

**SPECIAL STATEMENT DEPARTMENT BRIEFING ON U.S. ASSISTANCE TO THE
PALESTINIAN PEOPLE
BRIEFER: DAVID WELCH, ASSISTANT SECRETARY FOR NEAR EASTERN AFFAIRS
STATE DEPARTMENT BRIEFING ROOM, WASHINGTON, D.C.
3:15 P.M. EDT, THURSDAY, APRIL 7, 2006**

FULL TEXT:

ADAM ERELI (State Department deputy spokesman): Greetings, everyone. Thank you for coming. We have a limited time with our senior administration officials, so we'll get right into it.

Assistant Secretary for Near Eastern Affairs David Welch is here to brief us on Palestinian assistance, which we announced in the name of the secretary at the briefing. David will give a brief overview, then be available to answer your questions. We also have two other experts here who may be called upon if needed -- Deputy Assistant Administrator for Near East and South Asia Jim Kunder, and Mr. Jonathan Schwartz from our Office of Legal Advisor -- if there are any questions in their area of expertise.

So David, please. Thank you.

MR. WELCH: Thank you, Adam.

Hi, everybody. You have seen our statement today, and we are making ourselves available to answer any questions you might have in follow-up to that.

As you know, we've done quite a bit of work to build a substantial international consensus about the direction of policy now that Hamas won an election on January 25th to the Palestinian Legislative Council and now that it has formed a new government for the Palestinians. This is embodied in statements going back to January 30 by the Quartet, which have at their center three principles. Those principles are that any Palestinian government should accept the right of Israel to exist; second, that in order to pursue a two-state solution, it has to proceed in negotiations free of violence and terror; third, that negotiation ought to pay some respect to and deference to the previous body of work to build Israeli- Palestinian peace.

In particular, the new government -- any new government ought to take up the obligations and undertakings of its predecessors. Those are in U.N. resolutions, Arab League initiatives, the road map, et cetera.

So we have that as an element of policy. Regrettably, so far the new Hamas government has not answered on any of those principles with anything that could approximate a yes. Accordingly, and at the direction of our principals here, we've undertaken a review of U.S. assistance programs to the West Bank and Gaza, and we made an announcement today in respect of that, which will mean that we will focus now -- we will renew our focus on humanitarian assistance -- and particularly health, food and education -- to the Palestinian people directly. As you all know, most American assistance has traditionally been provided directly to the Palestinian people through contractors and NGOs. Only on very rare exceptions have we provided any assistance to the Palestinian Authority itself. So we will not do that in the future as long as the Palestinian government, under the Hamas leadership, does not accept these three conditions.

With respect to other major donors, and particularly the European Union, I think they'll be meeting next week to flesh out their own review of assistance programs.

We remain committed to the vision that President Bush has laid out for a two-state solution. But as I said, absent a commitment by the Hamas government to these preconditions, we cannot see them as a partner for peace. This would mean, therefore, that we'll have to redirect a substantial portion of our assistance program to principally humanitarian assistance.

We've begun consultation with Congress on this. That will be proceeding. And in fact, I'll be back up there in a few minutes to continue conversations with our appropriators on the subject. Anything we do will not only be done in consultation with Congress, but with the appropriate notification on -- that's typical when we change assistance programming.

We also will direct some assistance to supporting democracy and civil society and independent institutions. We think this latter element is critical since -- while Hamas did gain a majority in the PLC to form a government, it won by 44 percent of the vote; in other words, approximately 55 or 56 percent of Palestinians did not vote for Hamas. We, as you know, had a no-contact policy with Hamas before the election, and we have reviewed that policy and we have reasserted it.

In addition, we have strengthened our process for vetting any recipients of assistance so that we don't trip over either law or policy in this regard.

Our message to the international community will be first by this review showing that through discipline and rigor we can look carefully at this kind of assistance and suggest that it be directed to humanitarian pursuits rather than to supporting any government. We call upon others in the international community to join us in that direction.

