

HPG Working Paper

# The impact of bank de-risking on the humanitarian response to the Syrian crisis

Stuart Gordon, Alice Robinson, Harry Goulding and Rawaad Mahyub

August 2018



## About the authors

Dr Stuart Gordon is an Associate Professor in Humanitarian Emergencies at the London School of Economics and Political Science (LSE).

Alice Robinson is a doctoral student.

Harry Goulding is an MSc student in the LSE's Department of International Development.

Rawaad Mahyub is the Executive Director of the Humanitarian Forum.

## Acknowledgments

This research is part of a larger project on the impact of bank de-risking on local humanitarian organisations undertaken by the Humanitarian Forum, HPG and the London School of Economics and Political Science (LSE). The authors are grateful to the local and international NGOs that took part in this research and shared their experiences and recommendations. Particular thanks are due to Dr Raed Elottol who arranged and conducted some interviews and Alaa Shelbaia who translated many of the interviews from Arabic. The authors would also like to acknowledge Sherine El Taraboulsi-McCarthy and Christina Bennett at HPG for their support of and input into this study, and HPG's Matthew Foley for his expert editing.

The information and views presented in the paper are the authors'.

Humanitarian Policy Group  
Overseas Development Institute  
203 Blackfriars Road  
London SE1 8NJ  
United Kingdom

Tel. +44 (0) 20 7922 0300  
Fax. +44 (0) 20 7922 0399  
Email: [hpgadmin@odi.org](mailto:hpgadmin@odi.org)  
Website: [www.odi.org/hpg](http://www.odi.org/hpg)

© Overseas Development Institute, 2018

Readers are encouraged to quote or reproduce materials from this publication but, as copyright holders, ODI requests due acknowledgement and a copy of the publication. This and other HPG reports are available from [www.odi.org/hpg](http://www.odi.org/hpg).

---

# Contents

---

	<b>Glossary and acronyms</b>	v
	<b>Executive summary</b>	vii
<b>1</b>	<b>Introduction</b>	1
	1.1 Methodology	1
<b>2</b>	<b>The context</b>	3
	2.1 Bank de-risking and global trends	3
	2.2 The conflict in Syria	4
<b>3</b>	<b>Bank de-risking and Syria</b>	7
	3.1 Closure of NGO accounts by European banks	9
	3.2 Closure of NGO accounts in Turkey	11
	3.3 Closure of bank accounts in Lebanon	13
<b>4</b>	<b>Impacts in Syria</b>	17
	4.1 Geographical distortions	17
	4.2 The practice of compliance	17
	4.3 Responding to changing needs	18
	4.4 Changing assistance: ‘anti-cash’	19
	4.5 NGOs and populations: changing dynamics	20
	4.6 Agency adaptations	21
<b>5</b>	<b>Conclusion: the costs of adaptation</b>	23
	<b>Bibliography</b>	25

---



---

# Glossary and acronyms

**Correspondent bank** Correspondent banks are intermediary banks used when two banks, located in different states, do not have an established financial relationship

**Proscribed organisation** An organisation that states believe to be concerned with terrorism, and prohibited by law as a result

**AML** anti-money laundering

**CTF** counter-terrorist financing

**EU** European Union

**HIFPA** Hezbollah International Financing Prevention Act

**HTS** Hay'at Tahrir al-Sham

**IASC** Inter-Agency Standing Committee

**IDP** internally displaced person

**KYC** 'Know Your Customer'

**NGO** non-governmental organisation

**OCHA** Office for the Coordination of Humanitarian Affairs

**PEP** Politically Exposed Person

**PKK** Kurdistan Workers' Party

**PSC** Palestine Solidarity Campaign

**PYD** Kurdish Democratic Union Party

**SARC** Syrian Arab Red Crescent

**TRWC** Thomson Reuters World Check

**UNHCR** UN High Commissioner for Refugees

**UNRWA** UN Relief and Works Agency

**WASH** water, sanitation and hygiene

**WFP** World Food Programme

**YPG** People's Protection Unit



---

# Executive summary

The Syrian crisis is a complex environment for aid agencies wishing to move funds for humanitarian purposes into the country, or through neighbouring states supporting regional humanitarian efforts. The combination of counter-terrorist financing (CTF) legislation and international sanctions have made it very difficult for humanitarian organisations to move and access funds. The largest Syrian banks are under sanctions by the United States, the European Union (EU) and other states, and the banking system in areas outside of government control has largely been destroyed. Syria's immediate neighbours (Turkey, Lebanon and Jordan) have challenging regulatory arrangements and financial systems; Turkey, for example, has closed down several non-governmental organisations (NGOs) and substantially increased the bureaucratic processes to which humanitarian organisations are subject.

In combination, these challenges have seriously affected the ability of humanitarian organisations to arrange straight-line, direct bank-to-bank transfers to Syria or neighbouring states via the global correspondent bank network. This has made it difficult for them to pay local staff and suppliers and run programmes, and has added significantly to their costs. Bank de-risking, the shedding of NGO customers on the basis of exponential growth in regulatory penalties associated with CTF legislation and the low profitability of NGO accounts have shaped the geographical distribution of assistance, and encouraged NGOs to use less formal and less regulated transfer mechanisms.

Overall, we estimate that, within 60 of the organisations interviewed, as much as a third of donor funds was held at any one time between correspondent and recipient banks for between four and six months. All but six NGOs admitted to having reorganised programming priorities to focus on the least contentious areas, and projects that were less vulnerable to bank obstruction. We conclude that bank de-risking has reduced the cash available to the NGO community at any one point in time by at least 35%, and that these funds remain unavailable for between three and five months longer than has historically been the case.

This research suggests that humanitarian organisations operating in Syria face significant challenges in moving money into the country. The principal challenges are with:

- moving money through the correspondent banking system;
- the consequences of banks closing accounts;
- increased and inconsistent due diligence requirements;
- increased transaction costs associated with international financial transactions;
- the interaction of CTF legislation with neighbouring states' legislative and regulatory arrangements (Turkey) or issues of political economy (Lebanon); and
- engaging with the informal financial sector (principally the *hawala* system) in Syria.

## Recommendations

Much work still needs to be done to find a more appropriate balance between the security purposes of CTF legislation and its unintended impacts on humanitarian outcomes. In particular, international standards as to what constitute acceptable risk thresholds for the humanitarian community – and what due diligence should look like – are clear and urgent priorities. Respondents largely agreed on the changes that could make the regulatory system work more effectively from both a humanitarian and CTF perspective:

1. Banks agree a due diligence code of conduct on the types of information that are routinely required, and what constitutes 'sufficient' information. Banks make this code of conduct available.
2. Donors agree to be more flexible with the currencies used in transactions.
3. A mechanism for agreeing a list (operated by NGOs) of acceptable organisations from which NGOs can purchase supplies and commodities, and with which they can conduct financial transactions.
4. An agreed code of conduct between banks and NGOs on what constitutes sufficient compliance and transparency in terms of systems and record-keeping, and the exceptions that are possible in the most dire circumstances.
5. An international humanitarian financial clearing system to supplement the work of correspondent banks.
6. Putting *hawala* banking channels on a clearer

regulatory basis in conditions where they are the only viable means of moving money into areas of significant humanitarian need.

7. Donors recognise the higher overhead costs associated with operating in Syria and increase their coverage of these costs for local NGOs.



---

# 1 Introduction

Several global trends have converged to create significant challenges for NGOs trying to reach beleaguered populations caught up in the Syrian conflict. In their efforts to counter terrorist financing and money laundering, as well as to ensure the stability of the financial system as a whole, states have placed increasingly onerous regulatory demands on banks, backed up with swingeing fines. Intended to counter financial crime, these regulatory restrictions are having unintentional and costly consequences for people in need of humanitarian assistance, particularly those under the control of proscribed groups. They are also driving humanitarian funds outside of the regulated formal banking sector and through less transparent and unregulated channels.

There is a significant literature on the impact of the post-9/11 wave of CTF legislation on civil society (Carter, n.d.; Naidoo, 2004; Sidel, 2006; Moore, 2007) and humanitarian organisations (Howell, 2006; Baron, 2004). Humanitarian organisations have also systematically identified heightened due diligence requirements from donors and banks, extensive and invasive security checks for local partners and implementing actors, restrictions on staff travel and greater government scrutiny of the staff of national and regional aid organisations (Fowler, 2004; McMahan, 2007). Taken together, this has resulted in a general ‘chilling effect’ on humanitarian action.

Increasing attention is being paid to the impact of bank de-risking – where banks, fearful of regulatory penalties for breaching money-laundering or terrorist financing legislation, shed NGO customers or block financial transactions. Simply put, the limited revenue generated is not always deemed sufficient to justify the risks that some banks believe doing business with NGOs exposes them to. Consequently, they have become increasingly cautious in their handling of the financial affairs of humanitarian agencies. As a result, legislation intended to tackle terrorist financing and protect the security of states is increasingly shaping how banks engage with NGOs, and patterns of access for humanitarian agencies.

This research suggests that there are four sets of challenges to moving money for humanitarian purposes through the global financial system, resulting from:

- correspondent banks blocking transactions;
- banks dropping NGO customers;
- NGOs not knowing how to comply with host state legislative and regulatory arrangements of both the host state and local banks; and
- NGOs being forced to adapt by engaging with the informal financial sector (principally the *hawala* system).

Each of these challenges is evident in the response to the Syria crisis.

## 1.1 Methodology

The research was conducted largely in Turkey and the UK by a team of researchers from the Humanitarian Forum (HF) and the Department of International Development at the London School of Economics and Political Science (LSE). The largest effort of its type, the research was intended to capture the impact of bank de-risking on humanitarian agencies operating mainly from Turkey. Representatives of 73 NGOs – field staff and senior managers – were interviewed, and an additional 88 participated in roundtables. Interviews were also conducted with 23 officials from European banks and banking associations. The research was facilitated by a major European-based NGO. Interviews followed a common set of semi-structured questions, and were conducted in either Arabic or English. The interviews were recorded and transcribed before being sanitised to ensure that no information could be associated with any particular individual or organisation. Transcripts were then subject to a qualitative content analysis (Hermann, 2009). All material explicitly referenced in this paper is from publicly available documentation, and roundtables and interviews were conducted on the basis of absolute anonymity. The NGOs represented a cross-section of faith-based, secular, European, Syrian and Middle Eastern organisations. The sample of interviewees also reflected the enormous diversity between organisations in terms of age, size, function and operating budgets. While the sample captured a significant proportion of aid agencies (estimated at close to 50%) and the diversity of organisations conducting assistance operations inside Syria, interviews were conducted using snowball sampling – with clear implications for potential bias in the results.



---

# 2 The context

## 2.1 Bank de-risking and global trends

International (but especially US) counter-terrorism laws and policies have forced banks into quasi-regulatory roles in the fight against terrorist financing. However, profound uncertainty about how these laws should be interpreted, soaring regulatory fines imposed on banks deemed to have breached them, and statements and directives from national and international regulatory bodies to the effect that the not-for-profit sector is particularly vulnerable to abuse by terrorists has created a global pattern of risk aversion within the financial sector. Consequently, banks have become increasingly cautious in their handling of the financial affairs of humanitarian agencies, seriously affecting their ability to reach populations in need, particularly in areas under the control of proscribed groups. NGOs have encountered difficulties receiving, moving and storing money via the formal banking system, with delays, blockages and occasionally the return of donations, frozen accounts and declined requests to open new accounts. Credit card companies, online donation websites and internet payment service companies have imposed similar restrictions. Well-known institutions including NatWest, HSBC and UBS have closed or frozen NGO accounts and blocked or delayed transfers to or from accounts held by UK-registered charities and international NGOs (Metcalf-Hough, 2015). Ensuring compliance with new 'Know Your Customer' (KYC) rules and demands for increasing amounts of information on donors, recipients, partners and beneficiaries have slowed down administrative functions and operational responses, curtailed funding and damaged relationships between international NGOs and local partners and communities (Elhawary et al., 2011).

