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## Better Late than Never: Keeping USAID Funds out of Terrorist Hands

By [Matthew Levitt](#)  
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Foreign aid is an important and effective tool for buttressing allies, alleviating poverty and suffering, supporting key foreign policy objectives, and promoting the image and ideals of the United States abroad. Indeed, as its own website attests, the U.S. Agency for International Development (USAID) "plays a vital role in promoting U.S. national security, foreign policy, and the War on Terrorism." Toward these goals -- and considering that several agency-approved aid recipients have been linked to terrorist groups in recent years -- USAID's proposed new partner-vetting system (PVS) is a welcome and overdue development.

### Funding Groups Tied to Terrorism

An aid organization by nature and design, USAID is focused more on dispersing aid than on vetting the partner and subpartner organizations through which that aid is distributed on the ground. As a result, its otherwise laudable record is tainted by a series of awards to entities with established ties to terrorist groups. Consider just two examples: Hamas-controlled *zakat* (charity) committees and the Islamic University of Gaza (IUG).

Documents made public in the ongoing prosecution of the Holy Land Foundation and several of its leaders -- accused of funding Hamas -- reveal that as recently as December 2002, USAID "cleared" several charity committees to receive funding despite information publicly tying them to Hamas. These included the main committees in the West Bank towns of Jenin, Qalqilya, Hebron, Tulkarem, and Nablus, as well as the al-Tadhoman committee, also in Nablus. But a year earlier, in a November 2001 memorandum sent to the Treasury Department, the FBI had cited detailed information documenting Hamas links among the first five of these committees. Documents seized from Palestinian offices by Israeli forces in March 2002 revealed further links.

More recently, in March 2007, then-USAID administrator Randall Tobias was called before Congress to explain why the agency had provided more than \$140,000 to the Hamas-controlled Islamic University of Gaza. In response, he described the "very thorough vetting process that takes place." State Department spokesman Sean McCormack added that a "careful vetting process" led officials at the U.S. consulate in Jerusalem and the U.S. embassy in Tel Aviv to conclude that the IUG was an "independent" university and that "it would be incorrect to characterize [it] as Hamas-controlled."

But the university's extensive ties to Hamas were publicly available and well documented at the time USAID vetted it. One semiofficial history of Hamas -- cited in Avraham Sela and Shaul Mishal's 2000 book *The Palestinian Hamas: Vision, Violence, and Coexistence* -- breaks the organization's development into four chronological stages. These include a period of geographical expansion and institutional establishment between 1976 and 1981, resulting most notably in two large Islamic centers and the IUG.

Indeed, Israeli and Palestinian scholars alike characterize the IUG as a Hamas institution. Meir Hatina

described it as one of the key institutions that "coordinated [Muslim] Brotherhood activities in the Gaza Strip and later constituted a springboard for Hamas." Similarly, in his book *Islamic Fundamentalism in the West Bank and Gaza*, Ziad Abu Amr depicted the IUG as "the principal Muslim Brotherhood stronghold," referring to the Palestinian Muslim Brotherhood, which became Hamas in December 1987. "The University's administration, most of the employees who work there, and the majority of students are Brotherhood supporters," he concluded.

Hamas itself has corroborated these ties. In a 2003 interview in the pan-Arab daily *al-Hayat*, Hamas leader Khaled Mashal boasted of the group's participation in building the IUG in 1978. And according to FBI surveillance of a 1993 Hamas meeting in Philadelphia, Muin Kamel Muhammad Shabib, a member of the organization's Izz al-Din al-Qassam Brigades, briefed attendees on "the situation in Palestine" and the status of "Islamic works" tied to Hamas, naming the IUG as one of "our institutions." In fact, even a cursory search of articles on LexisNexis through March 2007 produces 149 articles mentioning the IUG and Hamas together. Yet, only after congressional and media scrutiny exposed the taxpayer-funded awards to the Hamas-linked institution was USAID funding for the university terminated.

### **Flawed Vetting Process**

Despite State Department assertions that the USAID vetting process is thorough, several deficiencies explain how funding mistakes can occur.

In its most significant shortcoming, USAID often ran trace requests on individuals and organizations without sufficient identifier information such as date and place of birth (DPOB) or government-issued identification numbers. According to a 2006 Government Accountability Office (GAO) report, "until June 2006, the [Tel Aviv] mission did not routinely collect detailed identifying information on individuals, such as [DPOB], or verify that information." At the embassy in Tel Aviv, several interoffice memoranda documenting trace requests concluded that "no derogatory information was uncovered" despite acknowledging -- in bold font -- that "these trace requests are less than comprehensive." The memoranda (made public in the Holy Land case) added that "without additional information on individuals (DPOB, ID number, full name) our reviews will be less than complete." Despite this disclaimer, the individuals and organizations in question were approved to receive USAID awards.

A random probability sampling conducted by GAO revealed that 94 percent of all memoranda "characterized the vetting based on only the four-part name as less than comprehensive." USAID did not even establish procedures to verify the accuracy of individual's names, such as requiring some official identification document.

Moreover, in March 2006, the USAID mission in Tel Aviv eliminated a requirement to periodically reevaluate aid recipients after initial clearance. Terrorist associations often develop gradually, however, and this procedural change made it impossible for USAID to identify late-emerging links on its own. According to the 2006 GAO report, officials in the Tel Aviv mission claimed that "new information in 2005 showed possible links to terrorists, including Hamas, for six organizations that previously had been cleared." Indeed, it should come as no surprise that terrorist elements might deliberately seek to penetrate previously cleared organizations.

In addition, USAID's dollar-threshold policy leaves some recipients subject to no vetting at all. From 2001 to 2003, the threshold was \$25,000 -- grantees awarded anything less than that sum were not vetted. In July 2003, the Tel Aviv mission raised the threshold to \$100,000, in part because it feared that vetting requirements hampered its ability to deliver urgently needed humanitarian aid. As a result, according to the GAO report, no vetting was conducted on foreign organizations and individuals tied to thirty-four contracts totaling some \$2.1 million between August 2003 and February 2006. The threshold was changed back to \$25,000 in March 2006.

The GAO report also revealed that foreign service nationals -- local, non-American embassy employees -- had

access to unsecured vetting data and, in at least one case, developed the database for recording and tracking vetting results. The database had several flaws, including important fields left blank or filled with inappropriate information.

### **The Need for a PVS**

The proposed partner-vetting system is necessary to remedy flaws such as those found in Tel Aviv. It would require applicants for USAID funding to submit identifying information on principal officers and other employees. As recent failures make clear, effective screening is impossible without sufficient identifier information. But even with sufficient information, meaningful traces must be run not only against the full range of publicly available information -- clearly not done with the IUG and Hamas charity committees -- but also against classified intelligence and law enforcement databases. Improved information sharing between USAID and security agencies will be critical for this to succeed. U.S. law, including Executive Order 13224 and existing statutory requirements for USAID vetting, demands the implementation of a reliable system.

Aid organizations may protest the extra administrative burden, but the critical need to provide humanitarian aid in conflict zones must be balanced with the inherent risk that terrorist groups will try to benefit from that aid. A truly robust system of vetting USAID partners is vital to promoting U.S. foreign policy and facilitating continued U.S. aid in places such as the West Bank and Gaza. The proposed PVS deserves public and private sector support and should be fully implemented as quickly as possible.

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