There may be from time to time a highly limited exception for a reason which we have not foreseen. We do have an overriding U.S. national interest, for example, in combatting the Asian -- the avian flu epidemic, and in close coordination with our Palestinian friends, other donors and the Israeli government, we have responded to a request for assistance for avian flu. This is in-kind assistance, not financial assistance, and to address what is really a highly unique problem.

This, I think, is just a quick encapsulation of what was behind the statement we issued, and I'd be delighted to take any questions you have. I'm sorry I'm a little more rushed than I would like to be, because of scheduling that I didn't foresee.

Q I'm sorry, but I don't understand the figures. We were said that the humanitarian assistance is rising by 57 percent to \$245 million, and we had a figure before of \$150 million through USAID plus \$84 million through UNRWA. So I don't understand. No, it was 234. So it's not --

MR. WELCH: Okay. Well, I'm not sure about all the previous data, but let me give you what I understand to be the numbers. I'll do this quickly, and if you have any follow-up, maybe I can turn to my colleague James Kunder, after I leave, just to clean up the data.

Let me take from the position before the election to the position after the election. And basically we're going from a pre-election planned expenditure of U.S. assistance in the basic human needs category of \$153 million, approximately, to a post-election planned figure of 240 (million dollars). That is a 57 percent increase in humanitarian assistance.

Please bear in mind that that's subject to consultation notification to Congress.

The -- a substantial portion of that would be through UNRWA. Before the election, we had planned to assist UNRWA in the neighborhood of \$100 million. Post-election, we plan to increase that to over \$130 million -- a 30 percent increase, roughly speaking, in funding for UNRWA.

Food assistance would be another large category. Pre-election, we were planning on spending around \$10 million. Post-election, it'll be around 60 million depending on if you count USDA programs in that or not. That's quite a large leap in assistance.

There are a few other categories in the build-up to the total of 240. As I mentioned earlier, we do have democracy programs -- democratization programs under way with the Palestinians. That pre-election figure is around 29 million. Post-election, it would be 42 million -- again, a substantial boost there.

MR. ERELI: Tom?

Q Two questions, please.

MR. ERELI: One question. (Off mike.)

Q Okay. Now, the 42 million that are supposed to -- you're saying openly it's for the support of ?immigration and finding alternatives for Hamas. How could this be read except for basically calling for ousting Hamas? And why is not possible to direct the 130 million to the same ministry for infrastructure projects?

MR. WELCH: Well, we haven't made exact decisions on how precisely we will use the suggested democratization funding, but I would disagree with you that it's to, you know, deal directly with Hamas victory in the manner in which you described it.

Q (Off mike) -- to find alternatives for Hamas?

MR. WELCH: What -- It says to find alternatives to Hamas.

Q Yes.

MR. WELCH: That's the important point.

Q (Off mike) -- ousting Hamas.

MR. WELCH: Let me complete my answer, if I may. Fifty-five percent of those who voted in this last election did not vote for Hamas. So they're out there searching for other vehicles and alternatives to express their political wishes. We think to continue to build the institutions of democracy is a really important endeavor and to give them some hope that their voice can be heard, particularly when we believe that Hamas, as a government, is going to have great difficulty meeting the aspirations of the Palestinian people.

Precisely how we do that, we will look at both the existing programs we've had under way and reevaluate whether those are effective in this regard, but we also may propose some new ones.

MR. ERELI: Erin?

Q There's 165 million, I understand, as Sean said at the briefing, in -- money that you're still figuring out what's going to happen to it. Can you explain that a little bit?

MR. WELCH: Yes.

Q What does that -- what does that cover, and what are your options?

MR. WELCH: There would be some things suspended or cancelled, some that are subject to further review, and then this redirected amount that I spent most of the time describing.

