

DOCUMENT RESUME

06547 - [B1866888]

U.S. Economic Aid for the West Bank and Gaza; a positive contribution. ID-78-35; B-125029. July 5, 1978. 21 pp. + 3 appendices (10 pp.).

Report to John J. Gilligan, Administrator, Agency for International Development; by J. Kenneth Fasick, Director, International Div.

Issue Area: International Economic and Military Programs (600); International Economic and Military Programs: Impact of U.S. Security Supporting Assistance Abroad (611); International Economic and Military Programs: U.S. Development Assistance Overseas (603).

Contact: International Div.

Budget Function: International Affairs: Foreign Economic and Financial Assistance (151).

Organization Concerned: Department of State.

Congressional Relevance: House Committee on International Relations; Senate Committee on Foreign Relations.

Authority: Foreign Assistance Act of 1974. International Security Assistance Act of 1977. E.L. 83-480.

The Agency for International Development (AID) program in the Israeli-occupied West Bank and Gaza grew out of a desire to demonstrate U.S. concern for the welfare of the Palestinians and has been part of U.S. efforts to promote peace in the Middle East. In accordance with congressional intent, U.S. assistance for the West Bank and Gaza has been carried out through U.S. voluntary agencies. These agencies received grants totaling \$1 million in fiscal year 1975, \$1.6 million in 1976; and \$3.5 million in 1977. Direct involvement by AID has been limited, and there is no AID mission in the area. Findings/Conclusions: Because of political uncertainties and limitations, program objectives have not been clearly formulated, but guidelines for the voluntary agencies have stressed that projects should be development oriented rather than strictly relief or welfare oriented. Voluntary agency programs have been directed toward three functional areas: vocational training and education, health care, and community development. Although individual projects have been beneficial, they currently meet only specific, narrowly defined needs. This approach has not ensured that the most urgent socioeconomic needs are being met, but limited observations indicate that the voluntary agencies are managing and administering their programs effectively. Recommendations: The Administrator of AID should: identify the important socioeconomic needs of the area, specify U.S. humanitarian and development interests and objectives, and develop programs and an overall strategy for meeting assistance needs and fulfilling U.S. objectives. (FAS)

6988

REPORT BY THE U.S.

General Accounting Office

U. S. Economic Aid For The West Bank And Gaza-- A Positive Contribution

As part of its Middle East peace efforts, the United States sponsors a development program for the people of the West Bank and Gaza. This assistance is channeled through U.S. voluntary agencies.

The development program reflects congressional concern and interest in helping to build the social and economic foundations needed to stabilize the area. From 1975 to 1978, \$9 million was provided for the program. The Agency for International Development and GAO agree that the program needs to be assessed in relation to the area's needs, and the Agency says this will be done.





UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

B-125029

The Honorable John J. Gilligan
Administrator, Agency for
International Development
Department of State

Dear Mr. Gilligan:

This report presents our observations on U.S. economic assistance for the West Bank and Gaza.

The program is a continuing aspect of U.S. peace initiatives in the Middle East and reflects congressional concern for the area and interest in building stronger social and economic foundations.

Our study indicates that the program is making a positive contribution to the well-being of the area's residents. The U.S. voluntary agencies and the local institutions we contacted were effectively managing their program activities. We were generally impressed with the humanitarian and development work being done.

What now needs to be done is to identify the area's priority needs, clarify U.S. objectives for the program, and adopt a strategy for meeting needs and accomplishing objectives. Our recommendations are discussed on page 21 of the report. We have gone over these recommendations with your staff, and they are preparing to take actions along the lines suggested.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We did not obtain formal comments on this report but did discuss the contents with officials of your Agency and the Department of State. Their comments were considered in preparing the report. The voluntary agencies also reviewed selected portions of the report and generally agreed with its presentation.

Copies of this report are being sent to the Chairmen, House Committees on Government Operations, International Relations, and Appropriations; Senate Committees on Governmental Affairs and Foreign Relations; and Subcommittee on Foreign Operations, Senate Committee on Appropriations.

Sincerely yours,



J. K. Fasick
Director

D I G E S T

As a part of its Middle East peace efforts, the United States is sponsoring a development program for Arabs who live in the Israeli-occupied West Bank and Gaza. Nine million dollars was provided from fiscal years 1975 to 1978 and channeled through the Agency for International Development (AID) to U.S. voluntary agencies to support vocational training, education, health, and rural development. (See p. 2.)

The program reflects congressional concern and interest in helping to build stronger social and economic foundations for the West Bank and Gaza. Recent Middle East attempts to achieve peace in the area have highlighted the importance of these small areas. Thus, the U.S. program has significance beyond the dollar amounts budgeted annually.

The program is making a positive contribution to the area's residents, and the voluntary agencies and local institutions are managing their projects effectively. But GAO wonders whether the area's most urgent needs are being met. AID shares this concern.

RECOMMENDATIONS

Projects supported by American dollars currently are meeting specific, narrowly defined needs. Although individual projects have been beneficial, it is not determined whether the more urgent needs are being met. The area's needs should be fully assessed, and U.S. objectives for the program clarified together with a specific strategy for accomplishing them.

ID-78-35

The Administrator, Agency for International Development, should:

- Identify the area's important social and economic needs.
- Specify U.S. humanitarian and development interests and objectives.
- Develop assistance programs and a strategy for meeting needs and fulfilling U.S. objectives. (See p. 21.)

AGENCY RESPONSE

AID concurs with these recommendations. It plans to develop longer term objectives and a strategy for its program.

The voluntary agencies considered this report an accurate representation of the program.

GAO's OBSERVATIONS

GAO generally was impressed with the work being done and with the dedication and capability of the institutions receiving the aid.

The program has contributed to a better educated, skilled population with improved health. GAO visited selected West Bank project sites, including vocational training institutions, nurses training programs, nutrition classes, and rural communities.

Voluntary agencies reported that recipients, although hesitant at first, were becoming more receptive to U.S. Government efforts on their behalf.

Nevertheless, two-thirds of the 700,000 people of the West Bank live in small villages, many without electricity, running water, and telephones. High fertility and mortality rates prevail, and communicable diseases have not yet been completely controlled. Many of the 425,000 people living in Gaza are refugees.

Agriculture continues to be the most important sector in West Bank and Gaza economies. Industry is largely undeveloped.

A striking feature of the economy over the past 10 years is the growth of employment in Israel. About one-third of the West Bank and Gaza labor force commute to jobs in Israel, which has led to a rapid rise in income.

Since the program was conceived as a bilateral American-Arab undertaking, the Israeli Government is not directly involved. AID projects are not intended to replace or to be an extension of Israeli Government programs. But relations between the Israeli Government and the voluntary agencies have been a subject of concern. The Israeli Government considers it necessary to oversee and direct voluntary agencies' activities; sometimes this direction conflicts with the voluntary agencies' self-direction policies and with the U.S. policy of segregating U.S. aid and Israeli aid activities.



