



December 2023

# WEST BANK AND GAZA AID

## USAID Generally Ensured Compliance with Anti-terrorism Policies and Addressed Instances of Noncompliance

Accessible Version

# GAO Highlights

Highlights of [GAO-24-106243](#), a report to congressional committees

## Why GAO Did This Study

Since 1993, the U.S. government has provided more than \$7.6 billion in bilateral assistance to Palestinians in the West Bank and Gaza. This assistance, primarily through the Economic Support Fund, supports projects in areas including economic growth and recovery. According to USAID and the Department of State, the U.S. government resumed the West Bank and Gaza program in April 2021, following the suspension of Economic Support Fund assistance in 2019 due to a combination of policy and legal actions. USAID is primarily responsible for administering the assistance to the West Bank and Gaza and ensuring compliance with its anti-terrorism policies and procedures.

Appropriations acts for fiscal years 2020 through 2022 include provisions for GAO to review the treatment, handling, and uses of funds provided through the Economic Support Fund for assistance to the West Bank and Gaza. This report examines (1) the status of the program for fiscal years 2020 through 2022, as of September 30, 2022, and (2) the extent to which USAID complied with its policies and procedures to ensure that program assistance did not provide support to entities or individuals associated with terrorism in fiscal years 2020 through 2022.

GAO reviewed relevant laws and USAID data, policies and procedures, compliance reports, and financial audits. GAO analyzed active prime awards and a random generalizable sample of subaward actions for compliance with USAID's anti-terrorism policies and procedures. GAO also interviewed USAID and State officials.

View [GAO-24-106243](#). For more information, contact Latesha Love-Grayer at (202) 512-4409 or [lovegrayerl@gao.gov](mailto:lovegrayerl@gao.gov).

December 2023

## WEST BANK AND GAZA AID

### USAID Generally Ensured Compliance with Anti-terrorism Policies and Addressed Instances of Noncompliance

## What GAO Found

The U.S. government resumed the U.S. Agency for International Development's (USAID) West Bank and Gaza program using Economic Support Fund assistance in April 2021 after suspending the program in January 2019. In resuming the program, USAID used its established policies and procedures, such as Mission Order 21, for making awards and implemented some additional vetting requirements for U.S.-based organizations. Mission Order 21 establishes requirements to ensure that the program does not inadvertently provide funding to entities or individuals associated with terrorism. During program suspension, USAID reassigned experienced staff from the West Bank and Gaza mission to other missions on a temporary basis. Those staff came back to the program when it resumed. As of September 2022, USAID has obligated all \$150 million in fiscal year 2020 and 2021 Economic Support Fund assistance that Congress provided. Most funding was obligated for project assistance, and about 16 percent of the funding was obligated for debt relief payments to the East Jerusalem Hospital Network, as allowable under U.S. law.

Photo of U.S. Agency for International Development-Funded Project for a Wastewater Collection System



Source: Photo © 2023 Morganti. | GAO-24-106243

GAO found that USAID generally complied with Mission Order 21 requirements during fiscal years 2020 through 2022. Mission Order 21 outlines three requirements: vetting procedures, anti-terrorism certifications, and mandatory provisions in all award documents. GAO reviewed all 18 prime awards active as of September 2022, and a random generalizable sample of 106 subaward actions that were active during fiscal years 2020 through 2022. GAO's analysis found that USAID had completed vetting in all cases where it was required for the prime awards and subaward actions in the sample but had vetted one subaward action late. In addition, all prime awards and subawards in the sample that required anti-terrorism certifications and mandatory provisions included them. To detect issues with active prime awards, USAID commissioned compliance reviews and financial audits. USAID conducted eight compliance reviews, two of which found instances of noncompliance, including missing or late vetting of subawards and not reporting a subaward to USAID. The awardees addressed the issues of noncompliance, according to the reviews. The compliance reviews also determined whether the prime awardees obtained the necessary vetting approvals for subawards, as needed. Additionally, USAID conducted four financial audits of prime awards that assessed compliance with Mission Order 21. None of these financial audits found issues of noncompliance.

---

# Contents

---

GAO Highlights	ii
<b>Why GAO Did This Study</b>	ii
<b>What GAO Found</b>	ii
Letter	1
Background	4
USAID Resumed the West Bank and Gaza Program and Fully Obligated Fiscal Year 2020 and 2021 ESF Assistance	13
USAID Generally Complied with Mission Order 21, and Awardees Addressed Issues Identified in Compliance Reviews	23
Agency Comments	31
Appendix I: Objectives, Scope, and Methodology	33
Appendix II: U.S. Agency for International Development West Bank and Gaza Mission’s Vetting Process for Awards	38
Appendix III: Descriptions of U.S. Agency for International Development’s West Bank and Gaza Prime Awards	44
Appendix IV: Comments from the U.S. Agency for International Development	46
Accessible Text for Appendix IV: Comments from the U.S. Agency for International Development	48
Appendix V: GAO Contacts and Staff Acknowledgments	50

---

## Tables

Table 1: USAID Economic Support Fund (ESF) Allocations, Obligations, and Expenditures for the West Bank and Gaza Program, Fiscal Years 2020–2022, as of June 30, 202318	
Table 2: USAID West Bank and Gaza Mission Prime Awards and Subaward Actions Vetting Results, Fiscal Years 2020–202226	
Table 3: USAID West Bank and Gaza Mission Prime Awards and Subawards in Our Sample That Required and Included Anti-terrorism Certifications, Fiscal Years 2020–2022	27
Table 4: USAID West Bank and Gaza Mission Prime Awards and a Sample of Subawards Requiring and Including Mandatory Provisions, Fiscal Years 2020–2022	28

---

Table 5: Descriptions USAID West Bank and Gaza Program Prime Awards Funded by Economic Support Fund Assistance, Fiscal Years 2020–2022	44
--	----

---

Figures

Figure 1: Map of the West Bank and Gaza and Surrounding Countries	5
Accessible Data for Figure 1: Map of the West Bank and Gaza and Surrounding Countries	5
Figure 2: USAID West Bank and Gaza Mission Order 21 and Addendum 1 Requirements by Awardee and Subawardee Type	11
Accessible Data for Figure 2: USAID West Bank and Gaza Mission Order 21 and Addendum 1 Requirements by Awardee and Subawardee Type	12
Figure 3: USAID West Bank and Gaza Mission’s Economic Support Fund (ESF) Obligations and Expenditures for Project Assistance and Payments to Creditors, Fiscal Years 2020 and 2021 Funding Combined, as of June 30, 2023	19
Accessible Data for Figure 3: USAID West Bank and Gaza Mission’s Economic Support Fund (ESF) Obligations and Expenditures for Project Assistance and Payments to Creditors, Fiscal Years 2020 and 2021 Funding Combined, as of June 30, 2023	20
Figure 4: Palestinian Children Participating in a Project Funded by USAID	21
Figure 5: Workers at a Wastewater Collection System Improvements Project Funded by USAID	22
Figure 6: USAID’s Vetting Process for Awards for the West Bank and Gaza	40
Accessible Data for Figure 6: USAID’s Vetting Process for Awards for the West Bank and Gaza	41

---

---

### **Abbreviations**

Addendum 1	Addendum 1 to Mission Order 21
ADS	USAID's Automated Directives System
Awardees	U.S. and non-U.S. organizations receiving awards from USAID
COR/AOR	Contracting or Agreement Officer's Representative
COVID-19	Coronavirus Disease 2019
ESF	Economic Support Fund
PVS	Partner Vetting System
USAID	U.S. Agency for International Development

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



December 7, 2023

The Honorable Christopher Coons  
Chair  
The Honorable Lindsey Graham  
Ranking Member  
Subcommittee on State, Foreign Operations, and Related Programs  
Committee on Appropriations  
United States Senate

The Honorable Mario Diaz-Balart  
Chair  
The Honorable Barbara Lee  
Ranking Member  
Subcommittee on State, Foreign Operations, and Related Programs  
Committee on Appropriations  
House of Representatives

Since the signing of the Oslo Accords in 1993, the U.S. government has provided over \$7.6 billion in assistance to Palestinians in the West Bank and Gaza.<sup>1</sup> The U.S. Agency for International Development (USAID) has primary responsibility for administering assistance to the West Bank and Gaza, most of which is appropriated through the Economic Support Fund (ESF) account. USAID has used funds provided through the ESF account for both project assistance and debt relief payments to Palestinian

---

<sup>1</sup>In 1993, the government of Israel and the Palestine Liberation Organization signed the Oslo Peace Accords, which called for the withdrawal of Israeli forces from parts of the West Bank and Gaza and affirmed the Palestinian right to self-government within those areas. According to the Department of State, U.S. bilateral assistance provided since then includes funds appropriated through the following accounts: Economic Support Fund; International Narcotics Control and Law Enforcement; and Nonproliferation, Antiterrorism, Demining, and Related Programs.

Authority creditors in the West Bank and Gaza.<sup>2</sup> USAID assistance aims to increase stability and improve lives by working within local communities to increase economic opportunity and access to basic services, empower youth, and provide humanitarian relief, among other things. This U.S. assistance to the West Bank and Gaza is bound by federal laws, executive orders, and policies to ensure that the assistance does not provide support to entities or individuals associated with terrorism.

In January 2019, the U.S. government decided to suspend bilateral assistance to the West Bank and Gaza because of a combination of complex policy and legal actions, according to the Department of State and USAID. A little over 2 years later, in April 2021, the Secretary of State announced the U.S. government's intent to resume U.S. assistance to the West Bank and Gaza. Congress continued to provide funding for the West Bank and Gaza in both fiscal years 2020 and 2021, while the program was suspended.<sup>3</sup>

As a result of the October 2023 escalation of the conflict between Hamas and Israel, USAID is mobilizing humanitarian assistance resources and identifying flexibilities in current programming to respond to the ongoing crisis. However, the situation remains fluid and the agency's plans are subject to change, according to officials.

---

<sup>2</sup>According to USAID officials, before fiscal year 2014, USAID provided direct budget support to the Palestinian Authority through cash transfers from the ESF account, which the Palestinian Authority used to service debt to commercial suppliers and commercial banks. In fiscal year 2014, USAID ceased making cash payments directly to the Palestinian Authority and began making payments directly to Palestinian Authority creditors. USAID has only made debt relief payments to the East Jerusalem Hospital Network since the West Bank and Gaza program resumed in April 2021, according to USAID officials. These payments are made pursuant to an exception in the Taylor Force Act that specifically allows ESF assistance for the West Bank and Gaza to be provided to the East Jerusalem Hospital Network, according to USAID officials. Pub. L. No. 115-141, § 1004(b)(1)(A), 132 Stat. 1143, 1145 (Mar. 23, 2018) (codified at 22 U.S.C. § 2378c-1(b)(1)(A)).

<sup>3</sup>Further Consolidated Appropriations Act, 2020, Pub. L. No. 116-94, § 4, 133 Stat. 2534, 2536 (Dec. 20, 2019) (incorporating the Joint Explanatory Statement accompanying the Further Consolidated Appropriations Act, 2020, 165 Cong. Rec. H11061, H11434 (Dec. 17, 2019)). Congress directed \$75 million in bilateral ESF assistance to be made available for Palestinians in the West Bank and Gaza, subject to certain conditions, which delayed the provision of these funds; however, these amounts have subsequently been fully obligated. Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, § 4, 134 Stat. 1182, 1185 (Dec. 27, 2020) (incorporating the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2021, 166 Cong. Rec. H8312, H8785 (Dec. 21, 2020)).

The annual consolidated appropriations acts for fiscal years 2020 through 2022 include provisions for us to review the treatment, handling, and uses of funds provided through the ESF account for the West Bank and Gaza, including the extent to which the funded projects and activities comply with certain anti-terrorism requirements.<sup>4</sup> This report examines (1) the status of USAID's ESF-funded West Bank and Gaza program for fiscal years 2020 through 2022, as of September 30, 2022, and (2) the extent to which USAID complied with its policies and procedures to ensure that ESF assistance to the West Bank and Gaza did not provide support to entities or individuals associated with terrorism in fiscal years 2020 through 2022.

To examine the status of the ESF-funded West Bank and Gaza program, we reviewed USAID's policies related to the operation of the program. We also reviewed staffing data for the USAID West Bank and Gaza mission to compare staffing levels prior to the suspension of the program with staffing levels after the program resumed. We reviewed USAID's data on obligations and expenditures of ESF assistance for fiscal years 2020 and 2021, including breakdowns of the percentage of assistance obligated to each of USAID's development objectives and to Palestinian Authority creditors. We reviewed relevant documentation and interviewed knowledgeable officials about the reliability of these data. We found these data sufficiently reliable for the purposes of our reporting objectives. In addition, we interviewed knowledgeable officials at USAID and State headquarters and USAID's West Bank and Gaza mission about the types and amount of assistance provided through the program.

To determine the extent to which USAID complied with its policies and procedures to ensure that ESF assistance to the West Bank and Gaza did not provide support to entities or individuals associated with terrorism, we reviewed USAID's anti-terrorism policies and procedures, in particular Mission Order 21 and associated guidance.<sup>5</sup> We also reviewed documentation from all 18 prime awards that were active as of September

---

<sup>4</sup>Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7039(e), 136 Stat. 49, 633-4 (Mar. 15, 2022); Pub. L. No.116-260, § 7039(e); and Pub. L. No.116-94, § 7039(e).