In the area of infrastructure, where we had done a fair amount of direct programming, because of the difficulties of doing that without interacting with the Cabinet and ministries of a Hamas government, we've elected to suspend or cancel most of that work. There could be some aspects of it that we may permit to go forward after this review. For example, infrastructure support to help make more efficient the crossings between the Palestinian territories and Israel. But again, we haven't made all those decisions yet.

MR. ERELI: Elise?

Q A lot more money is going to go to UNRWA, as you noted. And even before this all happened with the election there was always a question as to whether UNRWA could accept an increased capacity, that they had certain limitations as to their structure and things that you didn't know if they could bear the additional funding to be able to handle those projects. Have you given any thought to that and whether you would actually fund helping increase their capacity so that -- or work with -- are you looking at other organizations to help with this humanitarian program?

MR. WELCH: Well, it's a very good question, Elise. And I think part of your question has to be answered by UNRWA as to what they see as their capacity headroom.

But we took a look at our regular budget support for UNRWA. As you know, we're a very large contributor. I think the amount budgeted in this fiscal year that we have under way now is around \$80 million. They have an emergency appeal. I think they have those annually. (To staff) Am I correct in that? And so we would probably meet part of the emergency appeal. UNRWA is -- for us is an attractive vehicle because it has experience on the ground. We have some accountability mechanisms with which we have some experience in making sure our money gets to the right place and is not misused. And in addition, it's immediately available.

So while there may be a capacity question, at least in the immediate term they can also use the assistance if it's provided to them, and it's very quick-acting in that regard. Also, UNRWA services two-thirds of the population in Gaza and one-third of the population in the West Bank, in addition to diaspora communities as well. That's a pretty substantial population pool. So if we're directing our attention to supporting the Palestinian people, we think this would be an effective and quick-acting vehicle to do so.

MR. ERELI: We have time for a couple more.

Charlie?

Q David, can you explain in policy terms, compared to the dollars, how you're going to support President Abbas and not support the Hamas-led government? And is there any money directly for President Abbas at this point?

MR. WELCH: Well first of all, we do support President Mahmoud Abbas. The PA government, under a prime minister, has been tainted by the fact that Hamas, a terrorist organization, now controls it. This is fully and totally a Hamas government from the prime minister through the Cabinet on down to the people who work in those ministries. We will have no association with the government.

By contrast, the president, the presidency and entities reporting to the president are segregated from Hamas, and that's part of the Palestinian Authority that's untainted by their presence in government.

That said, we have not made a decision on whether to assist those elements in any regard at this time. We may come back to and revisit that choice, Charlie, but we haven't made it yet.

There are also a variety of independent entities or governmental structures that were out there even before Oslo, for example -- municipalities, governorates, the central election commission, the attorney general and judiciary. All these are bodies that in and of themselves are independent of the government. And we can look at alternatives for assistance there. But so far, what we're doing is concentrating our attention on the humanitarian aspect.

MR. ERELI: Teri?

Q But no money for President Abbas now, right now?

MR. WELCH: Not now, but I don't rule it out, and I don't rule it in.

Q Could you tell us more about this deal that you mentioned on the assistance for avian flu, the in-kind assistance?

MR. WELCH: Yeah.

Q And does this indicate that you see in-kind assistance to the Palestinian government as different than money and -- or is there some way that this is not going to aid the Palestinian government?

MR. WELCH: No, all it indicates to you -- should indicate to you is not a remark about the vehicle but a remark about the urgency of the problem, and a recognition that avian flu knows no national dimension -- it, you know, follows the migratory bird patterns -- and that there is an urgent need to deal with it, especially in the Gaza context.

Q If you could explain the practical -- the way you would do that --

MR. WELCH: Jim Kunder could do that, if you don't mind, afterwards.

Q Okay.

MR. WELCH: But you know, it's basically, I think, protective suits, and we just turn them to those who are responsible for doing the culling and the destruction of the birds there.

MR. ERELI: Jim?