GAO PHOTO

**BEDOUIN BABY BEING EXAMINED AT CRS NUTRITION EDUCATION CLASS
AT AL-JAHALEEN, WEST BANK.**

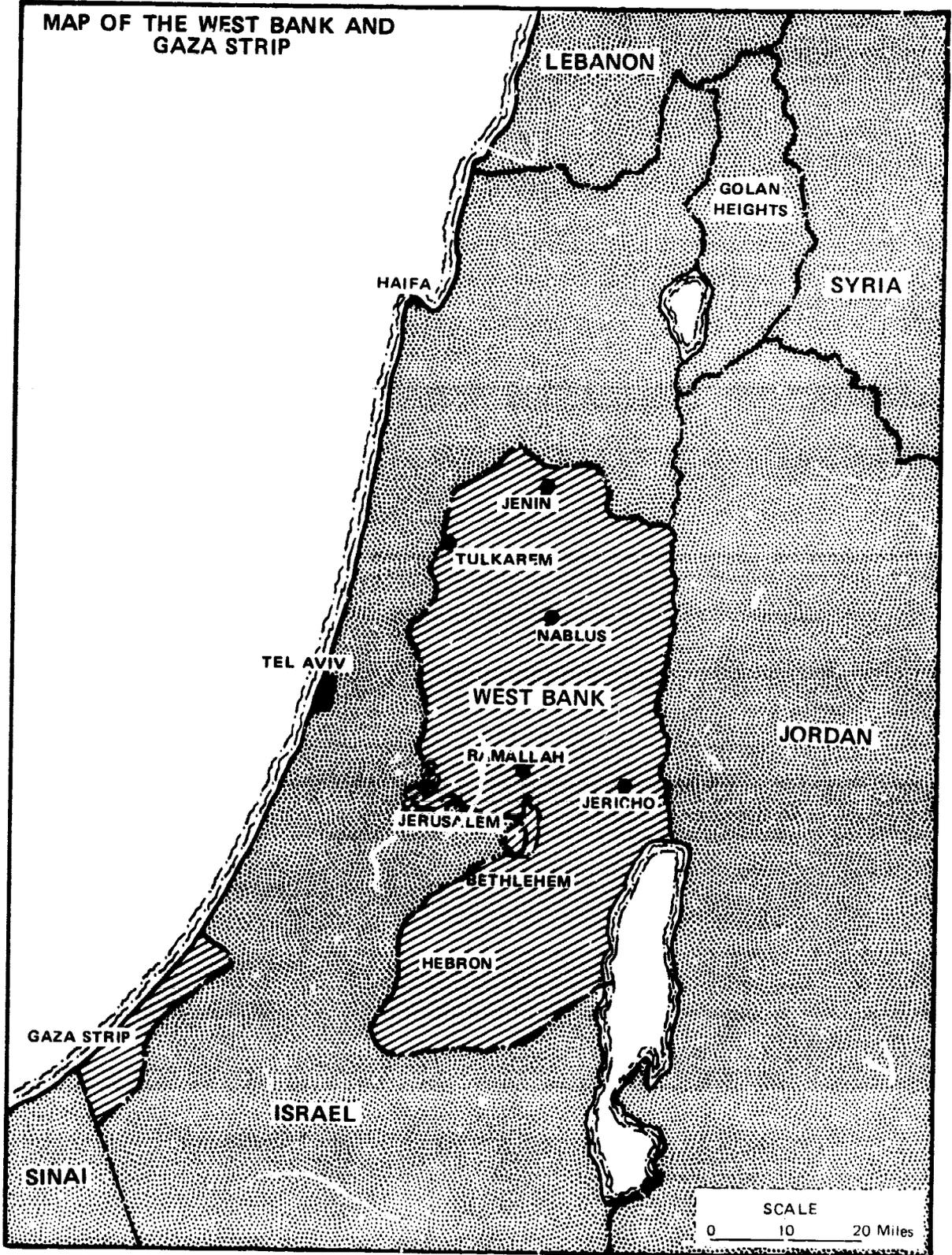
C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	U.S. assistance begins after 1973 War	2
	Scope of review	3
2	AGENCY FOR INTERNATIONAL DEVELOPMENT PROGRAM	4
	Program objectives should be clarified	4
	Four voluntary agencies receive AID grants	5
	Vocational training and education	7
	Health services expanded	11
	Assistance directed to community development	12
3	VOLUNTARY AGENCY RELATIONS WITH RECIPIENTS AND GOVERNMENTS--ISSUES AND CONCERNS	17
	Israeli Government involvement	17
	Coordination among voluntary agencies	19
	Incountry oversight	19
4	OBSERVATIONS AND RECOMMENDATIONS	20
	Recommendations	21
	Agency response	21
APPENDIX		
I	Economic setting in the West Bank and Gaza	22
II	AID voluntary agencies grants--fiscal years 1975-77	28
III	Principal officials responsible for activities discussed in this report	31

ABBREVIATIONS

AID	Agency for International Development
ANERA	American Near East Refugee Aid, Inc.
CRS	Catholic Relief Services
GAO	General Accounting Office
UNRWA	United Nations Relief and Works Agency

**MAP OF THE WEST BANK AND
GAZA STRIP**



CHAPTER 1

INTRODUCTION

The Six Day War of 1967 resulted in the Israeli occupation of the West Bank and Gaza Strip, along with the Sinai and Golan Heights. For 19 years before the war, the West Bank was administered by Jordan and the Gaza Strip by Egypt.

The occupied territories are divided into five areas, (1) the West Bank, excluding East Jerusalem, (2) Gaza Strip, (3) Golan Heights, (4) Northern Sinai, and (5) Southern Sinai, each administered by an Israeli Military Government. Social and economic affairs are handled by Israeli civilian agencies. Two high-level Government committees deal with major policy problems, one with political and security issues and the other with social and economic issues. Local affairs are left largely to municipalities and rural councils. Elections were held in the West Bank in 1972 and 1976, in accordance with Jordanian law, which still prevails. In Gaza, mayors and councilors are appointed by the Military Government.

Israeli law was extended to East Jerusalem immediately following the 1967 War. Its population of about 70,000 Arabs was placed under the jurisdiction of the Israeli mayor of all Jerusalem. 1/

The West Bank population, excluding East Jerusalem, numbers about 700,000. About 5 percent of the population is Christian, and the rest is Moslem. Israeli sources estimate the refugee population at 105,000, while the United Nations Relief and Works Agency (UNRWA) places it at nearly 303,000. Between 65,000 and 78,000 refugees live in UNRWA camps.

Approximately 425,000 Arabs live in the Gaza Strip. Between 205,000 and 347,000 of them are refugees, a much higher proportion than in the West Bank. Those living in UNRWA camps number between 175,000 and 200,000.

1/Our statistics for the West Bank do not include East Jerusalem, since Israeli publications treat East Jerusalem as part of Israel.

U.S. ASSISTANCE BEGINS AFTER 1973 WAR

U.S. assistance for the Arabs in the West Bank and Gaza began in fiscal year 1975 under the Middle East Special Requirements Fund. The Fund was authorized after the 1973 Arab-Israeli War and the new truce lines in the area. Fiscal year 1975 financing for the fund was \$100 million and was allocated to UNRWA, a new bilateral aid program for Syria, a national project for Jordan, and development projects for the West Bank and Gaza. This report concerns the West Bank and Gaza assistance program, administered by the Agency for International Development (AID).

Funding for West Bank and Gaza development projects totaled \$1 million in fiscal year 1975. The Congress earmarked \$2 million in 1976 and \$3 million each in 1977 and 1978 for this program. Funding for 1979 has been proposed at \$3 million. The AID program grew out of a State Department initiative reinforced by congressional desire, to demonstrate U.S. concern for the welfare of West Bank and Gaza residents.

The Israeli Government is not directly involved, since the program was conceived as a bilateral American-Arab effort. AID projects were not intended to replace or be an extension of Israeli programs. U.S. assistance is channeled through U.S. voluntary agencies.