<sup>5</sup>Mission Order 21 describes the West Bank and Gaza mission's policies and procedures to ensure that the mission's program assistance does not inadvertently provide support to entities or individuals associated with terrorism.



---

2022 and from a random generalizable sample of 106 subaward actions that were active in fiscal years 2020 through 2022.<sup>6</sup>

We reviewed relevant documentation, conducted electronic testing of the data, and interviewed knowledgeable officials about the reliability of these data. We found these data to be sufficiently reliable for the purposes of our reporting objectives. We examined whether USAID completed vetting of organizations and key individuals when required and whether award documentation included mandatory provisions and anti-terrorism certifications, as required by Mission Order 21. We also reviewed USAID compliance review reports and financial audits of prime awardees for potential issues of noncompliance with Mission Order 21. Finally, we interviewed knowledgeable officials at USAID headquarters and the West Bank and Gaza mission about prime awards and subawards. For more details on our scope and methodology, see appendix I.

We conducted this performance audit from September 2022 to December 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

## Background

---

### The West Bank and Gaza

The West Bank and Gaza cover about 2,400 square miles and have a combined population of an estimated 5 million people, as of September 2023. Figure 1 shows the location of the West Bank and Gaza relative to surrounding countries.

---

<sup>6</sup>Our sample of 106 subaward actions is generalizable to the larger universe of 929 subaward actions. See appendix I for additional information on our sample.

**Figure 1: Map of the West Bank and Gaza and Surrounding Countries**



Source: Map Resources (map). | GAO-24-106243

**Accessible Data for Figure 1: Map of the West Bank and Gaza and Surrounding Countries**

**Sky view map of West Bank, Gaza and other geographic entities:**

**Countries:**

- Egypt (borders Gaza and Israel)
- Israel (borders Egypt, Gaza, West Bank, Syria and Jordan)
- Syria (borders Israel and Jordan)
- Jordan (borders Israel, West Bank and Syria)

**Cities:**

- Ramallah, West Bank
- Gaza City, Gaza
- Tel-Aviv, Israel
- Jerusalem (Israel/West Bank)

**Bodies of water:**

- Mediterranean Sea (borders Egypt, Gaza and Israel)
- Dead Sea (borders Israel, West Bank and Jordan)

Source: Map Resources (map). | GAO-24-106243

Governance of the West Bank and Gaza is split between two groups. While Fatah is the dominant faction in the West Bank and the head of the

Palestinian Authority, it does not control all the land in the West Bank.<sup>7</sup> The majority of the West Bank is under Israeli civil and military control. Hamas, a U.S.-designated terrorist organization, is the main opposition to Fatah.<sup>8</sup> While Fatah was elected to lead the Palestinian Authority, Hamas seized control of Gaza in 2007 and maintained de facto control.

The West Bank and Gaza is a complex operating environment with volatility related to both the political and economic spheres. Relations between Israel and Palestinian Authority remain strained, and international funding is diminishing for the West Bank and Gaza. According to State, Israel has engaged in settlement expansion in the West Bank, settler violence, and Palestinian home demolitions and evictions, among other actions. According to State reports, Palestinians have carried out attacks on Israelis, and Palestinian authorities make payments to the families of individuals imprisoned on charges of terrorism against Israel. The most recent escalation in violence occurred in October 2023, when Hamas launched attacks against Israel. In response, the Prime Minister of Israel issued a statement declaring war against Hamas and launching military operations in Gaza. The U.S. Secretary of State has condemned the attacks by Hamas and noted that the U.S. government supports Israel's right to defend itself. These actions complicate the U.S. government's long-stated goal of supporting a two-state solution.

The economic situation in the West Bank and Gaza is also challenging. In May 2023, the United Nations World Food Program announced that it was short of its funding targets for 2023 and would have to suspend its support to the West Bank and Gaza, leaving 200,000 people without access to food assistance. Meanwhile, prior to the October 2023 escalation of the conflict, restrictions on permits to exit Gaza limited

---

<sup>7</sup>In 1993, the government of Israel and the Palestine Liberation Organization signed the Oslo Peace Accords, which called for the withdrawal of Israeli forces from parts of the West Bank and Gaza and affirmed the Palestinian right to self-government within those areas.

<sup>8</sup>Hamas has been designated a Foreign Terrorist Organization and a Specially Designated Global Terrorist by the U.S. government. Provisions in annual appropriations acts have prohibited funding for assistance to Hamas, any entity effectively controlled by Hamas, or any power-sharing government of which Hamas is a member or that results from an agreement with Hamas and over which Hamas exercises undue influence. See Pub. L. No. 117-103, § 7040(f); Pub. L. No. 116-260, § 7040(f); and Pub. L. No. 116-94, § 7040(f).

---

Palestinian's ability to work, leading to extremely high unemployment rates, according to State.

---

## Overview of U.S. Assistance to the West Bank and Gaza

Since 1993, the U.S. government has provided more than \$7.6 billion in bilateral assistance to Palestinians in the West Bank and Gaza, primarily using funds appropriated through the ESF account, according to State and USAID. USAID, with overall foreign policy guidance from State, implements most ESF assistance in the West Bank and Gaza. USAID's West Bank and Gaza mission in Jerusalem and Tel Aviv, Israel, manages the ESF-funded West Bank and Gaza program, which has helped over 4 million Palestinians, according to USAID. Through the program, USAID provides debt relief payments to Palestinian Authority creditors and project assistance related to private sector development, health, water and road infrastructure, local governance, civil society, rule of law, education, and youth development.<sup>9</sup> USAID officials said that this assistance to the West Bank and Gaza contributes to building a more democratic, stable, prosperous, and secure Palestinian society—a goal that they described as being in the interest of the Palestinians, the United States, and Israel.

---

## Mission Order 21

USAID assistance to the West Bank and Gaza is conducted under anti-terrorism policies and procedures outlined in an administrative policy document known as Mission Order 21, most recently updated in October 2007.<sup>10</sup> The purpose of Mission Order 21 is to describe and update policies and procedures to ensure that the West Bank and Gaza mission's program assistance does not inadvertently provide support to entities or individuals associated with terrorism. Such procedures include

---

<sup>9</sup>USAID has only made debt relief payments to the East Jerusalem Hospital Network since the West Bank and Gaza program resumed in April 2021, according to USAID officials.

<sup>10</sup>In addition to Mission Order 21, various federal laws and executive orders prohibit assistance to entities or individuals associated with terrorism. See, for example, Executive Order 13224, which blocks property of individuals and entities designated as committing or posing a significant risk of committing terrorist acts that threaten the security of U.S. nationals or the national security, foreign policy or economy of the United States. Exec. Order No. 13224, 66 Fed. Reg. 49079, Sept. 23, 2001, codified as amended at 50 U.S.C. § 1701 note.

(1) vetting, (2) obtaining anti-terrorism certifications, and (3) including specific mandatory provisions in award documents.<sup>11</sup>

With the resumption of USAID assistance to the West Bank and Gaza in April 2021, the mission began implementing Addendum 1 to Mission Order 21 (Addendum 1) with the obligation of new funding. The purpose of this addendum was to expand the application of the existing Mission Order to certain U.S.-based organizations, which had not previously required vetting. The West Bank and Gaza mission issued the addendum in 2017, but USAID delayed its implementation until the necessary staff in Washington, D.C., were in place to manage the expected increase in vetting requests resulting from its implementation.<sup>12</sup>

USAID is responsible for ensuring that Mission Order 21 procedures are followed with regard to both prime awards and subawards for the West Bank and Gaza program. All awards for the program are required to include a reference to Mission Order 21 in their documentation, according to USAID officials. We have previously reported on the status of ESF assistance to the Palestinians and USAID's anti-terrorism policies and procedures in the West Bank and Gaza.<sup>13</sup>

**Vetting:** Mission Order 21 requires that certain individuals and non-U.S. organizations undergo vetting, which involves checking their names and other identifying information against databases and other sources to

---

<sup>11</sup>Mission Order 21 defines an award as "any contract, grant or cooperative agreement awarded by USAID, and any cash or in-kind assistance provided by USAID in any other form, including construction services, equipment, supplies, technical assistance, and training." For the purposes of our reporting objectives, we use the term "prime awardee" to refer to organizations and individuals that directly receive USAID funding to implement contracts, grants, or cooperative agreements, and "subawardee" to refer to organizations and individuals that receive subcontracts or subgrants from prime awardees for work on U.S. assistance projects.

<sup>12</sup>According to USAID documents, in September 2017, USAID issued the addendum after the government of Israel charged a Gaza field office employee of a past U.S.-based prime awardee with diverting donor funding to Hamas's military wing. USAID concluded that vetting of the prime awardee's field-based key individuals might have revealed sufficient risk to warrant action by the mission.

<sup>13</sup>For example, see GAO, *West Bank and Gaza Aid: Should Funding Resume, Increased Oversight of Subawardee Compliance with USAID's Antiterrorism Policies and Procedures May Reduce Risks*, [GAO-21-332](#) (Washington, D.C.: Mar. 29, 2021); *Foreign Assistance: U.S. Assistance to the West Bank and Gaza, Fiscal Years 2015 and 2016*, [GAO-18-612](#) (Washington, D.C.: Aug. 8, 2018); and *Foreign Aid: USAID Generally Complied with Its Antiterrorism Policies and Procedures for Program Assistance for West Bank and Gaza*, [GAO-16-442](#) (Washington, D.C.: Apr. 18, 2016).

determine whether they have any identified links to terrorism. Vetting requirements apply to certain contractors and subcontractors, recipients of grants and cooperative agreements, trainees and students, and recipients of cash or in-kind assistance, with some exceptions. If an organization or individual is found to have links to terrorism, they will not receive funding. See appendix II for details on the West Bank and Gaza mission's vetting process. Addendum 1 expanded Mission Order 21 to require USAID to vet certain key individuals at U.S. organizations' field offices in the West Bank and Gaza, Israel, or in the city of Jerusalem.<sup>14</sup>

According to USAID, the vetting process provides reasonable assurance that program assistance is "not provided to or through any individual, private or government entity, or educational institution that is believed to advocate, plan, sponsor, engage in, or has engaged in, terrorist activity." Non-U.S. organizations are cleared by vetting their key individuals regardless of nationality, including U.S. citizens. For non-U.S. organizations, applicable vetting is required before an award is made or assistance is provided.<sup>15</sup>

---

<sup>14</sup>According to Addendum 1, U.S.-based organization means an entity that is, or an entity whose parent affiliate is, organized under the laws of the United States or any jurisdiction within the United States with the exception of public international organizations. Field-based staff means any key individual, regardless of nationality, that: (1) is an employee of a U.S.-based organization office in the local area; or (2) is assigned to work in the Local Area for a majority of the life of a relevant award; or (3) intends to spend more than 6 months of his or her time (cumulatively) during any 12-month period working in the Local Area; or (4) is a consultant or adviser that is based in the Local Area with regard to the relevant award. According to Mission Order 21, key individuals are: (1) principal officers of the organization's governing body (e.g., chairman, vice chairman, treasurer or secretary of the board of directors or board of trustees); (2) the principal officer and deputy principal officer of the organization (e.g., executive director, deputy director; president, vice president); (3) the program manager or chief of party for the USAID-financed program; and (4) any other person with significant responsibilities for administration of USAID-financed activities or resources.

<sup>15</sup>While Mission Order 21 is specific to the West Bank and Gaza, USAID's *Automated Directives System* (ADS) Chapter 319 contains the policy directives and required procedures for partner vetting across USAID. USAID undertakes partner vetting as a part of its strategy to mitigate the risk of the diversion of our funds and resources to terrorists, supporters of terrorists, or affiliates of terrorists, while facilitating its ability to deliver programs in support of U.S. national security and foreign policy priorities. USAID currently conducts vetting for contracts and assistance agreements in the Islamic Republics of Pakistan and Afghanistan, the Republics of Iraq and Yemen, the Lebanese Republic, Syria, and the West Bank and Gaza. U.S. Agency for International Development, Office of Management, Policy, Budget and Performance, ADS Chapter 319: Partner Vetting (Jan. 15, 2021).

**Anti-terrorism certification:** Mission Order 21 requires that all U.S. and non-U.S. organizations sign an anti-terrorism certification before being awarded a grant or cooperative agreement by USAID to attest that the organization does not provide material support or resources for terrorism.<sup>16</sup> This requirement does not apply to contracts awarded by USAID, which is consistent with USAID guidance. The anti-terrorism certification is generally an attachment to the award documentation that certifies, in part, that the “recipient did not provide...and will take all reasonable steps to ensure that it does not and will not knowingly provide material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts.”

