



August 4, 2023

Honorable Brian E. Nelson
Under Secretary for Terrorism and Financial Intelligence
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Under Secretary Nelson,

We are writing on behalf of the Charity & Security Network (C&SN) to follow up on the potential extension of Syria General License (GL) 23,¹ issued in response to the deadly earthquake² that hit Syria and Turkey on Feb. 6, 2023. C&SN would like to express its sincere gratitude and appreciation for the Department of Treasury's continued engagement with the non-profit organization (NPO) and civil society community, and with financial institutions. We welcome this engagement and look forward to continued opportunities to deliver feedback and recommendations to Treasury on matters related to sanctions, financial access and inclusion for NPOs, and financial sector obstacles, notably de-risking, to humanitarian aid and peacebuilding activities in sanctioned areas.

C&SN is grateful for and encouraged by Treasury's responsiveness to our request to facilitate a meeting with NPOs regarding GL 23. Treasury hosted this meeting on Jul. 14, 2023, and we appreciate the sustained commitment to, and partnership with, NPOs on urgent matters most pressing to our community and partners working across the globe.

As you are aware, Syria continues to be destabilized by one of the largest humanitarian crises in the world.³ The situation in Syria was exacerbated by the devastating Syria-Turkey earthquake in February, which killed over 50,000 people. Experts in disaster relief have stated that the necessary reconstruction and rebuilding from this earthquake will take a *generational effort*.⁴ The magnitude of this disaster, in addition to the existing strict sanctions regimes on Syria, the logistical access barriers to delivering aid in the country, the hurdles for access to funding for

¹ Office of Foreign Assets Control. Syrian Sanctions Regulations 31 CFR part 542. General License No. 23. Authorizing Transactions Related to Earthquake Relief Efforts in Syria. February 9, 2023. <https://ofac.treasury.gov/media/931106/download?inline>

² International Rescue Committee (IRC). *Earthquake near Turkish-Syrian border deepens crisis*. February 6, 2023. <https://www.rescue.org/article/earthquakes-near-turkish-syrian-border-deepen-crisis>

³ Center for Preventative Action. *Global Conflict Tracker: Syria*. August 1, 2023. <https://www.cfr.org/global-conflict-tracker/conflict/conflict-syria>

⁴ 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/>

humanitarian aid, and the risk-averse behavior by banks leading to de-risking, has created a complicated environment for NPOs to operate.

Syria GL 23 has been crucial in the facilitation of transactions related to earthquake relief in the country. It is laudable that the U.S. was the first to issue disaster relief exemptions to Syria following the devastating earthquake, and demonstrates Treasury's ongoing commitment to ensuring "U.S. sanctions programs do not target legitimate humanitarian assistance, including earthquake disaster relief efforts."⁵ Furthermore, the multilateral and congruent action of the U.K., E.U., and Switzerland issuing similar exemptions for post-earthquake relief to Syria created greater harmonization across jurisdictions and limited the complexities of navigating multiple sanctions regimes.

Syria GL 23 is set to expire on Aug. 8, 2023. The extension of Syria GL 23 will maximize the ability for earthquake relief to reach the people of Syria. C&SN urges the Treasury Department to immediately extend Syria GL 23 for the following reasons:

- 1. Multilateral congruency between the United States, European Union, United Kingdom, and Switzerland in post-earthquake licenses provides clarity and reassurances to all actors globally facilitating financial transactions for earthquake relief in Syria.**

There is significant value in the multilateral coordination and congruency of efforts by the U.S., U.K., E.U., and Switzerland in post-earthquake licenses and exemption authorizations. This multilateral action has provided ease, clarity, and reassurance for all actors involved in facilitating earthquake relief to Syria, especially financial institutions that operate across different jurisdictions. Rather than avoid certain transactions to Syria altogether due to differing jurisdictional sanctions regimes, licenses, and exemption authorizations, financial institutions are more confidently processing transactions into Syria. The U.K. and the E.U.⁶ have both extended their Syria humanitarian exemptions, and Switzerland's Syria humanitarian exemption⁷ does not have an expiration date. (Nor does the U.K. extension⁸, which is focused on petroleum products and is not time bound.) Therefore, continuing this harmonization across these authorizations will further facilitate the necessary humanitarian aid and earthquake relief-related transactions into Syria.

If U.S. Syria GL 23 is not extended, even despite the U.K., E.U., and Swiss exemptions standing, this harmonization and clarity will be lost, leaving banks without the clear legal coverage they feel is needed to continue transacting. See *Example # 2* below. Furthermore, the U.S. choosing

⁵ Press Release from the U.S. Department of the Treasury: *Treasury Issues Syria General License 23 To Aid In Earthquake Disaster Relief Efforts*. February 9, 2023. <https://home.treasury.gov/news/press-releases/jy1261>

⁶ Press Release from the Council of the European Union: *Syria: EU extends humanitarian exemption for another six months*. July 14, 2023. <https://www.consilium.europa.eu/en/press/press-releases/2023/07/14/syria-eu-extends-humanitarian-exemption-for-a-nother-six-months/>