The legislative mandate for the program is broad. The House Committee on Foreign Affairs' report on the Foreign Assistance Act of 1974 stated that:

"* * * some funds authorized for the Special Requirements Fund should be made available to support projects and expand institutions in the occupied territories of the West Bank and Gaza. It is believed that such assistance can help build the socio-economic underpinnings necessary to preserve peace both for the immediate and long-term futures. In particular, the committee believes that such funds should be used to expand the activities of educational and vocational training institutions in the occupied territories * * *."

The House Committee on International Relations' report on the International Security Assistance Act of 1977 reinforced support for voluntary agency activities and the bilateral American-Arab effort by noting that:

"The Committee believes that the activities and programs of American private voluntary organizations in that region which are already funded under the Fund should continue to be supported and that the bilateral American-Arab character of these programs be maintained."

SCOPE OF REVIEW

The information for this report was obtained principally from U.S. Government records and discussions with officials of the Department of State and AID.

We talked with officials at the U.S. consulate general in East Jerusalem and Embassy in Tel Aviv and with local representatives of the U.S. voluntary agencies. We also visited a limited number of project sites in the West Bank to observe program activities during September and October 1977. We did not visit project sites in Gaza nor did we talk with Israeli Government officials.

In New York City and in Washington, D.C., we talked with headquarters' officials of the voluntary agencies.

CHAPTER 2

AGENCY FOR INTERNATIONAL DEVELOPMENT PROGRAM

The AID program in the West Bank and Gaza grew out of a desire to demonstrate U.S. concern for the welfare of the Palestinians--a part of U.S. efforts to promote peace in the Middle East. The recent Begin-Sadat peace initiatives have highlighted the importance of the West Bank and Gaza in a peace settlement and raised expectations that changes will take place in these areas. Thus, the program's significance goes beyond the \$3 million the United States has budgeted annually for this purpose.

In accordance with congressional intent, U.S. assistance for the West Bank and Gaza has been carried out through U.S. voluntary agencies. These agencies received grants totaling \$1 million in fiscal year 1975, \$1.6 million in 1976, and \$3.5 million in 1977. Direct involvement by AID has been limited, and there is no AID mission in the area. AID/Washington officials have made periodic field visits to the area, and the U.S. consulate in Jerusalem and Embassy in Israel oversee the program.

PROGRAM OBJECTIVES SHOULD BE CLARIFIED

Because of political uncertainties and limitations, program objectives have not been clearly formulated. Under normal circumstances, AID would work with the host government during the initial phase of a program to identify objectives and design a strategy for meeting them. Typically, (1) a study team is sent to a country to evaluate its needs, (2) projects are designed to meet these needs, (3) the voluntary agency with the best competence for a particular project is selected, and (4) an incountry staff monitors the project and works with the host government. Due to the unique political status of the West Bank and Gaza and the time frame of the program, these steps were not carried out.

The clearest delineation of the program's objectives appears in a July 1976 interim AID report prepared by the Office of Technical Support, Bureau for Near East. This report identifies five "unofficial" objectives.

1. Development of locally trained skills and of leadership which can function independently when the political status of the refugees has been decided.

2. Establishment of constructive contacts with Palestinian people.
3. Development of skills, training, local agriculture, rural development, and other income-generating capabilities for the affected zones.
4. Encouragement of self-help projects which can build up the physical and social infrastructures of the area.
5. Development of family planning activities and preventive medical and health services which can be self-sustaining after initial outside support.

In addition, guidelines for the voluntary agencies have stressed that projects should be development oriented rather than strictly relief or welfare oriented.

Although the West Bank and Gaza are recognized as underdeveloped areas, we found no comprehensive assessments of their economic conditions and needs. Appendix I summarizes the information we were able to develop from various sources. Assistance programs conducted by voluntary agencies and other organizations are justified as meeting certain specific, narrowly defined needs in vocational training, health, education, and rural development. U.S. assistance has consisted of humanitarian aid in support of voluntary agency programs and development aid channeled through the voluntary agencies to recipients.

FOUR VOLUNTARY AGENCIES RECEIVE AID GRANTS

Through fiscal year 1977, four U.S. voluntary agencies received AID grants, 1/ as summarized below.

1/AID also sponsors title II, Public Law 480 food donation programs carried out by three U.S. voluntary agencies in the occupied territories. In fiscal year 1978, about 143,000 people in Gaza, Jerusalem, and the West Bank were receiving title II food donations.

<u>Voluntary agency</u>	<u>Fiscal year</u>		
	<u>1975</u>	<u>1976</u>	<u>1977</u>
American Near East Refugee Aid (ANERA)	\$ 576,020	\$ 571,400	\$ 902,200
Catholic Relief Services (CRS):			
Rural development	142,530	500,871	-
Nutrition education	281,450	-	-
Socioeconomic development	-	500,000	-
Bethlehem Univer- sity Science Wing	-	-	1,100,000
Save the Children/Com- munity Development Foundation	-	-	769,270
Holy Land Christian Mission	-	-	701,650
Total	<u>\$1,000,000</u>	<u>\$1,572,271</u>	<u>\$3,473,120</u>

Assistance has been primarily channeled through CRS and ANERA. These two agencies received AID grants during the first 2 years of the program because they had suitable project proposals ready when the program started.

CRS has assistance programs in 75 countries. Its activities in the West Bank and Gaza include self-help socioeconomic projects, revolving capital loan funds, and food aid to maternal/child health and day care centers. CRS administers the rural development project, nutrition education program, and construction of the science wing at Bethlehem University. It subcontracted the socioeconomic development grant through the Catholic Near East Welfare Association, a U.S. voluntary agency, to the Pontifical Mission for Palestine. The Mission is not an American voluntary agency; it is affiliated with the Vatican and run by two British citizens.

ANERA was established in 1968 to assist Palestinians. Its charitable activities concentrate primarily on the West Bank and Gaza. Before it received an AID grant, ANERA provided small grants to private institutions. The ANERA program supports institutional activities serving the population's social and economic needs.

ANERA has received an AID grant in each of the 3 years of the AID program's operation. Funds are subgranted to private institutions in the area, with an emphasis on vocational training institutions. Unlike CRS, ANERA is not involved in implementing or administering the program. It

sees its principal function as selecting quality institutions with demonstrated capabilities for implementing AID projects.

Each of the three grants provided funds to cover part of ANERA's administrative expenses, \$75,132 in fiscal year 1975, \$105,000 in 1976, and \$95,000 in 1977. A portion of the funds helped to establish a field office in East Jerusalem, which opened in September 1976.

The Community Development Foundation and the Holy Land Christian Mission signed grant agreements with AID in fiscal year 1977. These grants had not yet been implemented at the time of our review.

Voluntary agency programs have been directed toward three functional areas: (1) vocational training and education, (2) health care, and (3) community development, as summarized in appendix II and discussed below.

VOCATIONAL TRAINING AND EDUCATION

About \$1.1 million in AID grants has been used for vocational training and \$1.3 million for educational activities. Support for vocational training is provided through subgrants to private institutions from the voluntary agencies. ANERA has been primarily responsible for training.

Vocational training

A large part of the AID grant funds has been used to purchase equipment and supplies, such as knitting machines, drills, welding machines, and lathes. The grants enabled vocational training institutions to replace worn equipment and to acquire equipment necessary to expand existing programs which could not be funded under normal operating budgets. Since most machinery lasts for several years, the impact of the AID program extends beyond the funding year.

Programs for men

Vocational training programs for men cover a wide range of skills; carpentry, upholstery, and blacksmithing are among the most common courses. Little training is oriented toward agriculture, although one institution used AID funds to establish a tractor repair program.

Graduates of the vocational training programs have encountered little difficulty in finding jobs in the three existing job markets--the West Bank and Gaza, Israel.



