



## The state of targeted financial sanctions on humanitarian action

Thursday 5 June | 15:00 – 17:00 CET | The Hague

### *Summary report*

In 2024, Human Security Collective conducted a mapping exercise, commissioned by the Dutch Ministry of Foreign Affairs – a longstanding proponent - and advocate at the European Union and United Nations level - of including humanitarian exemptions in sanctions regimes - to assess the impact of United Nations Security Council Resolution 2664 on the humanitarian activities of DRA members and other actors. [Resolution 2664](#) marked a milestone decision by the Security Council, introducing a fundamental policy shift aimed at safeguarding humanitarian action from the unintended consequences of sanctions. Following the adoption of Resolution 2664, the European Union introduced corresponding humanitarian exemptions across its sanctions regimes aligning EU policy with the UN's approach and covering both UN-aligned and autonomous EU sanctions frameworks.

### **Speakers**

- **Fulco van Deventer**, deputy director of Human Security Collective
- **Lia van Broekhoven**, executive director of Human Security Collective

On June 5, 2025, KUNO and Human Security Collective organised an expert meeting to present the findings of the mapping exercise conducted by the Human Security Collective in 2024, to discuss current developments, and to provide practical recommendations to navigate the sanctions regimes for humanitarian activities. The session was moderated by **Mohammad Kanfash**, humanitarian practitioner and PhD candidate at the Centre for Conflict Studies and lecturer on the Politics of Reconstruction at Utrecht University.

**Fulco van Deventer** introduced the report titled 'The unintended consequences of financial sanctions regimes on humanitarian organisations, what gaps need to be filled.' The objectives of the report were to improve the understanding of challenges regarding financial transfers to sanctioned and high-risk countries and to contribute to sanctions-related policy development that impacts humanitarian action in the Netherlands and other EU member states.

**Lia van Broekhoven** outlined the key findings of the mapping exercise and recommendations. Firstly, sanctions impact humanitarian action by disrupting financial flows, logistics and supply delivery required to reach populations in need. While humanitarian exemptions in sanctions regimes, such as Resolution 2664, are helpful, their application remains inconsistent across donors and financial institutions. Secondly, banks often refuse to process transactions for NGOs working in sanctioned regions largely due to regulatory and reputational risks. The fear of secondary sanctions<sup>1</sup> by the United States is cited as a significant reason why banks are risk-averse for transactions to sanctioned countries. Thirdly, the European Union's fragmented implementation of sanctions adds to the complexity of understanding and implementing sanctions by NGOs and banks. Lastly, due to the overlapping of Anti-Money Laundering (AML) and Countering Financing Terrorism (CFT) regulations, humanitarian exemptions are often undermined, as their effective implementation is hindered. The study recommends to further harmonise policy within the European Union to align with Resolution 2664, to increase engagement with banks and to provide them with clear guidelines, to enhance legal clarity for NGOs, especially for smaller NGOs who operate on the frontlines of humanitarian crises but lack financial means, and more.

## Sanctions in Syria

The sanctions regimes on Syria have proven to be among the most complicated and have significantly hindered humanitarian action. With the fall of the Assad regime and the takeover by HTS, important sanctions imposed by the EU against Syrian banks, energy and transport companies are being lifted. However, the situation on the ground remains complex.

Financial institutions are assessing their risk appetites. Some banks have approved transactions for larger humanitarian organisations, whereas this is more difficult for smaller NGOs. In order to overcome the still existing hurdles, local banks should abide by the internationally agreed compliance standards, which is not the case yet. This is necessary because European banks are still cautious, and it is unclear whether they are ready to make changes happen themselves. The audience expressed hope, considering that European Union and United States sanctions have been lifted, the same will soon happen to the United Nations anti-terrorism sanctions in Syria.

The use of sanctions has become more frequent in the world. Responsibility is important. Regulators, meaning the bodies responsible for creating, implementing, and enforcing sanctions, such as the UN and the EU, have the responsibility to inform financial

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<sup>1</sup> Secondary sanctions are designed to prevent third parties from trading with countries subject to sanctions issued by another country - even if these third parties are not citizens of the issuing country or based in the issuing country (<https://www.sanctions.io/blog/primary-and-secondary-sanctions-explained>)

institutions and NGOs of their actions. One bank in Syria has revealed that its compliance department has grown from five employees to twenty-five in order to gain clarity on sanctions regimes. Local partners need support and capacity-building to navigate the complex sanctions frameworks. It is not enough to assume that things will move in a positive direction, considering that the sanctions have been lifted in Syria - responsibility needs to be taken in order to assure this.

## **Reflection and discussion**

The Ministry of Foreign Affairs commissioned the report to assess whether further follow-up is warranted. The report revealed that, while Resolution 2664 is a milestone achievement, changes after its adoption have been incremental. Despite creating a more enabling environment for the work of banks and financial institutions, the latter continue to be hesitant to fully utilise the resolution, largely due to inconsistencies between regulations and the simultaneous application of secondary sanctions and Anti-Money Laundering and Countering Financing Terrorism regulations. Banks take a holistic approach when assessing anti-bribery, anti-corruption, money laundering and counter-terrorism financing regulations. When these regulatory frameworks are not aligned, banks bear the full risk when considering the application of humanitarian exemptions.

Another point highlighted during the meeting was the need for clarity and transparency from all stakeholders. While banks and financial institutions were encouraged to be transparent on the basis of which they make their policies, it was highlighted that these institutions would appreciate practical guidance and increased assurance from regulators, which would facilitate their work. To expedite transactions, humanitarian NGOs are also encouraged to be more open about their transactions and associated risks. The participants further assessed the need to gain a proper understanding of the extent of de-risking and overcompliance in the Netherlands, for which further inquiry with the De Nederlandsche Bank (DNB) may be required. While some banks maintain internal whitelists of NGOs to facilitate high-risk transfers, these measures do not provide sufficient assurance when it comes to sanctions compliance. There is currently no legal framework that enables information sharing between banks regarding sanctions-related or sanctions circumvention risks associated with their customers. Moreover, banks expect NGOs to have robust risk management procedures in place, including for their implementing partners.

European sanctions are reviewed regularly; an annual review takes place based on various criteria, including their humanitarian impact. The results of these reviews are publicly available. In the case of Syria, the European Union first decided to gradually lift the sanctions on the country after the fall of the Assad regime. However, it was soon

realised that this would create a complex environment, after which it was decided to lift the sanctions altogether.

Despite the good news in Syria, other countries with (protracted) humanitarian crises are still under sanctions, and where the proper application of 2664 is of paramount importance. Yemen is a case in point. Humanitarian organisations are faced with increased challenges navigating United States Foreign Terrorist Organisations (FTO) designations, overlapping sanctions regimes, and funding cuts at the same time. The recent US redesignation of Houthis, the de facto authority in large parts of the country, as FTO has had a chilling effect on the work of humanitarian organisations since such designation does not include humanitarian exemptions. In practice, the designation has further limited the impact of the 2664 resolution in Yemen. While civilians are taking the brunt of this designation, it will undoubtedly have an impact on small and local NGOs, which lack the legal and financial capacities to navigate such regulations.