The most rigorous and extensive research in this area (from a representative sample of 8,500 organisations) has been that of the Charity and Security Network (Charity and Security Network, 2017). This identified a strong pattern of risk aversion among US banks dealing with US NGOs working in conflict areas. Key findings were that:

- Two-thirds of all US non-profits that work abroad are having financial access difficulties.

- Delays in wire transfers, which can last months, are the most common problem, affecting 37% of non-profits.
- 15% of non-profits report facing these problems constantly or regularly.
- One-third of non-profits have experienced fee increases, and 26% have faced additional, unusual documentation requests.
- Transfers to all parts of the globe are affected: the problem is not limited to conflict zones or fragile and failing states.
- Non-profit organisations regarded as high-risk are sometimes forced to move money through less transparent, less traceable and less safe channels as a result of delays in wire transfers and requests for additional documentation. When money cannot be transmitted in a timely manner, 42% of non-profits report that they physically carry cash.

An earlier UK-focused survey conducted by the UK Charities Finance Group during July and August 2014 had similar findings (Charities Finance Group, 2015). Almost a third (30.8%) of charities surveyed indicated that banks had become substantially more risk averse, a similar proportion indicated that banks had become slightly more risk averse and 38.5% indicated no change. The most common problems cited by survey respondents included: international transfers delayed or denied by banks or correspondent banks; requests for further information before proceeding with transactions; problems transferring funds to a partner or the organisation's own bank account in a high-risk country; funds frozen due to a bank's due diligence processes; delays in opening bank accounts; accounts closed; and donations blocked. Difficulties were most prevalent in countries sharing at least one of the following characteristics:

- No formal banking infrastructure (e.g. Somalia).
- Particularly stringent regulation (e.g. the United States).
- Sanctions (Syria, Iran, North Korea).
- Conflict/presence of terrorist groups (e.g. Syria, Afghanistan, Somalia, Nigeria, Gaza, Mali).
- Close proximity to, and typically serving as an access corridor to, a region of instability (e.g. Jordan and Turkey providing access to Syria).

## 2.2 The conflict in Syria

The conflict in Syria grew out of the Arab Spring in 2011, and escalated into a full-blown armed conflict following the violent suppression of protests against the regime of Bashar al-Assad. It has become a particularly vicious multi-sided conflict fought primarily between the Assad government and its allies (including Russian forces and the Iranian-backed Hezbollah movement) and a fragmented array of opposition groups. Parties to the conflict have been accused of egregious violations of international humanitarian and human rights law (IRC, 2013; UN, 2015). Civilians have borne the brunt of the violence. Humanitarian access is severely constrained; civilian infrastructure (including medical facilities) and humanitarian workers have been systematically targeted, and the UN and NGOs face complex bureaucratic and administrative obstacles, both in Syria and in neighbouring states.

The Inter-Agency Standing Committee (IASC) declared Syria a Level 3 emergency in January 2013, and the cluster system was activated shortly afterwards. Two years later, Security Council Resolution 2254 described Syria as ‘the largest humanitarian emergency crisis in the world today, threatening peace and security in the region with diverse implications on the neighbouring countries and the displacement of millions of Syrians into those countries’. According to the Office for the Coordination of Humanitarian Affairs (OCHA), over half of the pre-war population have been displaced, many of them multiple times. Nearly 13.5 million people are dependent on humanitarian assistance, with 4.6 million trapped in besieged or ‘hard to reach’ areas (OCHA, 2016). Neighbouring states (as well as final destination states in Europe and North America) have severely restricted admissions of people fleeing Syria.

According to interviews with OCHA staff, as many as 700 Syrian groups have emerged since the start of the conflict. Most are working from neighbouring or donor states, from where they channel commodities or funding back to Syria; few are formally registered, and instead function in a grey zone of legality. Many of these groups have evolved considerably over the past five years, transforming from what were essentially logistics operations limited to the delivery of emergency commodities into more sophisticated organisations capable of handling more complex and innovative humanitarian programmes (Haden-Pawłowski, 2017). Syrian groups are vital conduits for the international aid effort, and deliver much of the humanitarian assistance reaching Syria as sub-contractors on behalf of INGOs. Many have offices in Turkey and run cross-border operations with

funding from a dozen or so international NGOs (including GOAL, Save the Children, Mercy Corps and the International Rescue Committee) who channel UN, EU and Western donor state funding to their implementing staff inside the country and also through their Syrian and Turkish local NGO partners (Heller, 2017). These operations are predominantly into rebel-held areas centred on Idlib province and areas to the north and east of Aleppo.

The flow of humanitarian assistance is tightly controlled by the Syrian state and its neighbours, as well as by armed factions (OCHA, 2016). The Syrian authorities require the majority of humanitarian assistance to be delivered through the Syrian Arab Red Crescent (SARC) and the Syria Trust for Development, and generally refuse to authorise aid organisations intending to cross from Damascus into non-government-controlled territory. The UN largely operates under particularly tight Syrian government control from its hub in Damascus (including the World Food Programme (WFP), the UN High Commissioner for Refugees (UNHCR) and the UN Relief and Works Agency (UNRWA), alongside around a dozen INGOs). Neighbouring states also provide a difficult environment for humanitarian operations. Turkish law prohibits NGOs from working in areas under the control of the Kurdish Democratic Union Party (PYD), which the government regards as linked to the banned Kurdistan Workers’ Party (PKK), and several local and international NGOs have been closed down.

The UN Security Council has taken steps to ensure the supply of humanitarian assistance in areas not controlled by the government. Several Security Council Resolutions authorise cross-border and cross-line operations with or without the permission of the Syrian government (UNSCR 2191 (December 2014); UNSCR 2139 (February 2014) and UNSCR 2165 (July 2014)). There are eight official crossing points from Turkey into Syria, four from Lebanon and two from Jordan,<sup>1</sup> but access varies and many are frequently closed or subject to tight bureaucratic controls. Much of the aid that does make it into the country is distorted by the political agendas of the three major donor groups: the Syrian diaspora, countries sympathetic to the opposition (Saudi Arabia, France, Turkey, Qatar and others) and political and religious solidarity networks (MSF, 2015). One consequence of the combination of border closures, excessively bureaucratic procedures, security concerns and the presence of proscribed organisations is that the aid programme is highly politicised, inadequate

---

1 See MapAction ([https://reliefweb.int/sites/reliefweb.int/files/resources/syrian\\_border\\_crossings.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/syrian_border_crossings.pdf))

and inappropriately targeted. The ‘Whole of Syria’ approach formalised in February 2015 is intended to make cross-border operations from Jordan and Turkey more coherent with those from Damascus, but all parties to the conflict have continued to deliberately restrict the flow of assistance, making direct access to populations almost impossible (Walker, 2016). In September 2016 some 70 NGOs withdrew from the ‘Whole of Syria’ structure, accusing the UN and the SARC of allowing the Assad regime to determine aid priorities.

Despite a global trend towards increasing the overall proportion of humanitarian assistance delivered as cash rather than in-kind, cash-based responses to the Syrian emergency have tended to be both geographically limited and relatively small-scale in comparison with voucher-based programming and in-kind assistance (Doocy, 2016). Aid agencies’ reliance on remote management and third-party monitoring, weak fraud prevention and mitigation processes and high levels of insecurity amplify the risks that funds will be misdirected or misused. Most channels for cash

delivery are unavailable due to the destruction of key infrastructure such as the formal banking and mobile phone systems, and there is no functioning electronic banking system or a regulated cash transfer system for moving funds directly into Syria.

A number of authors (El-Qorchi, 2003; Beechwood International, 2015; Doocy, 2016), and the overwhelming majority of our interviewees, drew attention to the vital role played by *hawala* networks in transferring funds to Syria. These work by transferring value rather than physically moving money between locations. Such networks often exist alongside the formal banking sector, but they can also function without any form of state regulation or authorisation, especially in conflict areas, where the formal financial sector may be absent or has collapsed. Despite regulatory concerns regarding the use of *hawala* networks in all of the documents reviewed and all of the interviews and roundtables conducted, only two viable options were identified for moving cash into Syria: physically carrying it into the country or transferring it via the *hawala* system.





---

# 3 Bank de-risking and Syria

The most obvious way in which bank de-risking manifests itself is in the global contraction in the number of institutions willing to provide correspondent banking services to respondent banks (Walker, 2017). Correspondent banks are used when two banks, located in different countries, do not have an established financial relationship. For example, if a bank in the United States receives instructions to wire funds to a bank in Turkey, it cannot do so without a working relationship with the receiving bank. The intermediary/correspondent bank is a third party used by the sending bank to facilitate international transfers and settlements of funds in the absence of such a relationship. Correspondent banking relationships are normally bilateral, with each bank holding a bank account in its own country for use by the other.

Given that the overwhelming majority of international banks transmitting funds for humanitarian projects do not have a physical presence in Syria or neighbouring states, international payments can only reach Syria or its neighbours if they are transmitted through correspondent banks (Walker, 2016). In Syria's case, the combination of conflict, the widespread presence of proscribed or banned organisations and the complex sanctions against the regime and many of the armed groups in the country has led to a dramatic reduction in the willingness of international banks, especially those based in the United States and Europe, to provide correspondent services. With the exception of one NGO, all of those interviewed for this study had moved money through US or European correspondent banks, and had faced significant delay, obstruction or the return of funds in doing so. Frequently, money transfers were returned to the respondent bank without any request for or opportunity to supply additional evidence – making redress and organisational adaption and learning impossible. Banks interviewed in the UK for this study frequently complained that the increasing scale of regulatory fines, the limited profits available from this type of business, the rising costs of compliance, the scale of reputational risk and profound uncertainty 'about how far customer due diligence should go in order to ensure regulatory compliance (i.e. to what extent banks need to know their customers' customers – the so-called "KYCC")' explain the need to dramatically reduce correspondent banking relationships and increase demands for additional information on NGO

staff, partners, suppliers, beneficiaries and donors, as well as higher banking charges. The reduction in the global supply of correspondent banking services has also meant that, whereas in the past it may have been possible to identify a financial institution with correspondent banking relations with both the sending and the receiving bank, increasingly more than one bank is involved, creating longer and more fragile correspondent banking chains and increasing the likelihood of a financial transfer being rejected. Interviewees indicated that programmes funded by NGOs and Syrian diaspora groups in the West have historically been able to receive cash within 3–4 days, whereas now delays of three months or more are typical. The majority of NGOs interviewed were unable to identify the correspondent bank or identify the reasons for the delay.

