

# THE HUMANITARIAN IMPACT OF UNILATERAL COERCIVE MEASURES

*Input to Professor Alena Douhan, Special  
Rapporteur on the negative impact of the  
unilateral coercive measures on the  
enjoyment of human rights*



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## Table of Contents <sup>1</sup>

<b>Introduction .....</b>	<b>2</b>
<b>Sanctions Instruments: International Law, U.S. Law, Hard Law, and Soft Law .....</b>	<b>4</b>
A. Hard Law Instruments .....	5
1. Multilateral Legal Instruments and Treaties .....	5
2. U.S. Legal Infrastructure .....	7
B. Soft Law Instruments .....	8
1. UN-Based Soft Law and Normative Guidance .....	8
2. Financial Regulatory Standards .....	11
C. The Nexus Between UN and Unilateral Sanctions Frameworks: Implications for Humanitarian Access .....	12
<b>Categories of Stakeholders to Include in the Principles Document.....</b>	<b>14</b>
<b>Navigating Humanitarian Exemptions and Applying for Humanitarian Licenses.....</b>	<b>18</b>
<b>Implementation of UN Security Council Humanitarian Resolutions and Examples of Overcompliance and De-risking.....</b>	<b>23</b>
Recommendations.....	25
<b>Cross-cutting Issues and Adverse Effects of Sanctions .....</b>	<b>27</b>
A. Gender-based Impacts.....	28
B. Migration and Displacement .....	29
C. Liquidity, Operational Collapse, and Starvation.....	30
D. Digital Exclusion .....	30
E. The Intersection of Sanctions Regimes and AML/CFT Standards.....	31
<b>Scope of Humanitarian Assistance/Aid: Peacebuilding as an Imperative .....</b>	<b>32</b>
<b>Recommendations: Remedy, Redefining Scope, and Regional, National and International, and Mechanisms.....</b>	<b>32</b>
<b>Conclusion.....</b>	<b>36</b>
<b>Annex: Partner Bibliography .....</b>	<b>37</b>

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<sup>1</sup> The Table of Contents used in this submission is intended to serve as our direct response to Question 2. It reflects a proposed structure for the Special Rapporteur's forthcoming document and offers a thematic and functional template for the Principles, grounded in the operational realities faced by humanitarian actors in environments subject to unilateral coercive measures.

## Introduction

The Charity & Security Network (C&SN) thanks the Special Rapporteur for the opportunity to submit input to inform the mandate's work on the development and elaboration of Principles related to the impact of unilateral coercive measures (UCMs) on access to humanitarian assistance/humanitarian aid/humanitarian response in sanctions environments/in unilateral sanctions contexts (the "Principles").

C&SN is a resource and advocacy center for nonprofit organizations (NPOs) focused on defending the civil society space from overreaching national security measures. We work to promote and protect the ability of nonprofits to carry out effective programs that support human rights, peacebuilding, and aid civilians in areas of disaster and armed conflict. Our network is made up of over 200 organizational members across dozens of countries, including: lawyers, nonprofit professionals, human rights defenders, and civil society members across the globe. We hold expertise in navigating United States (U.S.) sanctions, in U.S. and United Nations (UN) humanitarian exemptions to support activities and transactions that would otherwise be prohibited in sanctioned contexts, in human rights and counter-terrorism measures (CTMs), and in issues of financial access, amongst other topics outside the realm of this submission.

In today's global context, UCMs and designations are routinely used, with the U.S. Department of the Treasury going so far as to employ sanctions as a "tool of first resort."<sup>2</sup> Our members have consistently identified these UCMs, particularly unilateral sanctions imposed and enforced by the U.S., as a major barrier to their ability to deliver humanitarian assistance and peacebuilding programming, and to uphold fundamental rights. Therefore, we strongly welcome the Special Rapporteur's commitment to advancing a principled and coherent framework to mitigate the negative impact of UCMs on humanitarian action.

Alongside humanitarian exemptions to UN sanctions regimes, this submission focuses primarily on the U.S. sanctions landscape, not only because of its breadth, but due to the unparalleled extraterritorial influence the U.S. exerts over the global financial system. No other government's sanctions regimes generate such wide-ranging operational consequences for humanitarian actors and financial institutions (FIs). This is a function not merely of legal authority but of structural power. A key reason for this is the centrality of the U.S. in international trade and transactions. A Defense Priorities report, titled *Counting the Cost of Financial Warfare: Recalibrating Sanctions Policy to Preserve U.S. Financial Hegemony*,<sup>3</sup> identifies three pillars of U.S. financial strength: the dominance of the US Dollar (USD) and its role as "the world's foremost reserve currency"; the role of U.S. banks "as a clearinghouse for

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<sup>2</sup> U.S. Department of the Treasury, "The Treasury 2021 Sanctions Review", October 2021, <https://home.treasury.gov/system/files/136/Treasury-2021-sanctions-review.pdf>.

<sup>3</sup> Enea Gjoza, "Counting the Cost of Financial Warfare," Defense Priorities, July 29, 2024, <https://www.defensepriorities.org/reports/counting-the-cost-of-financial-warfare/>.



many global financial transactions”; and the reach of the regulatory apparatus of the U.S.<sup>4</sup> Business entities and governments that require access to USD must interact with the U.S. banking architecture and the Federal Reserve, which serves as the central bank of the U.S., giving the U.S. “substantial power to dictate who can participate in the global system simply by managing access to foreigners’ ability to clear and settle dollar transactions.”<sup>5 6</sup> This access is mediated by a global system of correspondent banks that passes through the Federal Reserve Bank of New York, which allows the U.S. to maintain regulatory jurisdiction over transactions that do not necessarily involve U.S. firms or persons.<sup>7</sup>

The implications of such financial hegemony are severe, including for humanitarian actors. U.S. sanctions, particularly those involving secondary penalties — which threaten to penalize third-country individuals or institutions for engaging with U.S. sanctioned entities — operate, in reality, not as bilateral trade restrictions, but instead as global compliance obligations.<sup>8</sup> FIs, fearful of enforcement actions and reputational risk, frequently overcomply, closing accounts or blocking transfers tied to sanctioned jurisdictions,<sup>9</sup> which are often deemed “high risk”. This dynamic threatens to paralyze humanitarian operations, even where activities are allowed under international humanitarian law (IHL) or protected by the U.S. Department of the Treasury’s Office of Foreign Assets Control’s (OFAC) General Licenses (GLs) or Specific Licenses (SLs).<sup>10</sup> For context, GLs, which are “self-executing”, provide authorization for certain categories that would otherwise be prohibited under U.S. sanctions regulations, allowing engagement in certain activities and transactions without needing to apply individually.<sup>11</sup> In contrast, specific licenses must be applied for, and are issued on a case-by-case basis to authorize a particular person or entity to conduct an activity or transaction that would otherwise be restricted by sanctions.<sup>12</sup>

Humanitarian organizations risk severe penalties, reputational harm, and jeopardization of their ability to operate altogether if they wish to transact in areas subject to U.S. secondary

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<sup>4</sup> Over 60 percent of the world’s central bank reserves are denominated in dollars; half of loans and 40 percent of international payments are processed using the dollar; and the dollar represents over 87 percent of global market turnover in foreign exchange markets. (Gjoza 2024)

<sup>5</sup> Enea Gjoza, “Counting the Cost of Financial Warfare,” Defense Priorities, July 29, 2024, <https://www.defensepriorities.org/reports/counting-the-cost-of-financial-warfare/>.

<sup>6</sup> Center for Economic and Policy Research, Charity & Security Network, and American Friends Service Committee, “Joint Submission to the Special Rapporteur on the Negative Impact of Unilateral Coercive Measures on the Enjoyment of Human Rights,” June 15, 2020, <https://charityandsecurity.org/wp-content/uploads/2020/07/Joint-Comments-UNSR-Coercive-Measures.pdf>.

<sup>7</sup> *ibid.*

<sup>8</sup> *ibid.*

<sup>9</sup> Global NPO Coalition on the FATF, “De-risking & Financial Access | Global NPO Coalition on FATF,” n.d., <https://fatfplatform.org/issues/over-regulation-2/>.

<sup>10</sup> “Selected General Licenses Issued by OFAC | Office of Foreign Assets Control,” Office of Foreign Assets Control | U.S. Department of the Treasury, n.d., <https://ofac.treasury.gov/selected-general-licenses-issued-ofac>.

<sup>11</sup> Office of Foreign Assets Control, “OFAC Licenses”, OFAC | U.S. Department of the Treasury, n.d., <https://ofac.treasury.gov/faqs/topic/1506>.

<sup>12</sup> *ibid.*

sanctions. Because of the centrality of U.S. FIs in the global banking system — including the dominance of the USD as the primary currency for cross-border transactions and its use as a clearing mechanism — these restrictions effectively globalize U.S. sanctions enforcement.<sup>13</sup> This means even humanitarian actors with no direct U.S. nexus may be locked out of international banking, creating chilling effects far beyond U.S. borders. Therefore, secondary sanctions function as a powerful extension of UCMs, compounding their impact on permitted humanitarian operations — as the Special Rapporteur herself noted in her thematic report, *Over-compliance with Secondary Sanctions Adversely Impacts Human Rights of Millions*, published in July 2022.<sup>14</sup>

To inform this submission, C&SN conducted one-on-one interviews and solicited written input from a range of civil society partners, ensuring that the perspectives presented reflect a wide spectrum of operational experiences, while remaining firmly rooted in and responsive to the specific focus of this Call for Input. In addition to partners who chose to remain anonymous, this input is submitted by C&SN jointly with the Center for Civil Society and Democracy (CCSD), the Human Security Collective (HSC), and Spaces for Change (S4C).

Our collective responses to the Special Rapporteur's questions inform the structure of this submission. The submission begins by mapping the intersecting legal and regulatory instruments that govern sanctions and humanitarian access — including multilateral legal instruments and treaties, the U.S. legal infrastructure, UN-based soft law and normative guidance, and financial regulatory standards — and explores how these frameworks often clash in practice. It then examines the nexus between UN and unilateral sanctions frameworks, such as those introduced under UNSCRs 2664 and 2761, and their implications for financial access. From there, the paper identifies key stakeholder groups whose engagement is essential to making the proposed Principles meaningful in practice, and outlines challenges faced by humanitarian actors in navigating exemptions and licensing regimes.

Drawing on field-based case studies, the submission also documents widespread patterns of overcompliance and de-risking — particularly by FIs — and offers recommendations to mitigate these harms. The latter half of the document explores cross-cutting issues, including gendered impacts, migration, liquidity crises, digital exclusion, and the interplay between sanctions and AML/CFT standards, all of which compound the humanitarian fallout of UCMs. Finally, the paper calls for a broader and more inclusive definition of humanitarian aid — one that incorporates peacebuilding and early recovery — and proposes mechanisms to strengthen accountability, improve coordination, and ensure access to remedy for affected actors.

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<sup>13</sup> David Lubin, "US Dollar Dominance Is Both a Cause and a Consequence of US Power," Chatham House, October 2, 2024, <https://www.chathamhouse.org/2024/09/us-dollar-dominance-both-cause-and-consequence-us-power>.

<sup>14</sup> United Nations Human Rights Office, "Over-compliance with Secondary Sanctions Adversely Impacts Human Rights of Millions," United Nations | UNOHCHR, September 15, 2022, <https://www.ohchr.org/en/press-releases/2022/09/over-compliance-secondary-sanctions-adversely-impacts-human-rights-millions>.

Throughout the document, the impacts of UCMs are highlighted. While these impacts are often described as “unintended consequences”, C&SN’s work, research, and engagement on UCMs since our founding indicates that this phrasing is inaccurate — States impose sanctions *precisely to cause economic harm*, and, in many cases, devastation. Terms like “maximum pressure” cannot be used without the knowledge and intention for this to lead to “maximum intended consequences.” States not only know and understand this, it is often the driving factor behind sanctions design and imposition,<sup>15</sup> and the lack of wind-downs and offramps. We urge the Special Rapporteur to take this into consideration in her development of the Principles document.

## Sanctions Instruments: International Law, U.S. Law, Hard Law, and Soft Law

The ability to deliver humanitarian assistance should mean aid is provided to those most in need irrespective of any other factor; in reality, humanitarian assistance in areas where sanctions are imposed depends instead on a complex — and often conflicting and incoherent — tapestry of international legal norms, soft law standards, and domestic enforcement regimes. While many of these frameworks recognize the principle that sanctions must not obstruct humanitarian activity,<sup>16</sup> their practical effect is frequently undermined by conflicting national regulations, particularly the far-reaching measures of the U.S. This section outlines the legal, regulatory, and normative instruments that currently govern humanitarian action in sanctions contexts and explores the persistent implementation gaps that arise when multilateral standards are eclipsed by unilateral imposition and enforcement practices.

### A. Hard Law Instruments

#### 1. *Multilateral Legal Instruments and Treaties*

- **UN Security Council Resolution 2664** was a landmark resolution adopted in December 2022, which creates a humanitarian carve-out to asset freeze measures across existing and new UN sanctions regimes.<sup>17</sup> However, for the Islamic State in Iraq and the Levant (ISIL) and al-Qaida sanctions regime — the UN’s counter-terrorism (CT) sanctions regime — the application of this carve-out was initially time-bound to two years, set to expire on December 9, 2024, unless renewed.<sup>18</sup> While this resolution marked a significant normative advancement, it has not been adequately operationalized at the domestic level. C&SN’s 2024 publication, *A Study on the Impacts*

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<sup>15</sup> L.D. Mallory, “State Department, Memorandum, ‘The Decline and Fall of Castro,’ Secret, April 6, 1960,” National Security Archive, February 2, 2022, <https://nsarchive.gwu.edu/document/27400-document-1-state-department-memorandum-decline-and-fall-castro-secret-april-6-1960>.

<sup>16</sup> United Nations Security Council, “Press Release SC/14788: Concerned by Unintended Negative Impact of Sanctions, Speakers in Security Council Urge Action to Better Protect Civilians, Ensure Humanitarian Needs Are Met,” United Nations | Meeting Coverage and Press Releases, February 7, 2022. <https://press.un.org/en/2022/sc14788.doc.htm>.

<sup>17</sup> Charity & Security Network, “UN Security Council Adopts Standing Application for Humanitarian Carve-Out Applied to ISIL/al-Qaida UN Sanctions Regime,” December 2024, <https://charityandsecurity.org/news/un-security-council-adopts-standing-application-for-humanitarian-carve-out-applied-to-isil-al-qaida-un-sanctions-regime/>.

<sup>18</sup> *ibid.*

of UN Security Council Resolution 2664 on Financial Institutions & Donors<sup>19</sup> (C&SN 2664 Impacts Study) found that nearly 1 in 5 of the surveyed FIs were unaware of the resolution, and that none of the surveyed FIs “completely revamped” their internal policies and procedures due to the Resolution.<sup>20</sup> Instead, banks indicated they still defer to domestic exemptions such as OFAC’s GLs when assessing compliance risks.<sup>21</sup>

- **UN Security Council Resolution 2761** was adopted in December 2024, extending as a standing application the humanitarian carve-out under Resolution 2664 as applied to the 1267 regime.<sup>22</sup> It provides safeguards, indefinitely, for humanitarian action across all UN sanctions regimes.<sup>23</sup> This includes providing life-saving assistance to populations in need of aid who are living in contexts where 1267-designated entities are active, which is estimated to be more than 100 million people<sup>24</sup> in critical contexts such as Afghanistan, the Sahel, Syria, and Yemen.<sup>25</sup> As stated by the U.S. representative during the Security Council meeting where Resolution 2761 was adopted, humanitarian assistance to these populations, and other areas where 1267-designated entities operate, “can mean the difference between life and death”.<sup>26</sup>
- **UN Security Council Resolution 1373**, adopted unanimously in September 2001 under Chapter VII of the UN Charter,<sup>27</sup> is a foundational legal instrument in the global CT framework. Passed in the immediate aftermath of the 9/11 attacks, it requires all Member States to criminalize the financing of terrorism, freeze without delay “funds and other financial assets or economic resources of persons who commit, or attempt to commit, terrorist acts,”<sup>28</sup> and “refrain from providing any form of support, active or passive, to entities or persons involved in terrorist acts.”<sup>29</sup> It further mandates states to deny safe haven to those financing, planning, or supporting terrorist acts, and to establish mechanisms for information sharing and cross-border cooperation. Resolution 1373 also established the UN Counter-Terrorism Committee to monitor implementation. As one of the earliest resolutions to embed CTMs into binding international law, it laid

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<sup>19</sup> Ashleigh Subramanian-Montgomery, “A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors,” Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

<sup>20</sup> *ibid.*

<sup>21</sup> *ibid.*

<sup>22</sup> United Nations Security Council “Press release SC/15924: Unanimously Adopting Resolution 2761 (2024), Security Council Approves Continued Humanitarian Exemption to Asset Freeze by Da’esh, Al-Qaida Sanctions Regime,” United Nations | Meeting Coverage and Press Releases, December 6, 2024, <https://press.un.org/en/2024/sc15924.doc.htm>.

