

RELEASE IN PART
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From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Wednesday, November 23, 2011 7:22 PM
To: H
Subject: FW: (SBU) USAID West Bank/Gaza Mission in Full Demobilization
Attachments: StateSeal.gif

Urgent that we address this ESF issue.

From: Doutrich, Jack T
Sent: Wednesday, November 23, 2011 1:19 PM
To: Sullivan, Jacob J; Sawyer, Julie L; D(B)-NEA Duty Officer3; Carl Yoder, Samantha A; Grantham, Chris W
Cc: Russell, Melissa H; Walles, Jacob; Levinson, Jesse S
Subject: FW:(SBU) USAID West Bank/Gaza Mission in Full Demobilization

All,

DAS Walles asked to be sure that your offices and principals saw this ConGen Jerusalem cable (Jerusalem 3042).

Thanks,
 JD.

Jack Doutrich
 Political Officer
 NEA/IPA
 Tel:
 Email: doutrichjt@state.gov

SBU
 This email is UNCLASSIFIED.

From: Beran, Sarah
Sent: Wednesday, November 23, 2011 6:26 AM
To: NEA-IPA-DL; NEA-Staff-Assistants-DL; Rudman, Mara; Borodin, Sara (ME/MEA); Carl Yoder, Samantha A; 'Anjali.Garg

Cc: Jerusalem ECON; Jerusalem POL; Harvey, Michael (WBGZA/DIR); Somarriba, Rick (WBGZA/PPD); Bell, Kimberlee (WBGZA/PPD); Baldwin, Lisa (WBGZA\HHA); Carlin, Sherry (WBGZA/DIR)
Subject: Jerusalem 3042: (SBU) USAID West Bank/Gaza Mission in Full Demobilization



MRN: 11 JERUSALEM 3042
Date/DTG: Nov 23, 2011 / 231057Z NOV 11
From: AMCONSUL JERUSALEM
Action: WASHDC, SECSTATE *ROUTINE*
E.O.: 13526
TAGS: EAID, ECON, PREL, KWBG, KPAL
Captions: SENSITIVE
Reference: A) JERUSALEM 869
 B) JERUSALEM 905
Pass Line: STATE FOR D(N) AND D(B), NEA/FO, NEA/IPA, SEMEP
 USAID FOR RUDMAN/BORODIN
 NSC FOR SIMON/WALLER
 TREASURY FOR GARG
Subject: (SBU) USAID West Bank/Gaza Mission in Full Demobilization

1. (SBU) Summary: Two congressional committees have had informational holds in place on \$187 million in FY 2011 Economic Support Funds (ESF) for the West Bank and the Gaza Strip for over three months. As a result, the USAID West Bank/Gaza mission is now in full demobilization, and approximately one-third of all USAID projects have ceased activities to date, primarily in the health, education, and democracy and governance sectors (reftels). More than half of the ongoing USAID projects will cease activities by the end of January 2012, and the remaining projects have already cancelled significant programming. To date, ninety-eight partner staff termination notices have been issued, and 53 staff have been terminated from USAID-funded projects. Even if a portion of the FY 2011 ESF is released in the future, the re-start costs for many of the projects nearing termination are likely to be prohibitive. End summary.

Health, Education, and Democracy Projects Primarily Affected

2. (SBU) Due to the lack of funds, the following USAID-funded programs are in the final stages of shutting down:

- **World Food Program rations** were drastically reduced for the 250,000 beneficiaries in the West Bank and Gaza starting in the September 2011 food distribution. USAID local funding has provided 21 percent of the total funding for the program since 2007. While WFP is trying to keep the number of beneficiaries constant, the amount of food has been cut from an average of 90 percent of daily required caloric intake to 60 percent. The January food distribution is likely to be cut further.
- **Health Sector Reform and Development Program (Flagship)** has ceased virtually all program activities. All procurement of medical equipment has stopped, as well as training for partner hospitals in pediatrics, emergency medicine and quality control. Support has been eliminated to thirteen organizations providing assistance to disabled children. Twenty-seven staff have received 30-day notices or been terminated, out of a total of 69 staff. The project will completely shut down on January 30.
- **Palestinian Authority Capacity Enhancement Program (PACE)** no longer supports infrastructure improvements at the five partner ministries (Finance, Public Works and Housing, Interior, Telecommunications and Information Technology, and Transportation), and has stopped training ministry staff on business process improvements and reform. Ten (out of a total staff of 28) staff have received 30-day termination notices. Five staff have been terminated to date. The project will completely shut down on December 26.
- **Palestinian Investment Climate Improvement Program (ICI)** has ceased work on implementing IMF-recommended reforms to increase collection of sorely-needed domestic tax revenue. Training to Ministry staff on tax collection improvement—which reduces dependence

on the U.S. and other donors—has ceased. An outreach campaign aimed at educating the Palestinian public on the importance of paying taxes has been cancelled. Training to Ministry staff on reforms to improve the business climate and attract foreign investment was also cancelled. Twenty-two (out of a total current staff of 26) staff received 30-day termination notices. Twelve staff have been terminated to date. The project will completely shut down on December 31.

- **Palestinian Youth Empowerment Program (Ruwwad)** has ceased all leadership training activities for Palestinian youth, training for youth club directors, and business incubator services. Grants to support leadership activities—such as the breast cancer awareness campaign which popularized self-examination in rural communities and led to 40 women seeking further medical care as a result of early detection—have ceased. Twenty-eight staff received 30-day termination notices and six staff have been terminated to date. The project will completely shut down on December 31.
- **Sesame Street Workshop** has ceased production of new episodes. The 78 new episodes planned for production will not be filmed. The project will shut down on December 31.

Remaining Projects Curtail Programming

3. (SBU) Those projects not in danger of imminent shut-down are cancelling significant programming due to the lack of funds. The infrastructure programs have stopped designing engineering plans for new schools, roads, health clinics, and other needed improvements. Eight planned community and health infrastructure projects in Gaza that would have provided an alternative to Hamas-provided services will not be undertaken. Infrastructure improvements on the Palestinian side of the commercial crossing points with Israel that would have sped up and lowered the cost of trade have been halted. Training of PA officials in customs revenue collection has also ended. Grants to independent media institutions and 62 grants to strengthen citizens' voices in government have ended. Lastly, USAID has cut in half the tuition scholarships and school improvement projects for private school children in Gaza that provided a moderate alternative to Hamas-run schools.

4. (SBU) At a November 16 meeting, current and former USAID contractors said that, in addition to the negative substantive consequences of halting such a wide range of USAID projects, the loss of the relatively high-paying USAID jobs is likely to have a trickle-down effect, as many employees support a broader family network and are unlikely to find comparable re-employment on the local economy, given the current fiscal crunch and uncertain economic outlook.

Signature: LEMPERT

Drafted By: JERUSALEM:Beran, Sarah/Bell, Kimberlee

Cleared By: Political:Pilz, Amanda C

Somarriba, Francisco R

USAID: Bell, Kimberlee A

Econ: Johnson, Mark C

Approved By: Executive: Lempert, Yael

Released By: JERUSALEM: Beran, Sarah

Info: NATIONAL SECURITY COUNCIL WASHINGTON DC ROUTINE; DEPT OF TREASURY WASHINGTON DC ROUTINE; JOINT STAFF WASHINGTON DC ROUTINE; ARAB ISRAELI COLLECTIVE ROUTINE

XMT: AMEMBASSY TRIPOLI

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