⁷ Carter Center. *Carter Center Calls for Extension of Earthquake-related Exception to Sanctions on Syria*, July 31, 2023. <https://www.cartercenter.org/news/pr/2023/syria-073123.html>

⁸ Gov.uk, Notice NTE 2023/11: *General Trade Licence Syria Sanctions revised*. June 30, 2023. <https://www.gov.uk/government/publications/notice-to-exporters-202311-general-trade-licence-syria-sanctions-revised/n-te-202311-general-trade-licence-syria-sanctions-revised>

not to extend Syria GL 23 will create a chilling effect on banks and financial sector actors facilitating transactions for earthquake relief. The continued harmonization of these licenses is critical to ensure that earthquake relief continues to flow to Syria. C&SN urges the U.S. to follow the lead of their European counterparts; otherwise, the U.S. will stand largely alone in choosing not to extend their humanitarian exemption.

2. Financial assurances to banks and financial institutions have positively impacted NPOs' ability to transfer funds and make transactions related to humanitarian aid and earthquake relief.

As noted in Treasury's 2023 De-Risking Strategy, de-risking by banks "hampers the unencumbered flow of development funding, as well as humanitarian and disaster relief."⁹ De-risking in Syria has continued to present significant obstacles for humanitarian aid and NPOs operating in the region. In addition to already existing de-risking and delays by banks for funds and transactions sent to Syria, the lack of a functioning banking system in Syria presents additional challenges for those wishing to send funds to Syria for earthquake relief.¹⁰

Since the issuance of Syria GL 23, NPOs have reported that while they still face some delays and challenges from the financial sector, Syria GL 23 has made sending transactions for earthquake relief to Syria significantly easier. While many financial transactions related to humanitarian aid are already permitted under existing Syria authorizations issued by the Office of Foreign Assets Control (OFAC), it appears the clear language in GL 23 explicitly pointing to the financial sector has provided additional assurances to banks and financial institutions and created a positive impact on the delivery of aid and disaster relief. However, almost identical language for financial institutions is included in Syria GL 22¹¹, issued on May 12, 2022. Financial sector actors, it seems, are either unaware of this or simply do not feel enough legal coverage and comfort from the previous Syria GLs.

Furthermore, OFAC's Syria GL 23 Compliance Communiqué¹² states that Syria GL 23 expands upon humanitarian authorizations to enable foreign governments and private companies to provide support to earthquake relief efforts in Syria and provides additional assurances to financial institutions that process such transactions. These additional assurances may be the reasons that banks have felt more comfortable processing transactions to Syria, despite authorizations for humanitarian aid already existing.

Two examples of Syria GL 23's influence on banks in regard to specific NPO transactions are listed below. These examples come from C&SN's own engagement with NPO partners:

⁹ Department of Treasury. *AMLA: The Department of the Treasury's De-Risking Strategy*, p. 5. April 2023. https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf

¹⁰ Carter Center. *Effectiveness of Humanitarian Exceptions to Sanctions: Lessons from the Syria Earthquake*, p. 3. July 11, 2023. https://www.cartercenter.org/resources/pdfs/peace/conflict_resolution/syria-conflict/2023/effectiveness-of-humanitarian-exceptions-to-sanctions-syria-earthquake-lessons.pdf

¹¹ OFAC. Issuance of Syria General License 22. Publication of new and amended Syria Frequently Asked Questions. May 12, 2022. <https://ofac.treasury.gov/recent-actions/20220512>

¹² OFAC. Compliance Communiqué: Guidance on Authorized Transactions Related to Earthquake Relief Efforts in Syria. February 21, 2023. <https://ofac.treasury.gov/media/931236/download?inline>

Example #1: [REDACTED]

(The above example has been redacted upon publication of this letter for privacy reasons)

Example #2: NPOs reported that banks and money transmitters they work with have already notified them that they are not willing to transfer funds beyond the Aug. 8 deadline, which greatly limits the ability to make transactions in-country.

These examples point to a need for additional clarification and education to the financial sector concerning what is and what is not permitted under existing Syria OFAC licenses, as humanitarian activities are already permitted under these authorizations, and therefore financial institutions should be allowing related transactions to go through without the application of Syria GL 23. Nevertheless, the positive effects of Syria GL 23 and the resulting looming negative impacts that its expiration would have are significant. If GL 23 is not extended, banks and financial institutions will cease and slow the facilitation of financial transactions to the country, increasing the rates of delayed transfers and de-risking.

If Treasury is not going to extend GL 23, every effort should be made to communicate to the financial sector that existing Syria GLs provide legal coverage to conduct transfers and transactions to Syria. While frequently asked questions (FAQ), guidance, and fact sheets are all helpful tools, a large bank that C&SN engaged with in outreach efforts on GL 23 confirmed that these still lack the legal assurances and “force of law” needed by banks and financial institutions to comfortably provide services in sanctioned areas, noting that they rely on the GLs themselves in their decision-making. Thus, de-risking practices that impede the important work of civil society operating in these areas will persist.