<sup>23</sup> *ibid.*

<sup>24</sup> Charity & Security Network, “One-Pager: Renew a Standing Application of the Humanitarian Carve-Out as Applied to the 1267 ISIL/al-Qaida Regime,” December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/1267-One-Pager-1.pdf>.

<sup>25</sup> International Crisis Group, “Ten Challenges for the UN in 2024–2025,” International Crisis Group | Special Briefings, September 10, 2024, <https://www.crisisgroup.org/global/sb12-ten-challenges-un-2024-2025>.

<sup>26</sup> United Nations Security Council, “Press Release SC/15924: Unanimously Adopting Resolution 2761 (2024), Security Council Approves Continued Humanitarian Exemption to Asset Freeze by Da’esh, Al-Qaida Sanctions Regime,” United Nations | Meeting Coverage and Press Releases, December 6, 2024, <https://press.un.org/en/2024/sc15924.doc.htm>.

<sup>27</sup> United Nations, “Chapter VII: Action With Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression (Articles 39-51),” n.d., <https://www.un.org/en/about-us/un-charter/chapter-7>.

<sup>28</sup> United Nations Security Council, “Resolution 1373 (2001): S/RES/1373 (2001),” United Nations, September 28, 2001. [https://docs.un.org/en/s/res/1373\(2001\)](https://docs.un.org/en/s/res/1373(2001))

<sup>29</sup> *ibid.*

the groundwork for today's UCMs, many of which incorporate asset freezes and related obligations first set forth in this resolution.

- **UN Security Council Resolution 2462**, adopted in March 2019 under Chapter VII of the UN Charter,<sup>30</sup> reaffirmed and expanded earlier countering the financing of terrorism (CFT) obligations under Resolution 1373. Resolution 2462 makes it a terrorism financing offense to "directly or indirectly" provide funds, financial assets, or related services for the benefit of terrorist organizations or individual terrorists — "even in the absence of a link to a specific terrorist act."<sup>31</sup> It is important to know however, that Resolution 2462 does include promising language excluded from Resolution 1373 by explicitly calling on states to implement CFT measures in accordance with their obligations under IHL, international human rights law (IHRL), and international refugee law (IRL). As such, Resolution 2462 both provides a critical legal basis for demanding that sanctions and CFT regimes respect humanitarian space, while also exacerbating operational risks for humanitarian actors navigating complex conflict environments.<sup>32</sup>
- **The International Covenant on Economic, Social and Cultural Rights (ICESCR)**, which the U.S. signed in 1977 but has not ratified yet, outlines fundamental rights as related to economic development, living standards, education, gender equality, and health. It obliges states to respect, protect, and fulfil the right to "the enjoyment of the highest attainable standard of physical and mental health", as well as the right to an adequate "standard of living" that includes "adequate food."<sup>33</sup> Parties to the convention are obliged to work toward the progressive realization of these rights over time "by all appropriate means" and "to the maximum of its available resources."<sup>34</sup> Additionally, it protects the rights of self-determination and the right to "freely pursue their economic, social and cultural development,"<sup>35</sup> which includes the ability to "freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence."<sup>36</sup>

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<sup>30</sup> United Nations, "Chapter VII: Action With Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression (Articles 39-51)," n.d., <https://www.un.org/en/about-us/un-charter/chapter-7>.

<sup>31</sup> United Nations Security Council, "Resolution 2462 (2019): S/RES/2462 (2019)," United Nations, March 28, 2019. <https://main.un.org/securitycouncil/en/content/sres24622019>.

<sup>32</sup> Zaha Hassan and H.A. Hellyer, eds., "Suppressing Dissent: Shrinking Civic Space, Transnational Repression and Palestine-Israel" (London: Oneworld Publications, 2024), <https://openresearchlibrary.org/viewer/0d3fc487-dfea-43e5-9927-4d36f17254de/1>.

<sup>33</sup> United Nations General Assembly. " 'International Covenant on Economic, Social and Cultural Rights' United Nations | Core Instruments, Adopted December 16, 1966. Entered into force January 3, 1976. <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>.

<sup>34</sup> *ibid.*

<sup>35</sup> *ibid.*

<sup>36</sup> *ibid.*



These obligations are directly relevant in humanitarian settings, where sanctioned environments frequently disrupt access to food,<sup>37</sup> healthcare,<sup>38</sup> and other basic services. When unilateral sanctions obstruct humanitarian delivery or deter funding flows to crisis-affected areas, they risk violating the ICESCR's core protections. The Covenant thus provides an essential legal and normative anchor for basic rights, ensuring that economic measures do not impair access to subsistence or essential rights in times of crisis.

## 2. *U.S. Legal Infrastructure*

- **The International Emergency Economic Powers Act (IEEPA)** was adopted in December 1977, and serves as the legal foundation for most U.S. sanctions programs, empowering the President to, after making a declaration of a national emergency, block property interests and instill a prohibition or regulation on financial transactions.<sup>39</sup> IEEPA contains a statutory humanitarian exemption, which prohibits the President from blocking “donations of food, clothing and medicine, intended to be used to relieve human suffering,” unless the President determines that such donations would “seriously impair [their] ability to deal with any national emergency.”<sup>40</sup> However, in practice, this exemption is routinely waived in CT-related Executive Orders (EO), effectively nullifying it as a safeguard for humanitarian actors.<sup>41</sup> The exemption’s routine cancellation has no time limit or criteria defining conditions that could restore it.<sup>42</sup>
- **The Antiterrorism and Effective Death Penalty Act (AEDPA)** was passed in April 1996, and serves as the primary prohibition on “material support” of terrorism, which proscribes “material support” to FTOs, including the provision of not only funds and weapons, but of “technical advice and assistance”, “training”, “personnel”, and “services.”<sup>43</sup> The definitions of these non-tangible forms of support lack clarity,<sup>44</sup> providing legal uncertainty for humanitarian organizations regarding what types of activities and transactions are actually authorized and allowed when engaging an FTO, and making both banks and donors hesitant to conduct transactions or fund activities in areas where FTOs operate, despite humanitarian need. The AEDPA definition of “material support” is generally referred to for sanctions compliance purposes.<sup>45</sup>

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<sup>37</sup> X. M. Liu and H. J. Qiu. “International Sanctions and Food Security: From the Perspective of Import Dependency and Environmental Sustainability,” *Environmental Research Letters* 20, no. 1 (2025): 014060, <https://iopscience.iop.org/article/10.1088/1748-9326/ad9d5d/pdf>.

<sup>38</sup> World Health Organization, “The Impact of Economic Sanctions on Health and Health Systems in Low-Income and Middle-Income Countries: A WHO-Sponsored Evidence Review,” *BMJ Global Health* 8, no. 2 (2023): e009829, <https://pmc.ncbi.nlm.nih.gov/articles/PMC9923316/>.

<sup>39</sup> Christopher A. Casey, Dianne E. Rennack, & Jennifer K. Elsea, “The International Emergency Economic Powers Act: Origins, Evolution, and Use,” CRS Report R45618 (Washington, DC: Congressional Research Service, 2024), <https://www.congress.gov/crs-product/R45618>.

<sup>40</sup> “50 U.S.C. § 1702(b)(2),” 2018, <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title50-section1702>.

<sup>41</sup> Kay Guinane. “19 Years Later EO 13224 Continues to Block Humanitarian Aid. It’s Time for an Update,” *Charity & Security Network*, September 23, 2020, <https://charityandsecurity.org/blog/19-years-later-eo-13224-continues-to-block-humanitarian-aid-its-time-for-an-update/>.

<sup>42</sup> *ibid.*

<sup>43</sup> Charity & Security Network. “Background.” n.d.. <https://charityandsecurity.org/background/>.

<sup>44</sup> *ibid.*

<sup>45</sup> *ibid.*

AEDPA's "humanitarian exception" is limited to the provision of medicine and religious materials to FTOs, and does not address the issue of support to civilians living under the control of an FTO.<sup>46</sup>

- **EO 13224** was issued in response to the terrorist attacks of September 11, 2001, and declared "a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by grave acts of terrorism and threats of terrorism committed by foreign terrorists."<sup>47</sup> The authority for this EO comes from IEEPA<sup>48</sup> and created a list of Specially Designated Global Terrorists (SDGTs), freezing their assets and barring transactions with them.<sup>49</sup>
- ***Holder v. Humanitarian Law Project*** is a 2010 U.S. Supreme Court case that upheld the constitutionality of the "material support" statute (18 U.S.C. § 2339B).<sup>50</sup> The Court found that engagement with FTOs could inadvertently legitimize or assist a group's broader aims, and thus ruled it criminal under U.S. law.<sup>51</sup> The Court's decision has had a chilling effect on humanitarian and peacebuilding work, especially in areas where designated groups control territory. It criminalizes engagement that is often necessary for aid delivery or conflict resolution, placing domestic law at odds with IHL protections for impartial aid and negotiation. This ruling remains a key barrier for U.S.-based humanitarian, development, and peacebuilding organizations, as well as international actors partnering with them, who risk criminal liability for engaging with FTOs — even when such engagement is necessary for delivering aid or securing access to communities in need in conflict-affected areas.<sup>52</sup>

## B. Soft Law Instruments

### 1. UN-Based Soft Law and Normative Guidance

- **The Vienna Declaration and Programme of Action** adopted by the World Conference on Human Rights in 1993<sup>53</sup> emphasizes the "universality, indivisibility, and interdependence of all human rights",<sup>54</sup> calling for their protection and promotion by all

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<sup>46</sup> *ibid.*

<sup>47</sup> Bureau of Counterterrorism, "Executive Order 13224." n.d., U.S. Department of State, <https://www.state.gov/executive-order-13224/>.

<sup>48</sup> Charity & Security Network, "Time to Update Bush's EO 13224," October 15, 2009, [https://charityandsecurity.org/archive/time\\_update\\_eo\\_13224/](https://charityandsecurity.org/archive/time_update_eo_13224/).

<sup>49</sup> Kay Guinane, "19 Years Later EO 13224 Continues to Block Humanitarian Aid. It's Time for an Update," *Charity & Security Network*, September 23, 2020, <https://charityandsecurity.org/blog/19-years-later-eo-13224-continues-to-block-humanitarian-aid-its-time-for-an-update/>.

<sup>50</sup> U.S. Department of Justice, "Providing Material Support to Designated Terrorist Organizations (Fundraising)." Criminal Resource Manual, Section 16, n.d., <https://www.justice.gov/archives/jm/criminal-resource-manual-16-providing-material-support-designated-terrorist-organizations>.

<sup>51</sup> Charity & Security Network, "Holder v. Humanitarian Law Project," n.d., <https://charityandsecurity.org/litigation/hlp/>.

<sup>52</sup> *ibid.*

<sup>53</sup> Office of the High Commissioner for Human Rights, "Vienna Declaration and Programme of Action," n.d., <https://www.ohchr.org/en/instruments-mechanisms/instruments/vienna-declaration-and-programme-action>.

<sup>54</sup> Frank Astbury, "Celebrating Human Rights Day," OUPblog, December 9, 2013, <https://blog.oup.com/2013/12/celebrate-human-rights-day-pil/>.

States and the international community.<sup>55</sup> It also addresses issues like racism, discrimination, and the protection of vulnerable groups like women, children, and Indigenous peoples. Specifically, this document calls upon States to “refrain from any unilateral measure not in accordance with international law and the Charter of the United Nations that creates obstacles to trade relations among States and impede the full realization of the human rights set forth in the Universal Declaration of Human Rights and in international human rights instruments, in particular the rights of everyone to a standard of living adequate for their health and well-being, including food and medical care, housing and the necessary social services.”<sup>56</sup>

- **The Universal Declaration of Human Rights (UDHR)** is a foundational document adopted by the United Nations General Assembly in 1948.<sup>57</sup> It sets out a common standard of fundamental human rights that should be protected universally, including the rights to liberty, education, security, an adequate standard of living, and life.<sup>58</sup> While not legally binding, it “has inspired a rich body of legally binding international human rights treaties”.<sup>59</sup> The UDHR declares that everyone “is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity”.<sup>60</sup>
- **UN General Assembly Resolution 3281: Charter of Economic Rights and Duties of States (CERDS)**, adopted in December 1974,<sup>61</sup> was born out of the 1972 Resolution 45 (III) at the *United Nations Conference on Trade and Development*, and “acknowledged the necessity of establishing legal norms to govern international economic relations.”<sup>62</sup> CERDS was put forward by Majority World countries that wanted to establish “a new system of rights” between them and States from the Global North.<sup>63</sup> The Majority World proponents utilized CERDS as a strategy to leverage the UN to legally contextualize economic cooperation. For instance, within CERDS, Article 32 specifically affirms that “[n]o State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights.”<sup>64</sup>

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<sup>55</sup> Office of the High Commissioner for Human Rights, “Vienna Declaration and Programme of Action,” n.d., <https://www.ohchr.org/en/instruments-mechanisms/instruments/vienna-declaration-and-programme-action>.

<sup>56</sup> *ibid.*

<sup>57</sup> United Nations, “Universal Declaration of Human Rights,” n.d., <https://www.un.org/en/about-us/universal-declaration-of-human-rights>.

<sup>58</sup> *ibid.*

<sup>59</sup> United Nations, “Universal Declaration of Human Rights: The Foundation of International Human Rights Law,” n.d., <https://www.un.org/en/about-us/udhr/foundation-of-international-human-rights-law>.

<sup>60</sup> United Nations. “Universal Declaration of Human Rights.” <https://www.un.org/en/about-us/universal-declaration-of-human-rights>.

<sup>61</sup> Audiovisual Library of International Law, “Charter of Economic Rights and Duties of States General Assembly resolution 3281 (XXIX),” n.d., <https://legal.un.org/avl/ha/cerds/cerds.html>.

<sup>62</sup> Kristen Boon, “Charter of Economic Rights and Duties of States”, February 2013, Oxford Public International Law, <https://opil.ouplaw.com/display/10.1093/law:epil/9780199231690/law-9780199231690-e761>

<sup>63</sup> *ibid.*

<sup>64</sup> United Nations General Assembly, “Charter of Economic Rights and Duties of States: Resolution 3281 (XXIX),” December 12, 1974, [https://docs.un.org/en/a/res/3281\(XXIX\)](https://docs.un.org/en/a/res/3281(XXIX)).