A key problem raised by all of the NGOs interviewed in Turkey was the unpredictable nature of correspondent bank behaviour. Several larger NGOs reported that banks operating as correspondent rather than client banks were far more likely to obstruct financial transactions. The same banks appeared at times to demonstrate inconsistent behaviour: being highly risk-averse as correspondent banks, and showing higher levels of risk tolerance as direct clients of other NGOs. In four cases the same bank blocked all transactions with the same Islamic NGO when functioning as a correspondent bank, but facilitated all other transactions to different offices of the same NGO when acting as its client bank. In other cases, banks appeared to be engaged in wholesale de-risking of Syrian NGO clients, and were risk-intolerant as correspondent banks. US banks were routinely singled out as especially inconsistent.

Even NGOs with apparently well-developed and comparatively sophisticated compliance processes said that they faced a high degree of risk when it came to international financial transactions supporting their Syrian operations. One NGO finance director took the research team on an extensive tour of his NGO's compliance department, record-keeping and forensic accounting processes, before explaining: 'We do not understand why transactions are stopped. One week a payment will get through and the next month another identical payment will be stopped. There is the same money – amount, currency, donor

An Islamic NGO with offices in Europe, Australia and Turkey sought to move \$70,000 from a different NGO in Australia (the second instalment of a \$250,000 residential construction project) to its Turkish bank. Despite clearance from local banks in Australia and Turkey, at the time of the interview (July 2017) the transaction had been delayed since the previous April in a correspondent bank. Another Islamic NGO with offices in Europe had a money transfer from Kuwait to Turkey blocked by a correspondent bank in Germany. According to the interviewee, three of the largest correspondent banks in Germany routinely rejected fund transfers to charities in Turkey. The process of changing correspondent banks took 2–3 months. One small and relatively new Syrian NGO (with several UN projects) reported that a donation of \$175,000 from a private US donor had been blocked by the correspondent bank. The money was returned to the donor, but the NGO had already spent the money, pushing it into liquidation. Several British NGOs reported that they had suspended work in areas of Syria controlled by proscribed groups principally to avoid potential prosecution under counter-terror legislation.

and programme. The bank will not tell us what is different.’ We found examples from eight established Islamic NGOs registered where almost identical financial transactions (same donor, same respondent banks, same humanitarian programmes and dollar denominations of approximately \$150,000 each) were treated differently (some rejected, some delayed and some passed immediately) – suggesting both an element of randomness in the process (due to variables external to the bank), and that the cumulative impact of de-risking behaviour across correspondent bank chains is not attuned to the actual risks inherent in specific humanitarian activities. In each of these cases, the affected NGO was not told the name of the correspondent bank used in the transaction, or the reasons why the transaction was terminated or delayed. Nor was the NGO given the opportunity to provide additional documentation or explain its case, effectively preventing any redress or enabling changes to facilitate future transactions.

There was significant concern around the consolidated watchlists routinely used by bank compliance departments. Thomson Reuters World Check (TRWC) was the only list specifically and repeatedly mentioned

in interviews, though there are others, including RiskScreen and KYC Global. While it is clear that compliance personnel in banks and other financial institutions use a host of sources, including open-source material, to make decisions on customer risk profiles, interviews with NGOs suggested that the possibility of appearing on a watchlist, rather than actually doing so, was enough to shape behaviour – leading NGOs to over-compensate and adopt an even more conservative approach in programming choices than was in fact required.

Bank de-risking has also affected the development of Syrian NGOs. Several organisations deliberately chose not to expand their work because of perceived complications in receiving larger transactions. One NGO

The Thomson Reuters World Check (TRWC) database provides risk intelligence data for global screening. It claims to monitor more than 530 sanction, watch, regulatory and law enforcement lists, as well as local and international government records, country-specific data sources and adverse mentions in international electronic and physical media, as well as a number of other sources. The database maintains records containing details on 2.2 million individuals considered Politically Exposed Persons (PEPs) or ‘heightened risk individuals’ and organisations to help identify and manage financial, regulatory and reputational risk. Despite its widespread use, the database has been controversial. The BBC Radio 4 programme ‘HSBC, Muslims and Me’ (BBC, 2015) reported finding information in TRWC based on Wikipedia entries, biased blogs and state-backed news agencies. There have also been a number of cases of benign organisations being wrongly listed, including the Palestine Solidarity Campaign (PSC), the mosque in Finsbury Park in North London and the Cordoba Foundation, designated by the United Arab Emirates as a terrorist organisation for its alleged links to the Muslim Brotherhood. Three Islamic NGOs, including two INGOs, told the study that they had in fact appeared on the TRWC list in ways that they felt were damaging and inaccurate. However, following legal advice they informed us that they had decided not to challenge their inclusion in the database on the grounds that this would lead to irreparable reputational damage (interview with the affected NGO).

with an office in Lebanon but with operations in a number of Middle Eastern and North African countries and partnerships with a number of major European INGOs argued that, while it considered expanding its programmes, it had reluctantly chosen not to do so because of the risks with correspondent banks and concerns that increasing the number of transactions would make it more vulnerable. Two other organisations that had expanded their operations globally reported that, the more they grew, the more issues they faced with correspondent banks. However, they also reported that the larger they became, the more financial reserves they had to mitigate the impact of delayed transfers.

For smaller organisations, de-risking issues were compounded by their lack of financial reserves. Reasonably new Syrian organisations, whose funding was heavily project-based, reported that they did not have the reserves or unrestricted funds to tide their programmes over or provide relief while waiting for funds to make their way to their bank accounts. The majority of NGOs argued that the financial and human investments necessary to expand their operations and develop more sophisticated compliance arrangements were beyond their capacity. Many respondents acknowledged that they also lacked capabilities in strategic planning and the management skills to run larger organisations or write complex funding proposals, but these skills were not or only inadequately taught. Many NGOs also reported that they felt the criteria used by banks to judge risk were so difficult to determine but had such serious implications that it deterred them from investing in their own organisational growth.

Some characteristics of NGOs appeared to trigger de-risking responses from banks with greater regularity. NGOs with 'Syria' in their title consistently appeared to face more problems, both with international bank transfers and in accessing banking services in Turkey or Lebanon – to the extent that the majority have changed their names, and recorded an improvement in service as a consequence. We encountered five relatively new Syrian NGOs with offices outside of the region that had gone through this process and found that financial transactions were more predictable after the name change without having to alter other compliance procedures or the location or type of activities that they were engaged in. In other words, the only thing that changed was their name. While all of the NGOs contacted in this research found the impact of bank de-risking to be neither nuanced nor entirely predictable, the 15 small, new (post-2012) Syrian NGOs working in besieged and contested areas were far more likely than other NGOs to have money interrupted and face severe

problems with dollar and euro transactions to Turkish banks, including the state-owned Ziraat bank.

Overall we estimated that, within 60 of the organisations interviewed, cautiously estimated to be responsible for some 50% of aid passing through Turkey, as much as 35% of donor money was held at any one time between correspondent and recipient banks for between four and six months. This was viewed as a four-fold increase in the time traditionally taken to move money in this way. Of these, all but six NGOs admitted to having reorganised programming priorities to focus on the least contentious areas and projects that were less vulnerable to bank obstruction. The scale of this effect was difficult to estimate, but NGOs within this group variously described it as shaping and limiting their priorities perhaps as much as 50% (by cash value) of their programming choices. We concluded that bank de-risking had reduced the cash available to NGOs at any point in time by at least 35%, and that these funds remained unavailable for between three and five months longer than has historically been the case. This effect is felt most seriously in besieged communities.

### **3.1 Closure of NGO accounts by European banks**

Banking industry representatives in the UK, Germany, the Netherlands and France stated that there had been no wholesale de-risking of customers, but that each client was considered on its own merits and the level of risk that it posed. Several British bankers quoted documents including the British Bankers' Association (now UK Finance) guidance on Syria (British Bankers' Association, Disasters Emergency Committee and Freshfields Bruckhaus Deringer LLP, 2013) as providing the basis for a response that they felt was proportionate to the risks faced. However, not all bank staff interviewed agreed that banks did differentiate risks and respond proportionately, or that they were at all uniform in their assessment of risk. For example, senior staff from several smaller banks interviewed pointed to significant differences in the way larger banks engaged with NGOs, particularly Islamic NGOs and organisations involved in relief efforts in Syria. One small European bank had considered applications from 25 NGO customers whose accounts had been closed by major banks in their country. Of these, 20 were offered accounts and five were turned down (a further five did not pursue their application after initial discussions). Four of the NGOs offered accounts had had their annual accounts audited by one of the top four European accountancy firms.

One major European NGO with predominantly UN and EU Member State funding and providing programmes in both Syrian opposition- and government-held territory (including rural Damascus and Aleppo) tried to make a euro transaction between its UK bank account and its account with Cham Bank in Damascus. In 2016 the German correspondent bank changed its internal compliance policies and subsequently blocked all transfers by this NGO to its Cham account. Cham Bank suggested alternative correspondent banks in Kuwait, but these transactions also passed through German correspondent banks and were rejected. The NGO tried to open accounts with other European banks that were able to utilise different routes to transfer money to Damascus, but without success. It eventually opened an account with a Damascus-based bank, but this was subsequently closed and the NGO resorted to moving its money through neighbouring states, including Sudan and Libya. German correspondent banks also blocked transactions by another major European NGO with programmes funded by UN and EU Member State donors, each of between €150 million and €275 million. In another example, OCHA, through the Humanitarian Pooled Fund, funded a Syrian NGO's agricultural programme in besieged areas. The plan was to release funds in four stages, to cover seed payments, irrigation and picking, and then building a drying system. At the time of writing, a correspondent bank had delayed OCHA's payments for four months.

Staff from several major UK banks interviewed for this project reported that their bank operated an 'exceptions-only policy' with regard to Syria-related transactions (transactions destined for Syria or being passed to or from organisations with Syria in their name) via international banks, meaning that such transactions are automatically frozen pending significant levels of additional scrutiny. Typically this involved identifying and evaluating the ultimate beneficiary, the mode of transmission (the nature of the bank or other means through which the money is routed), the nature of the assistance (reconstruction, cash vouchers, exporting dual-use goods or delivering in-kind assistance, such as medical supplies, tents and hygiene kits), as well as the quality of the oversight, monitoring and due diligence procedures employed by the NGO, its commercial suppliers and partners.

NGOs subject to this scrutiny reported that their banks placed differing emphasis on these issues, even within the same bank, making it very difficult to predict which transactions would be acceptable. One banking compliance official from a major UK bank informed us that:

*We do not accept any transactions for NGOs working in Syria. We cannot afford the risks of that type of business. The civil war has created chaos and we do not know who will really benefit from the movement of our customer's money. I have enormous sympathy for the Syrians and for the NGOs trying to help them but it is just too difficult to tell whether the transaction is a legitimate one – and more importantly whether the regulator will agree with our decision. It was decided some time ago that we simply do not have the risk appetite for this sort of business.*

Those few banks that had taken on NGOs de-banked by other institutions were reportedly more willing to familiarise themselves with the business of their customers and understand the networks of partners and types of transactions conducted by NGOs in the course of their activities. Staff of these more 'liberal' institutions said that tools such as the Thomson lists or equivalents were used as one of several processes to assess risk. One senior manager with a long history of employment with a major European bank argued that 'the big banks have automated too many processes in order to reduce costs and maximise the number of profitable, risk free customers'. Another employee suggested it was:

*simply a question of how far banks were prepared to go to get to know their customers. There are big differences across the industry – with varying degrees of automation of processes and risk tolerance. Many banks lose touch with the customer, making it difficult to manage risk in a nuanced way.*

He also said that his bank had a flexible approach to resourcing the 'new business team' and had temporarily increased staff numbers in this area in order to manage NGOs that had been de-banked.

