who have already strained their budgets and infrastructures. Adding refugees currently serviced by UNRWA into these countries' limited national social services would further strain resources, possibly to the breaking point.

Besides the strain on budget and infrastructure, this decision could have a politically destabilizing impact on Jordan. UNRWA services ten official camps, home to some 370,000 registered refugees. Residents of these camps, along with many of the refugees living outside the camps, rely on UNRWA's 171 schools, twenty-five primary health centers, fourteen women's program centers, and a plethora of other educational and social programs. Throughout the Arab Spring and in the periodic economic protests that have taken place since—most recently in June of this year—these camps have been notably quiet.

A significant reduction of UNRWA services in Jordan will likely change this and lead to unrest in the camps. Such protests will obviously focus on the loss of services. Indeed, since the U.S. decision was made, UNRWA workers in Jordan have undertaken a number of limited strikes to protest a reduction of services by the organization. But such protests will also likely have a political dimension. Like in the past, any changes to UNRWA programs are perceived by many refugees as a prelude to prejudging the final disposition of the refugee issue in the context of the Palestinian-Israeli conflict, ensuring that protests will have a political dimension.

If such protests occur, they are not likely to directly target the Jordanian authorities. But—as with the American decision to move the U.S. embassy to Jerusalem—they are likely to touch upon the close relations between Jordan and the United States, and will add to a sense of instability at a time when the former is struggling to regain calm in the wake of the political turmoil resulting from unpopular economic measures.

A GRIM FUTURE

The American frustration with shouldering a disproportionate share of supporting UNRWA and the desire to see more reforms in the organization are understandable, particularly at a time when the United States is seeking to reduce its overall international aid. Yet the impact of this decision will be highly destabilizing. It would undermine the administration's own objectives of stabilizing Gaza and could hurt Jordan, one of the United States' most stalwart allies in the region. And rather than compel the PA to engage in negotiations, it will likely harden the position of the Palestinian public, who would see the measure as an attempt to deny refugee rights, and would further entrench their leaders' decision to not engage in American-led diplomacy. And in the midst of these policy implications, millions of refugees who rely on UNRWA's services will see their lives negatively impacted.

As of yet, there is no final decision in the administration regarding the disbursement of the remainder of its pledges to UNRWA. Ideally, these funds will be released once more equitable burden-sharing arrangements are reached with other donors, and once reform targets are met. But if the United States decides to stop funding UNRWA completely, then the prospects for the organization look grim, with overall negative implications. While other countries may step in to cover some of the funding gap, it is unlikely that this would cover the whole deficit left by the American decision

given the other competing humanitarian demands in the wider region. And while UNRWA can reduce some services, such cuts will impact a beneficiary population, most of which is already in a precarious humanitarian situation. Such cuts will inevitably produce unrest.

Whether the United States ultimately decides to walk back from this decision or to crystalize it in a formal cutoff of aid to UNRWA will be indicative of whether the U.S. government has the will and skill to pursue its stated objective of bolstering stability and ultimately achieving peace between Israel and the Palestinians, or whether the United States is in effect disengaging from this conflict.

Ghaith al-Omari is a senior fellow at The Washington Institute, where he coauthored the recent study “[Neutralizing the Gaza Powder Keg](https://www.washingtoninstitute.org/policy-analysis/view/neutralizing-the-gaza-powder-keg) (<https://www.washingtoninstitute.org/policy-analysis/view/neutralizing-the-gaza-powder-keg>).” Previously, he served as an advisor to Palestinian negotiating teams, among other positions within the PA. This article [originally appeared in the Cairo Review of Global Affairs](https://www.thecairoreview.com/essays/a-horrible-game-changer/) (<https://www.thecairoreview.com/essays/a-horrible-game-changer/>). ❖

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