- Some UN Human Rights Treaty Bodies have concluded that UCMs, such as those that the U.S. employs, violate basic rights protected by the aforementioned documents, including but not limited to:
  - **The Committee on Economic, Social and Cultural Rights (CESCR) General Comment No. 8:** CESCR is an independent expert body responsible for ICESCR implementation monitoring via its State parties.<sup>65</sup> It affirms application — or lack thereof — of CESCR’s norms, makes assessments regarding improvement of CESCR’s enforcement and implementation, and strives for constructive engagement with the State parties. General Comment No. 8, as published in December 1997, is particularly relevant, as it underscores “the relationship between economic sanctions and respect for economic, social and cultural rights.”<sup>66</sup>
  - **UN Human Rights Council (HRC) Resolution 27/21, *Human rights and unilateral coercive measures*,** was adopted in October 2014, and addresses the adverse human rights impacts of UCMs, particularly in Majority World countries.<sup>67</sup> The resolution reaffirms that such measures contradict the UN Charter, the principles and norms of peaceful interstate relations, and IHL and international law. It expresses concern over the extraterritorial effects of UCMs and underscores the need to mitigate their humanitarian consequences, even recognizing UCM’s detrimental role in “prevent[ing] humanitarian organizations from making financial transfers to States where they work.”<sup>68</sup> Crucially, Resolution 27/21 also established the mandate of the Special Rapporteur on the negative impact of UCMs on the enjoyment of human rights — a mandate under which this very submission is being made. The resolution includes the following:
    - “Stressing that unilateral coercive measures and legislation are contrary to international law, international humanitarian law, the Charter and the norms and principles governing peaceful relations among States;
    - Recognizing that long-term unilateral coercive measures may result in social problems and raise humanitarian concerns in the States targeted;
    - Contrary to norms of international law and the Charter, unilateral coercive measures continue to be promulgated, implemented and enforced by, inter alia, resorting to war and militarism, with all their negative implications for the social-humanitarian activities and economic and social development of developing countries, including their extraterritorial effects, thereby creating additional obstacles to the full enjoyment of all human rights by peoples and individuals under the jurisdiction of other States;

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<sup>65</sup> United Nations Human Rights Treaty Bodies, “Committee on Economic, Social and Cultural Rights,” United Nations, n.d., <https://www.ohchr.org/en/treaty-bodies/cescr>

<sup>66</sup> Committee on Economic, Social and Cultural Rights. “General Comment No. 8: The Relationship Between Economic Sanctions and Respect for Economic, Social and Cultural Rights,” UNHCR, December 12, 1997, [https://www.refworld.org/publisher/CESCR/GENERAL/47a7079e0\\_0.html](https://www.refworld.org/publisher/CESCR/GENERAL/47a7079e0_0.html).

<sup>67</sup> United Nations Human Rights Council, “Resolution 27/21: Human Rights and Unilateral Coercive Measures: A/HRC/RES/27/21,” October 3, 2014, <https://documents.un.org/doc/undoc/gen/g14/179/07/pdf/g1417907.pdf>.

<sup>68</sup> *ibid.*



- Underlining the necessity of examining the wide range of impacts of unilateral coercive measures on international humanitarian and human rights law, as well as on the economy, peace, security and social fabric of States;
- Calls upon all States to stop adopting, maintaining or implementing unilateral coercive measures not in accordance with international law, international humanitarian law, the Charter of the United Nations and the norms and principles governing peaceful relations among States, in particular those of a coercive nature with extraterritorial effects, which create obstacles to trade relations among States, thus impeding the full realization of the rights set forth in the Universal Declaration of Human Rights and other international human rights instruments, in particular the right of individuals and peoples to development.”<sup>69</sup>

## 2. *Financial Regulatory Standards*

- **Financial Action Task Force (FATF) Recommendation 8 (R. 8):** FATF is the global standard-setting body for anti-money laundering/countering the financing of terrorism (AML/CFT).<sup>70</sup> These standards are used to assess the adequacy of AML/CFT laws and regulations in nearly every country in the world. Since 9/11, FATF has increased its focus on regulation of financial services for NPOs, which led to the development of R8 in late 2001, the recommendation that focuses specifically on NPOs.<sup>71</sup> Initially, R.8 inaccurately categorized NPOs as “particularly vulnerable” to terrorist financing abuse, prompting states to adopt overly broad AML/CFT regulations that undermined legitimate humanitarian and human rights work. This contributed to widespread financial de-risking and exclusion of civil society actors from formal financial systems,<sup>72</sup> particularly those operating in or near sanctioned jurisdictions. However, recent revisions made to R. 8 in November 2023 urge countries to regulate NPOs using a risk-based, as opposed to a zero-risk, approach.<sup>73</sup> It explicitly warns against sweeping restrictions and disproportionate measures that may undermine NPO operations. This marked a shift away from earlier FATF guidance that contributed to global de-risking trends affecting NPOs.<sup>74</sup> These changes are particularly relevant in the context of sanctions compliance, where AML/CFT regulations often intersect with sanctions regimes, exacerbating financial exclusion. By failing to distinguish between genuine risk and permitted humanitarian work, States risk contravening their obligations under IHL. Therefore, aligning domestic implementation of R.8 with the revised guidance is critical

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<sup>69</sup> *ibid.*

<sup>70</sup> Charity & Security Network, “Financial Action Task Force,” n.d., <https://charityandsecurity.org/issue-areas/financial-action-task-force/>.

<sup>71</sup> Charity & Security Network, “Event Summary: The Future of FATF Recommendation 8 for Financial Integrity and for Civil Society,” October 26, 2023, <https://charityandsecurity.org/news/event-summary-the-future-of-fatf-recommendation-8-for-financial-integrity-and-for-civil-society/>.

<sup>72</sup> Fatima Alsancak, “FATF’s Recommendation 8: A Cure Worse Than the Disease,” RUSI, February 2024, <https://www.rusi.org/explore-our-research/publications/commentary/fatfs-recommendation-8-cure-worse-disease>.

<sup>73</sup> Financial Action Task Force, “Protecting Non-Profits from Abuse for Terrorist Financing,” FATF-GAFI, November 16, 2023, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/protecting-non-profits-abuse-implementation-R8.html>.

<sup>74</sup> Lia van Broekhoven, Sangeeta Goswami and Thalia Malmberg with Floor Knoote, “The Future of FATF Recommendation 8: A Foresight Piece,” Human Security Collective, November 2023, [https://www.hscollective.org/assets/Final\\_R8-Foresight\\_.pdf](https://www.hscollective.org/assets/Final_R8-Foresight_.pdf)

to mitigating the compounded barriers humanitarian actors face under both sanctions and financial crime frameworks.

- **High-Level Synopsis of the Stocktake of the Unintended Consequences of the FATF Standards:** Over the years, FATF has committed substantial effort to address the negative side effects of its standards, particularly in relation to financial exclusion and the disproportionate impact on NPOs. In addition to the November 2023 revisions to R.8, FATF also revised R.8 in June 2016, by removing the aforementioned “particularly vulnerable” label for NPOs.<sup>75</sup> Further, in February 2021, it launched a project to investigate the unintended consequences of its framework and implementation practices.<sup>76</sup> This initiative focuses on four key areas: “De-risking; Financial Exclusion; Undue targeting of NPOs; and Curtailment of Human Rights” — especially those related to Procedural Rights and Due Process.<sup>77</sup> Accordingly, the *High-Level Synopsis of the Stocktake of the Unintended Consequences of the FATF Standards* was published by FATF in October 2021.<sup>78</sup> It documents, amongst other challenges, how application of AML/CFT measures that adopt a rules-based approach have led to excluding nonprofit actors from global banking systems.

### C. The Nexus Between UN and Unilateral Sanctions Frameworks: Implications for Humanitarian Access

The adoption of UN Security Council Resolutions (UNSCRs) 2664 and 2761 marked critical milestones in affirming that humanitarian aid must be delivered without obstruction. As noted in the *Hard Law Instruments: Multilateral Legal Instruments and Treaties*, together, these resolutions establish and reinforce a standing, indefinite humanitarian exemption from asset freeze measures across all UN sanctions regimes.<sup>79</sup>

UNSCR 2664, in particular, has already generated tangible progress. This is reflected in the findings of C&SN’s December 2024 report, titled *A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions*: “in the almost two years since its adoption, [UNSCR 2664] has already improved humanitarian access and aid in areas in which UN sanctions apply, particularly in areas where 1267-designated entities operate.”<sup>80</sup> Some

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<sup>75</sup> Charity & Security Network. “Revision of FATF Recommendation 8 Applauded by NPO Sector.” June 29, 2016 [https://charityandsecurity.org/financial-action-task-force/npos\\_hail\\_r8\\_revision/](https://charityandsecurity.org/financial-action-task-force/npos_hail_r8_revision/)

<sup>76</sup> Financial Action Task Force, “Unintended Consequences of the FATF Standards,” Solidarity Action Network, October 2021, <https://solidarityaction.network/resource/unintended-consequences-of-the-fatf-standards/>.

<sup>77</sup> *ibid.*

<sup>78</sup> Financial Action Task Force, “High-Level Synopsis of the Stocktake of the Unintended Consequences of the FATF Standards,” October 2021, <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Unintended-Consequences.pdf>.

<sup>79</sup> Lauren McGowan & Alice Debarre, “Resolution 2761: Indefinite Humanitarian Carve-Out in UN Sanctions Regime,” Global Observatory, December 17, 2024, <https://theglobalobservatory.org/2024/12/resolution2761-indefinite-humanitarian-carveout-un-sanctions-regime/>.

<sup>80</sup> Ashleigh Subramanian-Montgomery, “A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors,” Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

Member States, including the European Union (EU), the United Kingdom (UK), and the U.S., have transposed the humanitarian carve-out not only within their domestic UN sanctions implementation frameworks, which the Resolution requires, but also into their autonomous, non-UN sanctions regimes, despite the latter not being a requirement of the Resolution.<sup>81</sup> These developments have contributed to the promise of an emerging international norm that sanctions frameworks must include humanitarian exemptions.

Still, implementation remains uneven. Humanitarian actors continue to experience a disconnect between multilateral legal recognition and operational realities on the ground. The time-bound nature of the humanitarian carve-out's original application to the 1267 regime under Resolution 2664 was a key factor in this gap: in C&SN's 2024 study, 81.25% of FI respondents stated that a standing application of the carve-out would or might impact their engagement with humanitarian actors and the processing of humanitarian transactions.<sup>82</sup> Similarly, 54.54% of donor respondents indicated that such a standing application would or might influence what countries or areas they support, and the types of humanitarian programs they fund.<sup>83</sup> UNSCR 2761, by making the humanitarian carve-out under 2664 a standing feature to the 1267 sanctions regime, has the potential to mitigate these barriers. Its harmonizing effect and non-timebound nature may provide the legal certainty and comfort that both FIs and donors require to adjust internal compliance frameworks and expand access to more activities and transactions in more areas. The progress already achieved under 2664 offers grounds for cautious optimism that, with appropriate sensitization and implementation, 2761 can help close the gap between principle and practice. Pending broader sensitization efforts for UNSCRs 2761 and 2664, and meaningful legal and policy alignment from FIs and regulatory authorities, however, several structural and operational challenges continue to cast limits on the practical implementation of these humanitarian carve-outs. These will now be explored below.

Analyzing the nexus between UN and sanctions frameworks at the EU level demonstrates how the implementation of Resolution 2664 is progressing, but still remains inconsistent. From findings in HSC's *The Unintended Consequences of Financial Sanctions Regimes on Humanitarian Organizations: What Are the Gaps That Need to Be Filled* (HSC Sanctions Mapping Study), countries like Ireland, Germany, the Netherlands, Sweden, and Spain have been galvanizing EU action collectively, in addition to demonstrating vocal support for the necessity of striking a balance between security concerns and humanitarian support.<sup>84</sup> Further, this study shows "[a]s of January 2024, 29 out of 39 EU regional autonomous sanctions regimes have incorporated UNSCR 2664's humanitarian exemptions."<sup>85</sup> While this shows

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<sup>81</sup> *ibid.*

<sup>82</sup> *ibid.*

<sup>83</sup> *ibid.*

<sup>84</sup> Human Security Collective, "The Unintended Consequences of Financial Sanctions Regimes on Humanitarian Organizations: What Are the Gaps That Need to Be Filled?" December 2024, <https://www.hscollective.org/assets/Sanctions-Mapping-Study-December-2024.pdf>.

<sup>85</sup> *ibid.*

significant movement forward, it also highlights uneven adoption and implementation between UN and unilateral sanctions frameworks. This divergence undermines the practical utility of a uniform humanitarian carve-out and forces organizations to continue navigating multiple, often contradictory, interpretations across jurisdictions that the carve-out was meant to address. Among the sanctions regimes where the carve-out is not yet included, are contexts that could greatly benefit from the seamless humanitarian aid and support Resolution 2664 is designed to enable: Burundi, South Sudan, Iraq, the Democratic Republic of the Congo (DRC), Guinea-Bissau, Libya, Bosnia and Herzegovina, Guinea, South Sudan, and Belarus.<sup>86</sup>

Crucially, many FIs continue to rely on domestic exemptions, such as U.S. OFAC GLs, or those within the EU and UK, as the primary authorizations for determining transaction or activity permissibility — even when multilateral carve-outs like UNSCR 2664 are in force.<sup>87</sup> This current practice of overreliance on the U.S. and other domestic licensing and exemption infrastructure sidelines the UN framework and prevents the emergence of the true regulatory nexus between multilateral obligations and unilateral enforcement systems. States' continued implementation and transposition of Resolution 2664's humanitarian carve-out within their domestic UN sanctions implementation frameworks<sup>88</sup> — especially with the standing application of the carve-out as applied to the 1267 regime under the adoption of Resolution 2761 — creates a prime opportunity for uptake of this regulatory nexus.

In sum, while progress has been made, there remains a global compliance environment governed less by international law, and more by institutionalized caution. UN-mandated humanitarian carve-outs have not yet altered the majority of core compliance procedures within banks, in part due to the previous timebound application of UNSCR 2664 to the 1267 regime and the young nature of UNSCR 2761. The legal validity of humanitarian exemptions is of course an important step, but it is not enough; their practical adoption and implementation requires that they be recognized by the financial systems through which aid flows, and are integrated into these appropriately. Until UN carve-outs are more fully embedded within national regulations, backed by risk-tolerant licensing regimes and similar exemptions across jurisdictions; absorbed into financial compliance logic, policies, and procedures; and integrated into donor conditions within their funding agreements and approaches to grant partnerships,<sup>89</sup> they will remain legally correct but functionally less utilitarian than designed to be.

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<sup>86</sup> *ibid.*

<sup>87</sup> Ashleigh Subramanian-Montgomery, "A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors," Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

<sup>88</sup> Alice Debarre, "Safeguarding Humanitarian Action from the Unintended Effects of Sanctions: Resolution 2664 and the 1267 ISIL/al-Qaida Regime," International Peace Institute, November 2024, [https://www.ipinst.org/wp-content/uploads/2024/11/2411\\_Safeguarding-Humanitarian-Action-web.pdf](https://www.ipinst.org/wp-content/uploads/2024/11/2411_Safeguarding-Humanitarian-Action-web.pdf).

<sup>89</sup> Ashleigh Subramanian-Montgomery, "A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors," Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.



## Categories of Stakeholders to Include in the Principles Document

The development of the Principles must reflect the reality that humanitarian assistance in sanctioned environments is shaped by a wide and interdependent array of actors — each with distinct risk approaches and appetites, operational considerations, and regulatory constraints. The categories of stakeholders outlined below must be not only acknowledged but meaningfully integrated into the design, implementation, and evaluation of these Principles. Further, the ways in which they intersect and impact one another must also be taken into account.

1. **States:** States are one of the principal architects and enforcers of sanctions regimes and the primary duty-bearers under IHL, IHRL, and IRL. They are also one of the key actors responsible for designing legal carve-outs, issuing guidance, and overseeing the alignment of domestic enforcement with their international obligations. Yet, they also wield coercive economic power and policies in ways that often obstruct access to humanitarian aid and harm innocent civilians and populations, sometimes going so far as to decimate entire economies of countries. The Principles must clarify States' responsibilities to reconcile these dual roles and encourage governments to embed safeguards that operationalize their international legal obligations, ensuring that humanitarian aims do not continue being trumped by security aims.