GAO PHOTO

PRINCIPAL OF SALESIAN TECHNICAL SCHOOL IN BETHLEHEM SHOWING GAO AND ANERA REPRESENTATIVES EQUIPMENT PURCHASED WITH ANERA FUNDS. ANERA GAVE GRANTS OF \$91,000, \$50,000, AND \$20,000 IN FISCAL YEARS 1975, 1976, AND 1977, RESPECTIVELY, FOR EQUIPMENT, SCHOLARSHIPS, AND OTHER COSTS.



GAO PHOTO

WOODWORKING CLASS AT THE AL-BIR SOCIETY IN JERICHO. ANERA GAVE THIS INSTITUTION GRANTS OF \$39,760, \$30,000, AND \$50,000 IN FISCAL YEARS 1975, 1976, AND 1977, RESPECTIVELY, FOR EQUIPMENT AND OPERATING COSTS.



GAO PHOTO

SEWING AND KNITTING CLASS AT THE ARAB WOMEN'S UNION IN JERUSALEM. ANERA PROVIDED GRANTS OF \$50,030 IN FISCAL YEAR 1975 AND \$37,000 IN 1977 FOR EQUIPMENT AND OPERATING COSTS. IN THE BACKGROUND ARE GAO AND ANERA REPRESENTATIVES.

and other Arab states. ANERA reports that a survey of 215 graduates of 7 vocational training institutions on the West Bank showed that 45 percent found work in Israel, 30 percent found work in the local economy, and 25 percent emigrated to jobs abroad.

Participants in the training programs have usually completed 9 years of general education, although some institutions begin vocational training after 6 years of general education. The vocational training programs serve as an alternative to traditional secondary education, which stresses the humanities rather than employable skills. Several institutions direct their programs to orphaned and needy boys.

Programs for women

Vocational training programs for women are sponsored by women's organizations, which provide a variety of community services. Most of the training courses teach knitting and sewing and last between 6 and 12 months. Many graduates work at home, frequently purchasing their own machines from earnings. The women's organizations often market the completed goods. The growth of subcontracting by Israeli clothing manufacturers to West Bank firms and individuals has created a strong demand for women with sewing and knitting skills.

Three institutions offer training in secretarial skills, and the graduates are eagerly sought after by Arab and international offices in the area.

Access to university education has increased

Support for education programs has been channeled almost exclusively through CRS and includes a scholarship fund and aid to Bethlehem University. This university was founded in 1973 by the American Christian Brothers; 40 percent of the enrollment is Moslem and 60 percent, Christian. The university has also received assistance from other international donors.

CRS's fiscal year 1976 socioeconomic development grant provided \$110,000 to Bethlehem University's Business Administration, Hotel Management, and Nursing Schools and Teachers College. The first two programs promote the development of local managerial talent, which can support growth in industry and tourism, should it occur. The nursing program aims to alleviate the shortage and poor quality of professional health personnel, and the Teachers College seeks to upgrade the quality of primary and secondary education.

In fiscal year 1977, a grant of \$1.1 million was provided through CRS for constructing the university's science wing, part of a major expansion of university facilities. The science program is primarily oriented to upgrading the quality of science education in primary and secondary schools.

Graduates leave the area

Although the AID program has contributed to the growth of an educated and skilled labor force, some graduates emigrate to jobs in Jordan, other Arab countries, and non-Arab countries. Reliable estimates of the emigration flow were not available; however, as noted on page 9, 25 percent of the graduates of seven men's vocational training institutions emigrated to jobs abroad. One nursing school was trying to combat the lure of lucrative positions in the Persian Gulf by withholding nurses certificates until graduates completed 1 year of employment; another nursing school required students to sign contracts agreeing to work at the hospital for 2 years after graduation. Data was not available on the employment patterns of graduates in such occupations as business administration, hotel management, and engineering.

Emigrants' remittances to family members remaining in the occupied territories contribute to the welfare of the West Bank and Gaza residents, but their potential contribution to the area's development would be greater if their skills were applied in the local economy. According to the consulate general, the labor market is an important element in charting future economic development.

HEALTH SERVICES EXPANDED

Activities in the health sector encompass hospital upgrading and expansion, training of nurses and practical nurses, and nutrition education. ANERA, CRS, and the Holy Land Christian Mission have provided grants to hospitals for improving or expanding services. The demand for the services of private hospitals has been rising in the light of overall increased use of health services and escalation in fees charged by Israeli Government hospitals. Many patients served by the private hospitals are the poor who cannot afford high fees.

AID grants have generally been used to purchase equipment, although some funds have been used for construction. With the funds the hospitals have been able to upgrade or establish surgical, maternity, intensive care, and coronary care units and a laboratory.

Training for nurses and practical nurses addresses a particularly acute need. A shortage of nurses exists in the West Bank and Gaza because available training is limited, nursing is regarded as a low-status occupation, and lucrative job opportunities are available in Persian Gulf states.

Two training courses for practical nurses have been established, and one existing program expanded with the help of U.S. assistance. The courses run for 18 months and qualify graduates to meet Israeli certification requirements.

A specialized course in the treatment of eye disease was also established. U.S. funds have also assisted the recently established School of Nursing at Bethlehem University.

CRS is currently conducting a 3-year nutrition education project to reduce malnutrition caused by lack of knowledge of what constitutes a proper diet. The courses stress

the proper composition of a diet based on locally available foods.

The CRS program focuses on training nutrition teachers. Volunteers are selected through contacts with the villages, charitable societies, and other organizations throughout the West Bank that CRS deals with in other programs, primarily food distribution. From this base, other contacts are made, many by associations wanting to become involved in the program. On completion of the nutrition course, participants are expected to teach nutrition to mothers in their sponsoring organizations.

Two courses have been conducted in the East Jerusalem center and one in the Nablus center. Interest in the program has been widespread, with the number of individuals and organizations participating in the courses exceeding that originally envisioned. Moreover, about 1,500 mothers have participated in nutrition courses in sponsoring organizations.

ASSISTANCE DIRECTED TO COMMUNITY DEVELOPMENT

Community development projects under the AID program are funded by grants to meet special needs and grants for broad community programs. In the first category, ANERA has provided grants for a library and a sewage project, and CRS established a small business revolving-loan fund, which extends loans to local businessmen for equipment to improve existing businesses or start new ones. ANERA has also helped an agricultural cooperative to establish a poultry feed-manufacturing plant.

CRS and the Community Development Foundation have been awarded grants for broad community programs. CRS's fiscal year 1975 rural development project is a 3-year grant for small communities on the West Bank, many of which have hardly been touched by 20th century technology. It is designed to raise the living standards of these rural villages and to demonstrate what can be accomplished by pooling resources.

CRS helps designated village communities undertake self-help projects. Until March 1978, the village contributed at least 40 percent of project costs and unskilled labor. The remaining costs were financed by the grant. (See p. 15.) Most project requests are initiated by the villagers, who know that CRS has been involved in rural development projects



GAO PHOTO

AGRICULTURAL ACCESS ROAD FOR THE VILLAGES OF IDNA AND SOUBA, WEST BANK. ROAD WAS ABOUT 2.6 KILOMETERS LONG AND COST \$9,749 (\$5,842 PAID BY CRS AND \$3,907 BY THE VILLAGERS).



