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U.S. quietly unblocks almost \$500m in frozen funds for Palestinians



Following the visit of U.S. President Barack Obama to the West Bank and Israel this week, the Palestinian Authority was granted access to almost \$500 million that was frozen by U.S. Congress for months. A top U.S. official said Friday that the frozen funds have been quietly unblocked after Obama and U.S. Secretary of State John Kerry met with top Palestinian and Israeli leaders during his visit this week.

Kerry has pushed for the funds to be released since taking up his post on Feb. 1. State Department spokeswoman Victoria Nuland told reporters that the Obama Administration notified Congress late February that it was seeking a further \$200 million to fund U.S. Agency for International Development (USAID) programs for the Palestinians.

“To date, we have moved \$295.7 million in fiscal year 2012 money... and \$200 million in fiscal year 2013 assistance,” She added. The first sum comprises some \$195.7 million, allocated under the 2012 fiscal year budget for USAID economic, development and humanitarian assistance, as well as a further \$100 million earmarked specifically for narcotics control. The second sum of \$200 million unblocked and available to the Palestinian Authority will come under the 2013 budget and be spent for direct budget support.

Earlier this month a report by the Palestinian Authority urged the world to step up financial aid and press Israel to allow economic development, warning of a “political collapse” due to Israeli fiscal strangulation. The Palestinian Authority is facing its worst economic crisis in years, in part because of a failure by donors to deliver pledged funds. But its finances were plunged further into chaos after president Mahmud Abbas won upgraded U.N. observer status at the U.N. General Assembly in late November. Israel, which also strongly opposed the move, said it was suspending monthly transfers of the tax and tariff revenue it collects on behalf of the Palestinian Authority (PA) in the wake of the decision.