**Mandatory provisions:** Mission Order 21 requires that all solicitations, as well as all prime awards and subawards for contracts, grants, and cooperative agreements, contain two mandatory provisions, which are included as clauses in award documents. These are (1) a provision prohibiting support for terrorism, and (2) a provision restricting funding from being provided to facilities named after an individual or group that commits or has advocated, sponsored, or committed acts of terrorism.<sup>17</sup>

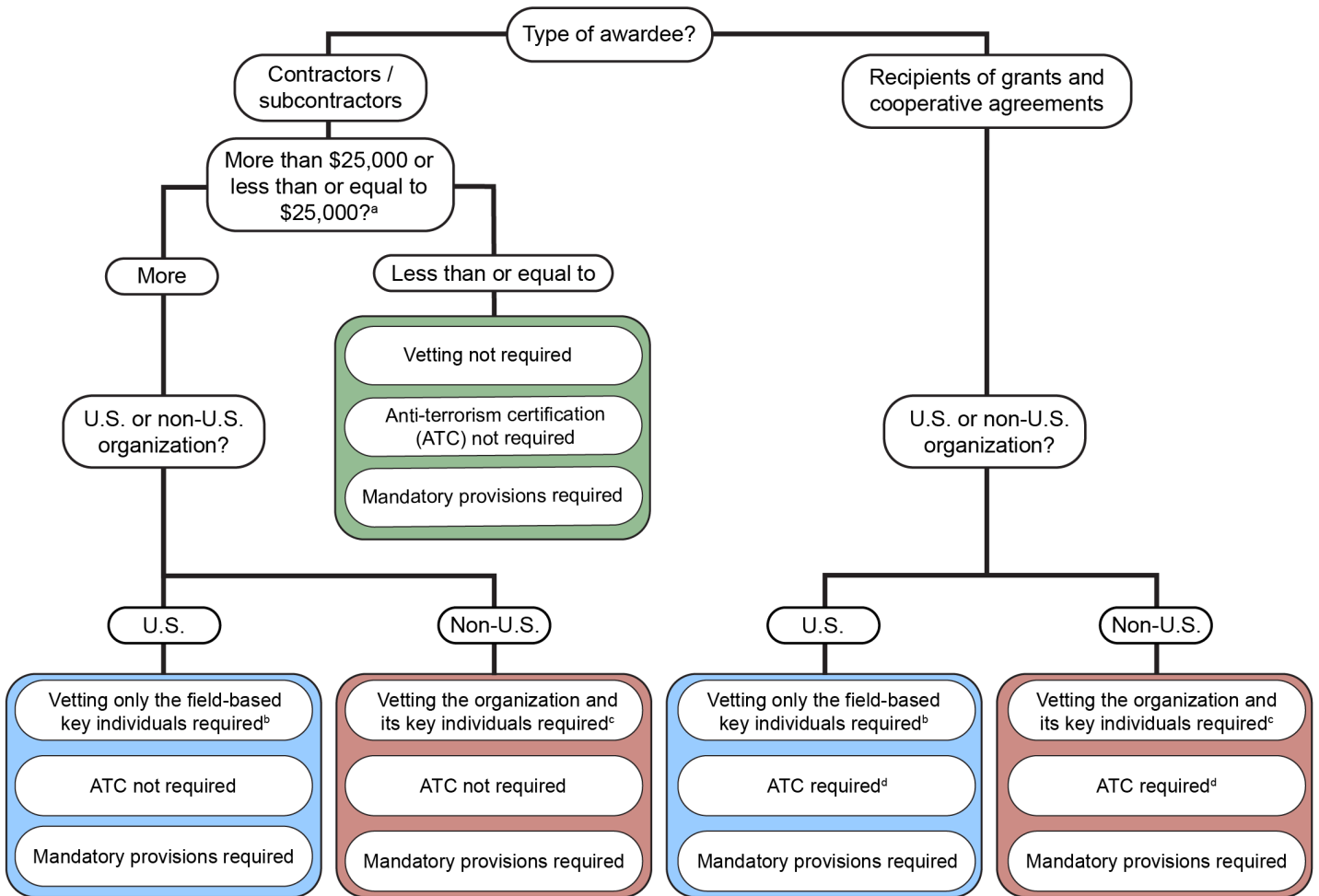
See figure 2 below for more information on which Mission Order 21 requirements apply to different types of awards that USAID uses in the West Bank and Gaza.

---

<sup>16</sup>The West Bank and Gaza mission also requires the anti-terrorism certification for subawardees in the cases of second-tier recipients of cash assistance and grants under contracts.

<sup>17</sup>Per Mission Order 21, these mandatory provisions are included in award documents as clauses titled “Prohibition against Support for Terrorism” and “Restriction on Facility Names.” There is also a second version of the “Prohibition against Support for Terrorism” clause that is specifically for grants awarded to the UN or UN agencies.

**Figure 2: USAID West Bank and Gaza Mission Order 21 and Addendum 1 Requirements by Awardee and Subawardee Type**



Source: GAO analysis of U.S. Agency for International Development (USAID) West Bank and Gaza mission's Mission Order 21 and Addendum 1. | GAO-24-106243



---

---

**Accessible Data for Figure 2: USAID West Bank and Gaza Mission Order 21 and Addendum 1 Requirements by Awardee and Subawardee Type**

---

**USAID West Bank and Gaza Mission Order 21 and Addendum 1 Requirements by Awardee and Subawardee Type process**

---

- Type of awardee?
  - Contractors, subcontractors
    - More than \$25000 or less than or equal to \$25,000<sup>a</sup>
      - More
        - U.S. or non-U.S. organization?
          - U.S.
            - Vetting only the field-based key individuals required<sup>b</sup>
            - ATC not required
            - Mandatory provisions required
          - Non-U.S.
            - Vetting the organizations and its key individuals required<sup>c</sup>
            - ATC not required
            - Mandatory provisions required
      - Less than or equal to
        - Vetting not required
        - Anti-terrorism certification (ATC) not required
        - Mandatory provisions required
    - Recipients of grants and cooperative agreements
      - U.S. or non-U.S. organization?
        - U.S.
          - Vetting only the field-based key individuals required<sup>b</sup>
          - ATC required<sup>d</sup>
          - Mandatory provisions required
        - Non-U.S.
          - Vetting the organizations and its key individuals required<sup>c</sup>
          - ATC required<sup>d</sup>
          - Mandatory provisions required

---

Source: GAO analysis of U.S. Agency for International Development (USAID) West Bank and Gaza mission's Mission Order 21 and Addendum 1. | GAO-24-106243

Notes: This table represents a high-level view of vetting, anti-terrorism certifications, and mandatory provision requirements for selected awardee types under USAID Mission Order No. 21 (2007) and Addendum 1 to Mission Order No. 21 (2017). Additional exceptions and exclusions not depicted here apply.

<sup>a</sup>The \$25,000 threshold for contracts and subcontracts is cumulative for multiple awards to the same awardee or individual within a 12-month period.

<sup>b</sup>Field-based key individuals includes any individual, regardless of nationality, who: (1) is an employee of a U.S.-based organization office in the area within the legal boundaries of the country of Israel, the city of Jerusalem, or the Palestinian territories of the West Bank or Gaza; or (2) is assigned to work in this area for a majority of the life of a relevant award; or (3) intends to spend more than 6 months of his or her time (cumulatively) during any 12-month period working in this area; or (4) is a consultant or adviser that is based in this area with regard to the relevant award. Key individuals means (1) principal officers of the organization's governing body (e.g., chairman, vice chairman, treasurer or secretary of the board of directors or board of trustees); (2) the principal officer and deputy principal officer of the organization (e.g., executive director, deputy director; president, vice president); (3) the

---

program manager or chief of party for the USAID-financed program; and (4) any other person with significant responsibilities for administration of USAID-financed activities or resources.

<sup>c</sup>Vetting does not apply to public international organizations.

<sup>d</sup>Anti-terrorism certifications are only required for non-governmental organizations. Anti-terrorism certifications are not required for awards to individuals, public international organizations, or host governments.

---

## Compliance Reviews and Financial Audits

USAID monitors compliance with Mission Order 21 by conducting compliance reviews and financial audits of awardees. In 2008, the USAID mission established a post-award compliance review function under the Office of Contracts Management to assess implementing partners' compliance with the requirements of the anti-terrorism procedures contained in Mission Order 21 when making subawards.<sup>18</sup> USAID is required to ensure that audits of all contractors and grantees and significant subcontractors and sub-grantees under the West Bank and Gaza program are conducted at least on an annual basis, in accordance with a provision in the Consolidated Appropriations Act, 2022.<sup>19</sup>

---

## USAID Resumed the West Bank and Gaza Program and Fully Obligated Fiscal Year 2020 and 2021 ESF Assistance

In April 2021, the U.S. government announced the decision to resume USAID's West Bank and Gaza program. In doing so, the West Bank and Gaza mission evaluated the program's status, reviewed its established policies and procedures, and brought back staff who had been temporarily reassigned to other missions. Once the program resumed, the

---

<sup>18</sup>According to West Bank and Gaza mission officials, in September 2017, the mission appointed two audit firms competitively selected and approved by the USAID Office of Inspector General to help provide compliance reviews. In March 2021, we recommended that USAID should conduct post-award compliance reviews of prime awardees and their subawards of ESF assistance for USAID's West Bank and Gaza program in time to identify noncompliance and take appropriate actions before the awards end, should funding for the program resume. See [GAO-21-332](#). On August 5, 2021, the Director of USAID's West Bank and Gaza Office of Contracts Management issued instructions to the office's Acquisition & Assistance specialists requiring them to take specific action to implement our recommendation. The instructions stated that, in response to our recommendation, the mission committed to conduct compliance reviews of prime awardees and their subawards within the first 18 months of implementation, contingent upon available resources.

<sup>19</sup>Pub. L. No. 117-103, § 7039(d)(1).

---

mission obligated all of its funding for fiscal years 2020 and 2021. In total, the mission funded 18 prime awards and more than 2,300 subaward actions during this time.

---

## USAID's West Bank and Gaza Program Resumed in April 2021, and Reassigned Staff Returned

### USAID Resumed the West Bank and Gaza Program, Beginning in April 2021

The West Bank and Gaza mission took several steps to restart assistance to the West Bank and Gaza once the program resumed in April 2021. While implementation of the program was suspended, Congress continued to provide \$75 million in ESF assistance for the West Bank and Gaza in both fiscal years 2020 and 2021.<sup>20</sup> Once the program resumed, the West Bank and Gaza mission reevaluated its results framework (a strategic framework that governs the West Bank and Gaza portfolio), reviewed the activity and design plans for projects in the West Bank and Gaza, and assessed the needs on the ground in the wake of COVID-19. The mission worked closely with USAID staff in Washington, D.C., and other U.S. government staff to complete the pre-obligation requirements outlined in the annual appropriations acts for programming funds, according to USAID officials. The requirements included ensuring that funding is not provided to entities or individuals associated with terrorism. Because unobligated fiscal year 2020 ESF assistance would have expired on September 30, 2021, USAID staff worked to obligate those funds prior to that deadline, according to USAID officials.<sup>21</sup>

---

<sup>20</sup>Pub. L. No. 116-94, § 4 (incorporating the Joint Explanatory Statement accompanying the Further Consolidated Appropriations Act, 2020). Congress directed \$75 million in bilateral ESF assistance to be made available for Palestinians in the West Bank and Gaza, subject to certain conditions, which delayed the provision of these funds; however, these amounts have subsequently been fully obligated. Pub. L. No. 116-260, § 4 (incorporating the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2021).

<sup>21</sup>Funds appropriated for ESF generally have an initial period of availability for obligation of 2 fiscal years. Funds obligated during this period generally remain available for deobligation and reobligation for an additional 4 years from the date when the availability of such funds would otherwise have expired. After this period, the funds are no longer available for new obligations but remain available for expenditure and valid adjustments for an additional 5 fiscal years.

---

USAID Resumed Using Its Anti-terrorism Policies for West Bank and Gaza Assistance and Addressed Related Legal Requirements

With the resumption of the program, the West Bank and Gaza mission also returned to using its established policies. Since 2007, USAID policies have required the mission to ensure compliance with the anti-terrorism controls for prime awardees and subawardees as established in Mission Order 21. The West Bank and Gaza mission's policies have largely remained consistent since 2007, when it last amended Mission Order 21. However, in 2017, the mission added Addendum 1, which went into effect in 2021 when the program resumed. This addendum expanded vetting to include field-based key individuals of U.S. organizations, which was not previously required. The mission increased the scope of its vetting, through the implementation of Addendum 1, as part of its efforts to ensure that ESF assistance was not provided to entities or individuals associated with terrorism. In addition to implementing Addendum 1 starting in 2021, USAID also codified its agency-wide vetting policy in January of that year. West Bank and Gaza mission officials said that the codification of USAID's overall vetting policy in chapter 319 of USAID's Automated Directives System (ADS) has not changed the mission's vetting practices.