GAO PHOTO

WATER DELIVERY SYSTEM IN VILLAGE OF KURSA, WEST BANK. PROJECT CONNECTED VILLAGE WITH DISTRICT WATER MAIN LOCATED 1.5 KILOMETERS AWAY AND COST \$3,997 (\$2,395 PAID BY CRS AND \$1,602 BY THE VILLAGERS).

for many years and is a source of assistance. Project implementation is supervised by CRS field staff, and approval of AID/Washington is required. The Israeli Government is kept fully informed of activities.

The self-help projects are expected to benefit agricultural production, improve health, and increase educational opportunities, as described below.

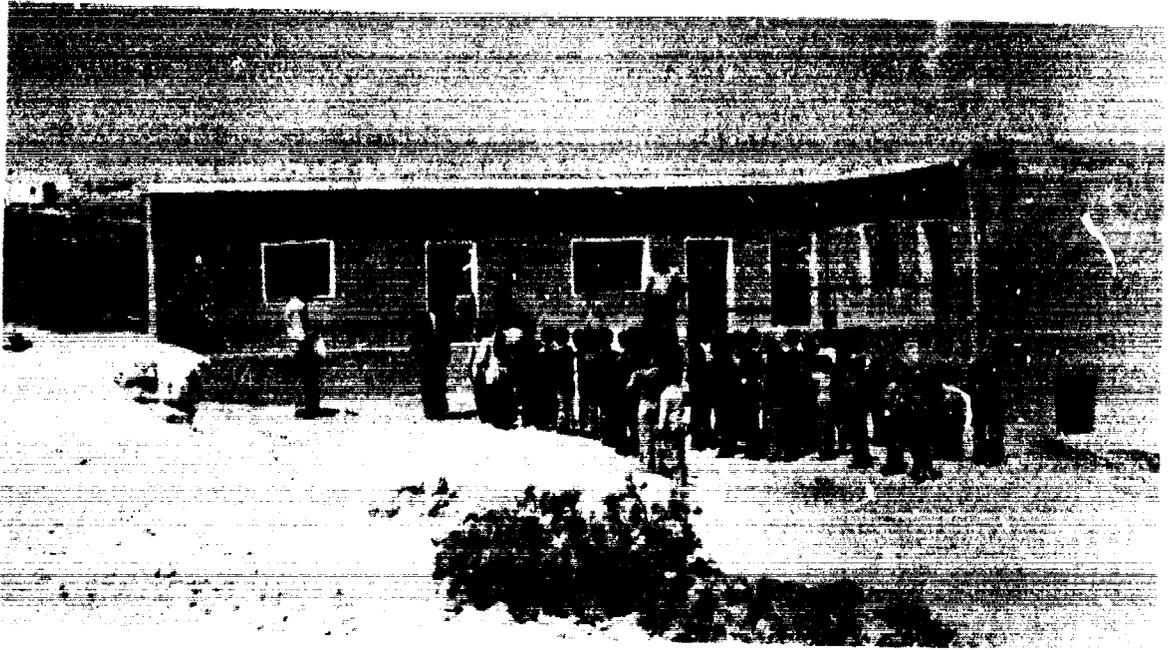
--Agriculture projects envisioned under the grant agreement include access roads to improve marketing of produce, irrigation systems to increase yields, and communal animal husbandry to provide an additional source of income for villagers.

--Health projects are designed to improve sanitation by (1) constructing water reservoirs and cisterns, (2) installing drinking-water delivery systems which increase availability of clean water supplies, and (3) paving dirt and rough cobblestoned roads. Also, maternal child health and community centers have been constructed for use in nutrition education classes.

--Education projects include the construction of primary schools. The Israeli Government provides teachers, books, and equipment once the community provides the school.

As of October 1977, CRS had completed 24 rural development projects, had 5 in process, and was awaiting AID approval for 4 more as shown below. Project costs ranged from about \$2,600 to \$30,000, with most costing about \$10,000. The types of projects are shown below.

<u>Project</u>	<u>Com- pleted</u>	<u>On- going</u>	<u>Re- quested</u>	<u>Total</u>
Village access road	4	-	1	5
Agricultural access road	2	1	-	3
Village interior streets	2	1	1	4
Community center	3	2	1	6
Health clinic	2	-	1	3
School	4	-	-	4
Water	7	-	-	7
Poultry unit	-	1	-	1
Total	<u>24</u>	<u>5</u>	<u>4</u>	<u>33</u>



CRS PHOTO

COEDUCATIONAL SCHOOL AT AL'IRDAISEH. THE 4-CLASSROOM SCHOOL WAS BUILT JOINTLY BY CRS AND THE VILLAGE AT A COST OF \$16,725 (\$10,002 PAID BY CRS AND \$6,723 BY THE VILLAGERS).

The AID grant requirements for advance approval for each individual project and the AID/CRS-village 60/40 cost-sharing ratio for the projects was causing problems for CRS. CRS felt that advance AID/Washington approval was not necessary because most of the projects were small (less than \$15,000) and AID was kept well informed through the grant proposal and progress reports. CRS noted that AID had not disapproved any project requests and that the bureaucratic delay was frustrating for CRS and the villages. An AID/Washington contracting official told us that the prior approval requirement has been relaxed so that notification only after the fact is required.

CRS believed that the cost-sharing ratio placed an undue hardship on many villages, especially for the more expensive projects. In response to these concerns, AID reduced the required village contribution to 30 percent and provided for further reductions in cases of hardship. This amendment became effective in March 1978.

The Community Development Foundation was awarded a grant for a project in fiscal year 1977, but the project was not implemented because of the Israeli Government's objections. The grant was for assisting five new housing settlements in Gaza. As proposed, local Palestinians would have been hired as field coordinators to help establish a community committee in the target settlements. These community committees would have selected projects for AID funding.

The controversy with the Israeli Government arose over the selection of community coordinators. Since Gaza has no elected local government, the Israeli Government is very concerned about any effort by local people or organizations to establish a political base. For this reason, it wanted to influence the selection of the local Arab staff. The Foundation viewed this as an intrusion on its management prerogatives and therefore objected.

This project was regarded as significant because Gaza has received little assistance. ANERA and the Pontifical Mission have provided a few subgrants to institutions in Gaza, but Gaza has not been the focus of voluntary agency activity.

An alternative proposal is currently under review by AID, under which groups in the Gaza and West Bank would present project proposals to the Community Development Foundation. For projects that contribute to the economic, social, or administrative well-being of the people involved, the Foundation would provide technical assistance and/or financial support.

CHAPTER 3

VOLUNTARY AGENCY RELATIONS WITH

RECIPIENTS AND GOVERNMENTS--

ISSUES AND CONCERNS

When U.S. assistance began in 1975, several institutions approached by the voluntary agencies were hesitant about participating. This reluctance has reportedly diminished and the voluntary agencies report that Palestinians are becoming more and more receptive to U.S. Government efforts on their behalf. Increases in aid through the Middle East Special Requirements Fund, along with actions on the political front, have caused Palestinians to think of the United States in more favorable terms.

American sponsorship of the program is not stressed by the voluntary agencies. In the initial stages, they were advised by their headquarters and the American consulate in Jerusalem to take a low key approach toward emphasizing American support. However, voluntary agency officials report that most recipient institutions know the assistance is coming from the United States.

The low-profile approach for AID projects contrasts with the high U.S. visibility associated with the Public Law 480, title II food program. Under this program, food containers are labeled and distribution centers have signs that show the food comes from the people of the United States.

ISRAELI GOVERNMENT INVOLVEMENT

Relations between the Government of Israel and the voluntary agencies have been a subject of concern. When the program began, Israel expressed its support for the concept of U.S. aid to the West Bank and Gaza but indicated it preferred to run the program itself. Israeli involvement was unacceptable, since the program was conceived as a bilateral Arab-American effort. Moreover, voluntary agencies were instrumental in initiating the program, and the Congress intended that AID funds be administered by them.

