

Russia-Ukraine Sanctions, Civil Society Concerns, and What Donors Should Know

In response to the Russian invasion of Ukraine, the international community has imposed severe and unprecedented economic sanctions on Russia and certain regions of Ukraine. Some of these sanctions raise concerns for civil society organizations operating in Russia and Ukraine, and for donors working to support them.

Overview of U.S. Sanctions on Russia and Certain Regions of Ukraine

A Feb. 21 [Executive Order](#) imposes sanctions on the [Donetsk People's Republic \(DNR\) and the Luhansk People's Republic \(LNR\) regions](#) of Ukraine, prohibiting new investment, as well as the importation, exportation (from the United States), or sale of goods, services or technology to the region. [General licenses](#) accompanying these sanctions make exceptions for certain humanitarian activities, such as the delivery of food and medicine, among other activities.

A range of U.S. sanctions also target Russia's financial sector. [Directive 2](#) blocks U.S. financial institutions from transacting with certain Russian financial institutions (specific institutions are listed in Annex 1 of the directive). This could impact the ability of donors to transfer funds to accounts managed by Russian banks.

[Directive 4](#) effectively freezes Russia's foreign reserves held in the U.S. In concert with its European and Canadian allies, the U.S. has also [cut off](#) a range of Russian financial institutions from access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

U.S. sanctions, in addition to a combination of [severe sanctions and economic restrictions](#) imposed by Australia, Canada, the EU, France, Germany, Japan, New Zealand, the UK, Switzerland, and Taiwan, targeting Russia's financial sector, are already having a [significant impact](#) on the Russian economy, fueling inflation and depreciation of the ruble.

Civil Society Concerns

While the Office of Foreign Assets Control (OFAC) general licenses issued alongside sanctions targeting the eastern region of Ukraine provide substantial protections for humanitarian activities, human rights and peacebuilding activities are not explicitly protected, raising concerns and uncertainty about whether those activities can continue without running afoul of U.S. sanctions, at time when they are needed most.

Sanctions targeting Russia's financial sector may have harmful impacts on civil society operations in Russia, as sources of funding are likely to decrease, and the abilities of organizations to pay their staff, get access to goods and services from abroad, and even remain operational are all thrust into question.

Recommendations for Donors

The scope of the sanctions in the Russia-Ukraine context are sweeping. While the situation is dynamic and fluid, we urge donors to be confident in their mission and intent. President Biden, in announcing the sanctions, made clear that humanitarian efforts were to be supported and protected. Additionally, there are steps that donors can take to ensure their compliance with sanctions.

In partnership with the [Charities Aid Foundation \(CAF\) America](#), which works to facilitate regulatory-compliant grants to organizations operating in regulated contexts, the [Charity & Security Network \(C&SN\)](#) co-produced [When the Giving Gets Tough: Navigating Risk in Sanctioned Locations](#), a report with recommendations for donors aiming to support groups in sanctioned contexts. The report recommendations apply to donors working to address the crisis in Ukraine and to support civil society operations in both Ukraine and Russia. They include:

- *Implementing a risk-based approach*
- *Documenting your due diligence process*
- *Understanding your bank's policies on fund transfers to high-risk countries*
- *Working with an intermediary grantmaker*
- *Identifying alternative grantees*

CAF America has also [published a list](#) of organizations providing aid to Ukrainians that donors can support, as has the UK-based [Charities Aid Foundation](#).

Likewise, in their [Development Assistance and Approaches to Risk in Fragile and Conflict Affected States](#) report, the [Organisation for Economic Co-operation and Development \(OECD\)](#) makes a number of recommendations for donors operating in challenging environments, including:

- *Donors need to ensure that their understanding of risk is in fact grounded in 'country realities.' Where they understand the operating context, donors feel more comfortable taking and managing risks.*
- *It is important to get the balance right between the different types of risk, and to understand the interaction between mitigation measures.*
- *Donors need to be aware that they are not the only players in the risk environment, which is generally comprised of a complex political economy, involving competing agendas, interests and perspectives among local (and even regional) stakeholders.*
- *Flexibility is essential to successful risk management...donors need the capacity and flexibility to adapt their risk frameworks and their programme design to changing conditions on the ground.*

Further case studies on the Democratic Republic of Congo, Nepal, Somalia and South Sudan are detailed in [the report](#).

We also encourage donors to take a [trust-based approach](#) to providing support throughout this crisis, recognizing that local civil society organizations are the experts in their context, and thus following their lead in addressing their most pressing needs is critical.