Additionally, the Principles should acknowledge the deeply unequal power dynamics that shape how sanctions are designed and imposed. Sanctions are predominantly developed and enforced by Global North states and are most often targeted at countries in the Majority World. This asymmetry reflects broader structural imbalances in the international system, rooted in colonial histories, geopolitical dominance, and the enduring legacies of economic and military intervention. Accordingly, many countries in the Majority World have been intentionally segregated from the geopolitical leverage, institutional infrastructure, or financial tools needed to impose reciprocal measures, reinforcing their position as sanctions recipients rather than decision-makers and implementers.

2. **International and Regional Organizations:** International and regional bodies are central to the normative architecture of sanctions enforcement and humanitarian exemptions. These include the UN (particularly the Security Council), the EU, the African Union (AU), the Economic Community of West African States (ECOWAS), and the FATF along with FATF-Style Regional Bodies (FSRBs). These organizations establish both the overarching international legal frameworks and the technical standards — such as AML/CFT recommendations and regulations — that shape how sanctions are implemented and perceived. Their role is not only to coordinate implementation and enforcement but also to promote and monitor carve-outs and facilitate smooth cross-border cooperation.
3. **National Human Rights Institutions (NHRIs):** NHRIs are positioned to provide independent oversight regarding how sanctions impact human rights at the national level. Given the evolving complexity of modern sanctions regimes, these bodies must be engaged in the routine monitoring of sanctions' negative impacts on rights to food, health, housing, gender equality, economic access, employment, and expression. Their

role should include publicly tracking implementation gaps; documenting overcompliance; issuing early warnings when humanitarian harms emerge from financial restrictions; conducting impact and efficacy assessments, including on meeting policy objectives; and creating offramps for sanctions winding down, such as mandating sunset provisions and clauses be built into new and existing sanctions regimes. They can also play a critical role in national reporting under multilateral obligations.

4. **Donor Governments and Philanthropic Foundations:** Donors — whether State funders, foundations, or private philanthropic institutions — play a critical role in shaping where, how, and speed at which aid is delivered. Their funding conditions and practices often embed compliance requirements that are excessive, thereby creating financial restrictions that hamper and create delays in humanitarian programming and financing.<sup>90</sup> The Principles should address the importance of sensitizing donors to NGOs’ existing compliance controls, such as stringent due diligence and risk mitigation measures, and encourage donors to fund legal and compliance support for cross-border programs and those carried out in jurisdictions deemed “high risk”. This donor resourcing is particularly important for small, local, and women-led organizations, who disproportionately face the impacts of donor requirements and financial restrictions.<sup>91</sup> Donors should be actively encouraged to engage with regulatory authorities to clarify protections for humanitarian actors, and to ensure that compliance obligations do not prevent aid from reaching high-need areas. Further, C&SN’s December 2024 study found that *only 27.27% of donors surveyed were somewhat familiar with Resolution 2664*.<sup>92</sup> This points to a high need for donors and the philanthropic community to be sensitized to new humanitarian carve-outs and exemptions, to ensure these can then be integrated into the conditions of their funding agreements and approaches to grant partnerships.<sup>93</sup>
5. **Civil Society and NPOs:** Civil society organizations (CSOs), including humanitarian, development, peacebuilding, and human rights groups, are indispensable to both the delivery of assistance and to the preservation of rights. They conduct timely research and hold expertise on the negative impacts of sanctions on humanitarian action, IHL, and other fundamental freedoms. In sanctioned contexts, CSOs often serve as the last line of protection and accountability for vulnerable communities, when state structures are absent, weakened, or complicit in violence. These actors’ broker local and national peace efforts, deliver essential services, monitor and document rights violations, and connect communities with formal institutions. Their deep embedding in local contexts enables them to respond with expertise, trust, and cultural competency. However, in sanctioned contexts, which are often the same contexts FIs consider “high risk”, they face severe operational constraints — ranging from denied banking access,

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<sup>90</sup> Inter-Agency Standing Committee, “Donor Conditions and Their Implications for Humanitarian Response,” April 2016, [https://interagencystandingcommittee.org/sites/default/files/migrated/2016-04/20160416\\_donor\\_conditions\\_study\\_final.pdf](https://interagencystandingcommittee.org/sites/default/files/migrated/2016-04/20160416_donor_conditions_study_final.pdf).

<sup>91</sup> Duke Law International Human Rights Clinic and Women Peacemakers Program, “Tightening the Purse Strings: The Impact of Sanctions on the Right to Health,” Duke Law International Human Rights Clinic, March 2017, <https://law.duke.edu/sites/default/files/humanrights/tighteningpursestrings.pdf>.

<sup>92</sup> Ashleigh Subramanian-Montgomery, “A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors,” Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

<sup>93</sup> *ibid.*

relationships, and services to an amalgamation of sanctions, AML/CFT regulations, and domestic CT legislation working together to impede aid delivery and thwart humanitarian action. The Principles must recognize civil society not only as an affected constituency but as a co-creator of rights-based responses to insecurity and exclusion, and must promote an enabling operating environment for civil society to carry out their often life-saving work in communities most in need. Finally, since civil society faces some of the most negative impacts of UCMs on humanitarian aid and financial access, they should be seen and integrated as an actor that can lead on solutions to these challenges.

6. **Universities and Think Tanks:** Academics, universities, and think tanks are at the forefront of documenting the harmful impacts of sanctions on civilians, populations, economies, civil society, and humanitarian action. Their research and data-driven findings and recommendations should be integrated within the Principles, and sensitized to policy and decision-makers. The Principles should promote a pipeline between academic institutions and think tanks, and CSOs, FIs, and policymakers regarding sanctions' impact on humanitarian assistance and delivery.
7. **Banks and FIs:** Banks and FIs are obligated to uphold and implement sanctions compliance within their institutions, and, in the U.S. context, are asked to serve as the "first line of defense" against financial crime.<sup>94</sup> Often, their interpretation of sanctions regulations determines whether funds reach humanitarian implementers or are delayed in being sent — or blocked altogether — in the name of sanctions compliance. Given that U.S. FIs serve as a clearinghouse for a high amount of international transactions and the U.S.' centrality in correspondent banking networks and systems, the U.S.' hegemonic regulatory authority now serves as the de facto global regulatory authority as well.<sup>95</sup> Unfortunately, these actors are often still guided more by risk aversion and the threat of enforcement actions than by clarity in the law. Banks and FIs' perspectives must be included in efforts to operationalize humanitarian carve-outs, and they should be encouraged to align internal policies and procedures with multilateral exemptions, not only domestic enforcement trends.
8. **Regulators and Examiners:** U.S. federal regulatory agencies, such as the Office of the Comptroller of the Currency (OCC);<sup>96</sup> the Federal Reserve;<sup>97</sup> and the Financial Crimes Enforcement Network (FinCEN)<sup>98</sup> should take ownership over sensitization efforts pertaining to humanitarian carve-outs under UN sanctions regimes,<sup>99</sup> and what these

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<sup>94</sup> House Hearing, 109th Congress, The Subcommittee on Oversight and Investigations of the Committee on Financial Services. "The First Line of Defense: The Role of Financial Institutions in Detecting Financial Crimes." May 26, 2005. <https://www.govinfo.gov/content/pkg/CHRG-109hhrg29454/html/CHRG-109hhrg29454.htm>

<sup>95</sup> Enea Gjoza, "Counting the Cost of Financial Warfare," Defense Priorities, July 29, 2024, <https://www.defensepriorities.org/reports/counting-the-cost-of-financial-warfare/>.

<sup>96</sup> Office of the Comptroller of the Currency, "Who We Are," n.d., <https://www.occ.treas.gov/about/who-we-are/index-who-we-are.html>.

<sup>97</sup> Board of Governors of the Federal Reserve System, "About the Fed," n.d., <https://www.federalreserve.gov/aboutthefed.htm>.

<sup>98</sup> Financial Crimes Enforcement Network, "About", n.d., <https://www.fincen.gov/about>.

<sup>99</sup> Ashleigh Subramanian-Montgomery, "A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors," Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

mean for domestic and international banks and FIs. This recommendation is consistent with findings from the aforementioned C&SN 2664 *Impacts Study*, where both FIs and donors identified regulators as the actor who should be most responsible for this type of sensitization.<sup>100</sup> For FIs, this could entail simplified guidance, such as explanatory one-pagers that promote engagement on, implementation of, and guidance for, UNSCRs like 2664.<sup>101</sup> For donors, this could entail what these types of authorizations mean for the donor community and how they can be used to support donors in changing the conditions of their funding agreements and approaches to grant partnerships in alignment with this type of resolution.<sup>102</sup> Given regulators and examiners' influence over banks and FIs' behaviors and decision-making processes, it is highly necessary for them to be included as a stakeholder in the Principles document.

9. **Humanitarian Assistance Participants:** Participants (commonly called “beneficiaries” but C&SN promotes the use of more dignified and equitable language)<sup>103</sup> are the individuals and communities most directly affected by the sanctions-humanitarian nexus. They may be denied access to life-saving food, medicine, or housing, and to education and legal protections — because of financial exclusion, donor restrictions, or a risk averse, overcompliant approach to upholding legal obligations. Their lived experiences and expertise must inform both the language and implementation of the Principles, to ensure they are built in a manner in which those most impacted by sanctions are informing this document’s development. Mechanisms for consulting participants, gathering feedback and input to inform decision-making, and safeguarding their dignity, agency, rights, and expertise must be central to any credible humanitarian exemption framework.
10. **Private Sector Service Providers and Insurers:** A growing array of private sector actors — including logistics companies, insurers, telecommunications providers, infrastructure developers, and digital platforms — enable or constrain humanitarian operations. These actors are often caught between reputational risk and ambiguous liability concerns. Like many of the actors noted above, they too may overcomply with sanctions regulations to avoid perceived exposure and risk. The Principles should explicitly acknowledge their importance and call for regulatory clarity that enables their full and meaningful participation in humanitarian delivery.

A credible and enforceable framework of Principles will only be possible if these stakeholder categories are explicitly recognized — not only as passive actors affected by the sanctions landscape, but as active agents whose participation is essential to shaping legal, financial, regulatory, policy, and operational outcomes.

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<sup>100</sup> *ibid.*

<sup>101</sup> *ibid.*

<sup>102</sup> *ibid.*

<sup>103</sup> Shannon Paige et al., “Time to Decolonise Aid,” *Full Report*, First (Peace Direct, May 12, 2021), [https://www.peacedirect.org/wp-content/uploads/2023/09/PD-Decolonising-Aid\\_Second-Edition.pdf](https://www.peacedirect.org/wp-content/uploads/2023/09/PD-Decolonising-Aid_Second-Edition.pdf).



## Navigating Humanitarian Exemptions and Applying for Humanitarian Licenses

While humanitarian exemptions exist under multilateral and national sanctions frameworks, in practice they can be complex to navigate, and are frequently undermined by overcompliance and legal uncertainty. Licensing regimes are often marked by fragmented authorities, prolonged processing times, and limited responsiveness to the dynamic nature and realities of humanitarian operations and contexts.

OFAC issued new and amended baseline GLs in December 2022, which served as the U.S.' domestic implementation of Resolution 2664, and were meant to address many of these challenges.<sup>104 105</sup> C&SN, amongst fellow civil society colleagues, has long advocated for a Global General License, that would streamline and harmonize humanitarian exemption authorizations across U.S. sanctions regimes, rather than continuing the inefficient and legally complex piecemeal GL process, whereby OFAC issues licenses on a context-by-context basis.<sup>106</sup> While the new and amended baseline GLs showed significant progress, including more consistency and expansion of the types of activities authorized, including a range of peacebuilding activities, they unfortunately do not serve as a true Global General License that creates a harmonized authorization across all contexts.<sup>107</sup> Instead, OFAC continues to issue GLs on a context-by-context basis, such as for Yemen in March 2025<sup>108</sup> and Syria in January 2025<sup>109</sup>, just as it did before Resolution 2664. While this OFAC step deserves praise and is a stepping stone towards progress, civil society still faces many of the overcompliance, de-risking, and financial exclusion challenges that they did before these were issued. While Resolution 2761 brings some hope for change, fixing the complex legal web that creates incoherency between sanctions frameworks, AML/CFT regulations, and States' national CT legislation would be the most effective and efficient way to bring about immediate change.<sup>110</sup>

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<sup>104</sup> U.S. Department of the Treasury, "Treasury Implements Historic Humanitarian Sanctions Exceptions," December 20, 2022. <https://home.treasury.gov/news/press-releases/jy1175>.

<sup>105</sup> Office of Foreign Assets Control, "Publication of Humanitarian-related Regulatory Amendments and Associated Frequently Asked Questions," December 20, 2022. <https://ofac.treasury.gov/recent-actions/20221220>.

<sup>106</sup> Charity & Security Network, "Letter to Under Secretary Brian Nelson on 2022 NTFRA," March 3, 2022. <https://charityandsecurity.org/wp-content/uploads/2022/03/Letter-to-Under-Secretary-Brian-Nelson-on-2022-NTFRA.pdf>.

<sup>107</sup> Charity & Security Network, "Understanding OFAC's 2023 Supplemental Guidance for the Provision of Humanitarian Assistance Under the New & Amended Dec. 2022 General Licenses," April 13, 2023. <https://charityandsecurity.org/sanctions/understanding-ofacs-2023-supplemental-guidance-for-the-provision-of-humanitarian-assistance-under-the-new-amended-dec-2022-general-licenses/>.

<sup>108</sup> Office of Foreign Assets Control, "Cyber-related Designations; Counter Terrorism Designations and Designation Update; Issuance of Amended Counter Terrorism General Licenses and New Frequently Asked Question," March 5, 2025. <https://ofac.treasury.gov/recent-actions/20250305>.

<sup>109</sup> Charity & Security Network, "OFAC Issues Syria General License 24 with New & Amended FAQs," March 2025. <https://charityandsecurity.org/news/ofac-issues-syria-general-license-24-with-new-amended-faqs/>.

<sup>110</sup> Ashleigh Subramanian-Montgomery, "A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors," Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

<sup>111</sup> Humanitarian Studies Collective, "The Unintended Consequences of Financial Sanctions Regimes on Humanitarian Organizations: What Are the Gaps That Need to Be Filled?," December 2024, [https://www.hscollective.org/assets/Sanctions-Mapping-Study-December\\_2024.pdf](https://www.hscollective.org/assets/Sanctions-Mapping-Study-December_2024.pdf).

This section presents case studies, curated from C&SN's network of partners, on operational experiences in navigating humanitarian exemptions and applying for humanitarian licenses, grounded in evidence from C&SN's partner organizations.

### *Case Study 1: Afghanistan*

In Afghanistan, the slow process of issuing meaningful GLs after the August 2021 Taliban takeover,<sup>112</sup> combined with the chilling effect of overcompliance<sup>113</sup> and the U.S. freezing the funds of Afghanistan's Central Bank (Da Afghanistan Bank), created a liquidity crisis following the shift in political authority.<sup>114</sup> Although GL 20, issued in February 2022, provided strong legal clarity and authorization for NGOs,<sup>115</sup> its release came a full six months after the Taliban takeover, during which time economic and humanitarian conditions in the country had sharply deteriorated into a full-blown catastrophe. The delay meant that even when the license became available, banks had already withdrawn services, and NPOs had suspended activities.

As a result of this regulatory and political turmoil, Women for Afghan Women, a major service provider to women and survivors of domestic violence,<sup>116</sup> experienced severe operational paralysis. Its board, lacking formal assurances and witnessing regulatory ambiguity, halted transactions and suspended programs out of concern that even lawful engagement might be deemed prosecutable. Meanwhile, humanitarian actors were unable to secure international transfers, as major FIs declined to process payments — despite legal cover — due to the perceived risk of running afoul of U.S. sanctions law. One critical instance involved months-long efforts by U.S. government agencies to persuade a major global bank to process payments for printed currency intended to prevent a worsening of the liquidity crisis. By the time limited banking channels resumed, the crisis had already worsened, which contributed to the severely hampered emergency response efforts. In addition to international FIs overcomplying and exercising risk aversion, and the impacts of sanctions, these challenges were compounded by food insecurity, poverty, and overall livelihood deterioration, hampering rebuilding efforts in the country, and reinforcing the need for humanitarian assistance that fosters a cycle of aid dependency.