According to State Department officials, the Israeli Government sees its role not only as a security force protecting Israel's interest but also as an administrative body performing normal government functions. As a result, the Military Government oversees and directs, where warranted in its opinion, the activities of voluntary agencies.

Because the U.S. Government does not recognize Israeli sovereignty over the occupied territories, it does not officially acknowledge the Israeli Government's authority to direct U.S.-funded activity. However, the reality of the occupation requires coordination between the voluntary agencies and the Military Government, since the latter has overall responsibility for the welfare of the residents.

A problem arises when drawing the line between cooperation and obtaining approval. The Israeli Ministry of Social Welfare is responsible for voluntary agency activity and at times attempts to direct this activity. It justifies these actions on the basis of coordinating its own and other organizations' assistance programs to avoid duplication and monitoring all activities for security purposes. The voluntary agencies resist these attempts because of U.S. policy regarding the segregation of U.S. and Israeli activities and because of their own policies of self-direction.

According to voluntary agency representatives, the Israelis are not insensitive to the ill will of the residents of the occupied territories and attempt to demonstrate concern and benevolence toward them to keep the peace and improve relations. One way the Military Government demonstrates its concern is to publicize and emphasize the humanitarian efforts undertaken. By requiring the voluntary agencies to obtain approval for their projects and by being visible to all parties at the various stages of a project (such as, agreement signing ceremonies and site visits) the Government tries to benefit from the voluntary agencies' activities.

As a practical matter, the voluntary agencies have reached an understanding with the Military Government. They submit their projects to the Israelis for approval, but they do not submit to Israel's directing the selection of projects and hiring staff. The approval process is viewed as a fact of life required to operate their programs.

Some voluntary agencies have been more successful in dealing with the Military Government than others. The U.S. Embassy in Tel Aviv has assisted the voluntary agencies from time to time in developing good working relations with Israeli authorities. CRS has not experienced much difficulty in eliciting the cooperation of the Israeli Government and in working within the Ministry of Social Welfare's framework. On the other hand, the Community Development Foundation and ANERA have encountered considerable difficulties. Part of ANERA's problems stems from its desire

to avoid contact with Israeli officials and to have complete autonomy. At the insistence of the U.S. Embassy in Israel and of AID, ANERA agreed to establish an office in Jerusalem and to keep the Israeli Government informed of planned activities.

COORDINATION AMONG VOLUNTARY AGENCIES

The voluntary agencies hold monthly meetings to coordinate their work and to present a united front to the Government of Israel. Annual programs, as well as individual projects, are discussed to provide maximum coverage and to prevent duplication of effort. The voluntary agencies believe this informal federation has been working well.

INCOUNTRY OVERSIGHT

The U.S. Embassy in Tel Aviv has political oversight for AID's West Bank and Gaza program. It maintains contact with Israel and monitors voluntary agency relationships with the Israeli Government. The American consulate in Jerusalem has no diplomatic standing with the Israeli Government; therefore, U.S. Government contact with that Government regarding the occupied territories must be made by the U.S. Embassy in Tel Aviv.

Financial and program oversight of the voluntary agencies is split between the U.S. Embassy and the consulate. The U.S. Embassy monitors the programs in Gaza, and the consulate monitors those in the West Bank.

The U.S. Embassy is not responsible for approving voluntary agency programs, but it does receive information on program activities, such as progress reports. The consulate general has also been involved in identifying and initiating projects.

Closer monitoring incountry by the Embassy and the consulate and by AID/Washington may be necessary as the program expands to more accurately assess program results and to keep abreast of the political situation. AID would not necessarily have to establish an overseas mission to accomplish this monitoring, and the voluntary agencies, the Embassy, and the consulate believe this would not be desirable because of the political situation.

CHAPTER 4

OBSERVATIONS AND RECOMMENDATIONS

During an October 1977 visit to the West Bank, we observed how U.S. assistance was being used at various AID project sites. (See app. II.)

At four vocational and three nurses training institutions, we were generally impressed not only with the work being done but also with the capability of the institutions and the dedication of the workers.

We visited a hospital that receives funds from the Pontifical Mission for Palestine and observed equipment purchased with grant funds and the remodeling work that had been carried out.

At the Ramallah Poultry Cooperative, we were impressed with the capability of the cooperative members we met. They seemed to be businessmen who had a clear understanding of what was needed to further the development and competitive position of the cooperative. The ANERA field representative indicated that he planned to emphasize development projects in future proposals.

We visited a nutrition education class in Al-Jahaleen, a small Bedouin village between Jerusalem and Jericho, and in Abu-Dis, a village on the eastern outskirts of Jerusalem just beyond Bethany. Both projects are sponsored by a charitable society. On the day of our visit, one class was being taught by the CRS staff. In the second class, the local volunteer teacher trained by CRS was being assisted by a CRS teacher. Participation by the mothers was lively; they seemed to be very appreciative of the classes and eager to learn.

We also visited 11 rural development projects and drove past several more. We felt that CRS's characterization of these villages as needy, backward communities was accurate. We saw four access roads, one water project, three schools, and three community centers constructed with U.S. assistance. The projects appeared to be contributing to the welfare of the communities.

Overall, we were impressed with the AID program's accomplishments and with the dedication and capability of the local institutions involved. Our limited observations indicate that the voluntary agencies are managing and administering their programs effectively.

RECOMMENDATIONS

We believe that, although individual projects have been beneficial, they currently meet only specific, narrowly defined needs. This approach has not ensured that the most urgent socioeconomic needs are being met. The area's needs should be fully assessed, and U.S. objectives for the program clarified, together with a specific strategy for accomplishing them. The Congress has singled out the assistance program as contributing to U.S. Middle East peace efforts.

Accordingly, we recommend that the Administrator, Agency for International Development:

- Identify the important socioeconomic needs of this area.
- Specify U.S. humanitarian and development interests and objectives.
- Develop programs and an overall strategy for meeting assistance needs and fulfilling U.S. objectives.

In formulating an assistance strategy, consideration should be given to projects which encourage Palestinians to stay in the area and participate in local development, rather than applying their skills outside the area. The assistance program has contributed to the growth of a healthy, educated, and skilled labor force. Although remittances of the emigrants and the skills learned by those returning benefit the local economy, the long-term emigration of graduates of the assisted institutions may impede the program's impact on the territories' potential for sustained development. Therefore, activities that expand employment opportunities in the territories should be emphasized.

AGENCY RESPONSE

AID shares our concern with the achievement of the program's overall objectives. It concurred in the recommendations and, in response, plans to develop longer term objectives and a strategy for the program.

The voluntary agencies considered this report an accurate presentation of the AID program.

ECONOMIC SETTING IN
THE WEST BANK AND GAZA



GAO PHOTO

**YATTA VILLAGE (HEBRON DISTRICT) ILLUSTRATES LIVING CONDITIONS
IN SMALL RURAL VILLAGES OF WEST BANK.**

Per capita income is estimated at \$600 to \$900 in the West Bank and \$450 to \$630 in Gaza. Two-thirds of the people in the West Bank live in villages with average populations of about 800. Much of the territory lacks electricity, running water, and telephones. Many of the people in Gaza live in refugee camps.

Growth in real gross national product in both areas since 1968 has been impressive, averaging about 14 percent a year. After 1974, however, it slowed to about 6 to 9 percent. The expansion of employment in Israel is largely responsible for this growth in income, although since 1974, workers' remittances from abroad have played an increasingly important role.