Finally, with the resumption of assistance to the West Bank and Gaza, USAID took several other steps to ensure that it was meeting applicable legal requirements as well as agency reporting requirements. First, USAID took actions to comply with the Taylor Force Act including submitting required reports to Congress on payments for acts of terrorism made by the Palestinian Authority and related organizations according to USAID officials and documents.<sup>22</sup> In addition, USAID obtained an updated license for the West Bank and Gaza program from the Department of the Treasury's Office of Foreign Assets Control, ensuring that the new license would cover the necessary time frame for obligating fiscal year 2020 ESF

---

<sup>22</sup>The Taylor Force Act places certain limitations on the use of ESF to provide assistance that confers a direct benefit to the Palestinian Authority, among other things. 22 U.S.C. § 2378c-1(a)(1). The Taylor Force Act also requires the Secretary of State to submit reports to Congress when the Secretary cannot certify that the Palestinian Authority and related groups complied with the requirements of the Act. These reports include the reasons why the Secretary could not make this certification and how much ESF assistance was withheld since the Secretary could not certify compliance with the Act.

assistance, according to USAID officials.<sup>23</sup> Mission staff also completed an Operations Plan and risk-based assessment for the program. Finally, to resume the program, USAID developed and sent a congressional notification on March 26, 2021, describing how it planned to obligate and utilize \$75 million for the West Bank and Gaza.

### USAID Retained Many Staff during the Suspension Using Temporary Reassignments and Is Addressing Staffing Gaps

During the suspension, USAID reassigned 45 experienced Cooperating Country Nationals working for the West Bank and Gaza program to other USAID programs or offices on a temporary basis.<sup>24</sup> USAID reassigned these staff using memorandums of understanding, and by September 2022, those memorandums had ended according to USAID officials. All the mission staff who were reassigned by this process returned to the program. As described in our 2021 report, in response to the uncertainty over the continuation of the program, USAID stopped refilling the mission's authorized positions, proposed a reduction in force that was placed under a congressional hold, and placed some staff on temporary assignments to other efforts.<sup>25</sup> According to the congressional notification on the proposed reduction in force, USAID planned to retain approximately 60 percent of the mission staff whose positions would have been eliminated under the reduction in force by contracting them to provide support to other USAID missions. This would allow it to temporarily fill critical staff gaps at other missions with experienced staff while preserving the West Bank and Gaza mission's ability to rapidly restore its capacity, if needed, according to the notification.<sup>26</sup> When the program and funding resumed, staff were notified to end their temporary

---

<sup>23</sup>According to USAID's notice to prime awardees, this license permits USAID, its employees, contractors, grantees, and persons acting on their behalf to engage in all transactions necessary and ordinarily incident to providing economic, security, and humanitarian assistance, in the West Bank and Gaza including those areas that are under the control or influence of any individual, entity, or group whose property and interest in property are blocked pursuant to Executive Order 13224, as amended, provided they comply with the conditions set forth in the license.

<sup>24</sup>A Cooperating Country is a foreign country in which there is a project or activity administered by USAID. Cooperating Country National is an individual who is either a Cooperating Country citizen or a non-Cooperating Country citizen lawfully admitted for permanent residence in the Cooperating Country. 48 C.F.R. § 702.170.

<sup>25</sup>[GAO-21-332](#).

<sup>26</sup>Congress put this notification on hold so it did not take effect and was later withdrawn with the resumption of the West Bank and Gaza program, according to USAID officials.

assignments at other missions. There was a gradual transition period in which the mission worked to maintain smooth operations while reintegrating returning staff, according to mission officials.

We found that the total number of authorized positions at the West Bank and Gaza mission was lower in 2022 than in 2017, before the process to shut down the program began.<sup>27</sup> Specifically, the number of authorized positions at the mission in September 2022 (100 positions) was below October 2017 staffing levels (149 positions). However, USAID also allocated fewer funds leading into 2022, when the funding allocated for fiscal years 2020 and 2021 totaled \$150 million, versus leading into 2017, when the funding allocated for fiscal years 2015 and 2016 totaled more than \$540 million. According to mission officials, the current staffing levels are sufficient to manage current funding levels for the program.

Some of the West Bank and Gaza mission's 100 authorized positions were vacant, but the mission had plans to fill those vacancies. As of September 2022, the mission had 88 filled positions and 12 vacant positions. Of these 12 vacancies, six were U.S. direct hire positions and six were Cooperating Country National positions. According to mission officials, the six U.S. direct hire positions were set to be filled during the summer 2023 transfer cycle, when USAID staff rotate to their new tours. As of August 2023, four of those staff had arrived at the mission, while the final two were expected to arrive in September 2023, according to mission officials. For the six Cooperating Country National positions that were vacant, mission officials said that three positions were subsequently filled between September 2022 and May 2023 and the mission was in the process of hiring and onboarding staff for the other three vacancies.

---

### USAID Fully Obligated the \$150 Million in Fiscal Years 2020–2021 West Bank and Gaza Program ESF Assistance, with the Majority Going to Project Assistance

As of September 2022, USAID had fully obligated all fiscal years 2020 and 2021 West Bank and Gaza program ESF assistance, which totaled \$150 million (see table 1). USAID had obligated all fiscal year 2020 ESF assistance (\$75 million) by September 30, 2021, when their initial period of availability ended. USAID's awardees had expended more than \$64 million of the fiscal year 2020 assistance by June 30, 2023. In addition,

---

<sup>27</sup>We previously reported on the 2017 staffing levels and the fiscal year 2015 and 2016 funding levels. See [GAO-21-332](#).

USAID had obligated all \$75 million of the fiscal year 2021 ESF assistance by September 30, 2022, when their initial period of availability ended. USAID’s awardees had expended more than \$25 million of the \$75 million by June 30, 2023.

For fiscal year 2022, the administration allocated \$219 million in ESF assistance for the program. However, as of June 2023, the mission had not yet obligated these funds because the funding was still pending the congressional notification process, according to mission officials. The initial period of availability for obligation of these fiscal year 2022 ESF assistance ended on September 30, 2023.

**Table 1: USAID Economic Support Fund (ESF) Allocations, Obligations, and Expenditures for the West Bank and Gaza Program, Fiscal Years 2020–2022, as of June 30, 2023**

In dollars

Fiscal year	Allocations	Obligations	Expenditures
2020	75,000,000	75,000,000	64,201,054
2021	75,000,000	75,000,000 <sup>a</sup>	25,139,675
2022	219,000,000	0	0
<b>Total</b>	<b>369,000,000</b>	<b>150,000,000</b>	<b>89,340,729</b>

Source: U.S. Agency for International Development (USAID) data. | GAO-24-106243

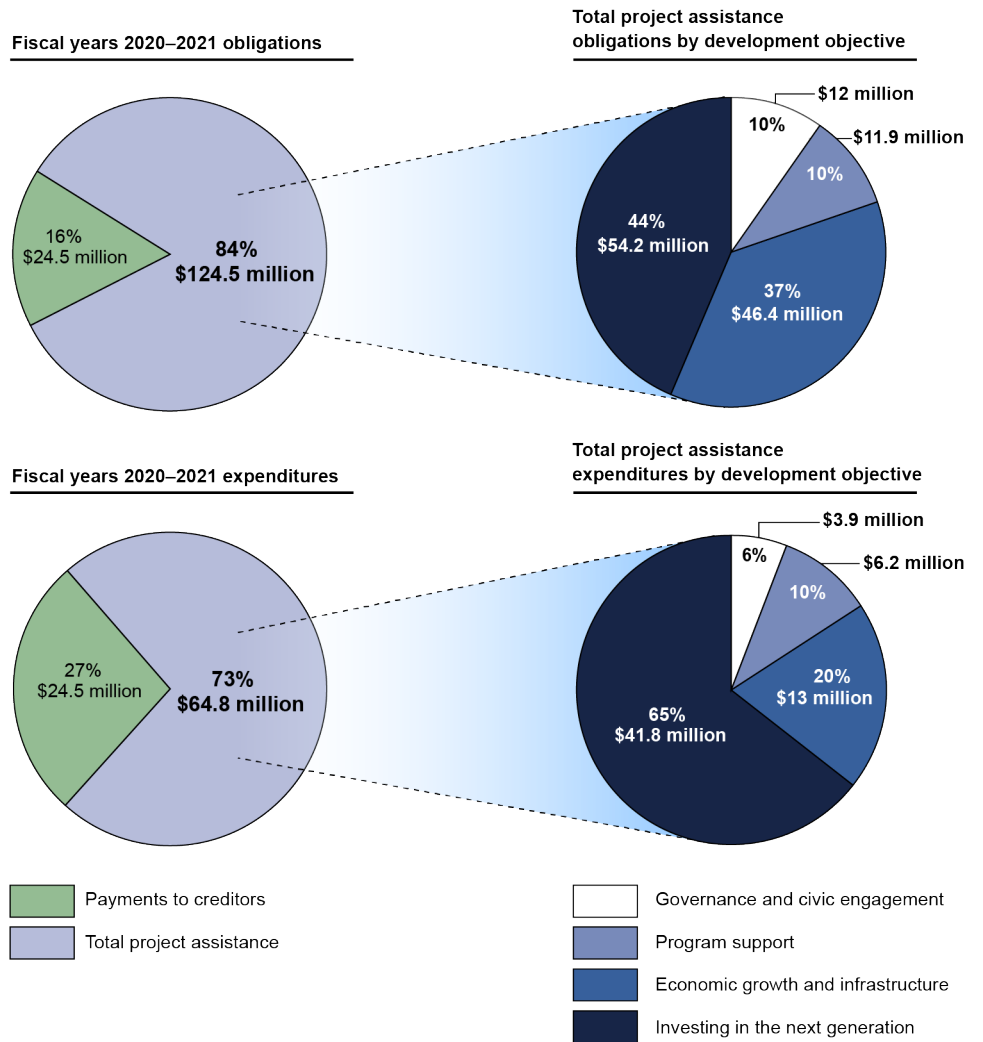
<sup>a</sup>USAID transferred \$1 million of the \$75 million in fiscal year 2021 ESF assistance allocated to the West Bank and Gaza program to the Office of Inspector General to fund required audits of the program, according to USAID officials.

The majority of these funds went toward project assistance, rather than toward paying creditors. As of June 30, 2023, ESF assistance for project assistance accounted for about \$124.5 million (84 percent) of the total obligations and \$64.8 million (73 percent) of the total expenditures. Direct payments to Palestinian Authority creditors accounted for \$24.5 million of obligations and expenditures (16 percent and 27 percent, respectively) for fiscal years 2020 and 2021, according to USAID’s data.<sup>28</sup> USAID’s obligations and expenditures for project assistance in the West Bank and Gaza for fiscal years 2020 and 2021 supported projects under three development objectives—Governance and Civic Engagement, Economic Growth and Infrastructure, and Investing in the Next Generation. Program support, which includes general management support such as

<sup>28</sup>USAID transferred \$1 million of the \$75 million in fiscal year 2021 ESF assistance allocated to the West Bank and Gaza program to the Office of Inspector General to fund required audits of the program, according to USAID officials. This \$1 million was less than 1 percent of the obligations for fiscal years 2020 and 2021.

assessments, monitoring, and program evaluation, sustained all three development objectives, according to USAID officials. See figure 3.

**Figure 3: USAID West Bank and Gaza Mission’s Economic Support Fund (ESF) Obligations and Expenditures for Project Assistance and Payments to Creditors, Fiscal Years 2020 and 2021 Funding Combined, as of June 30, 2023**



Source: GAO analysis of U.S. Agency for International Development (USAID) data. | GAO-24-106243



**Accessible Data for Figure 3: USAID West Bank and Gaza Mission’s Economic Support Fund (ESF) Obligations and Expenditures for Project Assistance and Payments to Creditors, Fiscal Years 2020 and 2021 Funding Combined, as of June 30, 2023**

Fiscal Years 2020-2021 obligation

Category	Dollar amount	Percentage
Payments to creditors	\$24.5M	16%
Total project assistance	\$124.5M	84%

Total project assistance obligations by development objective

Category	Dollar amount	Percentage
Governance and civic engagement	\$12M	10%
Program support	\$11.9M	10%
Economic growth and infrastructure	\$46.4M	37%
Investing in the next generation	\$54.2M	44%

Fiscal Years 2020-2021 expenditures

Category	Dollar amount	Percentage
Payments to creditors	\$24.5M	27%
Total project assistance	\$64.8M	73%

Total project assistance expenditures by development objective

Category	Dollar amount	Percentage
Governance and civic engagement	\$3.9M	6%
Program support	\$6.2M	10%
Economic growth and infrastructure	\$13M	20%
Investing in the next generation	\$41.8M	65%

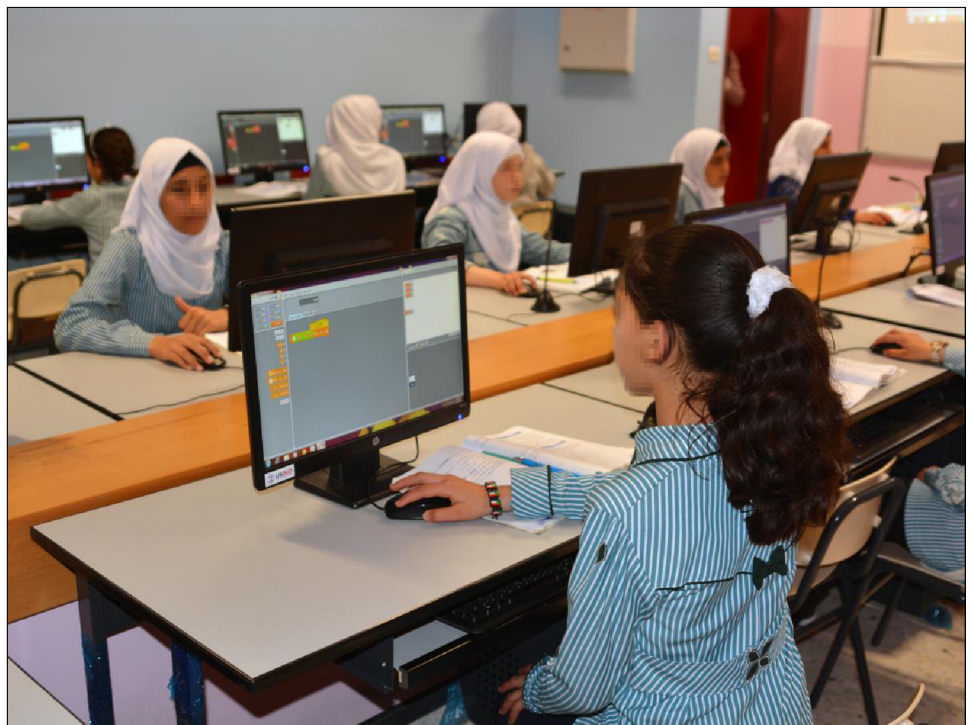
Source: GAO analysis of U.S. Agency for International Development (USAID) data. | GAO-24-106243

Note: Percentages may not sum to 100 because of rounding. USAID has only made debt relief payments to the East Jerusalem Hospital Network since the West Bank and Gaza program resumed in April 2021, in accordance with the Taylor Force Act, according to USAID officials. USAID transferred \$1 million of the \$75 million in fiscal year 2021 ESF assistance allocated to the West Bank and Gaza program to the Office of Inspector General, according to USAID officials.

