
USAID transfers \$20 million to Palestinian authority

TEL AVIV - The American Government has transferred \$20 million in cash to the interim Palestinian leadership, underlining U.S. confidence in the Palestinian Authority's reform program. The Palestinian Ministry of Finance received the funds early Tuesday. The funds will be used to meet budget priorities identified by the Ministry of Finance, including the costs of electricity, water, sewage and other utility services.

The cash transfer will not only provide urgently needed budgetary support to the Palestinian Authority, but will give a financial boost to the new government as it pushes its reform agenda and prepares for elections.

Since 1993, Palestinians have received more than \$1.3 billion in U.S. economic assistance via USAID projects - more than from any other donor country. Most of the funds go for major infrastructure development projects from the building of road and water systems to the construction of schools and clinics. A special presidential waiver is necessary for a cash transfer to the Palestinian Authority. That waiver was signed by President George W. Bush on Dec. 8 and the decision was announced the same day in Oslo by Assistant Secretary of State for Near Eastern and North African Affairs William J. Burns.

The transfer, Burns said, reflects "our confidence in the direction of the PA's reform program ...and our expectation that reform will continue to be implemented energetically."

Burns also noted that "Palestinians deserve credit for their careful management of a difficult leadership transition, and their commitment to the electoral process."

This is the second time the U.S. Government has provided direct budgetary support to the Palestinian Authority. In the summer of 2003, USAID and the PA Ministry of Finance entered into a cash transfer agreement that provided \$9 million to finance the provision of utility services and \$11 million to finance the repair and rehabilitation of municipal infrastructure.

The Ministry of Finance is using the \$11 million to implement approximately 70 construction projects, including the repair and rehabilitation of roads, municipal halls, and water and wastewater facilities. All the projects were approved in advance by USAID.