EMPLOYMENT IN ISRAEL GROWS

The most striking feature of the employment situation over the past 10 years is the high proportion of the labor force--about one-third--which is employed in Israel. Because the close proximity of the population centers permits

commuting to Israel, employment has generally been available to refugees and nonrefugees willing to work there.

About 28 percent of the territories' gross national product is attributable to earnings in Israel. The resultant rise in the standard of living should not, however, be confused with economic development--that is, with investment which will promote and sustain growth and employment in the area.

With the growth of employment in Israel, there is no longer the high rate of unemployment which characterized the West Bank and Gaza before 1967; the unemployment rate is only about 1 percent. Only about 205,000 of the 1.1 million people living in the area hold jobs. This is about 19 percent of the total population and 35 percent of the working-age (15 to 64) population. The rate of participation in the labor force is low because about half the population is aged 14 and below; those emigrating from the territories tend to be working-aged males; and participation among women, although on the increase since 1968, is still low. By comparison, 33 percent of the total population and 48 percent of the working-age population in Israel participate in the labor force.

Employment in Israel has not alleviated the scarcity of job opportunities for college graduates. Residents of the territories are employed as laborers in Israel, with about half of them in construction. Employment opportunities for college graduates are generally limited to international organizations and to Israeli Government civilian agencies active in the West Bank and Gaza.

Skilled and professional workers are also attracted to jobs in Jordan and the Persian Gulf. The magnitude of the emigration flow is unknown, but net outmigration from the territories between 1967 and 1977 totaled about 72,000 from the West Bank and 66,000 from Gaza.

AGRICULTURE IS THE MAIN SOURCE OF INCOME

Agriculture continues to be the most important economic sector of the West Bank and Gaza, accounting for 38 percent of the gross domestic product in the West Bank and 28 percent

in Gaza in 1975. 1/ Approximately 35 percent of the West Bank and 26 percent of the Gaza labor forces are employed in agriculture.

Jordan has remained an important export market. Immediately following the 1967 Six Day War, the bridges to Jordan were reopened to permit marketing of West Bank agricultural output. 2/

Israel has come to rival Jordan as a market for West Bank and Gaza agricultural output. Initially, exports to Israel were restricted to protect Israeli farmers' prices and incomes but, by 1971, most restrictions on this trade were lifted. Agricultural output is also exported through Israel to other countries.

Israel has launched an extensive technical assistance program for the West Bank and Gaza. Farmers have been educated on the use of fertilizer, new varieties of crops, crop rotation, and other yield-expanding methods. As a result, agriculture has become increasingly mechanized, and the use of fertilizer, herbicides, and improved seeds is growing rapidly, particularly on the West Bank. It is not clear how widespread the impact of Israeli technical assistance has been, since over 60 percent of the West Bank and Gaza farms are small family farms which rely on traditional farming methods. Modern technology is unlikely to be used on these farms, since the capital investment is not economically justified.

The West Bank has 46 agricultural cooperatives; 13 are involved in agricultural production, 19 in animal husbandry, 7 in marketing, and 7 in olive pressing and processing.

1/Gross domestic product measures the total output of an economy--that is, all goods produced and services rendered within the territory. Gross national product, by contrast, includes income earned abroad by residents and excludes income earned in the territory by nonresidents.

2/Although Jordan has remained an important market for agricultural output, Israel's importance in the areas' overall trade relations should not be overlooked. The territories send 65 percent of their exports to and receive 91 percent of their imports from Israel.

West Bank farms are largely unirrigated and, thus, subject to fluctuations in rainfall. In 1975, West Bank agricultural production declined by 34 percent as a result of drought. In Gaza, the most serious problem is the overexploitation of water resources.

Israel has introduced trickle irrigation methods in the West Bank and Gaza, and farmers have begun to apply this method to newly irrigated land and to replace canal irrigation. However, the required capital investment exceeds sums available to most farmers.

INDUSTRY IS LIMITED

The industrial sector of the territories is largely undeveloped and is mostly limited to small workshop-type production. Industry produces only 8 percent of the gross domestic product in the West Bank and 9 percent in Gaza. Its contribution to the gross national product is even smaller. Approximately 15 percent of the areas' labor force is employed in industry.

The slow development of industry is primarily the result of the political history of the areas. Before 1967, little public investment was made in these areas, and since 1967, public and private investment has been limited.

Municipalities in the territories have been responsible for a small amount of public investment. They have received, in addition to tax revenues, some funds from Jordan and from Arabs in other parts of the Middle East for development purposes. The Israeli Government has made credit available to local authorities and to the farmers.

The areas' uncertain political status and lack of normal monetary, fiscal, and external policies which favor investment have inhibited private investment. Moreover, Israeli initiatives undertaken to address the economic crisis in Israel have an important bearing on prices and costs in the occupied territories

The limited access to markets arising from the political status of the territories also presents a constraint on investment. To comply with the Arab boycott of Israel, Jordan restricts industrial imports from the West Bank and Gaza. Only firms in existence before 1967 are permitted to export to Jordan and, via Jordan, to the rest of the Middle East. Industrial exports to Israel are not restricted, but few firms have exercised this option and many believe they

cannot compete in this market. Thus, the market for industry is perceived to be limited to the West Bank and Gaza. Most West Bank businessmen prefer to invest their holdings in Jordan or in other parts of the Middle East.

While few changes in industrial activity have occurred over the past 10 years, clothing manufacturing expanded rapidly as a result of trading links with Israel. Israeli firms subcontract labor-intensive work to firms and individuals in the territories, and this low-wage industry employs Palestinian women to sew and label garments.

ECONOMIC CHANGES LEAD TO RAPID INFLATION

Consumer prices experienced a four-fold increase, rising an average of 20 percent a year in the West Bank and 24 percent in Gaza between 1968 and 1975. The inflation rate in the territories exceeded that experienced in Israel. Although the growth in income exceeded the growth in prices for many residents, the burden of inflation is not spread evenly.

Much of the inflation is attributable to the economic links that evolved between the territories and Israel. The higher wage rates in Israel forced up wages in the territories, and high Israeli duties on imports as well as additional taxes increased the upward pressure on prices.

HEALTH STATUS HAS IMPROVED

Health conditions in the West Bank and Gaza are characteristic of a developing country. High fertility and mortality rates prevail, and communicable diseases have not been completely controlled. In certain areas, a shortage of water and high population density have created health problems.

Health services are provided by UNRWA, which serves the refugee population; by the Israeli Government; and by private institutions. About two-thirds of the hospital beds are in Government hospitals. Specialty cases are referred to hospitals in Israel. No mechanism exists for the coordination of UNRWA, Government, and private efforts.

Health conditions have improved since 1967. An increase in income has resulted in improved nutrition and in the quantity and quality of health care demanded. The availability of health services has also expanded, and maternal child health centers, rural clinics, and mobile

clinics have been established. A World Health Organization team reported in 1975 that the treatment and prevention of illness, including communicable diseases, had improved.

Health insurance is mandatory for Government employees and for those working in Israel. Welfare recipients are insured by the Israeli Government.

Food appears to be available in sufficient quantity and quality to meet the nutritional needs of the population. CRS identified a protein-caloric deficiency among infants aged 6 months to 2 years as the major malnutrition problem. This problem is attributable not to a lack of food but rather to a lack of knowledge as to what constitutes a proper diet.

A major problem of health care delivery is the critical shortage of qualified nurses. Before 1967, the only training facility on the West Bank was a small school for practical nurses in Nablus. Since then, several institutions for training practical nurses and nurses have opened in the West Bank and Gaza, some with U.S. assistance.