**Investing in the Next Generation.** The largest share of West Bank and Gaza project assistance for fiscal years 2020 and 2021 supported the agency’s Investing in the Next Generation development objective. As of June 30, 2023, USAID had obligated more than \$54 million (about 44 percent) and expended about \$42 million (65 percent) for projects under this objective, according to our analysis of USAID data. Projects

addressing this objective included those related to education, health, social and economic services, and protection of vulnerable populations. For example, one project that USAID is funding under this objective seeks to develop technical training and improve the quality of existing technical programs to support Palestinian career paths and link participants to employment opportunities. See figure 4 for an example of a project funded by USAID.

**Figure 4: Palestinian Children Participating in a Project Funded by USAID**



Source: American Near East Refugee Aid (ANERA) for U.S. Agency for International Development (USAID) West Bank and Gaza (photo). | GAO-24-106243

**Economic Growth and Infrastructure.** The second largest share of West Bank and Gaza project assistance for fiscal years 2020 and 2021 supported the agency's Economic Growth and Infrastructure development objective. As of June 30, 2023, USAID had obligated more than \$46 million (about 37 percent) and expended \$13 million (about 20 percent) for projects under this objective, according to our analysis of USAID data. Projects addressing this objective included those related to health (including water), infrastructure, private sector competitiveness, and stabilization operations and security sector reform. For example, one project under this objective seeks to increase access to safe domestic

water, to improve household and community sanitation and enhance emergency preparedness. See figure 5 for an example of a project funded by USAID.

**Figure 5: Workers at a Wastewater Collection System Improvements Project Funded by USAID**



Source: Photos © 2023 Morganti. | GAO-24-106243

**Governance and Civic Engagement.** The smallest share of West Bank and Gaza project assistance for fiscal years 2020 and 2021 supported the agency’s Governance and Civic Engagement development objective. As of June 30, 2023, USAID had obligated \$12 million (less than 10 percent) and expended almost \$4 million (about 6 percent) for projects under this objective, according to our analysis of USAID data. Projects addressing this objective included those related to civil society, good governance, and rule of law. For example, one project under this objective seeks to increase civic participation and support citizen efforts to advocate for positive change and improve overall living conditions.

### USAID Used ESF Assistance for 18 Prime Awards from April 2021 through September 2022

USAID funded 18 prime awards for projects in the West Bank and Gaza, which were active as of September 2022. Ten of the 18 prime awards started prior to the suspension of the program and were paused during that time. USAID awarded the other eight prime awards since the

---

program resumed in April 2021. See appendix III for additional information about the purposes of these prime awards.

There are 13 unique prime awardees working on the 18 prime awards. Of these 13 awardees, seven made subawards to other organizations. USAID collects data on these subawards, including the names of the organizations and the amount of funding provided to them. USAID's database on subawards includes information on both the original subawards and actions taken on those subawards, such as time extensions or additional funding. In total, the seven prime awardees issued 2,312 subaward actions, but the number of subaward actions made by each of these prime awardees ranged from one to 1,575.

---

## USAID Generally Complied with Mission Order 21, and Awardees Addressed Issues Identified in Compliance Reviews

Our analysis found that USAID generally complied with Mission Order 21 and that USAID took actions to ensure that awardees corrected the instances of noncompliance that external auditors found in the compliance reviews. As part of its effort to prevent inadvertently funding entities or individuals associated with terrorism, USAID is responsible for ensuring that prime awardees follow Mission Order 21 anti-terrorism policies and procedures, and that prime awardees ensure that their subawards comply with Mission Order 21 requirements. The requirements include (1) vetting procedures, (2) anti-terrorism certification requirements, and (3) requirements for mandatory provisions in award documents. Our analysis of all 18 prime awards, a generalizable sample of 106 subaward actions, and a non-generalizable sample of 82 unique subawards found that USAID generally complied with its policies and

---

procedures described in Mission Order 21.<sup>29</sup> In addition, USAID commissioned compliance reviews and financial audits of selected active prime awards to detect noncompliance with Mission Order 21. Two of the compliance reviews that USAID commissioned since the program resumed found Mission Order 21 compliance issues, which the prime awardees addressed. The financial audits did not find any Mission Order 21 compliance issues.

---

## USAID Generally Followed Its Anti-Terrorism Policies and Procedures, According to Our Analysis

### USAID Completed Vetting for Prime Awards and Sampled Subaward Actions as Required by Mission Order 21 but Vetted One Subaward Action Late

USAID vetted all the prime awards as required by its policies and procedures but vetted one of the 106 subaward actions in our sample late. Mission Order 21 and Addendum 1 establish the vetting requirements for prime awards and subawards that aim to ensure that U.S. assistance does not inadvertently support entities or individuals associated with terrorism. USAID is required to vet non-U.S. organizations and key individuals of those organizations prior to issuing certain awards, and to vet local field-based key individuals of U.S. organizations when those individuals are identified, according to USAID officials.<sup>30</sup>

---

<sup>29</sup>The 18 prime awards we reviewed were all the active prime awards as of September 2022. For our review of subawards, we selected a generalizable sample of 106 subaward actions that comprised 82 unique subawards, from a universe of 929 in-scope subaward actions. Some, but not all, of the 82 unique subawards in our sample had multiple actions. In our analyses, we distinguish between using the subaward actions or the unique subawards themselves as our unit of analysis. For example, subaward actions can trigger vetting requirements, so we examined 106 in-scope subaward actions for ESF-funded awards requiring vetting. However, for our analyses of anti-terrorism certifications and mandatory provisions, which required review of original award documentation, we account for the 82 unique subawards to avoid double counting. While results based on subaward actions are generalizable to the larger population of subaward actions, results based on the unique number of subawards are not generalizable to the larger population of unique subawards. For more information on how we selected the sample, see appendix I.

<sup>30</sup>The USAID vetting team said that as of March 29, 2023, there was a backlog of over 1,700 vetting requests for the West Bank and Gaza mission. They said that since April 2021, it has taken about 50 to 60 days to complete a vetting request. To address the backlog of vetting requests, the USAID Terrorist Screening Center onboarded two additional analysts.

USAID issued 18 prime awards and vetted these awards as required, in accordance with Mission Order 21 and Addendum 1. USAID issued 17 of the 18 prime awards to U.S.-based organizations and issued the 18th award to the United Nations' World Food Program, which is a public international organization. According to the requirements in Mission Order 21 and Addendum 1, vetting was required for six of the 18 prime awards, because these were U.S.-based organizations with field-based key individuals located in the West Bank, Gaza, Israel, or Jerusalem. All six prime awards were new awards for U.S.-based organizations that started after the program resumed in April 2021, after which USAID began to apply the vetting requirements of Addendum 1. Mission Order 21 and Addendum 1 do not identify a timeframe for when vetting U.S.-based organizations must occur. However, mission officials told us that vetting field-based key individuals under Addendum 1 does not have to occur before the award start date, but costs for the field-based key individuals cannot be incurred until the individuals receive an eligible vetting result.<sup>31</sup>

West Bank and Gaza mission officials made two management decisions to vet five other prime awards in addition to the six that required vetting per Addendum 1. The first decision was to vet the local field-based key individuals of one U.S. organization that received a prime award that started before the program suspension on January 31, 2019, and received additional funding after the program resumed in April 2021, according to USAID officials. The second decision was to conduct vetting for the field-based key individuals of a U.S.-based organization that has an Indefinite Delivery Indefinite Quantity contract.<sup>32</sup> USAID officials said the goal of these decisions was to proactively vet awards to U.S.-based organizations after the program resumed and Addendum 1 came into

---

<sup>31</sup>USAID officials said that U.S.-based organizations might not know who their field-based key individuals are at the start of an award. Once those individuals are identified, USAID begins the vetting process, which is often completed after the award start date. USAID officials said they provide guidance to implementing partners, or prime awardees, which states that awardees cannot incur costs for the key individuals before they have been vetted with an eligible result. For the U.S.-based prime awardees, we did not independently verify the timing of funding disbursements related to field-based key individuals of U.S.-based organizations, relative to the timing of their vetting.

<sup>32</sup>Under this Indefinite Delivery Indefinite Quantity Contract, the organization is not competing for work because it is the only recipient, according to USAID officials. USAID officials said they felt it was prudent to conduct vetting related to this award with the anticipation that work would eventually be performed given the nature of the contract. In addition to the Indefinite Delivery Indefinite Quantity Contract, the same U.S.-based organization has three task orders that count toward the four prime awards for which USAID undertook vetting.

effect, as vetting associated with these awards was not required prior to the program suspension.

USAID completed required vetting for all 106 subaward actions in our sample, but completed it late for one of these subaward actions. Our analysis of USAID data shows that all 106 subaward actions were for non-U.S. based organizations, for which USAID officials said that vetting must be completed on or before the award start date.<sup>33</sup> See table 2 for the results of our analysis.

**Table 2: USAID West Bank and Gaza Mission Prime Awards and Subaward Actions Vetting Results, Fiscal Years 2020–2022**

Category	Awards vetted	Awards not required to be vetted	Awards vetted with eligible result	Awards vetted late
Prime awards	11 <sup>a</sup>	7	11	timing of vetting not verified <sup>b</sup>
Subaward actions (random sample) <sup>c</sup>	106	0	106	1

Legend: — = timing of vetting not verified

Source: GAO analysis of U.S. Agency for International Development (USAID) data and award documentation. | GAO-24-106243

<sup>a</sup>According to USAID data, six prime awards required vetting per Addendum 1 to Mission Order 21. West Bank and Gaza mission officials made management decisions to require vetting for five additional awards.

<sup>b</sup>All prime awardees were U.S.-based organizations or a public international organization. Addendum 1 to Mission Order 21 states that only certain field-based key individuals of U.S.-based organizations must be vetted, and vetting is not required for public international organizations. USAID officials said that the vetting for U.S.-based organizations is often conducted after the start date of an award because the awardee may not know who the field-based key individuals are until after the award starts. According to West Bank and Gaza mission officials, awardees cannot incur costs for the field-based key individuals until those individuals are vetted and deemed eligible. We did not independently verify the timing of funding disbursements related to field-based key individuals of U.S.-based organizations relative to the timing of their vetting.

<sup>c</sup>Subaward actions are the contract or agreement actions taken over the course of a unique subaward. We selected a generalizable sample of 106 in-scope subaward actions from a larger universe of 929 subaward actions. Since all sample estimates are subject to sampling error, we present our results using 95 percent confidence intervals. On the basis of our analysis, we estimate that the percentage of subaward actions vetted with an eligible result ranges from 97 to 100 percent, while the percentage of subaward actions vetted with an ineligible results ranges from 0 to 3 percent. We also estimate that the percentage of subaward actions vetted on time ranges from 95 percent to 100 percent, while the percentage of subaward actions vetted late ranges from 0 percent to 5 percent.

<sup>33</sup>According to ADS Chapter 319, “If vetting is required, the Agency must deem the presumptive awardee or contractor eligible prior to award, unless otherwise authorized in accordance with this chapter.” U.S. Agency for International Development, Office of Management. Policy, Budget and Performance, ADS Chapter 319: Partner Vetting (Jan. 15, 2021).