### *Case Study 2: Syria*

In Syria, humanitarian actors face a uniquely complex landscape shaped by intersecting multilateral and UCMs, broad-based CT designations, and an uncertain political and security context. Our partner, CCSD, operates through networks in both Syria and Turkey. This operational model introduces another layer of risk exposure, especially as cross-border transfers are vulnerable to regulatory blockages. In one such instance, a bank blocked a

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<sup>112</sup> Charity & Security Network, "Syria Sanctions Policy Recommendations for the Post-Assad Era," February 20, 2025, <https://charityandsecurity.org/news/syria-sanctions-policy-recommendations-for-the-post-assad-era/>.

<sup>113</sup> Norwegian Refugee Council, "Report: Afghanistan Should Be Open for Business, but Misconceptions About Sanctions Are Increasing Suffering for Millions," April 5, 2023, <https://www.nrc.no/news/2023/april/report-afghanistan-should-be-open-for-business-but-misconceptions-about-sanctions-are-increasing-suffering-for-millions>.

<sup>114</sup> Ashleigh Subramanian-Montgomery, "US Is Effectively Stealing Billions From a Nation Ravaged by a US-Initiated War," Truthout, February 18, 2022, <https://truthout.org/articles/us-is-effectively-stealing-billions-from-a-nation-ravaged-by-a-us-initiated-war/>.

<sup>115</sup> Office of Foreign Assets Control, "General License No. 20: Authorizing Transactions Involving Afghanistan or Governing Institutions in Afghanistan," December 22, 2021, <https://ofac.treasury.gov/media/918776/download?inline>.

<sup>116</sup> Women for Afghan Women, "Home," n.d., <https://womenforafghanwomen.org/>.

transfer from Turkey in October 2023, despite the transaction being compliant under existing exemptions.

The overall environment in Syria is profoundly shaped by a number of sanctions regulations and CT designations. First, the U.S. Caesar Syria Civilian Protection Act of 2019 (the Caesar Act)<sup>117</sup> purports to target entities and individuals that supported the Assad regime with reconstruction efforts or that participated in war profiteering,<sup>118</sup> while allowing for existing humanitarian exemptions in Syria to continue unabated.<sup>119</sup> Second, since December 1979, Syria has been on the U.S. Department of State's "State Sponsors of Terrorism (SST)" list, which is reserved for countries that "have repeatedly provided support for acts of international terrorism".<sup>120</sup> Third, the country is one of the most heavily sanctioned contexts in the world, with over 3,000 sanctions imposed on Syria as of July 2024.<sup>121</sup>

Compounding these sanctions-related challenges are CT measures, namely Hay'at Tahrir al-Sham (HTS) being designated as an FTO.<sup>122</sup> FTO violations can result in severe penalties, ranging from criminal potential prosecution and imprisonment to exorbitant fines.<sup>123</sup> FTO designations thus trigger overcompliance from FIs and create a chilling effect for humanitarian actors due to fears around running afoul of the material support statute by transacting or implementing in areas where FTO-designated entities operate. Precedent from Afghanistan, where the Taliban remains only designated as a Specially Designated Global Terrorist (SDGT), suggests that removing HTS from the FTO list — while maintaining their dual SDGT designation — could significantly streamline compliance concerns and reduce risk aversion without preemptively politically legitimizing the group.<sup>124</sup> This move would improve the operating environment for NGOs by aligning policy with humanitarian necessity.<sup>125</sup>

To support in navigating Syria's sanctions, GLs and similar humanitarian exemptions are in place. While this provides some level of support, *it is important to note that no amount of licenses or exemptions can alleviate or remove the holistic barriers caused by U.S. sanctions.* For example, due to U.S. sanctions, service providers regularly face difficulties in securing basic supplies, medical equipment and medicine, maintenance materials for hospitals, and

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<sup>117</sup> U.S. Congress, "Caesar Syria Civilian Protection Act of 2019: H.R. 31," 116th Congress, 2019, <https://www.congress.gov/bill/116th-congress/house-bill/31>.

<sup>118</sup> Human Rights Watch, "Questions and Answers: How Sanctions Affect Humanitarian Response in Syria," June 22, 2023, <https://www.hrw.org/news/2023/06/22/questions-and-answers-how-sanctions-affect-humanitarian-response-syria>; Diakonia International Humanitarian Law Centre, "The US' Caesar Act and Humanitarian Action in Syria," August 2021, [https://apidiakoniase.cdn.triggerfish.cloud/uploads/sites/2/2021/08/Diakonia\\_FactSheets\\_CaesarAct.pdf](https://apidiakoniase.cdn.triggerfish.cloud/uploads/sites/2/2021/08/Diakonia_FactSheets_CaesarAct.pdf).

<sup>119</sup> U.S. Department of State, "Caesar Syria Civilian Protection Act," June 17, 2020, <https://2017-2021.state.gov/caesar-syria-civilian-protection-act/>.

<sup>120</sup> Bureau of Counterterrorism, "State Sponsors of Terrorism," U.S. Department of State, n.d., <https://www.state.gov/state-sponsors-of-terrorism/>.

<sup>121</sup> Forbes, "The Most Sanctioned Countries," July 15, 2024, <https://forbes.ge/en/the-most-sanctioned-countries/>.

<sup>122</sup> Charity & Security Network, "Syria Sanctions Policy Recommendations for the Post-Assad Era," February 20, 2025, <https://charityandsecurity.org/news/syria-sanctions-policy-recommendations-for-the-post-assad-era/>.

<sup>123</sup> Charity and Security Network, "OFAC Alert on Cartel Designations: Growing Risks to Nonprofits from the Expanded Use of Counter-Terrorism Frameworks via FTO Designations," April 22, 2025, <https://charityandsecurity.org/news/ofac-alert-on-cartel-designations-growing-risks-to-nonprofits-from-the-expanded-use-of-counter-terrorism-frameworks-via-fto-designations/>.

<sup>124</sup> Charity & Security Network, "Syria Sanctions Policy Recommendations for the Post-Assad Era," February 20, 2025, <https://charityandsecurity.org/news/syria-sanctions-policy-recommendations-for-the-post-assad-era/>.

<sup>125</sup> *ibid.*

basic tools for earthquake response, on top of banks being scared of financial penalties.<sup>126</sup> Further, despite Syria GL 23 being issued in February 2023 to facilitate the Syria earthquake response, the presence of sanctions still resulted in Syrians “digging sometimes through the rubble by hand, because tools for removing rubble are prohibited for them, and they’re using the simplest, old tools [...] because they are punished by the Americans, who are blocking them from the needed supplies and equipment.”<sup>127</sup> Both the Syrian Red Crescent and the Syrian parliament advocated for sanctions to be lifted in the wake of the earthquake as rescue efforts were forced to unfold in the midst of inadequate equipment and shortages of fuel.<sup>128</sup>

Moreover, the nature of GLs themselves can also prove challenging; the previously mentioned Syria GL 23 “earthquake license” was time-bound for a six-month timeframe.<sup>129</sup> While the license itself was essential for enhancing the facilitation of transactions to the country,<sup>130</sup> many NGOs indicated that their partner FIs only committed to facilitating these transfers as long as Syria GL 23 was active.<sup>131</sup> Despite this being communicated to the Treasury Department and many other U.S. government agencies prior to Syria GL 23’s expiry date,<sup>132</sup> this authorization was still not renewed,<sup>133</sup> disregarding disaster relief experts’ identification of earthquake recovery efforts as a “generational effort” expected to take *at least* 10 years.<sup>134</sup>

While the context has shifted significantly with the fall of the Assad regime in December 2024, similar concerns now surround Syria GL 24, which was also authorized for a six-month timeframe following HTS becoming Syria’s governing authority.<sup>135</sup> Issued in January 2025 to support transactions surrounding energy and remittances, and with Syria’s new governing institutions, it is set to expire on 7 July 2025, if not renewed.<sup>136</sup> Its non-renewal could disrupt long-term economic recovery, rebuilding, governance, and humanitarian and development programming, further exacerbating an already fragile economic and security situation.

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<sup>126</sup> Aya Batrawy, “Life in Syria Under U.S. Sanctions,” NPR, April 13, 2023, <https://www.npr.org/2023/04/13/1169808233/life-in-syria-under-u-s-sanctions>.

<sup>127</sup> Louisa Loveluck, “Why Is It So Hard to Help Syria’s Earthquake Victims?,” The Washington Post, February 8, 2023, <https://www.washingtonpost.com/world/2023/02/08/syria-earthquake-sanctions-idlib-aid/>.

<sup>128</sup> AP News, “Aid to Quake-Hit Syria Slowed by Sanctions, War’s Divisions,” February 9, 2023, <https://apnews.com/article/politics-syria-government-damascus-turkey-6ba6f153102945d93340dbf55e63d4bf>.

<sup>129</sup> U.S. Department of the Treasury, “Treasury Issues Syria General License 23 To Aid In Earthquake Disaster Relief Efforts,” U.S. Department of the Treasury | Press Releases, February 9, 2023, <https://home.treasury.gov/news/press-releases/jy1261>.

<sup>130</sup> Charity & Security Network, “Syria GL 23 Deadline Looming: Earthquake Relief Efforts Lie in the Balance,” August 3, 2023, <https://charityandsecurity.org/news/gl-23-deadline-looming-syria-earthquake-relief-efforts-lie-in-the-balance/>.

<sup>131</sup> Charity & Security Network, “C&SN’s Letter to U.S. Treasury Urged Renewal of Syria GL 23,” August 10, 2023, <https://charityandsecurity.org/news/csns-letter-to-u-s-treasury-urged-renewal-of-syria-gl-23/>.

<sup>132</sup> *ibid.*

<sup>133</sup> Charity & Security Network, “U.S. Treasury Discontinues Syria GL 23, Points to Existing Sanctions Safeguards,” March 2023, <https://charityandsecurity.org/news/u-s-treasury-discontinues-syria-gl-23-points-to-existing-sanctions-safeguards/>.

<sup>134</sup> Charity & Security Network, “Webinar Report – “A Layered Disaster: Supporting Long Term Recovery in Turkey and Syria,” March 2, 2023, <https://charityandsecurity.org/event/webinar-report-a-layered-disaster-supporting-long-term-recovery-in-turkey-and-syria/>.

<sup>135</sup> Office of Foreign Assets Control, “General License 24,” January 6, 2025, <https://ofac.treasury.gov/media/933861/download?inline>.

<sup>136</sup> Charity & Security Network, “OFAC Issues Syria General License 24 with New & Amended FAQs,” <https://charityandsecurity.org/news/ofac-issues-syria-general-license-24-with-new-amended-faqs/>.



### *Case Study 3: North Korea*

In the case of North Korea, the burden of navigating overlapping licensing requirements has created extraordinary barriers to humanitarian aid. U.S. sanctions require nearly every activity to need multiple layers of licensing, creating a bureaucratic maze. For example, a greenhouse being sent to the Democratic People's Republic of North Korea (DPRK) by a U.S.-based organization could require one or more licenses from the U.S. Departments of Treasury (for partnership, shipping from a third country, and financial transactions),<sup>137</sup> Commerce (for US-origin goods),<sup>138</sup> and the UN 1718 Sanctions Committee, which oversees and monitors DPRK sanctions<sup>139</sup> (for any metal components or potentially dual-use items)<sup>140</sup>. To complicate matters further, for U.S. passport holders, there would be an additional barrier to apply for permission from the U.S. Department of State to travel into the DPRK.

All these processes take time, legal expertise, and detailed information in advance that must be accurate, even if the situation changes. The number of staff hours alone is often a barrier to engagement. Additionally, the uncertainty of when a project can be implemented can hinder trust building when timelines are subjected to arbitrary processes outside of an organization's control. Another organization explained how "[u]nilateral U.S. sanctions delay or outright block vital humanitarian shipments to the North Korean people."<sup>141</sup> A shipment of 16 boxes of beans took more than 18 months to clear, demonstrating how even essential food supplies become entangled in enforcement delays.<sup>142</sup>

The February 2024 modifications to the NGO GL under 31 CFR § 510.512(e),<sup>143</sup> required such detailed pre-approvals it created significant additional administrative and bureaucratic burdens. This NGO GL requires a State Department pre-reporting requirement at least 30 days ahead of starting an activity — despite this already being authorized by the NGO GL — and State Department approval, at least two weeks after the report is submitted.<sup>144</sup> Needless to say, this does not open the space for humanitarian actors to deliver lifesaving aid more quickly. While it opens some opportunities for Track II dialogues, which occur between non-officials outside of official dialogues and diplomacy,<sup>145</sup> it still requires a reporting and application process that can be arbitrarily denied. Additionally, the process is unclear and opaque, with no ability to tell which agencies are making the final decisions.

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<sup>137</sup> Office of Foreign Assets Control, "Home Page," n.d., <https://ofac.treasury.gov/>.

<sup>138</sup> Bureau of Industry and Security, "Licensing," n.d., <https://www.bis.gov/licensing>.

<sup>139</sup> United Nations Security Council: Sanctions and Other Committees. "Democratic People's Republic of Korea: Committee established pursuant to resolution 1718 (2006)," n.d., United Nations Security Council, [https://main.un.org/securitycouncil/en/content/repertoire/sanctions-and-other-committees#:~:text=By%20resolution%201718%20\(2006\)%20of,the%20Committee%20in%20its%20work](https://main.un.org/securitycouncil/en/content/repertoire/sanctions-and-other-committees#:~:text=By%20resolution%201718%20(2006)%20of,the%20Committee%20in%20its%20work).

<sup>140</sup> United Nations Security Council, "Sanctions List Materials: 1718 Sanctions Committee," United Nations. n.d., <https://main.un.org/securitycouncil/en/sanctions/1718/materials>.

<sup>141</sup> Korea Peace Now, "The Humanitarian Impact of Sanctions on North Korea." n.d., <https://koreapeacenow.org/resources/the-humanitarian-impact-of-sanctions-on-north-korea-2/>.

<sup>142</sup> *ibid.*

<sup>143</sup> Electronic Code of Federal Regulations, "31 CFR § 510.512 – Certain Transactions in Support of Nongovernmental Organizations' Activities." n.d., <https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-510/subpart-E/section-510.512>.

<sup>144</sup> *ibid.*

<sup>145</sup> Carnegie Corporation of New York, "Track II Diplomacy Maintains Dialogue With North Korea." Carnegie Corporation of New York | Press Releases, November 30, 2010. <https://www.carnegie.org/news/articles/track-ii-diplomacy-maintains-dialogue-with-north-korea/>.

On the UN side, an organization recounted how humanitarian work has become increasingly difficult since UNSCRs in 2016 and 2017 introduced broad-based sanctions that affected the effective delivery of humanitarian assistance. Broad-based sanctions, sometimes called comprehensive or sweeping sanctions, are the opposite of targeted, limited, or sectoral sanctions, and are instead imposed on whole regions or countries.<sup>146</sup> Through the UN 1718 Sanctions Committee, NGOs and other groups are able to apply for exemptions,<sup>147</sup> however, the process has not been smooth despite the efforts of Member States to streamline this. Ongoing problems include: lack of banking channels; inflexibility with changing and adapting projects after a license is approved, which can slow down the effective delivery of assistance if an aspect of the project changes; and slow approval processes.

