

RELEASE IN FULL

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**From:** Sullivan, Jacob J <SullivanJJ@state.gov>  
**Sent:** Tuesday, December 4, 2012 1:46 PM  
**To:** H  
**Subject:** Fw: Palestinian aid overview

FYI

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**From:** Holtsnider, James W  
**Sent:** Tuesday, December 04, 2012 01:12 PM  
**To:** Sullivan, Jacob J; Goldberg, Robert H; Rudman, Mara (ME/AA); Brownfield, William R; Schwartz, Jonathan B; Adams, David S; Jones, Beth E; Hale, David M  
**Cc:** Benaim, Daniel; Williams, Rebecca; Borodin, Sara (ME/MEA); McManus, Katherine D; Whelan, Kevin P; Kelly, Brian C; Whelan, Kevin P; Benaim, Daniel; Silverman, Lawrence R; Kreutner, Kevin; Hegadorn, Chris S; Shah, Khushali P; Drucker, Joy E; Hall, Laura A; Chartrand, Jennifer; Blair, Oni K; Escrogima, Ana A; Hattayer, Christopher S; Mortlock, David JL; Seiden, Maya D; Bitar, Maher B; Kelly, Brian C; Holtsnider, James W; Bulgrin, Julie K; Williams, Rebecca  
**Subject:** RE: Palestinian aid overview

Colleagues –

Wanted to provide a quick update on Palestinian assistance. D(N) today decided against moving forward with the cash transfer using FY12 funds. This will mean that the \$200 million on the Hill will no longer be available as a cash transfer. The money will not expire until September 2013, and will be held in reserve for the moment. The F team is working up options for a possible FY13 cash transfer that could potentially offset the FY12 funds that will not go to the Palestinians, but nothing has been finalized yet.

NEA/USAID – any chance your teams could work with H and F to pull together points for the Hill and press on this? Believe the mechanics may require us to pull the CN, which may invite questions. Recommend a focus on the procedural nature of the move, noting our continued desire to support the Palestinian people.

Best,  
-Jim

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Jim Holtsnider  
Special Assistant  
Office of Deputy Secretary Thomas Nides  
U.S. Department of State  
202-647-5094

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**From:** Holtsnider, James W  
**Sent:** Wednesday, November 28, 2012 4:45 PM  
**To:** Sullivan, Jacob J; Goldberg, Robert H; Rudman, Mara (ME/AA); Brownfield, William R; Schwartz, Jonathan B; Adams, David S; Jones, Beth E; Hale, David M  
**Cc:** Benaim, Daniel; Williams, Rebecca; Borodin, Sara (ME/MEA); Holtsnider, James W; McManus, Katherine D; Whelan, Kevin P; Kelly, Brian C; Whelan, Kevin P; Benaim, Daniel; Silverman, Lawrence R; Kreutner, Kevin; Hegadorn, Chris S; Shah, Khushali P; Drucker, Joy E; Hall, Laura A; Chartrand, Jennifer; Blair, Oni K; Escrogima, Ana A; Hattayer, Christopher S; Mortlock, David JL; Seiden, Maya D; Bitar, Maher B  
**Subject:** Palestinian aid overview

Colleagues –

Know there has been a bit of discussion lately on Palestinian assistance. Below is a summary of where we are on Palestinian assistance. Also happy to discuss, if useful.

Overview:

We currently have \$495.6 million in FY12 U.S. assistance to the Palestinians on hold on the Hill. The money is divided between two Congressional Notifications (CN), one for INL's INCLE security assistance funds (\$100 million) and one for ESF (\$395.6 million, of which \$200 million is direct budget support [cash transfer] and \$195.6 million is for bilateral programs). Granger has a hold on the ESF CN but has released her hold on the INL CN, while Ros-Lehtinen has holds on both CNs. If the hold is "blown" on the ESF CN, it would presumably affect both the cash transfer and the bilateral assistance.

1: Cash transfer (ESF CN)

Because of the way this year's appropriations language was written and the way our system of waivers works, ESF funds for a cash transfer must be obligated and expended by December 22 even though the funds do not expire until September 30, 2013. Given the paperwork requirements, a decision to "blow the hold" and provide the cash transfer would need to be made on or before December 5. If no action is taken by December 5, the funds will need to be reprogrammed for other uses. For example, if we do not provide the cash transfer in December using FY12 funds, we could take the \$200 million in FY12 and put it to USAID programs; we could then use FY13 USAID program money toward a cash transfer that would be \$200 million larger than it would be normally, assuming the FY13 legislation allows a cash transfer. Another option could be to hold the \$200 million in FY12 funds for other regional or other contingencies.

2: Bilateral ESF assistance (ESF CN)

The way the FY 2012 bilateral programs are currently structured, some of USAID's implementing partners may begin sending out staff termination notices by the end of December if some portion of the ESF funds are not released.

3: Security assistance (INCLE CN)

The major contract for INL's West Bank security assistance expires at the end of the year. While it can be extended and funded at reduced levels for two months, staff will need to be reduced if some portion of the INL funds are not released by early January.

Best,  
-Jim

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Jim Holtsnider  
Special Assistant  
Office of Deputy Secretary Thomas Nides  
U.S. Department of State  
202-647-5094