CONSIDERABLE ACCESS TO EDUCATION EXISTS

The populations of the West Bank and Gaza enjoy considerable access to schooling. Schools are run by the Israeli Government, UNRWA, and private institutions. Education is compulsory for 9 years, and an additional 3 years of secondary education is provided in Government and private institutions. Except for private schools, education is free through secondary school. Refugees are generally better educated than nonrefugees, reflecting UNRWA's contribution in this area. Since 1967, the number of schools, classrooms, teachers, and students has increased.

Secondary schools generally emphasize the humanities; less than 2 percent of their students study vocational, agricultural, or commercial courses and about 33 percent study the sciences. West Bank schools use the Jordanian curriculum, while Gaza schools use the Egyptian curriculum.

Vocational training is also provided by UNRWA, private institutions, and the Israeli Government. Government schools concentrate on the building trades, and most of their graduates work in Israel.

AID VOLUNTARY AGENCY GRANTSFISCAL YEARS 1975-77--VOCATIONAL TRAINING AND EDUCATION ACTIVITIES

	<u>Activity</u>	<u>Grant amount</u>		
		<u>1975</u>	<u>1976</u>	<u>1977</u>
<u>ANERA</u> (note a)				
Vocational training for men:				
Al Bir Society, Jericho (note b)	Carpentry, painting, blacksmithing, upholstery, tractor repair	\$39,750	\$30,000	\$ 50,000
Industrial Islamic Orphanage, Jerusalem (note b)	Printing, binding, carpentry, furniture making, upholstery, tailoring, shoemaking	57,300	30,000	-
Salesian Technical School, Bethlehem (note b)	Mechanics, electricity, tailoring, carpentry, welding	91,000	50,000	20,000
East Jerusalem YMCA, Jericho	Blacksmithing, carpentry, plumbing and heating, leatherwork, upholstery, maintenance	95,678	-	-
Metal-work Training Center, Bethlehem	Metalworking (religious articles)	-	-	64,000
Vocational training for women:				
Arab Women's Union, Beit Sahur	Sewing, knitting	-	25,000	-
Arab Women's Union, Jerusalem (note b)	Sewing, knitting, embroidery	50,030	-	37,000
Arab Women's Union, Ramallah	Weaving, sewing, knitting	-	43,000	-
Kalandia Handicraft Cooperative, Kalandia Refugee Camp	Sewing, embroidery	-	15,000	-
Red Crescent, Jenin	Sewing, knitting, typing	-	6,400	-
Red Crescent, Tulkarem	Sewing, knitting, hairdressing, typing	-	30,000	-
Sisters of Mercy, Bethlehem	Sewing	-	6,000	5,200
Women's Charitable Society, Hebron	Sewing, knitting, construction of new building	11,190	-	100,000
Women's Charitable Society, Jericho	Sewing, knitting	-	20,000	-
Vocational training for men and women:				
Arab Women's Union, Bethlehem	School of Fine Arts: painting, drawing, sculpturing	15,920	-	13,000
Near East Council of Churches, Gaza	Carpentry, furniture making, welding, upholstery, sewing, knitting, secretarial	23,400	25,000	-
Education:				
Institute Effeta, Bethlehem	Audiophonic laboratory for children with hearing impairments	-	11,000	-
<u>CRS</u>				
Salesian Technical School, Bethlehem (note b)	Vocational training in electronics, tailoring, carpentry	-	65,000	-
Pontifical Mission Center for the Blind, Gaza	Vocational training, equipment, improvement of premises	-	65,000	-
Pontifical Mission Libraries, Jerusalem and Bethlehem	Adult education, teachers' seminars	-	25,000	-
Rawdatel Zuhur "House of Flowers" School, Jerusalem	Equipment and materials for school	-	20,000	-
Scholarship Loan Fund	Education in West Bank, Arab countries, and west	-	35,000	-
Bethlehem University	Schools of Business Administration, Hotel Management, and Nursing and Teachers College, scholarships	-	110,000	-
Bethlehem University, Science Wing	Construction of science wing	-	-	1,100,000

a/Nurses and practical nurses training is included in health activities.

b/Visited by GAO staff.

AID VOLUNTARY AGENCIES GRANTS--HEALTH SECTOR ACTIVITIES

<u>ANERA</u>	<u>Activity</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Arab Women's Union, Nablus (Ittihad Hospital) (note a)	Expansion/upgrading of hospital services	\$ -	\$ -	\$100,000
Red Crescent Society, Jenin	do.	-	-	100,000
Red Crescent Mater- nity Hospital, Jerusalem (note a)	do.	-	50,000	31,000
Arab Women's Union, Nablus (note a)	Training practical nurses	-	35,000	-
Four Homes of Mercy, Bethany	do.	75,890	-	75,000
St. Luke's Hospital, Nablus (note a)	do.	39,720	-	77,000
St. John's Ophthalmic Hospital, Jerusalem	Specialized ophthalmic nurses training	-	60,400	-
<u>CRS</u>				
Greek Catholic Baby Clinic, Jerusalem (note a)	Expansion/upgrading of hospital services	-	27,500	-
St. Joseph Hospital, Jerusalem	do.	-	35,000	-
Clinic for the Physi- cally Handicapped, Bethlehem	do.	-	40,000	-
Medical and family clinics, Gaza	do.	-	12,000	-
Bethlehem University School of Nursing	Nurses training	-	(b)	-
Nutrition Education Grant (note a)	Nutrition education	281,450	-	-
<u>HOLY LAND CHRISTIAN MISSION</u>				
Mount of David Crippled Children's Hospital	Upgrading of hospital services and establish- ment of two satellite clinics and training of nurses aides	-	-	701,600

a/Visited by GAO staff; under CRS nutrition education grant, two sites were visited.

b/Assistance to School of Nursing provided under grant to Bethlehem University.

AID VOLUNTARY AGENCY GRANTS--Community Development Activities

<u>ANERA</u>	<u>Type</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Gaza Municipality	Sewage project	\$ -	\$ -	\$ 50,000
Hebron Municipality	Construction of municipal library	-	29,600	50,000
Ramallah Poultry Co-operative (note a)	Poultry feed manufacture	-	-	35,000
<u>CRS</u>				
Pontifical Mission	Loans to small businessmen	-	35,000	-
CRS Rural Development Project (note a)	West Bank villages self-help projects in agriculture, health, and education	142,530	500,871	-
<u>COMMUNITY DEVELOPMENT FOUNDATION</u>				
Gaza Community Development Project	Self-help projects in health, education, and community services	-	-	769,270

a/Visited by GAO staff; under CRS rural development grant, 11 sites were visited.

PRINCIPAL OFFICIALS RESPONSIBLEFOR ACTIVITIES DISCUSSED IN THIS REPORT

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF STATE

SECRETARY OF STATE:

Cyrus R. Vance	Jan. 1977	Present
Henry A. Kissinger	Sept. 1973	Jan. 1977

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADMINISTRATOR:

John J. Gilligan	Mar. 1977	Present
John E. Murphy (acting)	Jan. 1977	Mar. 1977
Daniel S. Parker	Oct. 1973	Jan. 1977

U.S. OFFICIALS IN ISRAEL

U.S. AMBASSADOR:

Samuel W. Lewis	May 1977	Present
Malcolm Toon	June 1975	Dec. 1976

U.S. CONSUL GENERAL:

Michael H. Newlin	July 1975	Present
Arthur R. Day	May 1972	July 1975