Highlights of GAO-15-823, a report to congressional committees

FOREIGN AID

U.S. Assistance for the West Bank and Gaza for Fiscal Years 2012-2014

Why GAO Did This Study

Since 1993, the U.S. government has committed more than $5 billion in bilateral assistance to the Palestinians in the West Bank and Gaza. Assistance to the Palestinians is a key part of the United States’ commitment to a negotiated two-state solution to promote peace in the Middle East. USAID is primarily responsible for administering ESF assistance for the West Bank and Gaza.

Congress included a provision in three appropriations acts for GAO to review funds provided through the ESF for the bilateral West Bank and Gaza Program. This report (1) examines the status of USAID’s allocations, obligations, and expenditures of ESF assistance to the Palestinians for fiscal years 2012, 2013, and 2014 and (2) assesses the extent to which USAID complied with key legal requirements and its antiterrorism policies and procedures for cash transfers to the PA and its creditors.

GAO reviewed laws and financial data provided by USAID’s West Bank and Gaza mission in Tel Aviv, Israel. GAO also reviewed USAID’s policies and procedures for cash transfers to the PA and its creditors and interviewed USAID, State, and PA officials about ESF assistance.

What GAO Finds

As of June 30, 2015, the U.S. Agency for International Development (USAID) had allocated about $1.1 billion of Economic Support Fund (ESF) assistance for the West Bank and Gaza for fiscal years 2012 through 2014, had obligated about $1 billion (94 percent), and had expended about $874 million (77 percent). Project assistance in five development sectors—for example, the water resources and infrastructure sector and the democracy and governance sector—accounted for approximately $619 million of the obligated funds, and cash transfer assistance to the Palestinian Authority (PA) and its creditors accounted for $448 million. Of this amount, $348 million went directly to the PA and then to its creditors and $100 million went directly to its creditors—two Israeli fuel companies, and six hospitals in East Jerusalem—through a line of credit.

What GAO Recommends

GAO is not making recommendations in this report.

View GAO-15-823. For more information, contact David B. Gootnick at 202-512-3149 or gootnickd@gao.gov.