Q David, on Anne's question, I want to follow up on the 165 million (dollars) that's still hanging out there. Is there any thought or how much thought has been put into so far the idea of maybe creating a trust fund that could be used as a carrot, instead of sending that money back to Treasury? Does that create problems? What's --

Q Are you -- (off mike) -- Treasury?

MR. WELCH: For now, all we have done is either suspended or cancelled certain program activities. That, for the most part, is a decision that is in our hands.

When you get to the question what you do with the funds, it's complicated, because there are different budget years implicated; there are different procedures in that respect for consulting and then notifying Congress.

So the answer to your question, in short, is no, we've not made those decisions yet. We've put that money, generally speaking, in abeyance, because we cannot spend money on certain activities that would have us interacting with or supporting a Hamas government.

Q But are those -- are you actively looking at a way, a mechanism that might create an incentive for Hamas?

MR. WELCH: Well, we would like to be in a position where either -- are conditions to be met or there would be a different government, that we'd be able to step back in and provide assistance to the -- what we think are -- were some legitimate needs and uses. But we're not at that point yet.

MR. ERELI: Let's do one question -- (off mike).

Q Sir, under what condition do you think some money could go direct to President Abbas? And do you think there is any plan to invite him to come to Washington at present?

MR. WELCH: Well, you know, as I said, we support the president. He has indicated that his policy is one where he is calling for a negotiated peace that aims at a two-state solution. He wants to proceed within an environment of no violence and no terror. And he's one of the architects personally of the Oslo process. So under his leadership, the presidency subscribes to those conditions. Those are his conditions. The international community has adopted them in a certain fashion. And that's what we expect to be adopted by any Palestinian government, especially this one.

We'll continue our relationship with President Abbas, and that includes meeting him. As you know, I was just out there and saw him in Amman, Jordan, just a few days ago. I expect we'll do that kind of thing in the future. Whether there's any possibility of a visit here, that's not under discussion right now.

Q So why aren't you giving him money?

MR. WELCH: I didn't say we weren't. I said we --

Q (Off mike.)

MR. WELCH: Because right now we're focused on what we consider to be the important humanitarian needs in front of us. We may make that decision in the future. I don't rule it out.

MR. ERELI: Let's do one more question. Steve.

Q To what extent, after your travels, can you say that this approach is now going to be adopted by the Europeans and maybe the Arabs? In other words, reprogramming money away from the day-to-day operations of the Authority and into these humanitarian efforts delivered by other agencies. In other words, the European Union is indicating that their cut-off is about to occur in advance of the Monday meeting. What are your expectations, especially about Europe, since you've been in touch with them?

MR. WELCH: Well, first of all, I'll let them speak for themselves, Steve. I believe they're having a foreign ministers' meeting on Monday which will address this policy, and they may or may not come out with a statement afterwards. I expect there will be some statement.

Their presentation's been pretty consistent so far. Of course, they subscribed as the EU to the Quartet's decisions on January 30th. They have undertaken their own assistance review. As you know, the European Union collectively is a very large and a major donor to the Palestinians, including the Palestinian Authority. My understanding is that for them to continue that relationship will be very, very complicated. I don't want to speak for them, but you can read into the Quartet statements you've seen so far the evolution of the attitude in that respect.

There's also national assistance programs, and in some cases those are quite considerable, in addition to, you know, as member states of the EU they may have these programs. And I think most of the major donors are going through a similar review process as we are. Some have made decisions already. You may have seen a Canadian announcement, for example.

I think the broad trend internationally is supportive of the direction in which we are going. On the one hand, people have very clear criteria for what any Palestinian government ought to address, and it's now Hamas's responsibility to address those. On the other hand, we are also very supportive of the humanitarian needs of the Palestinian people and we hope to see that those go -- are satisfied.

MR. ERELI: Thank you very much. Appreciate it.

MR. WELCH: Thank you all. Have a nice weekend.

END.