All Prime Awards and Subawards in Our Sample That Required Anti-terrorism Certifications Included Them

All required anti-terrorism certifications were included for prime awards and unique subawards in our sample, in compliance with Mission Order 21 requirements. Mission Order 21 requires that USAID obtain anti-terrorism certifications from all organizations awarded a grant or cooperative agreement. This requirement does not apply to awards made to 1) individuals, 2) public international organizations, 3) host governments, 4) contractors, or 5) subcontractors. By signing these certifications, the organizations attest that they do not provide material support or resources for terrorism.

Our analysis of USAID data regarding the West Bank and Gaza program’s 18 prime awards shows that USAID complied with Mission Order 21 anti-terrorism certification requirements. Seven of the 18 prime awards required anti-terrorism certifications because they were a grant or cooperative agreement, and all seven awardees signed the certification on or before the award start date. Ten of the 18 prime awards did not require anti-terrorism certifications because they were contracts, and the 18th award went to a public international organization, and does not require an anti-terrorism certification.

Our analysis of USAID data regarding a sample of the program’s subawards shows that USAID complied with Mission Order 21 anti-terrorism certification requirements. Eleven of the 82 unique subawards in our sample required anti-terrorism certifications because they were a grant or cooperative agreement. For all 11 of these subawards, the subawardee signed the certification on or before the award start date. The remaining 71 subawards in our sample did not require the certifications under Mission Order 21 because the awards were subcontracts. See table 3 for the results of our analysis.

**Table 3: USAID West Bank and Gaza Mission Prime Awards and Subawards in Our Sample That Required and Included Anti-terrorism Certifications, Fiscal Years 2020–2022**

Category	Awards not requiring anti-terrorism certifications	Awards requiring anti-terrorism certifications	Awards that included anti-terrorism certifications
Prime awards	11 <sup>a</sup>	7	7
Subawards <sup>b</sup>	71 <sup>c</sup>	11	11

Source: GAO analysis of U.S. Agency for International Development (USAID) data and award documentation. | GAO-24-106243



Note: According to Mission Order 21, anti-terrorism certifications are only required for awardees under grants and cooperative agreements and for second-tier awardees of cash assistance and grants under contracts. It does not require anti-terrorism certifications for contractors and subcontractors, individuals, public international organizations, or host governments.

<sup>a</sup>According to USAID data and officials, 10 of the 11 prime awards did not require an anti-terrorism certification because they are contracts, and the eleventh went to a public international organization.

<sup>b</sup>This table reflects the 82 unique subawards within the sample of 106 subaward actions. While the sample of subaward actions is generalizable to the larger population of subaward actions, the 82 unique subawards are not generalizable to the larger population of subawards.

<sup>c</sup>Seventy-one subawards did not require anti-terrorism certifications because they are subcontracts, according to USAID data.

**All Prime Award and Subaward Documentation in Our Sample Included the Required Mandatory Provisions**

All prime awards and all the in-scope subawards in our sample included the required mandatory provisions in the award documentation. Mission Order 21 requires USAID to include two mandatory provisions in prime award documentation and for prime awardees to include these same provisions in all subawards. The award language must include (1) a provision prohibiting support for terrorism, and (2) a provision restricting funding from being provided to facilities named after an individual or group that has advocated, sponsored, or committed acts of terrorism. Our analysis of the program’s 18 prime awards and 82 unique subawards in our sample found that USAID and prime awardees complied with Mission Order 21 requirements by including the required mandatory provisions in the award and subaward documentation. See table 4 for the results of our analysis.

**Table 4: USAID West Bank and Gaza Mission Prime Awards and a Sample of Subawards Requiring and Including Mandatory Provisions, Fiscal Years 2020–2022**

Category	Awards not requiring mandatory provisions	Awards requiring mandatory provisions	Awards that included mandatory provisions
Prime awards	0	18	18
Subawards <sup>a</sup>	0	82	82

Source: GAO analysis of U.S. Agency for International Development (USAID) data and award documentation. | GAO-24-106243

Note: The two required mandatory provisions are titled (1) Prohibition against Support for Terrorism and (2) Restriction on Facility Names.

<sup>a</sup>This table reflects the 82 unique awards within the sample of 106 subaward actions. While the sample of subaward actions is generalizable to the larger population of subaward actions, the 82 unique subawards are not generalizable to the larger population of subawards.

---

## USAID Conducted Reviews to Monitor Mission Order 21 Compliance, and Awardees Addressed Deficiencies

USAID monitors compliance with Mission Order 21 by conducting compliance reviews and financial audits of awardees with ongoing awards. Two of the eight compliance reviews we reviewed found instances of noncompliance with Mission Order 21, which the awardees corrected, according to the compliance reviews. The four financial audits that we reviewed for Mission Order 21 compliance issues found no instances of noncompliance.

### Two Compliance Reviews of Prime Awardees Found Instances of Noncompliance with Mission Order 21, Which the Awardees Addressed

The West Bank and Gaza mission has conducted eight compliance reviews of ESF awards since the program restarted, two of which found issues of noncompliance by two prime awardees.<sup>34</sup> The prime awardees detailed how they addressed the instances of noncompliance in their response to the report recommendations, as included in the compliance reviews. The compliance reports' objectives generally included

- verifying that the prime awardees were properly vetted and obtained vetting for subawards as needed,
- verifying the inclusion of mandatory provisions,
- reviewing internal controls for compliance with Mission Order 21,
- verifying that the prime awardees received signed anti-terrorism certifications for subawards as needed, and

---

<sup>34</sup>West Bank and Gaza mission officials said that compliance reviews are underway for six prime awards covering award activity through the end of fiscal year 2023. These six awards had previously been reviewed. Two other awards that had previously been reviewed ended in 2022. Mission officials also said that compliance reviews are underway for three other prime awardees. These prime awardees recently started activities under their awards, and that was the trigger for the mission to begin compliance reviews of these awardees, according to the officials. The mission did not conduct compliance reviews on the remaining prime awards because those awards do not have ongoing activities or did not begin the award activities.

- verifying whether all subawards were properly reported to USAID.<sup>35</sup>

For one of the two compliance review reports where instances of noncompliance were found, the report found 16 instances of noncompliance on the part of the prime awardee, including one subaward lacking vetting approval and 15 subawards with late vetting approvals. One of the late vetting approvals was the same one that we found in our review. The compliance review for this awardee covered award activities from September 28, 2021, to September 30, 2022. The audit firm reviewed a sample of 333 subawards for compliance with Mission Order 21 compliance, of which 285 subawards were subject to vetting. The audit firm recommended that the prime awardee obtain vetting approval as required by Addendum 1 and establish written policies and procedures to ensure compliance with Mission Order 21 and its amendments. The prime awardee addressed the one instance of a subaward lacking vetting approval by submitting a vetting request for that subaward and receiving approval. The 15 subawards with late vetting approvals were not vetted prior to the award start date, but by the time the review was completed, each of the awards had been vetted. USAID officials said that they required no additional corrective action by the prime awardee to address these instances because the award ended by the time the audit firm issued the compliance review. However, for future awards with the prime awardee, USAID officials said that the USAID Agreement Officer would refer to the weaknesses identified in the report and require the prime awardee to strengthen its tracking system to help ensure timely vetting for relevant subawards.

The other compliance review report that found an issue of noncompliance identified one instance of the prime awardee failing to report a subaward. The review covered award activities from July 1, 2021, to September 30, 2022. The audit firm reviewed a sample of 23 subawards for compliance with Mission Order 21 compliance, of which 10 subawards were subject to vetting. The audit firm recommended that the prime awardee report the subaward and establish proper policies and procedures, such as preventative and detective controls, to ensure timely reporting of subawards. The prime awardee reported the subaward in a subsequent report to USAID and identified several planned internal actions that are intended to strengthen compliance more generally, such as increasing

---

<sup>35</sup>The West Bank and Gaza mission outsourced these compliance review reports to an external audit firm. To conduct these compliance reviews, the compliance specialist and audit firms assessed policies, procedures, and program activities associated with an awardee, interviewed relevant implementing partners' staff, conducted periodic site visits, and inspected subaward documentation.

internal coordination and onboarding a procurement and compliance specialist. This awardee is being audited again as part of the mission's fiscal year 2024 audit plan, as of November 2023. Mission officials told us that the audit will include a review of the corrective actions the awardee previously took.

### Financial Audits Found No Instances of Noncompliance with Mission Order 21

The mission has outsourced five financial audits of organizations receiving ESF awards, none of which found instances of noncompliance with Mission Order 21. In addition to overseeing the compliance review process, USAID oversees compliance with Mission Order 21 through financial audits performed by external audit firms and approved by USAID's Regional Inspector General. Four of the five completed reports included a review of prime awards for compliance with Mission Order 21, among other things. None of the four audits found instances of noncompliance with Mission Order 21. The fifth report was an audit of a debt relief grant agreement, under which USAID provides direct payments to Palestinian Authority creditors, according to the audit report. According to USAID officials, the mission is solely responsible for ensuring that these creditors receive an eligible vetting determination, and the creditors have received such a determination. Therefore, the financial audit of the creditor did not assess Mission Order 21 compliance.

---

## Agency Comments

We provided a draft of this report to State and USAID for review and comment. USAID provided written comments that are reprinted in appendix IV. USAID expressed appreciation for the examination of its anti-terrorism processes and stated that it will continue evaluating its program management and internal policies to ensure proper implementation of its assistance programs. State and USAID provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of State, and the Administrator of the U.S. Agency for International Development. In addition, this report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4409 or [lovegrayerl@gao.gov](mailto:lovegrayerl@gao.gov). Contact points for our

---

Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Latesha Love-Grayer  
Director, International Affairs and Trade

## Appendix I: Objectives, Scope, and Methodology

The annual consolidated appropriations acts for fiscal years 2020 through 2022 included provisions for us to review the treatment, handling, and uses of funds provided through the Economic Support Fund (ESF) for the West Bank and Gaza, including the extent to which the funded projects and activities comply with certain anti-terrorism requirements.<sup>1</sup> This report examines (1) the status of the U.S Agency for International Development's (USAID) ESF-funded West Bank and Gaza program for fiscal years 2020 through 2022, as of September 30, 2022, and (2) the extent to which USAID complied with its policies and procedures to ensure that ESF assistance to the West Bank and Gaza did not provide support to entities or individuals associated with terrorism in fiscal years 2020 through 2022.

To examine the status of the ESF-funded West Bank and Gaza program, we reviewed documentation related to the resumption of the program, staffing information for the USAID West Bank and Gaza mission, and funding information and data. To examine how USAID resumed the program, we reviewed documentation from the mission including its results framework, program needs assessment, Mission Order 21, and Addendum 1 to Mission Order 21 (Addendum 1). We also interviewed officials from the Department of State and USAID in Washington, D.C., and at USAID's West Bank and Gaza mission in Tel Aviv, Israel.

To examine staffing levels at the mission, we analyzed staffing data, including the number of authorized positions and vacancies in September 2022. We also reviewed our 2021 report, which included mission staffing levels in prior years and the planned reduction in force when the program was suspended.<sup>2</sup> For the vacancies we identified in September 2022, we interviewed officials at the mission about how they planned to fill those

---

<sup>1</sup>Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 7039(e), 136 Stat. 49, 633-4 (Mar. 15, 2022); Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, § 7039(e), 134 Stat. 1182, 1760 (Dec. 27, 2020); and Consolidated Appropriations Act, 2020, Pub. L. No. 116-94, § 7039(e), 133 Stat. 2534, 2883 (Dec. 20, 2019).

<sup>2</sup>GAO, *West Bank and Gaza Aid: Should Funding Resume, Increased Oversight of Subawardee Compliance with USAID's Antiterrorism Policies and Procedures May Reduce Risks*, [GAO-21-332](#) (Washington, D.C.: Mar. 29, 2021).

positions and whether USAID planned to increase the number of authorized positions at the mission.

We also reviewed related budget justification documentation, and USAID financial data for fiscal years 2020 and 2022, including allocations, obligations, and expenditures as of June 30, 2023. We reviewed USAID data on obligations and expenditures of ESF assistance for the West Bank and Gaza as of June 30, 2023, from annual allocations of fiscal year 2020 and 2021 funding. We also reviewed relevant documentation related to the appropriation of fiscal year 2022 ESF assistance for the West Bank and Gaza. To determine the reliability of these funding data, we reviewed our data reliability assessment from previous work,<sup>3</sup> and interviewed knowledgeable officials. We determined that the funding data were sufficiently reliable for the purposes of this report. We also requested information from the mission about the prime awards that were active in fiscal years 2020 through 2022. This information included the name of the prime awardee, the award activity, and the related development objective.

To determine the extent to which USAID complied with its policies and procedures to ensure that ESF assistance to the West Bank and Gaza did not provide support to entities or individuals associated with terrorism in fiscal years 2020 through 2022, we reviewed USAID's anti-terrorism policies and procedures and examined relevant award documentation. Mission Order 21 is the primary document for the West Bank and Gaza mission that details the procedures to comply with applicable laws and executive orders to ensure that assistance does not provide support to individuals or entities associated with terrorism. In addition, we reviewed USAID's ADS Chapter 319, which pertains to agency-wide vetting requirements. We also interviewed USAID officials regarding the agency's anti-terrorism policies and procedures and the steps they take to ensure compliance with those policies and procedures.