3. The longstanding nature of the rebuilding and humanitarian efforts needed after the earthquake requires longer than a six-month window.

Experts in disaster relief have identified the rebuilding in Syria as a “generational effort.”¹³ These extreme circumstances, combined with the already existing humanitarian crisis and protracted conflict, call for a longer time period to effectively facilitate necessary earthquake relief efforts. Many of these efforts will take years, if not decades - especially those that require infrastructure replacement and rebuilding. For example, a report published by the Carter Center, *Effectiveness of Humanitarian Exceptions to Sanctions: Lessons from the Syria Earthquake*, demonstrates why

¹³ 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/>

even a six-month window is not long enough, describing an example from a development actor who stated that a “one month needs assessment is required, followed by some three months for the procurement process, followed by other activities such as training and adoption of relevant software, which goes well beyond 180 days.”¹⁴ While renewing Syria GL 23 indefinitely provides the best chance of long-term and sustainable recovery, it is certainly clear that an earthquake of this magnitude, and the resulting compounded humanitarian disaster that followed, require exemptions of longer than six months to facilitate much-needed aid and relief to the people of Syria.¹⁵

As previously mentioned, the U.K., E.U., and Switzerland have extended their licenses for earthquake relief in Syria to help meet the needs for relief moving forward. C&SN urges Treasury to do the same to continue the positive impact that multilateral action by the U.S., U.K., and E.U. has had on the financial sector and the ability for NPOs to process funds to Syria for humanitarian aid and earthquake relief.

For the above-listed reasons, C&SN recommends the following:

- 1. Extend Syria GL 23 indefinitely, in alignment with many other U.S. GLs; if deemed not politically viable, then extend for an additional six months or longer.**
- 2. Provide legally binding assurances on Syria-related licensing communication products so the financial sector will continue transferring funds and conducting transactions for activities that are already permitted under existing Syria authorizations.**
- 3. Integrate the applicable language in Syria GL 23 across the new and amended Dec. 2022 baseline GLs,¹⁶ to create harmonization and uniformity, and to reduce the complex legal web that banks and financial institutions have to navigate to support NPO activity. This would position the U.S. as even more of a global leader in supporting banks to uphold the Financial Action Task Force’s (FATF) clear calls to implement a risk-based approach (RBA).¹⁷**
- 4. Adopt a Standing General License that can be administered within the first 24-hours in the wake of a disaster of this magnitude, across global contexts. C&SN stands ready to support the development of such a license.**

Treasury should not allow Syria GL 23 to expire with the knowledge that banks and financial sector actors plan to halt NPO transactions after its expiration, despite the fact that these transactions *should* be permissible without GL 23. It is clear that there is a further need for constructive engagement and reassurance with financial institutions, that ideally involve NPOs at

¹⁴ Carter Center. *Effectiveness of Humanitarian Exceptions to Sanctions: Lessons from the Syria Earthquake*, p. 3. July 11, 2023.

https://www.cartercenter.org/resources/pdfs/peace/conflict_resolution/syria-conflict/2023/effectiveness-of-humanitarian-exceptions-to-sanctions-syria-earthquake-lessons.pdf

¹⁵ Human Rights Watch. *Put People’s Rights First in Syria Sanctions US, UK, EU Should Amend Humanitarian Exemptions to Facilitate Aid*. June 22, 2023.

<https://www.hrw.org/news/2023/06/22/put-peoples-rights-first-syria-sanctions>

¹⁶ U.S. Department of the Treasury. Press Release. Treasury Implements Historic Humanitarian Sanctions Exemptions. December 20, 2022. <https://home.treasury.gov/news/press-releases/jy1175>

¹⁷ FATF. Risk-Based Approach for the Banking Sector. October 2014.

<https://www.fatf-qafi.org/en/publications/Fatfrecommendations/Risk-based-approach-banking-sector.html>

each stage of engagement. In the meantime, Treasury should extend Syria GL 23 in order to continue the flow of humanitarian aid and earthquake relief during this engagement period. Doing so is in alignment with the U.S. foreign policy objectives laid out in Treasury's 2023 De-Risking Strategy, and with Treasury's Press Release on the issuance of GL 23, which states: "As international allies and humanitarian partners mobilize to help those affected, I want to make very clear that U.S. sanctions in Syria will not stand in the way of life-saving efforts for the Syrian people. While U.S. sanctions programs already contain robust exemptions for humanitarian efforts, today Treasury is issuing a blanket General License to authorize earthquake relief efforts so that those providing assistance can focus on what's needed most: saving lives and rebuilding... This GL reflects the United States' commitment to support the people of Syria through their ongoing earthquake crisis."¹⁸

We look forward to ongoing dialogue and engagement with the Department of Treasury on these important issues and appreciate your consideration of this input.

Yours Sincerely,

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CC:

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¹⁸ Press Release from the U.S. Department of the Treasury. Treasury Issues Syria General License 23 To Aid In Earthquake Disaster Relief Efforts. February 9, 2023. <https://home.treasury.gov/news/press-releases/jv1261>

