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March 23, 2012

The Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

The Honorable Rajiv Shah
Administrator
U.S. Agency for International Development
1300 Pennsylvania Avenue, N.W.
Washington, DC 20523

Dear Madam Secretary and Mr. Administrator:

I have conducted a careful review of the "Breakdown of Request for Partial Release of FY2011 ESF" provided by the U.S. Department of State on March 13, 2012 of the proposed obligation for \$147,199,000 in FY 2010 ESF to the Palestinian Authority as noticed by CN #133.

The Committee will no longer object to the obligation of no more than \$88,600,000 of these funds with the understanding that these funds are not to be utilized for:

- assistance and recovery in Hamas-controlled Gaza;
- for road constructions projects in the West Bank, except if directly related to security, and except in Area C for projects with permits from the Government of Israel; and
- trade facilitation, tourism promotion, cash for work, scholarships for Palestinian students, or office refurbishment or other such assistance and improvements to the PA agencies and ministries.

I will not lift the hold on the remaining \$58,600,000 of CN#133.

Of the remaining components of CN #133, I am particularly concerned with the \$26.4 million that the Administration seeks to provide for "Gaza Assistance and Recovery." Just a week after the recent rocket attacks against Israel, the Administration is pressuring Congress to provide resources and funding for Gaza that allows Hamas the flexibility necessary to continue its rule over the area. Programming, like funding, is fungible, and allows Hamas and other extremists to utilize their resources to continue their efforts against the United States and Israel. This is why I am not releasing the hold on funds for this component.

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The Administration has also argued that releasing the full \$147 million is necessary to “support the Palestinian economy.” However, the Palestinian economy grew by 9.3% in real terms in 2010 and by 11.8% year on year in the first three quarters of 2011, according to preliminary data from the Palestinian Central Bureau of Statistics.

More broadly, Madam Secretary, in light of the Administration’s threat to proceed with obligating the full \$147 million for the Palestinians over Congressional holds and objections, I feel it is important to highlight the need and value of the Congressional notification and oversight process.

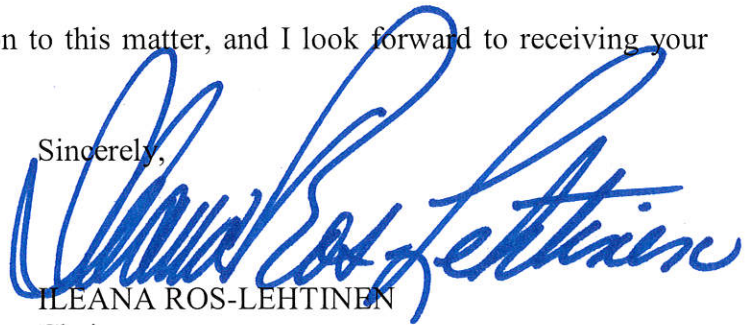
A poignant example of how the Congressional review and hold process helps ensure that funding and programs are, in fact, advancing U.S. interests and that the funds are reaching the intended recipients for the intended purpose, occurred in mid and late 2010 with respect to Libya. As then-Ranking Member, I received a notification that would have provided funds to Qadhafi Development Foundation, a so-called NGO that was run by Qadhafi’s children (CN# 09 246). I received a separate notification of proposed Foreign Military Financing to Qadhafi (CN# 10 257). I placed informational holds on both. The former was immediately halted upon our making State and USAID aware of the problem. The requested information on the proposed military assistance was never provided by State and, ultimately, the Administration had to rescind the notification given the President’s declaration regarding the Qadhafi regime in early 2011-- just months after requesting the Congress approve military aid for Qadhafi.

Had Congress not exerted its due diligence and oversight, the Administration would have been complicit in aiding the same Libyan forces that the United States mobilized against only a few months later.

I am disappointed that the Administration would employ hard-ball tactics against Congress and threaten to send, over Congressional objections, U.S. taxpayer dollars to the Palestinian Authority. I hope this is an isolated incident and that we continue the, otherwise, productive relationship between the Committee, the State Department and USAID.

Thank you for your time and attention to this matter, and I look forward to receiving your response.

Sincerely,



ILEANA ROS-LEHTINEN
Chairman

cc: The Honorable David Adams, Assistant Secretary, Bureau of Legislative Affairs, U.S.
Department of State