Interviewees from the more liberal group of banks were also critical of some NGOs established in response to the Syrian civil war. Some, one interviewee argued, 'had failed to adopt appropriate accountability and due diligence procedures'. Several interviewees suggested that this originated in the Islamic injunction against taking credit for generosity, arguing that this reduced



The examples below were provided by a small Syrian NGO working with Syrian women on education, protection and livelihoods programming. It claimed to support around 2,000 people a month, with a budget of just under \$2 million in 2016. Around 80% of its work is inside Syria, but the NGO also works in Turkey and Jordan. The NGO reported numerous examples of late disbursements by correspondent banks:

- A project in a border region of Turkey was intended to support 100 people monthly, with psychosocial assistance, case management for gender-based violence and support for survivors of detention. Begun in 2014, the project had to close at the beginning of 2016. The Kuwaiti donor had arranged for \$20,000 to be transferred from their Kuwaiti bank account to the NGO's Turkish account. The money was returned to the donor after four months, by which time the NGO had already spent funds to buy building materials. Without the donation the NGO could not pay salaries or running costs. The NGO is now in discussions with other potential alternative donors.
- Another project was intended to distribute winterisation kits (gloves, hats, coats etc.) to around 3,000 internally displaced people (IDPs) in Idlib. The NGO carried out a needs assessment, but the money was delayed for five months by the correspondent bank. By the time it was received the beneficiaries had all moved on and it was no longer winter, which meant that the NGO had to change beneficiaries, locations and items.
- The NGO was expecting two money transfers through a Kuwaiti bank from Malaysia (\$40,000) and Kuwait (\$120,000). Both were rejected by the correspondent bank and returned to the originating bank. The Turkish client bank indicated that it would only accept money originating from UN sources. The NGO opened an account with another bank and eventually received the money, but this took a further four months. The funds from Kuwait were intended for cash sponsorship for women and girls detained in Syria. Several of the proposed recipients, fearing that they would not receive any funding, decided to go to Europe by boat from Turkey.

pressures for transparency that have had a stronger impact on secular civil society groups. In effect, philanthropy was often viewed in terms of a private act of charity rather than as something visible that could or should be regulated by the state and secular authorities.

The risks of correspondent bank blockages also affected the willingness of some donors to fund projects in Syria. Several European Syrian diaspora groups told us that they had withdrawn from fundraising intended to support populations in areas of Syria under the control of proscribed organisations. 'We did not want to be seen as supporting terrorist organisations. This would undermine the rest of our humanitarian work', said one trustee. Pressed to explain this, he pointed to concerns both with the impact on relations with the organisation's own bank, with which it enjoyed only a tenuous relationship, and the willingness of correspondent banks to authorise the broader movement of funds raised for Syria. The organisation had already faced de-banking on two occasions and had become increasingly cautious in the purposes to which its funds were put, and the locations of potential beneficiary communities. This interviewee was concerned that the organisation was being forced to 'forget people that need even more help than the people we can reach'.

## 3.2 Closure of NGO accounts in Turkey

NGOs operating from countries neighbouring Syria have also faced challenges related to the domestic politics of these countries, as well as issues of de-risking. In Turkey, de-risking and domestic politics have combined with growing strategic concerns to create a difficult environment, both for INGOs and for recently established Syrian organisations.

At the start of the crisis, Turkey afforded NGOs considerable latitude and relaxed many bureaucratic requirements. But as the crisis has evolved into an apparently indefinite commitment, the authorities increased the formal regulation of NGOs (including enforcing rules around registration of staff, accounting and employment) and placed greater controls on the movement of NGO staff across the Turkish–Syrian border. Syrian NGOs based in Turkey reported widespread de-banking by Turkish banks as well as blockages of money transfers from abroad, particularly when the Syrian organisation used 'Syria' or 'Sham' (referencing 'Damascus' and its environs) in its name. One Turkish-registered but Syrian-staffed NGO reported having to change its name and logo

Several interviewees reported that, in 2015 and 2016, Kuveyt Türk Bank closed all bank accounts belonging to Syrian NGOs working from Turkey, including their own. Prior to this, for several months all NGO transactions were blocked by the bank without notifying their clients of the reasons or the remedies available to them. Numerous Turkish and Syrian NGOs informed us that they were encouraged by Kuveyt Türk Bank and others to move their accounts to the Türkiye Cumhuriyeti Ziraat Bankası (Agricultural Bank of the Republic of Turkey). Several NGO directors thought that this was intended to enable the Turkish state to impose a unitary (and higher) set of regulatory arrangements and standards via a state-owned institution.

Historically, many Syrian NGOs and civil society groups in Turkey banked with Kuwait-Turkbank. In the spring of 2017, it shed the majority of its Syrian NGO customers. Several interviewees felt that this was a political decision driven by US concerns with Islamic banks. Prior to this point Kuwait-Turkbank had been the only institution accepting accounts from Syrians who did not have Turkish residence status, instead requiring only a Syrian passport and ID and permission from the Turkish Ministry of Finance. Other banks, for example Turkiya Finance, have continued to offer Syrian NGOs banking services, but these are very limited and all transactions are scrutinised extremely carefully.

and ensure that its trustees were known as secular rather than religious personalities in order to open an account with the state-owned Turkish Zirat Bank. There was also a clear sense that the Turkish authorities encouraged Zirat bank to provide bank accounts to many of the de-banked NGOs who were subsequently registered with the state authorities.

At least seven Turkish-registered, Syrian-staffed NGOs with offices in Istanbul reported that, even after changing their names and logos, 'secularising' their trustees and senior officials and registering in Turkey, they were unable to predictably access money already in their Turkish accounts. Once their banks knew their staff were predominantly Syrian, they tended to take a much closer look at them, their trustees and the way they conducted business. One Syrian country

office director argued that 'sometimes, even when it [donor money] reached HQ in Istanbul, sometimes they turn it back, because they see in Istanbul that the people signing for withdrawing the money are Syrian'. Another interviewee complained that 'even when you convince them a first time, new staff make you go through the same procedure again ... and even when money gets through one time ... the next transaction might be stopped. For us we had some small transfers go through and then two much larger ones blocked before another three smaller transactions were stopped. It is not clear what they want and we do not know how to ... comply'.

Several interviewees complained that the levels of due diligence demanded by the Turkish state and banks based in Turkey were too high. One NGO finance director told the study that 'They [states and banks] are expecting NGOs to act like banks with compliance and due diligence'. Many smaller local NGOs reported spending considerable time and resources trying to meet these demands, limiting their capacity to actually deliver assistance. A good half of interviewees had begun creating compliance units, and some were investing in databases such as the TRWC, or were being granted access through partnership arrangements with INGOs. Even so, it was clear that even organisations that were trying to adapt to meet regulatory demands were unsure whether their efforts were sufficient, or would be acceptable to correspondent banks. One Syrian NGO that worked largely in besieged areas reported that it had created a compliance unit and was vetting all of its contractors and partner organisations, but was doubtful whether this would satisfy the banking community. Others, based in both Lebanon and Turkey, identified an impasse: that investment in compliance was too great, and the risks of still being unable to satisfy the banking community too significant to merit the expenditure. Several NGOs told us they had received contradictory legal advice on compliance from different Turkish authorities. Several suggested that this level of uncertainty was intentionally designed as a means of establishing control over NGOs more generally.

Many NGOs claimed that the Turkish authorities were particularly concerned by the *hawala* system, and what was frequently labelled insufficient oversight as to where money moved through this mechanism ended up. Efforts by NGOs to transfer money through the *hawala* system were complicated by Turkey's refusal to issue definitive guidance on what was considered to be acceptable practice. Some NGOs used *hawala* agents who could travel from Syria to Turkey and present their credentials for scrutiny, while others relied on

remote management through networks, particularly when trying to move money into besieged and hard-to-reach areas. NGO managers were very concerned about the security risks to staff, partners and beneficiaries inherent in transferring funds through *hawala* networks. Identifying individuals in the money transfer chain necessitates the electronic transmission of passports, receipts and photos of beneficiaries. The possibility of electronic interception and hacking meant that this process was viewed as entailing unacceptable risks for the individuals involved.

Restrictions on cross-border movements were another challenge given the prevalence of bank de-risking. ‘You cannot have [both] transparency and big restrictions on cross-border staff movement’, said one especially vexed NGO director. ‘We cannot easily manage programmes or see how the money is spent’ said another, in Gaziantep. ‘This makes it more difficult to talk to banks and let them know we are able to manage where the money gets to in Syria.’ A medium-sized Syrian NGO’s financial director told us of his concern that ‘[n]ot being able to cross easily into Syria means we cannot convince banks or donors that we are professional’. Several interviewees from Syrian NGOs complained that border restrictions were leading to the effective divergence of their organisations between offices in Syria and Turkey, with money and experience staying in Turkey and staff in Syria making the majority of operational decisions, but without the checks and balances demanded by both donors and banks. Equally, these restrictions were making it difficult for staff based in Turkey to gain an understanding of the changing and complex political dynamics in Syria.

In addition to re-establishing bureaucratic control over a growing and incompletely regulated aid network, interviews with UN officials and INGO programme staff based in Istanbul indicated that the Turkish government is increasingly pursuing its own strategic priorities through increased control of NGOs. Turkey appears to be especially concerned with limiting assistance to areas under the control of the armed wing of the PYD and the People’s Protection Units (YPG). In 2017, Mercy Corps was expelled from Turkey apparently for its role in assisting communities living under the control of the YPG. Staff from DanChurchAid have also been detained (with similar allegations made by Turkish authorities),<sup>2</sup> and Syrian NGOs have been closed down.

---

2 DanChurchAid’s staff were released after two months’ detention in Turkey ([www.danchurchaid.org/articles/danchurchaid-s-staff-released-after-two-months-detention-in-turkey](http://www.danchurchaid.org/articles/danchurchaid-s-staff-released-after-two-months-detention-in-turkey)).

### 3.3 Closure of bank accounts in Lebanon

In many ways Lebanon is a far more uncongenial environment for international and Syrian NGOs than Turkey. Since 2016 the Lebanese border with Syria has been closed, both for cross-border aid operations and for Syrian refugees (although not for commercial access). Cross-border aid operations that do take place are conducted discreetly and on a very limited scale – certainly when compared with those across the Turkish border.<sup>3</sup> The Lebanese government, arguably under pressure from Hezbollah in the Lebanese parliament, has sought to enact a ‘no-camps’ policy for Syrian refugees, and there are concerns that highly complex and rapidly evolving Lebanese residency rules are designed to make Lebanon inhospitable to Syrians seeking to settle in the country.<sup>4</sup> They also make it difficult to employ Syrians in Lebanese-registered NGOs, further complicating remote programming in Syria and increasing the difficulties involved in reaching Syrians in Lebanon. One NGO director argued that ‘I cannot declare my Syrian staff [to the Lebanese authorities] because they cannot work legally. So how do I employ them? We need them to access Syrian communities across Lebanon. They also have families that need the salary’. According to a country director for a major European INGO: ‘It can be very difficult to legally employ those Syrians with the best access to the Syrian populations in Lebanon. Often they don’t have residency and it then becomes a very sensitive issue’. An additional challenge for aid organisations not aligned with the Syrian regime is that Hezbollah, a major ally of Assad’s, controls that part of Lebanon that abuts the Syrian border.

