# GAO Highlights

WEST BANK AND GAZA

# State Should Incorporate Leading Practices and Lessons Learned into Anti-Terrorism Oversight

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A report to congressional committees

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## What GAO Found

The U.S. Agency for International Development (USAID) allocated $624 million in Economic Support Fund (ESF) assistance for the West Bank and Gaza for fiscal years (FY) 2022-2024. This assistance funded 37 prime awards for sectors including water infrastructure and education, as well as debt relief payments to a Palestinian Authority creditor. With a few exceptions, USAID complied with its anti-terrorism policies and procedures. State took over administration of this ESF funding from USAID in July 2025. All 37 awards have ended except for support to the East Jerusalem Hospital Network.

**U.S.-Funded Neonatal Intensive Care Training for East Jerusalem Hospital Network**

Source: Jhpiego. Credit: MOMENTUM Country and Global Leadership (photo). | GAO-26-107939

State's Bureau of Near Eastern Affairs (NEA) is managing the remaining USAID activities in the West Bank and Gaza. Congress appropriated ESF funding in FY 2025 and National Security Investment Programs (NSIP) funding in FY 2026 that State can use for the West Bank and Gaza if oversight requirements are met. Officials told GAO that State's planning had identified potential early recovery and economic development programming for West Bank and Gaza, but State has not yet determined responsibility for managing such programs.

According to State officials, ongoing regional conflict has delayed NEA's initial efforts to replace USAID's anti-terrorism policies and procedures for West Bank and Gaza. Once developed, these policies and procedures would not necessarily apply to State components other than NEA, such as the U.S. Embassy in Jerusalem, if they become responsible for future programming. State guidance says that risks should be identified, evaluated, and mitigated. Determining and documenting how relevant components will mitigate terrorism risk could help State ensure that such assistance is not diverted to terrorist ends.

As State determines its risk mitigation measures, it could incorporate leading practices and lessons learned. GAO has identified mandatory provisions in award agreements as a leading oversight practice. This practice, formerly used by USAID, could help State ensure awardees understand their anti-terrorism obligations and associated penalties. Additionally, State could directly leverage USAID lessons learned by adopting timelines for any future compliance audits. As GAO has previously reported, these timelines could help ensure that appropriate corrective actions can be taken to address any noncompliance before awards expire. Incorporating these leading practices and lessons learned would strengthen State's oversight of future funding to the West Bank and Gaza.

## Why GAO Did This Study

Since 1993, the U.S. has provided more than $7.8 billion in assistance to Palestinians in the West Bank and Gaza primarily through ESF assistance. Appropriations acts for FY 2022-2024 include provisions for GAO to review the treatment, handling, and uses of ESF funds provided for assistance to the West Bank and Gaza.

This report examines (1) the status of USAID's West Bank and Gaza program supported by FY 2022-2024 ESF assistance, (2) the extent to which USAID complied with its anti-terrorism policies and procedures, and (3) U.S. plans for oversight of future ESF or NSIP assistance in the West Bank and Gaza.

GAO reviewed relevant policies and data from USAID and State, as well as compliance reports and financial audits conducted by third parties. GAO also analyzed prime awards and a random generalizable sample of subaward actions for compliance with USAID's anti-terrorism policies and procedures. Finally, GAO conducted fieldwork in Israel and the West Bank and interviewed USAID and State officials.

## What GAO Recommends

GAO is recommending that State (1) finalize NEA's development of anti-terrorism policies and procedures for the West Bank and Gaza, (2) determine and document how it will mitigate risk for components other than NEA, (3) adopt mandatory anti-terrorism provisions for awards, and (4) establish timelines to better ensure that compliance audits finish in time to take appropriate action. State concurred with the recommendations.