To determine whether program assistance complied with Mission Order 21's vetting, anti-terrorism certifications, and mandatory provision requirements, we examined all 18 prime awards that were active as of September 2022, and a random generalizable sample of 106 USAID subaward actions that were active between fiscal years 2020 and 2022. We relied upon USAID data to determine which Mission Order 21 requirements applied. We selected this period because it covers the West Bank and Gaza awards made since our 2021 report, which covered ESF

---

<sup>3</sup>[GAO-21-332](#).

assistance to the West Bank and Gaza in fiscal years 2015 through 2019.<sup>4</sup>

To obtain our random generalizable sample, we requested data from USAID's West Bank and Gaza mission on all subawards issued from October 1, 2019, through September 30, 2022. The universe included 2,312 subaward actions made by seven prime awardees. We then identified the subaward actions that either have a 12-month cumulative award value of \$25,000 or greater or were awarded a grant or award of cash in-kind assistance, bringing our universe to 944 in-scope subaward actions. A subaward represents a unique award granted under a prime award. For a given subaward, there are a number of subsequent subaward actions that can be taken, such as time extensions or other modifications like additional funding. From this universe, we selected a simple random probability sample of 121 subaward actions.

After reviewing documentation for the sampled subaward actions, we found that 14 subaward actions were related to COVID-19 relief efforts and not funded by ESF assistance; consequently, we treated them as out-of-scope and excluded them from our sample. Additionally, USAID identified one subaward action as a termination that did not require vetting, so we excluded this subaward action from our sample. Our final sample included 106 in-scope subaward actions representing a universe of 929 subaward actions. All estimates of subaward actions from this sample are subject to sampling error and are presented in this report using a 95 percent confidence interval. To determine the reliability of the data used for our sample, we reviewed our prior data reliability assessments of similar data from the same database, interviewed knowledgeable USAID officials, and electronically tested the data for missing values or other obvious errors. We determined that these data were sufficiently reliable for the purposes of our reporting objectives.

For each of the 18 prime awards and the 106 subaward actions in our sample, we examined relevant award documentation to assess the mission's compliance with vetting, anti-terrorism, and mandatory provision requirements. We relied upon USAID data to determine which Mission Order 21 requirements applied to the awards. The mission provided us with copies of all 18 prime awards active during this period and the relevant documentation to support proof of vetting of awardees when required, the presence of anti-terrorism certifications when required, and

---

<sup>4</sup>[GAO-21-332](#).



the presence of mandatory provisions. Seventeen of the 18 prime awards went to U.S. organizations, and the 18th prime award went to the United Nations, a public international organization. We assessed whether USAID conducted required vetting when a U.S.-based organization hired field-based key individuals. However, since USAID officials said that the vetting for U.S.-based organizations is often conducted after the start date of an award, we did not independently verify the timing of funding disbursements related to field-based key individuals of U.S.-based organizations relative to the timing of their vetting. We also analyzed the award documentation to ensure that the grants and cooperative agreements, as identified by USAID, included the anti-terrorism certifications and that all award documentation included the mandatory provisions.

In our sample of 106 subaward actions there were 82 unique subawards. Some, but not all, of the 82 unique subawards included additional actions related to those subawards in our sample. In our analyses, we distinguish between using the subaward actions or the unique subawards as our unit of analysis. While analyses of subaward actions are generalizable to the larger population of subaward actions, analyses of the 82 unique subaward actions are not generalizable to the larger population of individual subawards. We examined all 106 in-scope sampled subaward actions to ensure that vetting was completed and active prior to the date of the action because the subawards went to non-U.S. organizations. USAID told us that various subaward actions such as award extensions or cost amendments could trigger a vetting requirement, which is why we used subaward actions as our unit of analysis for vetting. For the anti-terrorism certifications and mandatory provisions analyses of the original award documentation, we account for the 82 unique subawards to avoid double counting the subaward actions coming from the same original subaward. We reviewed the provided documentation to check that when required, the awardee signed an anti-terrorism certification, and all the unique subawards included the mandatory provisions in the original award document.

In addition to our analyses of prime awards and subawards, we requested all compliance review reports and financial audit reports of ESF awardees covering award activity from fiscal years 2020 through 2022 to analyze the mission's efforts to detect issues of noncompliance with Mission Order 21 while an award was ongoing. We reviewed all eight compliance review reports and all five financial audits that USAID provided to us that were in the scope of our review. USAID issued the compliance review reports in March 2023. USAID's designated audit firm in the West Bank

conducted compliance reviews of eight prime awardees to identify instances of noncompliance with USAID's anti-terrorism policies and procedures. We also asked USAID officials about these identified weaknesses and how USAID ensured that such weaknesses were addressed.

We also reviewed all five financial audits of West Bank and Gaza awards performed by an external audit firm and provided to us by USAID for issues of noncompliance with Mission Order 21. These five audits were produced between January 2022 and December 2022 and covered two separate time periods of two prime awardees, and one ESF debt relief recipient, according to the audit reports. Of these five audits, four included a review of the awardees' compliance with Mission Order 21. For the remaining audit of the ESF debt relief recipient, USAID officials said they have the sole responsibility of ensuring compliance with Mission Order 21, as it is a direct payment to the creditor. Therefore, the financial audit did not assess the debt relief recipient for Mission Order 21 compliance.

We conducted this performance audit from September 2022 to December 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix II: U.S. Agency for International Development West Bank and Gaza Mission's Vetting Process for Awards

This appendix provides information on the vetting process for field-based key individuals of U.S. organizations and awards to non-U.S. organizations (awardees) receiving Economic Support Fund (ESF) assistance, including contracts, grants, cooperative agreements, and training, according to U.S. Agency for International Development (USAID) documents and information from officials. According to USAID's West Bank and Gaza mission, a typical vetting process starts with the prime awardee, submitting through an online portal, the Partner Vetting System (PVS), a completed Partner Information Form that has the names and identifying information of the organization's key individuals. The prime awardee typically has access to the PVS to submit the Partner Information Form for itself and to submit the needed vetting data from proposed recipients of subawards. Figure 6 provides details of the steps in the award vetting process.

In a small number of cases, the prime awardee does not have access to the PVS and instead sends the forms directly to the West Bank and Gaza mission's vetting team's group email address. This vetting team, known as the Program Support Unit, inputs the information into the PVS.<sup>1</sup> The information submitted via email is checked by vetting assistants at the USAID mission to ensure that it is complete and is a valid request. The information is compiled for a vetting package that is submitted through the PVS to the USAID Office of Security's Counterterrorism Branch at the Terrorist Screening Center in the United States.<sup>2</sup>

---

<sup>1</sup>The unit consists of a Supervisory Program Support Specialist and two Vetting Support Assistants who are under the specialist's supervision.

<sup>2</sup>Analysts from Office of Security's Counterterrorism Branch are detailed to the Federal Bureau of Investigation's Terrorist Screening Center where they have access to the U.S. government's consolidated Terrorist Watch list—a single database of identifying information about those who are known to be involved in terrorist activity or are reasonably suspected of being involved in such activity.

---

**Appendix II: U.S. Agency for International  
Development West Bank and Gaza Mission's  
Vetting Process for Awards**

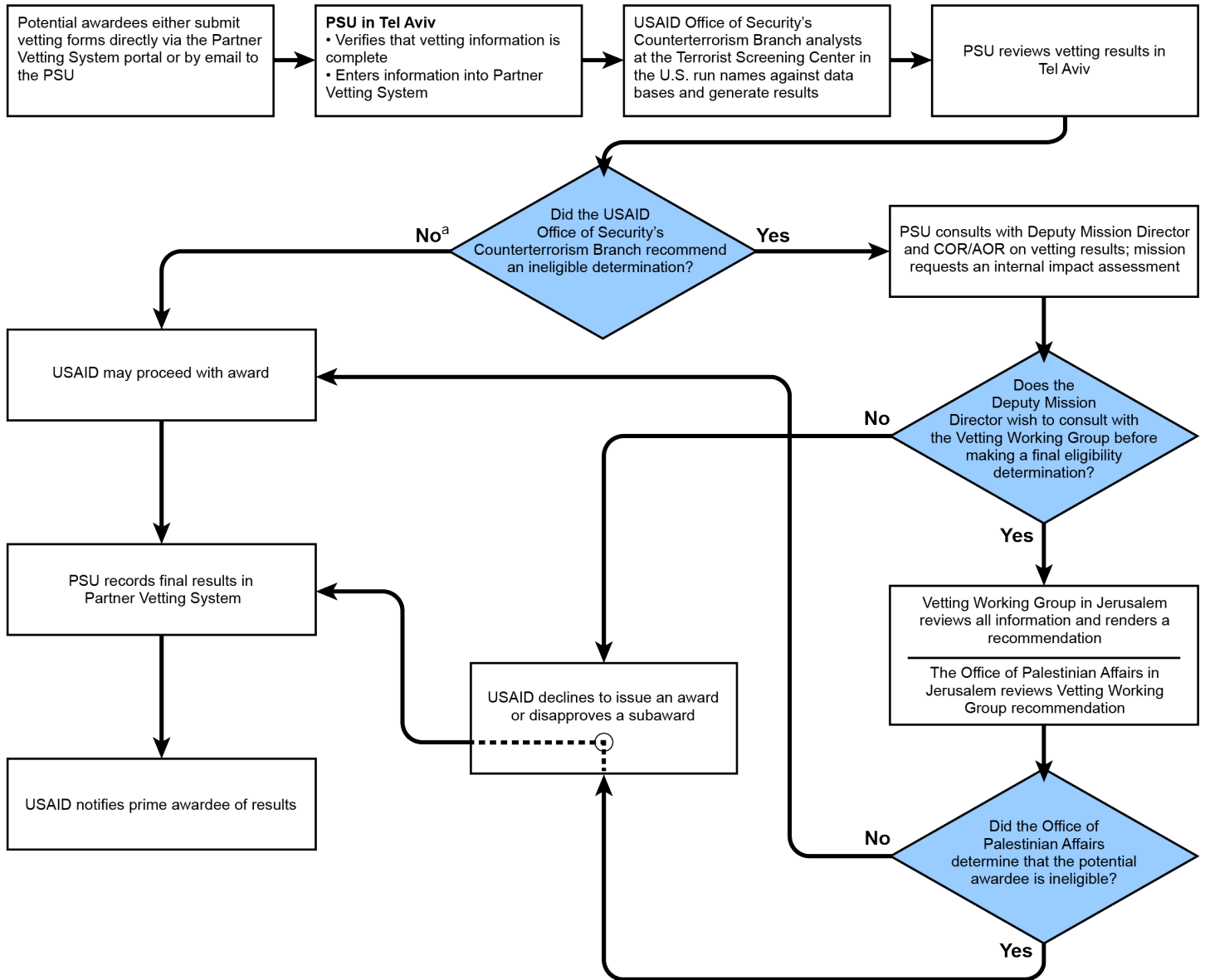
---

Until August 2015, one member of the Program Support Unit team compiled the vetting package submitted to the Terrorist Screening Center. In response to a vetting error identified in July 2015, the USAID mission implemented a new policy that requires an additional check of vetting packages submitted to the Office of Security's Counterterrorism Branch. The new process requires that a separate member of the team verify that packages submitted to the Terrorist Screening Center include all key individuals listed in the Partner Information Form, according to USAID officials.

If the Terrorist Screening Center finds that the organization or individual submitted for vetting has no derogatory information, analysts at the center enter an eligible determination into PVS. If the proposed award is a contract or training, the PVS generates an automatic email notification to the prime awardee notifying them of the results of the vetting request and the date of vetting approval, while the Contracting or Agreement Officer's Representative (COR/AOR) is copied on this email. This notification includes the name of the vetted organization or individual plus the PVS package number and the Partner Information Form number.

**Appendix II: U.S. Agency for International  
Development West Bank and Gaza Mission's  
Vetting Process for Awards**

**Figure 6: USAID's Vetting Process for Awards for the West Bank and Gaza**



Legend: Contracting Officer's Representative/Agreement Officer's Representative = COR/AOR; Program Support Unit = PSU.  
Source: GAO analysis of information from the U.S. Agency for International Development (USAID). | GAO-24-106243

Appendix II: U.S. Agency for International  
Development West Bank and Gaza Mission's  
Vetting Process for Awards

Accessible Data for Figure 6: USAID's Vetting Process for Awards for the West Bank and Gaza

USAID's Vetting Process for Awards for the West Bank and Gaza

- Potential awardees either submit vetting forms directly via the Partner Vetting System portal or by email to the PSU
  - PSU in Tel Aviv
    - Verifies that vetting information is complete
    - Enters information into Partner Vetting System
    - USAID Office of Security's Counterterrorism Branch analysts at the Terrorist Screening Center in the U.S. run names against data bases and generate results
      - PSU reviews vetting results in Tel Aviv
      - **Did the USAID Office of Security's Counterterrorism Branch recommend an ineligible determination?**
        - Yes
          - PSU consults with Deputy Mission Director and COR/AOR on vetting results; mission requests an internal impact assessment
          - **Does the Deputy Mission Director wish to consult with the Vetting Working Group before making a final eligibility determination?**
            - Yes
              - Vetting Working Group in Jerusalem reviews all information and renders a recommendation
              - The Office of Palestinian Affairs in Jerusalem reviews Vetting Working Group recommendation
              - **Did the Office of Palestinian Affairs determine that the potential awardee is ineligible?**
              - Yes
                - USAID declines to issue an award or disapproves a subaward
              - No
                - USAID may proceed with award
                - PSU records final results in Partner Vetting System
                - USAID notifies prime awardee of results
            - No
              - USAID declines to issue an award or disapproves a subaward
      - No<sup>a</sup>
        - USAID may proceed with award
        - PSU records final results in Partner Vetting System
        - USAID notifies prime awardee of results

Legend: Contracting Officer's Representative/Agreement Officer's Representative = COR/AOR; Program Support Unit = PSU.