Syrians cannot formally register organisations in Lebanon, but must either try to register abroad or as a Lebanese organisation. Registration in a third country is especially challenging for Lebanese-based Syrian NGOs, while registering in Lebanon often requires alignment or partnership with Lebanese social welfare actors or NGOs, many of which are themselves

---

3 UN Security Council Resolution 2165 (2014) confirmed that UN agencies and humanitarian partners could, with notification to the Syrian authorities, use the border crossings at Bab al-Salam, Bab al-Hawa, Al Yarubiyah and Al-Ramtha in addition to those already in use ‘to ensure that assistance, including medical and surgical supplies, reached people in need throughout Syria through the most direct routes’. This did not apply to Lebanon.

4 It is worth noting that an already fragile state like Lebanon and with limited infrastructure is already hosting a huge number of refugees, far in excess of its capacity to manage. This in itself would also fuel onward migration to states with more capacity.

A medium-sized Lebanese NGO, founded in 2012 and with operations solely in Lebanon among Syrian and Palestinian refugees, was pledged \$1 million by two Gulf-based NGOs. The money was intended for food parcels, blankets and gas for cooking stoves for 15,000 Syrian families over three months. The NGO had been de-banked and after six months had been unable to find an alternative. The donors withdrew the funding and explained that they could not handle the risk of pledging money and not being able to spend it within a reasonable period of time.

In 2014, a Middle East NGO donor offered \$1 million to support medical interventions for Syrian refugees in Lebanon. A medium-sized Lebanese-registered Syrian NGO intended to use the money to fund a programme to support Syrian access to Lebanese clinics, and to provide funding for free prescription pharmaceuticals and hospital places for more complex conditions requiring specialist treatment. A similar smaller programme for \$500,000 had provided medical interventions for over 30,000 Syrian refugees over six months. The second tranche of money was lodged with multiple US correspondent banks for nearly two years before the money was returned to the donor.

aligned with proscribed organisations. Furthermore, the Lebanese banking system has long been closely aligned with the country's elites and clientelistic networks (Moore, 1987), and was an early victim of de-risking arrangements. In this context it is obvious why, from the outset of the Syrian conflict, new Syrian NGOs and their INGO partners would encounter challenges with correspondent bank transactions.

Problems with Lebanese banks worsened in 2016 following the introduction of new US legislation further restricting Hezbollah's access to the international financial system (Chaaban, 2016). The Hezbollah International Financing Prevention Act (HIFPA) (US Congress, 2015), which came into effect on 15 April 2016, listed over 100 organisations and individuals alleged to be associated with Hezbollah, and obliged banks to freeze accounts and suspend all transactions with the group.<sup>5</sup> Given that many

In July 2017, 97 of the 100 family tents in a small Syrian refugee camp near Qab Elias in the Beqaa Valley burned down, killing at least one person and leaving two in critical condition. Several days later there was a similar fire in the nearby Tal Sarhoun camp. A small Lebanese NGO sought to buy replacement tents and basic commodities for the families, but could not receive money from its Gulf donor because a correspondent bank blocked the transaction. The NGO did not have the cash reserves or items in stock to be able to act.

members of Lebanon's political elite (including former prime ministers, ministers and members of parliament), including those associated with Hezbollah, were bank board members, this had a profound impact on the Lebanese banking sector (Chaaban, 2016). Unlike previous measures, the legislation applied to individuals and organisations not under US jurisdiction. It also covered non-dollar transactions.

The HIFPA legislation closed a number of banks to NGOs, and those that remained open became increasingly risk-averse regarding opening or servicing NGO accounts. Equally, according to several respondents correspondent banks were apparently applying increasingly stringent criteria to transactions. One NGO director (for a Syrian NGO registered in Lebanon) told us that 'we were de-banked in the middle of 2016. Our reserve account was with a bank that could no longer work because of the new [American] rules. Other banks were very cautious. They told us that we had a problem ... that we were a problem because we had our accounts closed. We said that the banks had the problem, but they did not believe us. We tried to show them how we do our business and that we were good customers but they were not interested'. Eventually the NGO persuaded a bank manager to take on the business but this, it was suggested, was because of 'personal relationships and gifts'.

Four Lebanese-based NGOs formally working with Syrian refugees in Lebanon told us that they had been informed by several Lebanese banks that they would not be able to make transactions connected to Syrians in Lebanon or in Syria itself. In effect, this restricted their business to purchases of commodities in Lebanon and the payment of staff who had been able to navigate Lebanese residency rules. Another small Syrian NGO that had been unable to register with the Lebanese authorities, and therefore was unable to formally open a bank account, had resorted

5 [www.congress.gov/bill/114th-congress/house-bill/2297/text](http://www.congress.gov/bill/114th-congress/house-bill/2297/text); [www.treasury.gov/resource-center/sanctions/Programs/Documents/31cfr566\\_hizballah.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/31cfr566_hizballah.pdf); [www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20160415.aspx](http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20160415.aspx).



One medium/small Syrian NGO registered in Lebanon but with programmes across the Middle East and North Africa and working with Syrian refugees in Lebanon had a budget of \$3–4 million. The organisation originally had five bank accounts – one was closed, one frozen and three were still functioning (but with extensive and intrusive questioning of any transfers).

One interviewee had previously worked for a Syrian organisation which had to close because it was unable to open a bank account, despite four years of trying. The organisation, which had international partners, ran a centre in Lebanon accommodating 1,000 Syrian refugees.

One medium-sized Syrian NGO, based in Lebanon and established some four years ago, had grants from Norway, Japan and OCHA, among others. In late 2014, two banks closed its accounts without explanation. After approximately six months it managed to open other accounts. A Middle Eastern government donor wished to transfer \$2 million to the NGO in one transaction – a huge amount in the context of Lebanese-based NGOs. The bank accepted the transaction, but then terminated the banking relationship. The NGO was able to withdraw

\$1 million in cash and the bank provided a bankers cheque for the balance. Again, the NGO was unable to find a new bank for six months, and was only able to run a very limited set of programmes using limited cash reserves. The NGO was finally able to establish a new banking relationship with four Lebanese banks, using one of these accounts as the principal one and the other three as reserves. The principal bank had blocked all transactions for the past three months. The fragility of its banking relationships reflects the position of Lebanese banks as much as it does bank de-risking.

In order to maintain strong relationships with Lebanese financial institutions the NGO invested considerable efforts in social media and building relationships with Lebanese elites linked to domestic banks. In order to gain local political profile and trust and to avoid further bank de-risking the NGO utilised US Embassy funding to deliver food parcels through the Lebanese Army. NGO staff believed that this was necessary to maintain links with Lebanese political parties that were vital in retaining access to local banking services. They argued that the likelihood of bank de-risking was greatest for the least politically aligned of the Lebanese NGOs.

One small Lebanese-registered Syrian NGO had money from a Qatari donor blocked by a correspondent bank but was able to move precisely the same amounts through Libya and Sudan into its Lebanese accounts. The money was used to purchase Lebanese food items for a recently displaced Syrian community in 2016.

In 2016 a small Syrian NGO, partnered with a medium-sized Lebanese NGO, engaged in a \$1 million microfinance programme for Syrian refugees. De-banking caused the programme, which had funded over 1,400 loans, to be closed.

to complex networks of *hawala* transfers, moving money through international transactions and through informal ‘swaps’ with other small NGOs.

Whereas in Turkey some de-banked Syrian NGOs have considered resorting to the use of personal bank accounts for NGO transactions, even this tends not to be available in Lebanon. Because of increasingly strict Central Bank regulations, only a very small number of Syrian refugees have been able to open functional bank accounts, and these tend to be limited to transactions in Lebanese pounds, not US dollars. Interviewees told us that this forced Syrians in Lebanon to send remittances back to Syria via informal couriers, often taxi and heavy vehicle drivers.





---

# 4 Impacts in Syria

It is extremely difficult to judge the precise impact of bank de-risking on beneficiaries inside Syria. The lack of programmes in particular areas can result from a far wider variety of factors than simply the risk or fact of bank de-risking, but our research suggests that the possibility of de-risking has led NGOs to take excessive precautions in programming. Increasingly, humanitarian NGOs acknowledged that they were being far more cautious about all forms of programming that risked any form of reputational damage.

## 4.1 Geographical distortions

A number of international and Syrian NGOs confirmed to us that they were unwilling to work in areas controlled by proscribed armed groups specifically because they were concerned that this would result in their inclusion on ‘international blacklists’. Senior NGO staff privately told us that ‘We cannot work there. We will be listed and not able to work in Turkey or Syria’. Another NGO’s financial controller told us that ‘We know our bank will not let us move money for these areas so we do not’. Another said: ‘Our organisation has never worked in those areas. There is too much risk. As we became bigger we talked [about it]. We know it would be a problem with banks and donors. We still do not work in these places’. In all, 11 organisations of all sizes privately admitted to making these difficult choices.

A further five NGOs working mainly or significantly outside of these areas admitted to obfuscating reporting for donors, stressing work in these other areas while diverting some resources to besieged communities. ‘This is a big risk for us. We are not allowed. But what do we do? There is no choice.’ Two NGOs told us that they worked almost exclusively in besieged areas and areas controlled by proscribed organisations, and had made significant efforts to ensure compliance with Turkish requirements and anti-money laundering (AML)/CTF legislation. However, both anticipated significant problems with their banks and with the Turkish government, and were seriously concerned that they would not be able to continue functioning as an organisation, let alone access these areas. In effect, their version of the humanitarian imperative forced them into a grey zone of illegality.

Respondents were frequently able to identify with some precision geographical areas and particular communities which they could not reach by means that they felt complied with banks’ requirements for transparency (see Map 1 for areas under the control of proscribed organisations). The southern enclave outside of Damascus was especially problematic. This area had been surrounded by Syrian military forces and pro-government militias, with besieged neighbourhoods (including Yelda, Babbila, Beit Sahm, al-Qadam Yarmouk and Hajar al-Aswad) controlled by a patchwork of armed groups including Islamic State and the former al-Qaeda affiliate Jabhat al-Nusra (now rebranded Hay’at Tahrir al-Sham (HTS)), as well as various armed opposition groups. At the time of writing, Hajar al-Aswad had not been directly reached with UN humanitarian assistance despite having been besieged since 2013.

Areas under Hezbollah control were difficult but not impossible to reach, but again respondents argued that AML and CTF legislation had created a ‘chilling effect’, making their organisations reluctant to support these communities in all but the most compelling circumstances. One manager for an INGO with a programme in Lebanon argued that ‘We do not say programmes will benefit Hezbollah areas [in Syria or Lebanon]. We do send money [via *hawala*] and [commodity-based] assistance sometimes, but it is difficult. We can do this only with the UN. Very carefully.’