#### *Case Study 4: Niger*

In Niger, following the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS) sanctions that were imposed after the July 2023 coups, humanitarian organizations experienced supply chain disruptions and local populations and communities experienced drastic price hikes.<sup>148</sup> In addition to WAEMU and ECOWAS, Europe and the U.S. also imposed sanctions which caused significant impacts for Niger's population, where people "are quickly running out of funding, medicines. People are running out of food."<sup>149</sup> A number of additional States also imposed sanctions on the country.<sup>150</sup> The UN,<sup>151</sup> U.S. lawmakers,<sup>152</sup> international NGOs,<sup>153</sup> and think tanks<sup>154</sup> all called for ECOWAS to authorize humanitarian exemptions in their Niger sanctions, however, they did not fulfil this request before removing the majority of sanctions on the country in February 2024, corresponding with the timeframe in which they were suspended — and then withdrew permanently — from ECOWAS, alongside Burkina Faso and Mali.<sup>155</sup> This highlights that the

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<sup>146</sup> Charity & Security Network & Charities Aid Foundation (CAF America), "When the Giving Gets Tough: Navigating Risk in Sanctioned Locations," n.d., [https://www.cafamerica.org/wp-content/uploads/CAFAmerica\\_Sanctions\\_WP\\_FINAL-1.pdf](https://www.cafamerica.org/wp-content/uploads/CAFAmerica_Sanctions_WP_FINAL-1.pdf).

<sup>147</sup> United Nations Security Council, "Resolution 1718 (2006)", United Nations, October 14, 2006. [https://docs.un.org/en/S/RES/1718\(2006\)](https://docs.un.org/en/S/RES/1718(2006)).

<sup>148</sup> Directorate-General for European Civil Protection and Humanitarian Aid Operations, "Niger: EU Launches Humanitarian Air Bridge Operation to Relieve Medical Supply Shortages," European Civil Protection and Humanitarian Aid Operations, October 18, 2023, [https://civil-protection-humanitarian-aid.ec.europa.eu/news-stories/news/niger-eu-launches-humanitarian-air-bridge-operation-relieve-medical-supply-shortages-2023-10-18\\_en](https://civil-protection-humanitarian-aid.ec.europa.eu/news-stories/news/niger-eu-launches-humanitarian-air-bridge-operation-relieve-medical-supply-shortages-2023-10-18_en).

<sup>149</sup> Dalatou Mamane & Chinedu Asadu, "Many in Niger Are Suffering under Coup-Related Sanctions. Junta Leaders Say They Can Handle It," AP News, October 23, 2023, <https://apnews.com/article/niger-bazoum-coup-sanctions-ecowas-c7bdfd06559f1cfbfb856bea5b11a55f>.

<sup>150</sup> Reuters, "What Sanctions Have Been Imposed on Niger Since the Coup?," Voice of America, August 9, 2023, <https://www.voanews.com/a/what-sanctions-have-been-imposed-on-niger-since-the-coup-/7217354.html>.

<sup>151</sup> Emma Farge, "UN Seeks Niger Sanctions Relief Amid Aid Blockages," Reuters, August 29, 2023, <https://www.reuters.com/world/africa/un-seeks-niger-sanctions-relief-amid-aid-blockages-2023-08-29/>.

<sup>152</sup> U.S. Congresswoman Sara Jacobs of California's 51st District, "Rep. Sara Jacobs Leads Call For Humanitarian Exemptions to ECOWAS Sanctions in Niger," September 19, 2023, <https://sarajacobs.house.gov/news/press-releases/rep-sara-jacobs-leads-call-for-humanitarian-exemptions-to-ecowas-sanctions-in-niger>.

<sup>153</sup> Norwegian Refugee Council, "Joint Statement: ECOWAS' Failure to Adopt Exemptions to Niger Sanctions Puts Lives of Millions of Nigeriens at Risk," December 12, 2023, <https://www.nrc.no/news/2024/december/joint-statement-ecowas-failure-to-adopt-exemptions-to-niger-sanctions-puts-lives-of-millions-of-nigeriens-at-risk>.

<sup>154</sup> International Crisis Group, "ECOWAS, Nigeria and the Niger Coup Sanctions: Time to Recalibrate," December 6, 2023, <https://www.crisisgroup.org/africa/sahel/niger/ecowas-nigeria-and-niger-coup-sanctions-time-recalibrate>.

<sup>155</sup> Al Jazeera, "ECOWAS Lifts Sanctions on Niger Amid Tensions in West Africa Bloc," February 24, 2024, <https://www.aljazeera.com/news/2024/2/24/ecowas-lifts-sanctions-on-niger-amid-tensions-in-west-africa-bloc>.

lifting of sanctions and thus the access of humanitarian aid and support is often based on political whim, rather than humanitarian need.

## Implementation of UN Security Council Humanitarian Resolutions and Examples of Overcompliance and De-risking

NPOs frequently face significant restrictions while attempting to deliver humanitarian aid or assistance in sanctioned contexts. Sanctions overcompliance as defined in Pierre-Hugues Verdier's April 2023 article, *Sanctions Overcompliance: What, Why, and Does it Matter?* is when an entity "refrains from an otherwise desirable transaction or activity involving some connection with a sanctioned country or person — beyond what is legally mandated by the relevant regime."<sup>156</sup> These restrictions are often a result of FIs overcomplying with sanctions regulations, leading to de-risking practices. Overcompliance and de-risking present serious barriers to life-saving humanitarian operations and contravene the principles of humanity, neutrality, impartiality, and independence that underpin humanitarian action. The examples below

crystallize the overcompliance concerns underlined throughout this submission and are grounded in evidence from C&SN's partner organizations.

**From the perspective of HSC**, the ability of NPOs to access financial services is foundational to the delivery of humanitarian aid, peacebuilding, and the protection of human rights in contexts affected by sanctions. However, the implementation of UNSCRs, especially those with humanitarian exemptions such as UNSCR 2664 and 2761, faces significant challenges at both national and operational levels. The carve-out has not been sufficient to guarantee access to financial services. FIs, driven by risk-averse interpretations of sanctions and AML/CFT rules, frequently decline or delay transactions related to NPOs working in sanctioned environments, even when such activities are legally protected. Another critical barrier lies in the persistent risk aversion of FIs and particularly correspondent banks. These institutions are often reluctant to provide services to NPOs operating in or transacting with jurisdictions, entities, or individuals under sanctions — whether unilateral or multilateral. This reluctance is compounded by the perception that NPOs are "high-risk" clients, especially in politically sensitive or "high-risk" contexts.

Equally problematic is the trend of overcompliance by financial regulators, supervisors, and examiners, who often enforce AML/CFT and sanctions obligations through a rule-based rather than a risk-based approach (RBA). This rigid interpretation discourages FIs from taking necessary, lawful risks to support humanitarian work, even when protected by international legal exemptions. Over the past decade, a growing body of evidence has highlighted the adverse consequences of this overcompliance, which affects not only NPOs but the broader financial transaction chain. Particularly impacted are frontline NPOs — often smaller, faith-based, Muslim-led, or women's rights organizations — and the communities they serve, who ultimately bear the brunt of financial exclusion.

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<sup>156</sup> Pierre-Hugues Verdier, "Sanctions Overcompliance: What, Why, and Does It Matter?," North Carolina Journal of International Law, vol. 48, 2025,, <https://scholarship.law.unc.edu/cgi/viewcontent.cgi?article=2148&context=ncilj>.

In practice, only larger humanitarian organizations — especially those with significant financial turnovers — have the resources and banking relationships to advocate for and navigate “high-risk” transfers. But smaller and local non-governmental organizations (NGOs) are disproportionately excluded from these same banking services, lacking the infrastructure to manage multi-layered licensing and/or exemptions or to respond to opaque bank inquiries.<sup>157</sup> This model perpetuates inequality in humanitarian delivery and risks hollowing out the civil society fabric in conflict-affected areas and sanctioned contexts.

Finally, humanitarian organizations operating in countries under unilateral sanctions — such as Russia, Belarus, Iran, and North Korea — continue to be significantly impacted by the phenomenon of overcompliance and de-risking by FIs. While sanctions regimes do not directly prohibit humanitarian activity, the restrictive behavior of banks, often driven by the fear of regulatory penalties, leads to the indirect exclusion of NPOs from the financial system.

**From the perspective of S4C**, their April 2024 report titled *Banks & Civil Society in Nigeria: Examining the Impact of Anti-money Laundering and Countering the Financing of Terrorism Policies and Measures on Non-profit Organizations in Nigeria*, shows how these dynamics are felt acutely in day-to-day operations.<sup>158</sup> Many NPOs face significant challenges while onboarding as a bank customer or changing vital information such as signatories to a bank account. FIs, in some instances, require principal officers or trustees of NPOs to visit the banking hall before effecting necessary changes or onboarding.<sup>159</sup> For the most part, these exercises do not involve a RBA but rather a one-size-fits-all approach, which unnecessarily affects humanitarian NPOs.<sup>160</sup> To address this, FIs should address humanitarian NPOs on a case-by-case basis using the RBA; in cases where there is a standalone or a sectoral terrorism financing risk assessment (TFRA) of the NPO sector, FIs should allow the TFRA to guide their onboarding process of NPOs. Overcompliance by private actors, especially FIs, is geared toward avoiding fines and penalties from regulators.

Additionally, S4C further explains how FIs often apply AML/CFT regulations indiscriminately without adopting a RBA.<sup>161</sup> For instance, in a bid to comply with sanctions regimes, which are sometimes domesticated in local CT legislation, such as UN sanctions on terrorist groups and individuals, there are instances where humanitarian NPOs have been denied access to their bank accounts to utilize humanitarian funds. This has been done, on occasion, without notice, adversely impacting the timely and effective delivery of humanitarian assistance to populations in need, sometimes leading to death.<sup>162</sup> AML/CFT tools often operate by blacklisting entire jurisdictions under sanctions, automatically flagging or rejecting any transaction associated

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<sup>157</sup> Human Security Collective, “The Unintended Consequences of Financial Sanctions Regimes on Humanitarian Organizations: What Are the Gaps That Need to Be Filled?” December 2024, [https://www.hscollective.org/assets/Sanctions-Mapping-Study-December\\_2024.pdf](https://www.hscollective.org/assets/Sanctions-Mapping-Study-December_2024.pdf).

<sup>158</sup> Spaces for Change, “Banks & Civil Society in Nigeria: Examining the Impact of Anti-Money Laundering and Countering the Financing of Terrorism Policies and Measures on Non-Profit Organizations in Nigeria,” 2021, <https://spacesforchange.org/download/banks-civil-society-in-nigeria/>.

<sup>159</sup> *ibid.*

<sup>160</sup> *ibid.*

<sup>161</sup> *ibid.*

<sup>162</sup> *ibid.*

with those countries, regardless of its nature or intent. As a result, legitimate humanitarian actors are routinely excluded from the financial system.

Lastly, due to the various laws and regulations that sometimes overlap, humanitarian NPOs are required to submit multiple reports and documentation with several government Ministries, Departments, and Agencies (MDAs).<sup>163</sup> This raises compliance concerns around keeping up with regulatory obligations, which is a significant distraction and financially overwhelming. Humanitarian organizations are increasingly expected to bear the burden of ensuring compliance with complex, overlapping sanctions regimes. This includes developing costly compliance infrastructure, legal reviews, and reporting frameworks, which divert resources from programming to administrative overhead. Smaller organizations, especially those operating in remote or rural areas, are disproportionately affected.

To effectively address these issues, the Principles should consider and incorporate the following recommendations (the first four recommendations are posited by S4C, while the fifth comes from C&SN):

### *Recommendations*

1. **Explicit Carve-Outs for Humanitarian Exemptions in Sanctions Regimes:** The Principles document should call on States and international bodies to ensure that humanitarian exemptions are clearly defined and legally binding within all sanctions regimes. These exemptions must be effectively communicated to the private sector (such as FIs), government agencies, and donors to prevent risk-averse interpretations, and, as noted in the *Categories of Stakeholders to Include in the Principles Document: Regulators and Examiners* section above, regulators should take ownership and responsibility for this sensitization and communication.<sup>164</sup> Further, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) should recommend the establishment of fast-track humanitarian licensing or exemption mechanisms that allow aid to reach sanctioned contexts with minimal bureaucratic burden. To effectively implement this recommendation, regulatory authorities should provide clear, legally binding documentation affirming that transactions related to humanitarian aid are permissible, even in sanctioned jurisdictions. Supervisory agencies should be encouraged to outline expectations and protections for the private sector facilitating humanitarian work.
2. **Promote a RBA and Understand NPO's Existing Due Diligence and Risk Mitigation Measures to Prevent Blanket De-risking:** FIs should adopt a RBA in line with international standards such as those recommended by the FATF, rather than resorting to blanket exclusions of entire jurisdictions or typologies of actors. Risk calculations should be calibrated to distinguish between *actual* high-risk transactions versus *perceived* high risk transactions. NPOs and humanitarian organizations implement stringent internal controls, including high-level due diligence and risk mitigation

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<sup>163</sup> “Ministries Departments and Agencies | Office of the Head of the Civil Service of the Federation,” n.d., <https://www.ohcsf.gov.ng/mda>.

<sup>164</sup> Ashleigh Subramanian-Montgomery, “A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors,” Charity & Security Network, December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.



measures,<sup>165 166</sup> and FIs, donors, regulators, and policymakers should take this into account when making decisions around onboarding, processing transactions, supporting humanitarian assistance projects, assessing risk levels, and developing sanctions policies and humanitarian exemptions.

3. **Encourage Multi-sector Payment Mechanisms:** Regular dialogue among States can encourage those that have been hesitant to implement Resolution 2664 in their domestic frameworks to adopt humanitarian exemptions. Sharing practical examples and lessons learned from countries where such exemptions are working well can help build trust and reduce unnecessary de-risking by FIs. One such example is the Swiss Humanitarian Trade Arrangement (SHTA), a payment mechanism established by Switzerland in cooperation with the U.S in February 2020.<sup>167</sup> The SHTA is designed as a humanitarian framework and channel to facilitate payments regarding exports on food, medical devices and medicine, and agricultural commodities to Iran.<sup>168</sup> FIs participating in SHTA perform “enhanced due diligence” checks to ensure that humanitarian supplies and goods are received by the intended individuals and communities in Iran.<sup>169</sup> This arrangement demonstrates how targeted mechanisms can facilitate humanitarian trade even in highly sanctioned environments, offering a model for other jurisdictions to consider.
4. **Capacity Building and Technical Support for NPOs:** Many smaller NPOs lack the resources, time, and capacity to navigate complex AML/CFT compliance requirements. International support should be provided to build the compliance capacity of NPOs, especially local and grassroots organizations operating in or around sanctioned areas or entities. Donor organizations can fund the development of compliance toolkits, templates, and training modules tailored to the humanitarian sector. For instance, S4C has conducted AML/CFT regulatory compliance for NPOs operating in countries faced with regional sanctions such as Burkina-Faso<sup>170</sup> and Niger.<sup>171</sup>
5. **Capacity Building and Technical Support for Policymakers, Regulators, FIs, and Donors:** While capacity building is often reserved for NPOs, the Principles document should encourage similar training and activities for the actors noted above, to enhance their understanding of NPOs. This could include building their capacity and expertise in understanding NPO internal control mechanisms, including due diligence and risk

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<sup>165</sup> Charity & Security Network, “Update to FATF Best Practices Paper on Combatting the Abuse of Non-Profit Organisations (NPOs),” November 2022, <https://charityandsecurity.org/wp-content/uploads/2022/11/CSN-Submission-to-FATF-on-BPP-Updates.pdf>.

<sup>166</sup> Charity & Security Network, “NGOs’ Due Diligence and Risk Mitigation,” April 2021, <https://charityandsecurity.org/wp-content/uploads/2021/04/NGOs-Due-Diligence-and-Risk-Mitigation.pdf>.

<sup>167</sup> US Department of the Treasury, “United States and Switzerland Finalize the Swiss Humanitarian Trade Arrangement,” February 27, 2020, <https://home.treasury.gov/news/press-releases/sm919>

<sup>168</sup> Office of Foreign Assets Control, “FAQ 824: What is the Swiss Humanitarian Trade Arrangement (SHTA)?”, n.d.,, <https://ofac.treasury.gov/faqs/824>.

<sup>169</sup> *ibid.*

<sup>170</sup> Spaces for Change, “S4C Extends Regulatory Compliance Clinic to NGOs in Senegal and Burkina Faso,” June 9, 2024, <https://spacesforchange.org/s4c-extends-regulatory-compliance-clinic-to-ngos-in-senegal-and-burkina-faso/>.