Source: GAO analysis of information from the U.S. Agency for International Development (USAID). | GAO-24-106243

<sup>a</sup>For grants and awards of cash or in-kind assistance, even if the USAID Office of Security's Counterterrorism Branch does not recommend an ineligible determination, the Office of Palestinian Affairs needs to conduct second-step vetting, according to USAID officials.

---

**Appendix II: U.S. Agency for International  
Development West Bank and Gaza Mission's  
Vetting Process for Awards**

---

If the proposed award is a cash grant or in-kind assistance to an organization, following an eligible recommendation from the Terrorist Screening Center, the request is sent to USAID's Office of Palestinian Affairs for a second vetting step. If the organization vetted by the Office of Palestinian Affairs is also deemed eligible, results are entered into PVS, and an automatic email notification with the results is sent to the prime awardee, while the COR/AOR is copied on the email.

If the Terrorist Screening Center finds derogatory information related to an organization or individual submitted for vetting, the center analyzes the information to determine whether an ineligible recommendation is warranted. If it is, the Terrorist Screening Center sends an assessment of the derogatory information to the Supervisory Program Support Specialist, according to the West Bank and Gaza mission. The Office of Palestinian Affairs follows a similar notification process if an organization submitted for vetting results in an ineligible recommendation. In both cases, the Supervisory Program Support Specialist reviews the derogatory information and consults with key mission vetting officials who have been granted the appropriate security clearance and have a need-to-know. The COR/AOR may also be asked to provide an impact assessment to evaluate the potential consequences for the implementation of the program should a particular prospective implementing partner be found ineligible.

If the mission would like to consider an award notwithstanding an ineligible finding by the Terrorist Screening Center, the mission refers the case to the Vetting Working Group, located in the U.S. Embassy in Jerusalem. The Vetting Working Group is a multiagency group, responsible for reconciling derogatory vetting information obtained by U.S. agencies implementing programs in the West Bank and Gaza, according to the mission. The group meets on an ad-hoc basis and recommends eligibility or ineligibility on the basis of consensus, with the final decision made by the Mission Director. For cases that are not referred to the Vetting Working Group, the Deputy Mission Director, or their Designee, has the authority to make final ineligibility decisions, according to the mission. Once either the Office of Palestinian Affairs or the Deputy Mission Director makes a final determination, the Supervisory Program Support Specialist enters this determination into PVS and an automatic email notification is sent to the prime awardee, while the COR/AOR is copied on the notification.

If a program awardee has been approved through the vetting process, the approval generally remains valid for that particular award for up to 3 years

---

**Appendix II: U.S. Agency for International  
Development West Bank and Gaza Mission's  
Vetting Process for Awards**

---

from the date of the award. However, new vetting is conducted in several circumstances. First, new vetting is conducted if there is a change in the awardee's key individuals. Key individuals, as defined under Mission Order 21, include principal officers of the organization's governing body, the principal officer and deputy principal officer of the organization, the program manager or chief of party, and any other persons with significant responsibility for administration of USAID-financed activities or resources. Second, new vetting is required for any new awards or extensions of existing awards if more than 12 months have passed since the awardee was last approved. Third, new vetting is required for contract or subcontract amendments that would increase the amount of a contract or subcontract above \$25,000. USAID may rescind vetting approval if the agency obtains information that an awardee or any of the key individuals is or has been involved in terrorist activity, according to USAID officials.



# Appendix III: Descriptions of U.S. Agency for International Development’s West Bank and Gaza Prime Awards

The U.S. Agency for International Development (USAID) funded 18 prime awards in the West Bank and Gaza using Economic Support Fund assistance from fiscal years 2020 through 2022. USAID categorizes these awards under one of three development objectives: Governance and Civic Engagement, Economic Growth and Infrastructure, and Investing in the Next Generation.

Table 5 below contains descriptions of the awards, along with the related USAID development objective, and the name of the award, based on USAID data and project documents.

**Table 5: Descriptions USAID West Bank and Gaza Program Prime Awards Funded by Economic Support Fund Assistance, Fiscal Years 2020–2022**

USAID development objective	Award name	Award description
Governance and Civic Engagement	Civic Participation and Community Engagement (CPCE)	The CPCE activity enhances governance and builds civil society organization capacity in addition to increasing participatory community development and civic participation. CPCE helps civil society organizations better advocate and serve citizens, which will lead to increased citizen engagement and participation.
Governance and Civic Engagement	Active Citizenry Activity	The Active Citizenry Activity increases citizens’ civic participation and supports their efforts to advocate for positive changes; foster equitable social and political advancement; and improve overall living conditions, prosperity, and inclusion, particularly for women and youth.
Economic Growth and Infrastructure	Palestinian Community Infrastructure Development (PCID)	The PCID activity works with rural governments, local councils, and grass-roots organizations to identify and construct small-scale community infrastructure needs in the water, transportation, and energy sectors, as well as public facilities and parks.
Economic Growth and Infrastructure	Tulkarem Wastewater Collection System Improvements Project	The Tulkarem Wastewater Collection System Improvements project expands and improves the current wastewater collection system for the City of Tulkarem, adding new sewer pipelines to underserved areas and upgrading the pump station.
Economic Growth and Infrastructure	Small and Medium Enterprise Assistance for Recovery and Transition (SMART)	The SMART activity revitalizes Palestinian small and medium enterprises (SME) and places them on a path to recovery following the COVID-19 pandemic. Assistance supports SMEs’ efforts to regain productivity through a package of grants, technical assistance, and increased access to finance.

**Appendix III: Descriptions of U.S. Agency for  
International Development's West Bank and  
Gaza Prime Awards**

<b>USAID development objective</b>	<b>Award name</b>	<b>Award description</b>
Economic Growth and Infrastructure	Gaza Household Wash (GHW)	The GHW activity increases access to facilities, including sewage pump stations, water wells, and water desalination plants, and services for safe domestic water, improving household and community sanitation, and enhancing emergency preparedness.
Economic Growth and Infrastructure	USAID West Bank and Gaza Architecture and Engineering Services	Under this contract, the contractor provides infrastructure services, including engineering design, construction management, and related support in the areas of water resources, water supply, wastewater, environmental, transportation, energy, and facilities.
Economic Growth and Infrastructure	Building Foundations	The Building Foundations contract provides USAID with a full range of multidiscipline construction services in the transportation, water, sanitation and wastewater, buildings, infrastructure facilities, electric power, and other infrastructure sectors.
Investing in the Next Generation	Envision Gaza 2020	Envision Gaza supports vulnerable individuals and their families in Gaza who are coping with ongoing stresses and unexpected shocks. Envision Gaza provides emergency assistance to vulnerable people with timely and appropriate humanitarian aid to purchase food and other basic life-saving household items and training to local nongovernmental organizations to enable rapid crisis response.
Investing in the Next Generation	Positive Youth Engagement (PYE)	PYE is a 5-year multi-sectoral youth activity designed to address the core issues of Palestinian youth development. PYE supports 50,000 vulnerable and marginalized youth aged 10-19 with services that improve education, health, access to employment opportunities, and community involvement through (1) psychosocial, career guidance, life skills, and civic education activities; (2) technical and vocational education and training (TVET) programs, internships, and entrepreneurship support; and (3) youth-led clubs and councils, community and social media advocacy campaigns, and mentorship opportunities.
Investing in the Next Generation	Forsah Technical and Vocational Education and Training (TVET)	The TVET activity enables TVET institutions to meet labor market demands and provide Palestinians with meaningful, well-paying employment and income-generating opportunities. The TVET activity develops new technical training and improves the quality of existing technical programs. These programs will support Palestinian career paths and link participants to employment opportunities, or help them start their own business, in increasingly in-demand technical sectors.
Investing in the Next Generation	Assistance for Vulnerable People in the West Bank and Gaza	The Assistance for Vulnerable People in the West Bank and Gaza activity promotes recovery and food security in the West Bank and Gaza. UNWFP's food assistance is delivered predominantly through cash-based transfers in the form of electronic food vouchers (80 percent) but also through in-kind food parcels (18 percent) and multi-purpose cash (2 percent). More than 70 percent of the recipients of assistance are women, girls, and boys.

Source: U.S. Agency for International Development (USAID) data and project documents. | GAO-24-106243

---

# Appendix IV: Comments from the U.S. Agency for International Development

Appendix IV: Comments from the U.S. Agency  
for International Development



October 25, 2023

Jason Bair  
Managing Director, International Affairs and Trade  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20226

Re: USAID Generally Ensured Compliance with Anti-terrorism Policies and Addressed  
Instances of Noncompliance (GAO-23- 106243)

Dear Mr. Bair:

I am pleased to provide the formal response of the U.S. Agency for International Development (USAID) to the draft report produced by the U.S. Government Accountability Office (GAO) titled, "USAID Generally Ensured Compliance with Anti-terrorism Policies and Addressed Instances of Noncompliance" (GAO-23-106243)

USAID would like to thank GAO for the opportunity to respond to this draft report. We appreciate the extensive work of the GAO engagement team.

We are pleased the GAO found that USAID complied with its anti-terrorism policies, highlighting the importance USAID places on adhering to these requirements and protecting taxpayer dollars. USAID will build on the engagement with GAO over the past year and continue to evaluate its program management and internal policies to ensure the proper implementation of its assistance programs.

I am transmitting this letter from USAID for inclusion in the GAO's final report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our procedures to ensure compliance with the Anti-terrorism policies.

Sincerely,

*Colleen R. Allen*

Colleen Allen  
Assistant Administrator  
Bureau for Management

# Accessible Text for Appendix IV: Comments from the U.S. Agency for International Development

October 25, 2023

Jason Bair  
Managing Director, International Affairs and Trade  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20226

Re: USAID Generally Ensured Compliance with Anti-terrorism Policies and  
Addressed Instances of Noncompliance (GAO-23-106243)

Dear Mr. Bair:

I am pleased to provide the formal response of the U.S. Agency for International Development (USAID) to the draft report produced by the U.S. Government Accountability Office (GAO) titled, "USAID Generally Ensured Compliance with Anti-terrorism Policies and Addressed Instances of Noncompliance" (GAO-23-106243)

USAID would like to thank GAO for the opportunity to respond to this draft report. We appreciate the extensive work of the GAO engagement team.

We are pleased the GAO found that USAID complied with its anti-terrorism policies, highlighting the importance USAID places on adhering to these requirements and protecting taxpayer dollars. USAID will build on the engagement with GAO over the past year and continue to evaluate its program management and internal policies to ensure the proper implementation of its assistance programs.

I am transmitting this letter from USAID for inclusion in the GAO's final report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our procedures to ensure compliance with the Anti-terrorism policies.

Sincerely,

---

**Accessible Text for Appendix IV: Comments  
from the U.S. Agency for International  
Development**

---

Colleen Allen  
Assistant Administrator  
Bureau for Management

---

## Appendix V: GAO Contacts and Staff Acknowledgments

---

### GAO Contact

Latesha Love-Grayer, (202) 512-4409 or [lovegrayerl@gao.gov](mailto:lovegrayerl@gao.gov)

---

### Staff Acknowledgments

In addition to the contact named above, Ryan Vaughan (Assistant Director), Christopher Hayes (Analyst-in-Charge), Naina Azimov, Maia O'Meara, Debbie Chung, Neil Doherty, and Caitlin Mitchell made key contributions to this report. Breanne Cave, Thomas McCabe, Roger Stoltz, Frances Tirado, and Alexander Welsh provided additional assistance.

---

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through our website. Each weekday afternoon, GAO posts on its [website](#) newly released reports, testimony, and correspondence. You can also [subscribe](#) to GAO's email updates to receive notification of newly posted products.

---

## Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <https://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

---

## Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#).

Subscribe to our [RSS Feeds](#) or [Email Updates](#). Listen to our [Podcasts](#).

Visit GAO on the web at <https://www.gao.gov>.

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact FraudNet:

Website: <https://www.gao.gov/about/what-gao-does/fraudnet>

Automated answering system: (800) 424-5454 or (202) 512-7700



---

---

## Congressional Relations

A. Nicole Clowers, Managing Director, [ClowersA@gao.gov](mailto:ClowersA@gao.gov), (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

---

## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, DC 20548

---

## Strategic Planning and External Liaison

Stephen J. Sanford, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707  
U.S. Government Accountability Office, 441 G Street NW, Room 7814,  
Washington, DC 20548



**Please Print on Recycled Paper.**