## 4.2 The practice of compliance

Being seen to comply with bank risk appetites necessitated adaptations in programming. As noted, NGOs have increasingly turned away from cash programming and towards in-kind assistance; as one NGO director argued, ‘Banks block money when we have a large cash element to be spent inside Syria. So we cannot pay wages for teachers or buy fuel’. Another NGO ceased its microfinance programme because ‘We could not persuade our bank that cash payments were OK even when we could get receipts from recipients and partners. We wanted to invest in agriculture for besieged people so we could replace food delivering [sic]’. We spoke with several Syrian NGOs that had specifically sought or continued to

run programmes in besieged areas during 2015 and 2016. In each case they explained that it was much easier and safer to move cash (rather than in-kind assistance) across front lines using the *hawala* system, but that this was by far the most difficult strategy to justify to banks, even if donors were largely aware of what was happening. One Syrian NGO logistics officer told us that ‘Many people in besieged areas have not had food since May [2016]. We wanted money to help them live [survive] when the convoys don’t come. Or when we cannot get in. When the bank stops [our] money we cannot give them money to buy food so the people leave the place and become refugees’. Another explained how several smaller NGOs would exchange in-kind relief goods and cash using their own form of *hawala*. We came across several examples of these exchanges, both within NGO networks and between different country offices of larger and more established NGOs. While this administrative process enabled them to account for cash transactions as if they were in fact in-kind provision of commodities, it also clearly obfuscated the audit trail. In other instances NGOs simply hid cash movements by claiming them as in-kind: ‘The bank will not let us move money so we tell them we move food parcels. In some places we do. In others we use *hawala* to move money but make receipts for food baskets’.

Some larger and more established Syrian NGOs sought to identify *hawala* operators and supplier companies and partner groups in Syria with whom they could maintain links. The finance director of one NGO confirmed that ‘we keep lists of names and we know our partners very well. We get receipts. We keep this for five years. Our donors know we work hard [to identify who is in the transaction network]. Our bank is happy’. But these strategies appeared to work only with Syrian NGOs that made the most conservative programming choices, were among the largest and most established and that invariably had developed strong sub-contracting relationships, particularly with major European NGOs – perhaps also insulating the donor from some of the political risks of associating directly with more liberal approaches to CTF legislation. Larger Syrian NGOs, particularly those working as direct sub-contractors with major Western NGOs and using euro or sterling transactions, and who had invested significantly in ‘compliance’ activities and worked in more secure areas, predictably felt themselves to be the least affected. But even in these cases there were numerous examples of delays and blockages with bank transactions.

Where Syrian NGOs utilised money from a European INGO partner, transactions were far more likely to get through the international financial system than

donations from elsewhere (such as the Middle East), building a highly dependent relationship between the Syrian and European NGO and encouraging projects that the European donor NGO believes are compliant. This created very rigid forms of programming utilising existing partnerships and delivery chains, rather than responding to new problems or supporting new geographical areas. In effect, assistance strategies ossified along the line of least resistance and greatest transparency in delivery chains.

### 4.3 Responding to changing needs

The potential risk of being made subject to bank de-risking has also made it more difficult for humanitarian agencies to respond to urgent or sudden changes in needs. Such events may be anticipated, but given the overall shortage of humanitarian funding many NGOs do not maintain the stockpiles of key items that would be necessary to respond to them, and few Syrian NGOs, including the largest, had the unrestricted funding that could be used to plug gaps in the response. In effect, banking delays reduced the money supply and liquidity of resources in the humanitarian response.

Several NGOs pointed to the impact on logistics and *hawala* chains of the disruption caused by rapid strategic changes, making it challenging to comply with due diligence processes. ‘When there is a big change brought about by the war, a community is displaced, we find new money networks or our [supplier] partners change. We sometimes do not know who we are working with. But the population is desperate. What do we do?’. The challenge is largely due to the fact that the necessity for speed requires compromises with due diligence procedures (background and identity checks on suppliers and beneficiaries) that banks are thought unlikely to accept. While debates on the practicalities of responding to sudden-onset crises are common across NGOs working in conflict areas, complying with bank restrictions adds a new variable to the mix; it also contributes to delays, and in some cases can deter action completely.

A further consequence relates to the capacity of smaller NGOs to sustain operations in these contexts. Three NGO staff interviewed for this study reported that they had formerly worked for two very small Syrian NGOs which had increasingly relied on credit (from commodity or service suppliers) to fill liquidity gaps, and had eventually ceased operations as a result

of problems maintaining adequate cash flow, and the substantial impact that delayed payments had on relations with suppliers and communities inside Syria.

Several NGOs discussed the challenge of maintaining the relevance of humanitarian programming in these circumstances, and detailed a growing divergence between what was appropriate and what it was possible to supply in ways that did not fall foul of banking restrictions. The greatest challenge was in terms of maintaining the relevance of programmes. Delays of four to six months to the anticipated start dates of projects often meant that they were rendered irrelevant. Additional and considerable delays in the passage of money through the international financial system added considerably to this problem. This particularly affected seasonal projects, such as agricultural or winterisation programmes.

In these cases bank de-risking seriously reduced the responsiveness of the NGOs that traditionally filled the gaps left by bigger but often more unwieldy actors.<sup>6</sup> The slow passage of money through the international financial system also led to carefully planned and deliberate operations being replaced by more reactive and often conservative plans once it was clear that money could not be released for the original plan. This also created additional delays as the original donors would need to be persuaded that the proposed changes were necessary and appropriate, and adding considerably to the paperwork demanded by Turkish and Lebanese banks.

However, very little evidence was being systematically collected on the scale or the frequency of these problems. Several NGOs reported that they were often cautious about reporting these gaps in capacity as the image of being flexible, in touch and highly responsive was important to fundraising. 'We do not want to say we cannot do things. There are many groups who will claim they can when we know they cannot. But when we admit to not being flexible, donors look for other organisations.' One NGO director said: 'Many times we use our own resources to fill gaps. But the problems have grown bigger and we do not have the money to cope this way'.

Delays in money transfers also affected NGOs' ability to respond to predictable events such as seasonal changes. Five NGOs described at length the impact of these delays on their ability to purchase tools, seeds and agricultural inputs in Syria in time for the planting season and during lulls in the fighting. Most

tried to adapt, using their own resources, engaging in money and commodity swaps with other NGOs and in extremis simply not telling the entire truth regarding how assistance actually reaches people. Most focused on larger population groups in more stable areas. While in some ways this prioritisation is understandable, the reality is a creeping reverse triage away from the most vulnerable. NGOs do not maintain formal data on the impact of programmes that did not take place, or on the costs of missed opportunities.<sup>7</sup> There are also market incentives to resist publishing this type of data – most NGOs rely on a reputation for responsiveness that would be undermined by admissions like these. Inevitably, therefore, data will not be as systematic as many donors indicated they would like.

## 4.4 Changing assistance: 'anti-cash'

NGOs running programmes with larger cash elements in non-government-controlled parts of northern Syria felt that these programmes tended to be more vulnerable to de-risking by banks.

Programmes have included microfinance, salary elements for staff and the purchase of commodities in Syria. Five medium-sized Syrian NGOs based in Turkey told us that education programming had been particularly affected as major components of these interventions have traditionally been teachers' salaries. One of the more established larger Syrian NGOs explained how one of their education programmes

One programme run by a small but established Syrian NGO supported 1,600 families. Funded by a US NGO donor, money was sent monthly and without significant challenge for three years until 2016, when it was subject to substantially increased due diligence procedures. Far more information on partners and beneficiaries was demanded by the banks in the correspondent chain, much of which was very difficult to provide. Payments dropped off to once every two months until December 2016, when they stopped altogether. The NGO then moved its programming into less 'risky' areas that did not threaten its relationship with its bank.

6 Smaller NGOs are frequently able to respond faster than larger organisations to changing circumstances.

7 Or even whether this would have an impact.

These examples are drawn from a large Islamic NGO with a budget of \$20 million in 2016 and, globally, over 1,000 employees. It has offices in Turkey and Syria, and works in education, health, relief, water, sanitation and hygiene (WASH) and shelter. It has experienced numerous issues relating to bank de-risking, including bank accounts being closed and transfers delayed or blocked. NGO managers believe that their problems are related to the correspondent bank. Examples include:

- A programme sponsoring 300 Syrian orphans in Lebanon, funded by individual donors. The programme had been running for 12 months when the correspondent bank began blocking transfers, resulting in the programme being closed down. The monthly transaction was for \$20,000. The first of the transfers that we evaluated (at the end of this 12-month period) was in dollars (rejected), the second in euros

(rejected) and the third in euros through another bank (successful). The following month the same transaction was blocked without explanation.

- A microfinance project funded by a Kuwaiti NGO was eventually stopped after repeated blockages to transactions. The Kuwaiti organisation reported that the money had been sent, but the Turkish bank reported that it had not received the transaction because of a blockage with the correspondent bank in Germany. All funds from Kuwait now come through the Kuwaiti Embassy in Turkey.
- The NGO sought to respond to those affected by a chemical attack in Khan Sheykoun. According to our interviewee, around 2,000 families in the area were in need of assistance, around 200 of whom they could afford to help. The money was available from donors, but the NGO could not move the funds through a German correspondent bank.

had been forced to cut the teacher salary component in half, with more cuts under consideration in the face of continuing challenges with cash transfers. A further five NGOs told us separately that de-risking routinely delayed or obstructed salaries for teachers (in two cases for over six months and with no prospect of funding being released), encouraging them to move their assistance into in-kind support rather than cash. This was reportedly bringing into question the viability of their education programming due to their inability to attract and pay teachers, who were drifting into other forms of employment or even displacement.

Interviewees working in hard-to-reach areas frequently explained that highly vulnerable populations that had exhausted all of their other resources were particularly dependent on the timely and predictable arrival of cash supplements, often because they were living in areas where humanitarian commodities were blocked or stolen by militias. Seven NGO interviewees told us how they had engaged in programmes making regular payments to orphans and female-headed families. In all of these cases, related transactions had been held up in the correspondent banking system for the preceding six months. The majority of beneficiaries in one area had left Syria, with several apparently beginning the journey to Europe. Making a firm link between de-risking behaviour by correspondent banks and displacement is difficult when there are so many more immediate factors at play in such a volatile and dangerous setting.

There was a subtle but pronounced shift in NGO priorities as, in order to avoid delays in the flow of money, they systematically moved out of funding cash-based projects even though these were often seen as key enablers for activities which had the potential to sustain the most marginalised populations in difficult places. Several interviewees feared that this trend discouraged innovation and more appropriate forms of programming when more differentiated, sophisticated and targeted humanitarian instruments were required. One NGO director interviewed complained that '[i]t is not sensible to provide only food. Communities need more. Relief has to be bigger. It has to do more. We need cash not just food'. The irony of this trend was not lost on several interviewees, who cited the pledges made by humanitarian organisations and donor states at the World Humanitarian Summit and in the Grand Bargain commitments to increase the proportion of assistance provided in cash (WHS, 2016), as well as the Grand Bargain commitment to localisation.

## 4.5 NGOs and populations: changing dynamics

The unpredictability of bank transactions not only caused difficulties for beneficiaries, but also for NGOs' relationships with the broader community. Sixteen NGOs explained how delays in receiving funds had affected their relations with local communities. Conducting needs



'[It is] making a bad reputation to our staff. Sometimes they come to the office, they start to ask, sometimes they arrest some of those, to say why aren't you paying those people.'

'Sometimes we sent people inside [Syria] from high managerial level to sit with local council, to sit with the local authorities to negotiate, to explain what is going on and why we are not paying this money. But unfortunately most of the time we are accused, as taking this money.'