<sup>171</sup> Spaces for Change, “S4C Extends Regulatory Compliance Clinic to Non-Profits in Togo and Niger,” May 11, 2024, <https://spacesforchange.org/s4c-extends-regulatory-compliance-clinic-to-non-profits-in-togo-and-niger/>.

mitigation measures; efforts NPOs make to transparently and frequently communicate their activities and transactions to their banking partners; NPO expertise on navigating and delivering aid and assistance in sanctioned contexts, ensuring aid reaches its intended partners and is not diverted; and disproportionate impacts that sanctions have on certain NPOs, including women's rights organizations, Muslim-led organizations, and smaller, local, and community-based organizations.<sup>172</sup> This would promote equity across who is seen as holding expertise, and ensure that all actors that need capacity building and technical support receive this.

In this context, an in-depth understanding of how UN and unilateral sanctions intersect in financial compliance processes is essential to preserving and expanding humanitarian financial access.

## Cross-cutting Issues and Adverse Effects of Sanctions

Sanctions do not operate in a vacuum. Their humanitarian impact is shaped and intensified by existing structural inequalities which are often not taken into account in sanctions design and imposition, overlapping regulatory regimes, and discriminatory access to financial services. Cross-cutting issues — such as gender, forced migration, digital exclusion, and regulatory overreach — can significantly exacerbate the adverse effects of sanctions and should be treated as integral to any principled decision to impose sanctions and any honest analysis of their impacts. These issues must inform policymakers' decision-making around imposing new sanctions, developing offramps and exit strategies for existing sanctions, and the development of humanitarian carveouts.

### A. Gender-based Impacts

Women-led organizations face some of the highest barriers to financial access in sanctioned environments.<sup>173</sup> Many of the challenges documented in C&SN's March 2024 Issue Brief titled *Gender, Counter-terrorism Financing, and De-risking: Women Pay the Price*, can be seen in the sanctions context as well. While this Issue Brief focuses on CFT regulations, overlapping challenges occur a number of ways: first, sanctions design and implementation rarely takes into account existing gender inequities and hierarchies within societal structures; second, sanctions implementers often neglect the extremely difficult operating environment that women-led and women's rights organizations (WROs) operate in; and third, sanctions often end up further marginalizing women.<sup>174</sup>

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<sup>172</sup>Alexandra Spencer and Helen Alderson, "Financial Access Challenges Specific to Non-profit Organisations, Notably Local and Faith-based Organisations," ODI: Think Change, April 4, 2025, <https://odi.org/en/publications/financial-access-challenges-specific-to-non-profit-organisations-notably-local-and-faith-based-organisations/>.

<sup>173</sup>Duke Law International Human Rights Clinic and Women Peacemakers Program, "Tightening the Purse Strings: The Impact of Sanctions on the Right to Health," Duke Law International Human Rights Clinic, March 2017, <https://law.duke.edu/sites/default/files/humanrights/tighteningpursestrings.pdf>.

<sup>174</sup>Ashleigh Subramanian-Montgomery & Anika Kharkar, "Gender, Counter-Terrorism Financing, and De-Risking: Women Pay the Price." *Charity & Security Network*, March 2024, <https://charityandsecurity.org/wp-content/uploads/2024/03/CSN-GenderDerisking-Issue-Brief.pdf>.

The Principles document should take care to note that sanctions are not gender neutral, nor are their impacts. For example, in North Korea, sanctions have led to a “dire economic and food situation” for women, in turn forcing them into situations that exacerbate the risk of “sexual and gender-based violence, transactional sex and prostitution, and high levels of trafficking.”<sup>175</sup> In Iran, UN and U.S. sanctions “have disproportionate effects on male and female employment,” with sanctions having a much more significant negative impact on women’s employment as opposed to men’s.<sup>176</sup> Additionally, U.S. sanctions in Iran create a range of issues, including “differential wealth deprivations to an increase of obstacles facing women’s movements.”<sup>177</sup> In Iraq, “a decade of international economic sanctions” resulted in “the deterioration of gender relations,” with impacts in “employment, education, family relations, and domestic responsibilities.”<sup>178</sup> Further gendered consequences that negatively impact women include that when sanctions are imposed, there are reductions in rates of formal employment, in income within households where women are the head of the household, in healthcare access, and in rates of literacy, and rises in gender inequality and in sexual and gender-based violence (SGBV) rates.<sup>179</sup>

A December 2021 Press Release by the UN Special Rapporteur on the negative impact of the unilateral coercive measures on the enjoyment of human rights, Alena Douhan, further notes these gendered repercussions: “Women in particular are impacted heavily. They are the ones that often have to go to obtain clean water for their families, and when sanctions cause economic activity to decline they are typically the first to lose their jobs and be targeted by traffickers for sexual exploitation.”<sup>180</sup> Sanctions cannot be seen as gender-neutral and the gendered impacts must be accounted for at every stage, including in the design and decision to impose sanctions, in monitoring and impact assessments, and in ultimately lifting, easing, and removing sanctions. States cannot simultaneously claim to care about women’s rights and continue utilizing an economic policy tool that devastatingly strips these rights away.

## **B. Migration and Displacement**

### *Case Study 5: Venezuela*

U.S. sanctions contributed significantly to Venezuela’s economic collapse, with more than half of the 71% Gross Domestic Product (GDP) contraction between 2012 and 2020 attributable to these measures, amongst others, ultimately reaching “the equivalent of three Great Depressions.”<sup>181</sup> In his December 2024 *Sanctions and Venezuelan Migration* report, Professor

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<sup>175</sup> Ashleigh Subramanian-Montgomery, “Even the Treasury Department Admits Sanctions Don’t Work,” *Responsible Statecraft*, April 10, 2023, <https://responsiblestatecraft.org/2023/04/10/even-the-treasury-department-admits-sanctions-dont-work/>.

<sup>176</sup> A. Cooper Drury & Dursun Peksen, “The Causal Effect of Economic Sanctions on Political Stability: A Two-Stage Approach,” *Review of Development Economics* 29, no. 1 (2024): 45–60, August 6, 2024, <https://onlinelibrary.wiley.com/doi/10.1111/rode.12917>.

<sup>177</sup> Yasmin Husein Al-Jawaheri, “Women in Iraq: The Gender Impact of International Sanctions,” (Boulder, CO: Lynne Rienner Publishers, 2008), [https://www.riennner.com/title/Women\\_in\\_Iraq\\_The\\_Gender\\_Impact\\_of\\_International\\_Sanctions](https://www.riennner.com/title/Women_in_Iraq_The_Gender_Impact_of_International_Sanctions).

<sup>178</sup> Airianna Murdoch-Fyke, “Commentary on Sanctions and Human Rights,” *CanLII*, October 25, 2023, <https://www.canlii.org/en/commentary/doc/2022CanLII Docs4578>.

<sup>179</sup> *ibid.*

<sup>180</sup> Office of the United Nations High Commissioner for Human Rights, “Unilateral Sanctions Hurt All, Especially Women, Children and Other Vulnerable Groups,” December 22, 2021, <https://www.ohchr.org/en/press-releases/2021/12/unilateral-sanctions-hurt-all-especially-women-children-and-other-vulnerable>.

<sup>181</sup> Francisco R. Rodríguez, “Sanctions and Venezuelan Migration,” December 26, 2024, <https://franciscorodriguez.net/2024/12/26/sanctions-and-venezuelan-migration/>.

Francisco Rodríguez estimates that the consequences — such as “the economic deterioration cause[d] by sanctions and toxification effects” — forced the migration of over 4.1 million people, a displacement that could rise by another million over the coming five years if sanctions persist.<sup>182</sup> Although some humanitarian exemptions exist, they do not reverse this severe macroeconomic deterioration or banking sector withdrawal, both of which prevent aid flows from reaching affected communities.

### *Case Study 6: Cuba*

The longstanding U.S. embargo, compounded by the State Sponsor of Terrorism (SST) redesignation since January 2021<sup>183</sup> — which was briefly removed under the Biden Administration before being reimposed by President Trump<sup>184</sup> — and the April 2019 enforcement of Title III of the Helms-Burton Act, which allows U.S. nationals to sue individuals or entities in U.S. courts for “trafficking” in property confiscated by the Cuban government after the 1959 revolution,<sup>185</sup> “have plunged Cuba into its worst economic and humanitarian crisis in contemporary history.”<sup>186</sup> Food and fuel shortages,<sup>187</sup> blackouts,<sup>188</sup> and the collapse of and health infrastructure<sup>189</sup> and waste management<sup>190</sup> have spurred mass migration. Over one million people, i.e., 10 percent of the countries’ population as a whole, left Cuba between 2022 and 2023.<sup>191</sup> Humanitarian exemptions for Cuba are undermined by systemic overcompliance from banks with U.S. sanctions due to “the ambiguity of the regulations, and the severity of the penalties.”<sup>192</sup>

As highlighted in these Case Studies, sanctions-induced humanitarian crises are a documented driver of forced migration. The Center for Economic and Policy Research (CEPR) highlights that U.S. economic sanctions — particularly those imposed on Venezuela and Cuba — have directly contributed to country-level deteriorating economic conditions and triggered

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<sup>182</sup> *ibid.*

<sup>183</sup> U.S. Department of State, “State Sponsors of Terrorism,” n.d., <https://www.state.gov/state-sponsors-of-terrorism/>.

<sup>184</sup> Baker McKenzie, “Cuba’s Designation as a State Sponsor of Terrorism and the Cuba Restricted List Briefly Rescinded by Outgoing President Biden, Then Reinstated by Incoming President Trump,” Global Sanctions and Export Controls Blog, January 22, 2025, <https://sanctionsnews.bakermckenzie.com/cubas-designation-as-a-state-sponsor-of-terrorism-and-the-cuba-restricted-list-briefly-rescinded-by-outgoing-president-biden-then-reinstated-by-incoming-president-trump/>.

<sup>185</sup> Baker McKenzie, “Trump Administration to End Suspension of Title III of Helms-Burton and Impose Additional Restrictions on Cuba,” Global Sanctions and Export Controls Blog, April 26, 2019, <https://sanctionsnews.bakermckenzie.com/trump-administration-to-end-suspension-of-title-iii-of-helms-burton-and-impose-additional-restrictions-on-cuba/>.

<sup>186</sup> Michael Galant & Alexander Main, “Economic Sanctions: A Root Cause of Migration – Summary,” Center for Economic and Policy Research, March 3, 2025, <https://cepr.net/publications/economic-sanctions-root-cause-of-migration-summary/>.

<sup>187</sup> BBC News, “Cuba: Nationwide Blackout Leaves Millions without Power,” December 4, 2024, <https://www.bbc.com/news/world-latin-america-67922246>.

<sup>188</sup> Al Jazeera, “Millions without Power as Cuba Hit by Another Nationwide Blackout,” December 4, 2024, <https://www.aljazeera.com/news/2024/12/4/millions-without-power-as-cuba-hit-by-another-nationwide-blackout>.

<sup>189</sup> Reuters, “Cuba Faces Uphill Battle as Oropouche Virus Spreads,” August 30, 2024, <https://www.reuters.com/business/healthcare-pharmaceuticals/cuba-faces-uphill-battle-oropouche-virus-spreads-2024-08-30/>.

<sup>190</sup> Agence France-Presse, “Trash Overwhelms Havana as Garbage Trucks Lack Parts, Fuel,” Barron’s, August 28, 2024, <https://www.barrons.com/news/trash-overwhelms-havana-as-garbage-trucks-lack-parts-fuel-00756b5c>.

<sup>191</sup> Patricia Mazzei, “Cuba Admits to Massive Emigration Wave: A Million People Left in Two Years,” Miami Herald, August 15, 2024, <https://www.miamiherald.com/news/nation-world/world/americas/cuba/article290249799.html>.

<sup>192</sup> Joy Gordon, “Cuba’s Economic Crisis: US Sanctions and the Problem of ‘Overcompliance,’” Le Monde Diplomatique, October 7, 2024, <https://mondediplo.com/outside-in/cuba-overcompliance>.

mass migration.<sup>193</sup> An October 2024 peer-reviewed study, *International sanctions and emigration*, found that Western multilateral sanctions increased emigration from sanctioned countries by an average of 22-24 percent, while for UN sanctions this increase was 17-18%, with flows reverting back to baseline levels after sanctions were lifted.<sup>194</sup>

### C. Liquidity, Operational Collapse, and Starvation

Even when humanitarian licenses or equivalent exemption authorizations are issued, their utility is undermined by sanctions' destabilizing effect on the financial ecosystem in areas where sanctions are imposed. Examples from Afghanistan illustrate how both Western and UN sanctions "have caused many banks and other financial institutions outside of Afghanistan to restrict or block the processing of most transactions involving Afghan bank accounts, out of concern, appropriate or not, that they could face fines or prosecution from US authorities."<sup>195</sup> Further, as previously noted in the *Afghanistan Case Study*, the U.S. has frozen funds from Da Afghanistan Bank; these are funds that rightfully belong to the people of Afghanistan. The resulting liquidity crisis is not just technical — it translates into reduced programmatic reach, delays in aid, and in some cases, operational shutdowns.<sup>196</sup> These all have severe impacts on the lives of Afghans. In August 2021, the World Food Programme (WFP), a UN humanitarian agency, highlighted that "14 million people in Afghanistan did not have enough to eat".<sup>197</sup> The United Nations Children's Fund (UNICEF) warned that same month that "an estimated 1 million Afghan children were projected to suffer from severe acute malnutrition in 2021 and could die without treatment."<sup>198</sup> This could all be prevented if the country had access to the funds of its own Central Bank, demonstrating that U.S. policy prioritizes punishment over human life.

### D. Digital Exclusion

Restrictions on dual-use technologies — such as encrypted communication platforms, mapping tools, or logistics software — pose new and underappreciated barriers to humanitarian coordination. In the Syrian context, sanctions and FIs overcompliance are two of the leading factors in Syrians not having access to basic digital services, software, and the internet, and in being limited in digital connectivity.<sup>199</sup> The denial of digital infrastructure amounts to a denial of participation in global humanitarian systems.

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<sup>193</sup> Michael Galant & Alexander Main, "Economic Sanctions: A Root Cause of Migration – Summary," Center for Economic and Policy Research, March 3, 2025, <https://cepr.net/publications/economic-sanctions-root-cause-of-migration-summary/>.

<sup>194</sup> Jerg Gutmann, Pascal Langer, and Matthias Neuenkirch, "International Sanctions and Emigration," *Journal of Economic Behavior & Organization* 226 (August 27, 2024): 106709, <https://doi.org/10.1016/j.jebo.2024.106709>.

<sup>195</sup> Human Rights Watch, "Economic Causes of Afghanistan's Humanitarian Crisis," August 4, 2022, <https://www.hrw.org/news/2022/08/04/economic-causes-afghanistans-humanitarian-crisis>.

<sup>196</sup> *ibid.*

<sup>197</sup> Priyanka Boghani, "Taliban Takeover: How Frozen Assets & Foreign Aid Impact Afghanistan," *PBS*, August 15, 2022, <https://www.pbs.org/wgbh/frontline/article/taliban-takeover-how-frozen-assets-foreign-aid-impacts-afghanistan/>.

<sup>198</sup> *ibid.*

<sup>199</sup> Access Now, "Open Letter: US Must Lift Syria Sanctions." March 15, 2025, <https://www.accessnow.org/press-release/open-letter-us-lift-syria-sanctions/>.



