

Negative Impacts of Sanctions on Civil Society

Economic sanctions have been a significant tool in U.S. foreign policy for decades. They are often deployed in the name of pressuring governments to alter their behavior, encouraging civilian populations to rise up against their governments, or supporting human rights. In practice however, they rarely achieve or advance these stated goals.¹ Sanctions also often come with devastating consequences for civilian populations and civil society, sometimes incidentally and sometimes by design.²

The Biden administration is currently conducting a broad review of U.S. sanctions policy to determine whether sanctions have been achieving their stated goals and to address the consequences of sanctions for civilian populations and civil society organizations.³ Responding to the announcement of the review, 55 organizations sent a letter to President Biden calling on the administration to address specific humanitarian concerns in the course of the review.⁴ Any honest and thorough review should account for the following considerations regarding sanctions as they relate to civil society.

Broad-based Sanctions

Broad-based sanctions include sweeping measures that target entire countries, as well as industry-specific sanctions that impact whole sectors of national economies. In countries targeted by broad sanctions, in addition to the harmful impacts on the general population, civil society organizations:

- Face challenges in getting financial institutions to facilitate transactions or extend credit.⁵ This leads to less funding for civil society, and challenges in paying staff on the ground.
- Struggle to carry out their missions when staff and volunteers are focused on overcoming economic challenges created by sanctions.⁶
- Face increasingly repressive governments, as government efforts to limit internal dissent increase when states face greater external pressure.⁷

Counterterrorism Sanctions

Counterterrorism sanctions include sanctions against armed groups that the U.S. designates as Foreign Terrorist Organizations (FTOs) or Specially Designated Global Terrorists (SDGTs). When designated armed groups control or operate in a large territory, these sanctions make it incredibly challenging for civil society organizations to carry out programs in that territory. Because these designations prohibit

1 Geaghan-Breiner, Beatrix. "Sanctions are part of our 'forever wars'." *Responsible Statecraft*. May 5, 2021. <https://responsiblestatecraft.org/2021/05/05/sanctions-are-part-of-our-forever-wars/>

2 Chávez, Aída. "Biden's New Foreign Policy Hire Considers Sanctions an Art Form." *The Nation*. March 26, 2021. <https://www.thenation.com/article/politics/richard-nephew-sanctions/>

3 Sun, Mengqi. "Biden Administration's Review of Sanctions Programs Could Take Months, White House Official Says." *The Wall Street Journal*. March 2, 2021. <https://www.wsj.com/articles/biden-administrations-review-of-sanctions-programs-could-take-months-white-house-official-says-11614732627>

4 Letter to President Joseph Biden. March 26, 2021. <https://charityandsecurity.org/wp-content/uploads/2021/04/Sanctions-Review-Civil-Society-Letter-to-Biden-final-3-26-21.pdf>

5 Daher, Joseph, and Erica Moret. *Invisible Sanctions: How over-compliance limits humanitarian work on Syria*. IMPACT - Civil Society Research and Development. 2020. https://impact-csr.org/reports/Invisible_Sanctions_IMPACT_EN.pdf

6 Mostofi, Mani, Sussan Tahmasebi, Tyler Cullis, and Sara Haghdoosti. "Supporting Changemakers in Iran." *Win Without War Education Fund*. May 12, 2021. <https://www.youtube.com/watch?v=aP7aQDNEeuw>

7 Ibid.

the provision of “material support” to the designated entities, these counterterrorism sanctions can:

- Discourage financial institutions from facilitating transactions necessary for civil society programs to operate.
- Prevent humanitarian organizations from accessing civilian populations in need of assistance.
- Prevent peacebuilding programs from working with armed groups to facilitate dialogue or offer training on conflict resolution.
- The designation of Ansar Allah (the Houthis) in Yemen was a prime example of these negative impacts, which ultimately led the Biden administration to revoke the designations.⁸

Current Humanitarian Exemptions Are Insufficient

While past administrations have often responded to humanitarian access concerns around sanctions by pointing to licenses and exemptions, in practice, both general and specific licenses and exemptions have not sufficiently protected civil society organizations from the impacts of sanctions.

- Many organizations do not have the resources or legal expertise necessary to navigate the complex and inefficient procedures required to obtain specific licenses, and those that do are still forced to wait months if not years for approval, undermining their time-sensitive work. These long and uncertain timelines also impact civil society funding by making it difficult to keep up with grant-related timetables.
- Challenges with accessing financial services necessary to operate persist even when humanitarian licenses are issued, as many banks continue to view the facilitation of transactions in sanctioned countries as too great a risk.
- Existing general licenses, for those sanctions programs that have them, are often so narrow in scope that specific licenses are still necessary for aid organizations to be in compliance.⁹
- While there is a broad exemption for humanitarian aid included in the International Emergency Economic Powers Act (IEEPA), consecutive administrations have cancelled this humanitarian exemption in executive orders on counterterrorism sanctions, effectively nullifying this provision of IEEPA.¹⁰

Recommendations

- Restore IEEPA’s humanitarian exemption by amending IEEPA or the executive orders that have cancelled it.
- Congress should work to establish stronger oversight over presidential use of sanctions.
- End the use of broad-based sanctions that target entire countries and economies.
- Work with financial institutions to improve financial access for civil society organizations operating in sanctioned countries or areas controlled by sanctioned groups.
- Issue a Global Temporary General License to protect humanitarian aid activities during the COVID-19 pandemic.
- The administration should make the findings of its broad sanctions review public.
- Implement reporting procedures to ensure that current and future sanctions do not impede civil society operations.

8 Carroll, Paul. “Fixing Material Support – Lessons from the Houthi Terror Designation.” *Just Security*. March 18, 2021. <https://www.justsecurity.org/75356/fixing-material-support-lessons-from-the-houthi-terror-designation/>

9 Jasper, Daniel. *Volume III: Engaging North Korea: A Toolkit for Protecting Humanitarian Channels Amid “Maximum Pressure.”* American Friends Service Committee. June, 2018. <https://www.afsc.org/sites/default/files/documents/Engaging%20North%20Korea%20Volume%20III%20WEB.pdf>

10 Guinane, Kay. “19 Years Later EO 13224 Continues to Block Humanitarian Aid. It’s Time for an Update.” *Charity & Security Network*. September 24, 2020. <https://charityandsecurity.org/blog/19-years-later-eo-13224-continues-to-block-humanitarian-aid-its-time-for-an-update/>