'Sometimes you can change the design, sometimes you can even cancel the project, but sometimes you can't, because you have committed money, spoken with providers, you have spoken with beneficiaries, your reputation in the community is at risk. Because you sit with beneficiaries, you make assessment, your make design, register their names, and even speak with the providers to prepare for this huge amount of distribution, and at the end you do nothing. They can't understand that the money is late [being disbursed], they say you are stealing the money of Syrian people, you are just taking the money of donors and then not making the project. So this always makes problem for Syrian organisations in the field. With the local council and the beneficiaries, and sometimes even with armed groups.'

*Taken from interviews conducted in Gaziantep with senior staff from Syrian NGOs.*

assessments raised expectations that were increasingly difficult to meet, with projects substantially delayed, amended or discontinued, undermining relationships generally and downward accountability in equal measure. Interviewees pointed to the damage being done to relationships as community leaders blamed these problems on NGOs being unreliable or corrupt, and accused organisations collectively or staff individually of diverting aid money. There was also a serious risk of insecurity arising from these delays. Two organisations reported cases where a partner organisation in Syria had distributed materials on account but could not be reimbursed by the NGO within the agreed timeframe because of delays caused by correspondent banks. In both cases, the provider complained to the local council and armed groups subsequently detained NGO staff, prompting the NGOs to reduce their presence. At a point where the international community is struggling to gain access to besieged areas, this reduction in the risk appetite of local NGOs is potentially an extremely

serious development. An additional challenge is that this would encourage communities either to seek support from extremist groups or join them in order to access salaries, risking further radicalisation.

## 4.6 Agency adaptations

Many interviewees argued that the effects of banking restrictions were ameliorated through NGO adaptation: acting more strategically to avoid problem jurisdictions in planning the movement of funds through the banking system; using alternative mechanisms for transferring relief into programme areas (such as commodity-based assistance and cash/commodity exchanges with other NGOs); and using local networks and other internal budgets to find alternative sources of funds. Each of these adaptation mechanisms has its own drawbacks.

The majority of NGOs interviewed explained how they sought to transfer donor money using a wide variety of approaches: some actively sought to build trust with their banks (but generally reported that this was not working in Europe or states proximate to Syria); encouraging donors (with very limited success) to change the currencies being transferred; and switching banks, sending money through indirect banking routes and conveying money in more numerous, but smaller, transactions – with each one potentially being routed through different institutions and countries. However, there was no one method that guaranteed financial access. For example, transferring money in euros still led to considerable delays and demands for information, even if these were sometimes less burdensome than when dealing with dollar-denominated transfers. Generally, government donors and the UN would not countenance moving money in any currency other than the one they routinely conducted their business in – which for many was US dollars. Equally, sending money in smaller amounts was reported as being a very cumbersome and time-consuming process for the NGO; one NGO based in Turkey was forced to transfer \$1.2 million of stalled money in European donor funds in multiple individual transactions, each of less than \$50,000. As a general point, the fees associated with the resulting (higher) currency exchange charges were reported as generally not being covered by donor grants (in part because they were incurred after the budget was agreed, but also because many major donors reportedly did not accept many of the overheads, such as inflation, associated with working in Syria's war economy). This was seen as having a considerable impact on the finances of NGOs and the viability of programmes, particularly when accompanied by the costs of moving cash through the Syrian money transfer network.

Commission fees are highly volatile, ranging from 2.5% to 30%. Syrian NGOs also reported trying to open multiple bank accounts as a hedge against being de-risked by any one of their service providers – again adding to costs and staff time commitments.

NGOs reported using a diverse range of alternative mechanisms for transferring relief into programme areas. These have included:

- Shifting to informal money transfer systems such as *hawala*.
- Agreeing with donors that they will send money directly to a supplier, who then provides products to the organisation to distribute.
- Engaging in informal combinations of cash and commodity exchanges with other NGOs.

- Shifting from cash programming to in-kind support.
- Getting products on credit from suppliers until the money comes through.
- Fundraising for unrestricted funds from private donors.
- Removing ‘Syria’ or ‘Sham’ from organisation and transfer titles.

NGOs are also using local Syrian networks and their own organisation’s budgets for other countries to locate alternative sources of funds, in effect subsidising the organisation’s efforts in Syria with cash intended for other emergencies, or encouraging beneficiaries to meet some of the cash costs of programmes (such as salaries), while they funded the commodity element of the programme.

# 5 Conclusion: the costs of adaptation

Quantifying the impact of de-risking is challenging because of the multiple variables causing assistance to be blocked or slowed, including insecurity, belligerents' political agendas, donor and host nation policies and NGO preferences. Most NGOs are reluctant to share their experiences, fearing that this would undermine their relationship with both donors and banks. However, Syrian NGOs consistently cited de-risking and its consequences as the second most significant challenge they faced after general insecurity. The costs of adapting to the new regime included:

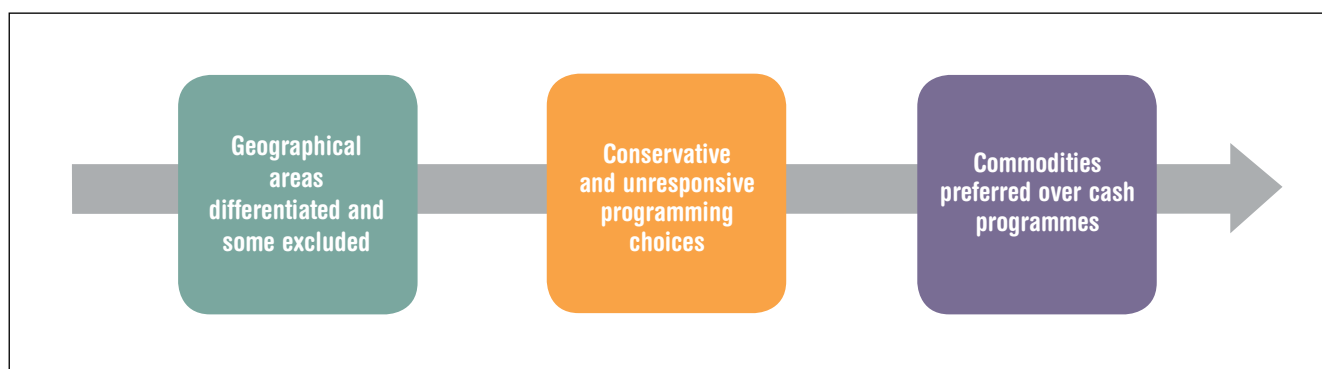
- **Caution in planning** for any work in hard-to-reach or besieged areas and an increasing preference for more 'transparent' and less demanding areas.
- **Delays in cash transfers** through the financial system, resulting in carefully calibrated and planned programmes being replaced with more opportunistic ones (what it is possible to supply rather than what is required to achieve the best outcomes) that are frequently less effective and less well planned. This was reported as leading to a decline in the quality and relevance of humanitarian assistance, though this was difficult to measure.
- **Reduced speed and flexibility** of NGO programming – already difficult in the face of a rapidly changing humanitarian situation.
- **Shifts to commodity-based and in-kind interventions**, which tend to have fewer

community resilience elements – described as especially important for besieged and hard-to-reach areas – and are more difficult to move across the byzantine web of front lines that characterises the conflict.

- **More fungible funding strategies.** For the most part, organisations reported that they were able to operate, despite limitations, but resorting to black-market money transfers and more fungible funding strategies and limiting programme growth, combined with the significant losses resulting from transaction costs, have all taken a toll in terms of reaching the most beleaguered and vulnerable groups.
- **Undermining localisation and working with local partners**, including channelling funds through alternative financial mechanisms, rather than directly to those in need.

The current regime criminalising historically legitimate and lawful forms of humanitarian engagement with non-state armed groups and humanitarian activities in areas controlled by these groups has had the unintended consequence of eroding the capacity of humanitarian organisations to reach people in dire need of assistance. The sum of these changes has the potential to become as much of a threat to humanitarian action as war itself, and undermines the ability of humanitarian organisations to conduct their work according to the humanitarian principles of neutrality, independence and impartiality.

## NGOs anticipate risk and overcompensate





---

# Bibliography

- Al-Hawat, S. (2016) *Civilian interaction with armed groups in the Syrian conflict*. Accord ([www.c-r.org/accord/engaging-armed-groups-insight/syria-civilian-interaction-armed-groups-syrian-conflict](http://www.c-r.org/accord/engaging-armed-groups-insight/syria-civilian-interaction-armed-groups-syrian-conflict))
- Baron, B. (2004) 'Deterring donors: anti-terrorist financing rules and American philanthropy', *International Journal of Not-for-Profit Law* 6(2)
- BBC (2015) 'HSBC, Muslims and me', 2 August ([www.bbc.co.uk/programmes/b0639w47](http://www.bbc.co.uk/programmes/b0639w47))
- Beechwood International (2015) *Technical assessment: humanitarian use of hawala in Syria* ([www.cashlearning.org/downloads/beechnwood-technical-assessment-syria-31-july-15.pdf](http://www.cashlearning.org/downloads/beechnwood-technical-assessment-syria-31-july-15.pdf))
- Borton, J. (1996) *Humanitarian aid and effects. Study III of the international response to conflict and genocide: lessons from the Rwanda experience*. Copenhagen: Danish Ministry of Foreign Affairs
- British Bankers' Association, Disasters Emergency Committee and Freshfields Bruckhaus Deringer llp. (2013) *Getting aid to Syria: sanctions issues for banks and humanitarian agencies* ([www.bba.org.uk/policy/financial-crime/sanctions-compliance/getting-aid-to-syria/](http://www.bba.org.uk/policy/financial-crime/sanctions-compliance/getting-aid-to-syria/))
- Carter, T. (n.d.) *The impact of anti-terrorism legislation on charities: the shadow of the law*. Toronto: Carters
- Chaaban, J. (2016) *I've got the power: mapping connections between Lebanon's banking sector and the ruling class*, Economic Research Forum (<http://erf.org.eg/wp-content/uploads/2016/10/1059.pdf>)
- Charity and Security Network (2017) *Financial access for non profits: results of an empirical study* ([www.charityandsecurity.org/FinAccessReport](http://www.charityandsecurity.org/FinAccessReport))
- Charities Finance Group (2015) *Briefing: impact of banks' de-risking on not for profit organisations* ([www.cfg.org.uk/Policy/~media/Files/Policy/Banking/Briefing%20Impact%20of%20banks%20derisking%20activities%20on%20charities%20March%202015.pdf](http://www.cfg.org.uk/Policy/~media/Files/Policy/Banking/Briefing%20Impact%20of%20banks%20derisking%20activities%20on%20charities%20March%202015.pdf))
- Doocy, D.T. (2016) 'Are cash-based interventions a feasible approach for expanding humanitarian assistance in Syria?', *Journal of International Humanitarian Action* 1(13).
- DRC (2013) *Regional response to Syrian crisis strategy Jan-Dec 2013 (rev. July 2013)*. Danish Refugee Council (<https://drc.ngo/media/1420869/drc-regional-response-to-syrian-crisis-2014.pdf>)
- Dyke, J. (2014) 'Analysis: NGOs and anti-terror laws: how to keep your bank manager happy', *IRIN* ([www.irinnews.org/report/100980/analysis-ngos-and-anti-terror-laws-how-to-keep-your-bankmanager-happy](http://www.irinnews.org/report/100980/analysis-ngos-and-anti-terror-laws-how-to-keep-your-bankmanager-happy))
- Elhawary, S., Mackintosh, K., Metcalfe, V. and Pantuliano, S. (2011) *Counter-terrorism and humanitarian action: tensions, impact and ways forward*. London: ODI
- El-Qorchi, M.M. (2003) *Informal funds transfer systems – an analysis of the informal hawala system*. Washington DC: International Monetary Fund ([http://siteresources.worldbank.org/EXTAML/Resources/396511-1146581427871/IFTS\\_Content.pdf](http://siteresources.worldbank.org/EXTAML/Resources/396511-1146581427871/IFTS_Content.pdf))
- Fowler, A. (2004) *Assessing the impact of counter-terrorism measures for nongovernment organizations*. London: INTRAC
- Haden-Pawlowski, V. (2017) *Syrian humanitarians* (<https://thecic.org/local-ngos-in-syria-how-gac-can-ensure-continued-impactful-delivery-of-canadian-humanitarian-assistance-in-syria-in-an-exceptionally-dynamic-period-of-humanitarian-operations-in-turkey/>)
- Hannes, C. (2017) *Iraqi Kurdistan, the PKK and international relations: theory and ethnic conflict*. London: Routledge
- Harling, P.S. (2016) 'The Syria aid regime that needed help touching the ground', *Synaps* ([www.synaps.network/the-syria-aid-regime-that-needed-help](http://www.synaps.network/the-syria-aid-regime-that-needed-help))
- Heller, S. (2017) *Turkish crackdown on humanitarians threatens aid to Syrians*. The Century Foundation (<https://tcf.org/content/report/turkish-crackdown-humanitarians-threatens-aid-syrians/>)