## E. The Intersection of Sanctions Regimes and AML/CFT Standards

**According to HSC**, chief among the cross-cutting issues the Principles document should address is the intersection of sanctions regimes with AML/CFT standards, particularly as they manifest in Know Your Customer (KYC) and due diligence procedures employed by FIs. Understanding this nexus is essential to identifying and mitigating the structural barriers to financial access for humanitarian actors. HSC makes a number of recommendations to address these issues:

- Banks should be encouraged to incorporate risk-taking under their corporate social responsibility (CSR) mandates, recognizing a duty of care towards communities in crisis, and developing internal frameworks for supporting humanitarian actors in sanctioned jurisdictions.
- Supervisory authorities, in turn, must adopt risk-based, not rule-based, supervision models, especially when evaluating banks that support NPOs operating in sanctioned or conflict-affected areas.
- Policymakers must play an active role in burden-sharing and must demonstrate willingness to assume shared responsibility for humanitarian risk, rather than placing the burden entirely on banks or NPOs — not only by clarifying exemptions and issuing licenses, but by recognizing that an over-layering of sanctions and financial crime compliance frameworks can choke off the entire ecosystem required for effective humanitarian response. This includes not only NPOs and their donors, but also the banks and service providers that form the backbone of aid delivery systems.
- International NGOs must also share risk equitably, avoiding the practice of pushing risk management responsibilities exclusively onto local partners.
- Risk tolerance must be mainstreamed as a guiding principle within the entire humanitarian financing architecture.

These cross-cutting issues and recommendations lead to the emergence of a critical policy question: Have the current sanctions and AML/CFT frameworks achieved their intended security objectives, or have their impacts — particularly the obstruction of humanitarian aid — outweighed their benefits? This question must be confronted with urgency and honesty. As the World Bank stated in its 2017 blog *De-risking impedes access to finance for non-profit organizations*:

*“After all, it is precisely the peacebuilding and humanitarian work that NPOs do that helps those harmed by terrorist groups and undermines the terrorist narrative. It would be a cruel irony if, in seeking to combat terrorist financing, financial institutions were simultaneously harming those best placed to address the root causes of terrorism. We cannot allow for such a confusion of ends and means to stand – we must ensure NPOs maintain their access to financial services – it is, quite literally, a matter of life and death.”*<sup>200</sup>

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<sup>200</sup>Emile van der Does de Willebois, “De-Risking Impedes Access to Finance for Non-Profit Organizations,” World Bank Private Sector Development Blog, February 8, 2017, <https://blogs.worldbank.org/en/psd/de-risking-impedes-access-finance-non-profit-organizations>.

## Scope of Humanitarian Assistance/Aid: Peacebuilding as an Imperative

**As noted by HSC**, the Principles document should advocate for an expanded and inclusive definition of humanitarian assistance/aid to ensure its meaningful positive impact in all situations, and particularly in contexts impacted by sanctions. Insights from recent multi-stakeholder roundtables and the 2024 EU Humanitarian Forum indicate strong support among NPOs and policymakers for broadening the scope of humanitarian aid to ensure that in all cases it includes reconstruction, rehabilitation, infrastructure, and peacebuilding activities, especially in the lead up to and throughout peace processes, and immediately following the conclusion of peace agreements to support implementation. Such a definition, according to HSC, would:

- Align with the humanitarian carve-outs under UNSCR 2664 and 2761, ensuring these exemptions are not limited to immediate relief, but also cover the transition from conflict to post-conflict to a sustainable peace.
- Recognize that peacebuilding and early recovery efforts are essential components of a sustainable humanitarian response and that they work to address the root causes of why humanitarian response is needed in the first place.
- Support long-term resilience, development, and sustainable peace by enabling NPOs to address the root causes of conflict and fragility, not just their symptoms.

To be effective, sanctions regimes must not only include humanitarian exemptions but must explicitly permit “post-conflict” peacebuilding and infrastructure rebuilding, recognizing these as integral to broader humanitarian mandates. The inclusion of such provisions at the UN, EU, and national levels is essential for ensuring that aid does not stop where it is most needed, and that countries have the preconditions needed to both get to — and to sustain — peace.

Finally, humanitarian assistance/aid should always have a scope that takes an intersectional lens and approach, to ensure gender and other perspectives are being accounted for at all times.

## Recommendations: Remedy, Redefining Scope, and Regional, National and International, and Mechanisms

As an institutional matter, it is important to note that C&SN’s position is one of principled opposition to the overuse of sanctions as a tool of foreign policy — particularly given their documented humanitarian and peacebuilding harms. Sanctions, in practice and often design,<sup>201</sup> disproportionately affect civilians rather than political elites or rights-violating

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<sup>201</sup> L.D. Mallory, “State Department, Memorandum, ‘The Decline and Fall of Castro,’ Secret, April 6, 1960,” National Security Archive, February 2, 2022, <https://nsarchive.gwu.edu/document/27400-document-1-state-department-memorandum-decline-and-fall-castro-secret-april-6-1960>.

institutions or entities, resulting in a form of “collective punishment” that forces people and communities to bear the cost of geopolitical decisions beyond their control.<sup>202</sup> Sanctions are often purported to be implemented by States as an alternative to war; however, *economic warfare is still warfare*. While recognizing that sanctions continue to be widely employed, the recommendations offered in this section are meant to mitigate harm, improve coherence with humanitarian law, and promote greater accountability. Our long-term hope remains a meaningful reduction in the reliance on UCMs, and we make these recommendations while taking great care not to legitimize the use of sanctions.

In the meantime, for as long as sanctions continue to be deployed, meaningful accountability and recourse mechanisms are essential. Currently there are few, if any, viable remedies available to humanitarian actors who have suffered harm — whether reputational, operational, or financial — as a result of overcompliance or misapplication of UCMs. This absence of accountability exacerbates risk aversion across both the banking and civil society sectors and leaves smaller humanitarian organizations especially vulnerable. Remedy, in this context, must be understood both as retrospective redress and prospective structural reform to ensure safe, lawful, and predictable operating environments. The following redress recommendation is thus proposed to be included in the Principles document:

*Grievance and Redress Mechanisms:*

- **Establishment of Independent Grievance and Redress Mechanisms:** Dedicated grievance procedures and mechanisms should be developed under the auspices of regional or international regulatory bodies, or NHRIs or their equivalent, to receive and adjudicate complaints from NPOs affected by sanctions-related overcompliance. These mechanisms could take inspiration from existing financial and sanctions ombuds institutions and should allow for confidential reporting of incidents, institutional review of denied payments, and formal investigation of misconduct by FIs or government actors. Such mechanisms should include:
  - A public reporting function to increase transparency of denied transactions;
  - Confidential handling and protection of NPOs against retaliation and reprisals; and
  - Coordination with national financial supervisors to enforce remedy where needed.

Without formal avenues for remedy, and clear and safe institutional structures to support compliance with humanitarian law and access to financial services, humanitarian actors will continue to bear disproportionate risk for delivering life-saving aid.

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<sup>202</sup> United Nations, “De-Risking Practices Hamper Humanitarian Aid Delivery, UN Official Warns,” UN News, November 2018, <https://news.un.org/en/story/2018/11/1025201>.

*Redefine Sanctions' Scope: Sunset Clauses, Impact Assessments, and Off-ramps:*

- **Introduce Sunset Provisions and Mandatory Impact Assessments:** All future sanctions regimes should include clearly defined sunset clauses at the outset.<sup>203</sup> Sunset provisions should also be integrated into existing sanctions regimes. Additionally, impact assessments to examine sanctions' relevance and efficacy in achieving their stated objectives, helping shift from indefinite punitive measures to evidence-based and outcome-driven policymaking, should be instilled as a requirement for imposing sanctions.<sup>204</sup> As the U.S. Government Accountability Office has noted, "Federal agencies do not conduct comprehensive assessments that measure how effective sanctions are in meeting U.S. foreign policy goals."<sup>205</sup> Routine, transparent impact assessments should be institutionalized to evaluate whether sanctions are relevant, proportionate, and aligned with international legal obligations.<sup>206</sup> Sanctions regimes that do not meet these qualifications should be discontinued or revamped.
- **Refine the Scope of Sanctions Instruments:** To minimize humanitarian consequences, sanctions should be narrowly tailored, time-bound, and grounded in measurable and clearly articulated policy objectives.<sup>207</sup> Built-in off-ramps should be identified and included at the outset, outlining conditions under which sanctions may be modified, lifted, or replaced. Broad-based sanctions — especially those that restrict essential goods or banking access — place an undue burden on civilians and local civil society, often in contexts where populations have limited influence over State behavior.<sup>208</sup> These practices should be reconsidered in favor of targeted, rights-compliant tools.

*National, Regional, International Mechanisms:*

- **Support for Regional Mechanisms in the Majority World:** Emerging initiatives by members of the Global NPO Coalition on FATF — an international network of NPOs co-led by C&SN and HSC that advocates for risk-based AML/CFT standards at FATF, ensuring that these regulations do not unduly restrict or harm legitimate nonprofit activities<sup>209</sup> — particularly those focused on the African continent, present a promising avenue for the development of regionally rooted dialogue platforms. By sharing practical experiences and effective approaches from different countries, these initiatives

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<sup>203</sup> Ashleigh Subramanian-Montgomery. "The Global War on Terror Doubles As a War on Peacebuilding." *Inkstick Media*, September 12, 2022, <https://inkstickmedia.com/the-global-war-on-terror-doubles-as-a-war-on-peacebuilding/>.

<sup>204</sup> Ashleigh Subramanian-Montgomery, "Even the Treasury Department Admits Sanctions Don't Work," *Responsible Statecraft*, April 10, 2023, <https://responsiblestatecraft.org/2023/04/10/even-the-treasury-department-admits-sanctions-dont-work/>.

<sup>205</sup> U.S. Government Accountability Office. "Economic Sanctions." Accessed May 2, 2025, <https://www.gao.gov/economic-sanctions>.

<sup>206</sup> Ashleigh Subramanian-Montgomery, "Even the Treasury Department Admits Sanctions Don't Work," *Responsible Statecraft*, April 10, 2023, <https://responsiblestatecraft.org/2023/04/10/even-the-treasury-department-admits-sanctions-dont-work/>.

<sup>207</sup> *ibid.*

<sup>208</sup> *ibid.*

<sup>209</sup> Global NPO Coalition on FATF, "Home," n.d., <https://fatfplatform.org/>.

help foster domestic and regional conversations on how to implement FATF standards in ways that protect both financial integrity and the essential work of nonprofits. These mechanisms should consider the intersection between AML/CFT regulations, UCMs, and national CT measures, particularly in countries where NPOs are disproportionately affected by restrictive financial practices.

- **Creation of Tri-Sector Working Groups (TSGs):** TSGs have the potential to serve as a key administrative step by serving as ongoing, solution-oriented mechanisms that institutionalize dialogue and coordination between humanitarian and peacebuilding organizations, FIs, regulators, and government actors. Drawing on lessons learned from national (e.g., the Netherlands, the UK, the U.S., Nigeria, and France); regional (e.g., the Syria-focused dialogue hosted by the Swiss Federal Department of Foreign Affairs, the Association of Certified Anti-money Laundering Specialists, the Geneva Graduate Institute, and the World Bank); and international (e.g., the Overseas Development Institute) multi-stakeholder dialogues on financial access, TSGs have the potential to serve as durable, functional spaces for co-governance.

To ensure that these groups are effective and not extractive in their engagement with civil society, the following principles must guide their formation:

- **Inclusive Participation Mechanisms:** Mechanisms should be designed to ensure the meaningful inclusion of a broad spectrum of nonprofit actors, encompassing humanitarian, peacebuilding, and human rights organizations, regardless of size or geographic scope. Their participation must be institutionalized from the outset to ensure that discussions reflect operational realities and diverse challenges, and must be meaningful, equitable, and inclusive.
- **Co-Ownership and “Neutral “ Facilitation:** Effective dialogue platforms should be co-owned and/or co-hosted by a policymaking institution and an independent, credible civil society actor or “honest broker” with a demonstrated commitment to representing the interests of NPOs. This model promotes trust and ensures that discussions are grounded in the practical barriers faced by organizations on the ground. Critically, the agenda-setting process must be driven by NPOs themselves, or jointly with governmental actors, rather than being exclusively government-led.
- **Cross-Sectoral Engagement:** It is essential that such mechanisms include active and ongoing participation from:
  - FIs (commercial banks, correspondent banks, and their financial crime, compliance, and CSR departments);
  - Financial supervisory and regulatory authorities;



- Relevant governmental departments, including Ministries of Finance, Foreign Affairs, Justice, Development and Humanitarian Affairs, Economic Affairs, and, where applicable, Interior or Home Affairs; and
- Sanctions-issuing authorities (e.g., OFAC, the Office of Financial Sanctions Implementation (OFSI)).

This cross-sectoral approach is necessary to bridge the gap between policy formulation and operational feasibility.

- **Solution-Oriented Structure with Workstreams:** Dialogues should be structured around clearly defined, achievable objectives, with dedicated workstreams focused on addressing specific barriers to financial access for NPOs. These may include, but are not limited to:
  - Development of model compliance guidance for banks;
  - Standardized due diligence frameworks for humanitarian actors;
  - Advocacy for licenses or exemptions in areas affected by UCMs;
  - Technology; and
  - Improvement of the implementation of UNSCR 2664 and 2761.
- **Regional and International Coordination:** In light of current geopolitical dynamics and the shifting role of certain global actors there seems to be a growing need for regional dialogues involving supportive States committed to upholding humanitarian, peacebuilding, and human rights objectives. These dialogues can help counterbalance the effects of isolationist policies and ensure continued international cooperation on issues of financial access under sanctions.
- **Integration with the FATF Framework:** The involvement of FATF and its global network of FSRBs is vital. As the principal standard-setter on AML/CFT and proliferation financing, FATF's active engagement ensures that the interplay between its standards and various sanctions regimes (UN, EU, unilateral) is addressed in a manner that supports — rather than impedes — permitted humanitarian action. The incorporation of humanitarian exemptions in the FATF sanctions-related recommendations (Recommendations 5 and 6) may increase the risk-appetite of banks to provide services to humanitarian, peacebuilding, and other NPOs active in conflict settings.

These recommendations above offer a framework for moving beyond rhetorical support for humanitarian action and toward enforceable, cooperative systems of accountability and access.

We urge the Special Rapporteur to adopt an intersectional framework in all future evaluations of UCMs, to ensure that humanitarian exemptions are not just legal in theory, but accessible in

practice — especially to those already pushed to the margins of humanitarian response systems.

## Conclusion

This submission has demonstrated that UCMs — particularly those issued and enforced by the U.S. — continue to obstruct the delivery of life-saving humanitarian aid and peacebuilding support, not only through direct legal prohibitions but via a dense web of compliance burdens and policy incoherence across different measures and regulations, financial overregulation, and political asymmetries. These dynamics disproportionately impact local, women-led, Muslim, and smaller NPOs, and too often leave affected communities isolated from the global financial and humanitarian systems designed to assist them.

At the same time, there is meaningful progress underway. UNSCRs 2664 and 2761 represent a significant normative breakthrough, establishing a standing, cross-regime humanitarian carve-out at the multilateral level. While implementation has so far been uneven, these Resolutions have already prompted meaningful shifts — prompting national uptake, institutional alignment, and the potential for change within parts of the donor and financial sectors. They provide a viable foundation on which States, FIs, and humanitarian actors can build toward a more coherent and rights-based sanctions architecture.

The Principles document offers a timely and critical opportunity to carry this progress forward. It must do more than reaffirm humanitarian exemptions as a legal obligation — it must chart a path toward their operational realization. That means addressing the regulatory and institutional drivers of overcompliance, creating real avenues for remedy, and ensuring that carve-outs are not only lawfully protected but practically accessible to all actors, including those furthest from centers of power.

We urge the Special Rapporteur to adopt a framework that centres the lived realities of those delivering and receiving aid in sanctioned contexts. That includes strengthening the role of civil society as a co-creator of solutions; holding regulators and sanctioning bodies accountable for their role in perpetuating risk aversion; and ensuring that sanctions policy — where used — is time-bound, evidence-based, targeted, and never imposed at the expense of fundamental rights.

If grounded in the spirit of UNSCRs 2664 and 2761 and backed by concrete implementation, the Principles can serve as a turning point — transforming sanctions from a “tool of first resort” with vast negative consequences, into one grounded in international human rights, humanitarian, and refugee law.

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*Note: This annex highlights publications referenced to by our partner, the Human Security Collective, as background research to inform their input, included therein, for this submission to the Special Rapporteur.*

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