- Hermann, M. (2009) 'Content Analysis' in Klotz, A. and Prakas, D. (eds) *Qualitative methods in international relations: a pluralist guide*. Basingstoke: Palgrave Macmillan
- Howell, H. (2006) 'The global War on Terror, development and civil society', *Journal of International Development* 18
- ICRC (2015) *International humanitarian law and the challenges of contemporary armed conflicts* ([www.icrc.org/en/document/international-humanitarian-law-and-challenges-contemporary-armed-conflicts](http://www.icrc.org/en/document/international-humanitarian-law-and-challenges-contemporary-armed-conflicts))
- IRC (2013) *Syria: a regional crisis*. International Rescue Committee.
- Keatinge, T. (2014) 'Counter terrorism finance efforts threaten NGO financial access', Huffington Post ([www.huffingtonpost.co.uk/tom-keatinge/counterterrorism-finance-eff\\_b\\_5618223.html](http://www.huffingtonpost.co.uk/tom-keatinge/counterterrorism-finance-eff_b_5618223.html))
- Lehmann, C. (2014) *Emergency economies: the impact of cash assistance in Lebanon*. International Rescue Committee
- McMahon, J. (2007) *Developments in the regulations of NGOs via government counter-terrorism measures and policies*. INTRAC
- Metcalf-Hough, V. (2015) *UK humanitarian aid in the age of counter-terrorism: perceptions and reality*. London: ODI ([www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9479.pdf](http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9479.pdf))
- Minear, L. (1994) 'The international relief system: a critical review'. Paper presented to the Parallel National Intelligence Estimate on Global Humanitarian Emergencies, Washington DC, 22 September
- Moore, C.H. (1987) 'Prisoners' financial dilemmas: a consociational future for Lebanon?', *American Political Science Review* 81(1): 201–218
- Moore, D. (2007) 'Safeguarding civil society in politically complex environments', *International Journal of Not-for-Profit Law* 9(3)
- Mowjee, T. (2013) *Financing of cash transfer programming: is emergency Cash Transfer Programming (CTP) fit for the future?* ([www.humanitarianfutures.org/wp-content/uploads/2013/09/Financing\\_FINAL.pdf](http://www.humanitarianfutures.org/wp-content/uploads/2013/09/Financing_FINAL.pdf))
- MSF (2015) *Syria two years on: the failure of international aid*. Médecins Sans Frontières ([www.doctorswithoutborders.org/news-stories/special-report/syria-two-years-failure-international-aid](http://www.doctorswithoutborders.org/news-stories/special-report/syria-two-years-failure-international-aid))
- Naidoo, K. (2004) 'Coming clean: civil society organisations at a time of global uncertainty', *International Journal of Not-for-Profit Law* 6(3)
- OCHA (2014) *2015 Strategic Response Plan Syria* ([https://docs.unocha.org/sites/dms/Syria/RM\\_Syria\\_20141217\\_upd20150223.pdf](https://docs.unocha.org/sites/dms/Syria/RM_Syria_20141217_upd20150223.pdf))
- OCHA (2016) *2017 humanitarian needs overview: Syrian Arab Republic*
- OCHA (2016b) *2016 Syria humanitarian response plan* ([https://docs.unocha.org/sites/dms/Syria/2016\\_hrp\\_syrian\\_arab\\_republic.pdf](https://docs.unocha.org/sites/dms/Syria/2016_hrp_syrian_arab_republic.pdf))
- OECD (1999) *OECD guidance for evaluating humanitarian assistance in complex emergencies* ([www.oecd.org/dac/evaluation/2667294.pdf](http://www.oecd.org/dac/evaluation/2667294.pdf))
- Pantuliano, S. (2011) *Counter-terrorism and humanitarian action: tensions, impact and ways forward*. London: ODI ([www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7347.pdf](http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7347.pdf))
- People in Need (2016, January 28) *PIN's Cash for Work program has already helped more than 1,930 families in Syria* ([www.clovekvtisni.cz/en/articles/pin-s-cash-for-work-program-has-already-helped-more-than-1-930-families-in-syria](http://www.clovekvtisni.cz/en/articles/pin-s-cash-for-work-program-has-already-helped-more-than-1-930-families-in-syria))
- Save the Children (2016) *Syrian Arab Republic: cash based response from Turkey 2015. Locations of all cash and voucher responses in 2015* (<https://reliefweb.int/map/syrian-arab-republic/syrian-arab-republic-cash-based-response-turkey-2015-locations-all-cash-and>)
- Siddique, H. (2014) 'More UK bank accounts held by Muslim organisations risk closure', *The Guardian*, 12 October ([www.theguardian.com/business/2014/aug/10/hsbc-muslim-accounts-close](http://www.theguardian.com/business/2014/aug/10/hsbc-muslim-accounts-close))
- Sidel, M. (2006) *More secure, less free? Antiterrorism policy and civil liberties after September 11*. Ann Arbor, MI: University of Michigan Press
- Smart, K. (2017) *Challenging the system: humanitarian cash transfers in Iraq*. London: ODI ([www.odi.org/sites/odi.org.uk/files/resource-documents/11420.pdf](http://www.odi.org/sites/odi.org.uk/files/resource-documents/11420.pdf))

- Smith, G. (2015) *Cash coordination in the Philippines: a review of lessons learned during the response to Super Typhoon Haiyan*, Cash Learning Partnership (CaLP) ([www.cashlearning.org/downloads/cash-coordination-philippines-web-2.pdf](http://www.cashlearning.org/downloads/cash-coordination-philippines-web-2.pdf))
- Solidarités International (2015) *Case study: implementation of cash-based projects in Aleppo governorate 2015* ([www.solidarites.org/wp-content/uploads/2017/05/cash-transfer-program-in-northern-syria.pdf](http://www.solidarites.org/wp-content/uploads/2017/05/cash-transfer-program-in-northern-syria.pdf))
- Svoboda, E. (2015) *International and local/diaspora actors in the Syria response: a diverging set of systems?*. London: ODI
- UN (2013) *Report of the Independent International Commission of Inquiry on the Syrian Arab Republic. Rule of terror: living under ISIS in Syria* ([www.refworld.org/pdfid/5469b2e14.pdf](http://www.refworld.org/pdfid/5469b2e14.pdf))
- UN (2015) *Report of the Independent International Commission of Inquiry on the Syrian Arab Republic, General Assembly. Human Rights Council*
- UN (2016) *Report of the Secretary-General on the implementation of the UNSC resolutions by all parties to the Syrian conflict (Feb.16)*. New York: UN
- UNICEF (2016) *Aid agencies launch 'common cards' to facilitate access to humanitarian assistance in Lebanon* ([www.unicef.org/lebanon/media\\_11847.html](http://www.unicef.org/lebanon/media_11847.html))
- US Congress (2015) *H.R.2297 – Hizballah International Financing Prevention Act of 2015 114th Congress (2015–2016)* ([www.congress.gov/bill/114th-congress/house-bill/2297/text/pl](http://www.congress.gov/bill/114th-congress/house-bill/2297/text/pl))
- US Government Accountability Office (2016) *Syria humanitarian assistance: some risks of providing aid inside Syria assessed, but US agencies could improve fraud oversight* ([www.gao.gov/assets/680/678442.pdf](http://www.gao.gov/assets/680/678442.pdf))
- USAID (2016) *Reports of corrupt practices in cross-border aid to Syria* ([https://oig.usaid.gov/sites/default/files/statement\\_05062016\\_usaid\\_oig\\_syria\\_aid.pdf](https://oig.usaid.gov/sites/default/files/statement_05062016_usaid_oig_syria_aid.pdf))
- Walker, J. (2016) *Study on humanitarian impact of Syria-related unilateral restrictive measures: a report prepared for the United Nations (UN) Economic and Social Commission for Western Asia (ESCWA) 'National Agenda for the Future of Syria'*. Bern: Swiss Agency for Development and Cooperation
- Walker, J. (2017) 'The foreign policy tool of sanctions, conflict and ensuring continued access to finance', *Journal of Financial Crime* 24(3)
- Whole of Syria Food Security Sector (2015) *Food security sector strategic response framework and harmonized response approach in 2016 – workshop report, 2 and 3 November, 2015* ([http://fscluster.org/sites/default/files/documents/syr\\_hrp\\_fss\\_wos\\_workshop\\_report\\_23\\_november\\_2015.pdf](http://fscluster.org/sites/default/files/documents/syr_hrp_fss_wos_workshop_report_23_november_2015.pdf))
- WHS (2016) *The Grand Bargain: a shared commitment to better serve people in need* ([https://reliefweb.int/sites/reliefweb.int/files/resources/Grand\\_Bargain\\_final\\_22\\_May\\_FINAL-2.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf))

# HPG

## Humanitarian Policy Group

---

The Humanitarian Policy Group is one of the world's leading teams of independent researchers and information professionals working on humanitarian issues. It is dedicated to improving humanitarian policy and practice through a combination of high-quality analysis, dialogue and debate.

---

Readers are encouraged to quote or reproduce materials from this publication but, as copyright holders, ODI requests due acknowledgement and a copy of the publication. This and other HPG reports are available from [www.odi.org/hpg](http://www.odi.org/hpg).

© Overseas Development  
Institute, 2018

Humanitarian Policy Group  
Overseas Development Institute  
203 Blackfriars Road  
London SE1 8NJ  
United Kingdom

Tel. +44 (0) 20 7922 0300  
Fax. +44 (0) 20 7922 0399  
Email: [hpgadmin@odi.org](mailto:hpgadmin@odi.org)  
Website: [www.odi.org/hpg](http://www.odi.org/hpg)

Cover photo: Farmers in eastern  
Aleppo, Syria sell their goods for  
Ramadan.

© Ali Yousef/ICRC

