

EU/DG ECHO-Switzerland co-chairs

High-Level Meeting 29 June 2021 via WebEx Co-chairs' summary

The **GHD co-chairs, European Union/DG ECHO and Switzerland**, hosted the **sixth and final High-Level Meeting (HLM) under their co-chairmanship**. The meeting, held in virtual format on 29 June 2021, was dedicated to the theme ***“Bank de-risking and the transfer of humanitarian funds into fragile contexts”***. It was held in the framework of the **GHD priority on the impact of counter-terrorism (CT) measures on humanitarian action**, slightly expanding the topic to include other restrictions faced by humanitarian agencies (such as non-CT related sanctions). The meeting was co-chaired by **Michael Köhler**, Deputy Director-General, European Commission's Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), and **Ambassador Manuel Bessler**, Head of the Swiss Humanitarian Aid.

This last HLM under the EU/DG ECHO – Switzerland co-chairmanship also marked the **handover of the GHD co-chair's role to Finland and Belgium**.

Keynote speakers were **Jan Egeland**, Secretary-General of the Norwegian Refugee Council (**NRC**); **Dr. Justine Walker**, Head of Global Sanctions and Risk at the Association of Certified Anti-Money Laundering Specialists (**ACAMS**); and **Chloe Cina**, Director, Global Sanctions and Embargoes at **Deutsche Bank**.

Ambassador Manuel Bessler recalled the efforts of the GHD Initiative on this topic, namely the “food for thought” document on humanitarian funding agreements in 2019, the engagement with the IASC Results Group 3 and the Expert-Level Meeting held on this topic. He emphasized that the readiness of donors to engage in a discussion around these sensitive topics has somewhat increased since the beginning of the Switzerland – EU/DG ECHO co-chairmanship and commanded the efforts undertaken collectively and by individual GHD members to find solutions for this issue. He also pointed out that International Humanitarian Law (IHL) requires the protection of civilians in armed conflicts, wherever they live, including in areas, which are controlled by listed armed groups. It also requires that services by impartial humanitarian organisations are favourably considered and facilitated.

Deputy DG Michael Köhler recalled that bank de-risking is one specific example of negative unintended effects of CT measures on humanitarian assistance. The practice to avoid – rather than manage – risks leads to delays and rejections of financial transfers into humanitarian contexts. Often, very difficult and complex conflict settings (e.g. Syria) are affected the most. He reiterated the readiness and need to provide further practical support to humanitarian partners to tackle those challenges and enable them to deliver assistance to people in need, wherever they may be located (i.e. territories held by non-State armed groups, such as Afghanistan). He warned against the tendency of some administrations regarding “gold-plating”, that is, making the implementation of legal frameworks even more restrictive than initially meant by the legislator. These efforts should also include a whole-of-government approach to ensure that the relevant line ministries involved have a common and coordinated strategy, notably through engaging the banking sector.

In his remarks, **Jan Egeland** mentioned the need for money transfer issues to be resolved, since these create unnecessary problems for humanitarian operations, especially in areas with dire humanitarian needs such as Yemen, the Sahel and other regions. He mentioned the negative spiral of effects such operational obstacles can have and reminded donors that it is their money that is being blocked. The fact that automatic detection by banks hinders payments even outside of fragile contexts highlights that we are far from having a solution to this problem and that urgent action is needed – especially since the measures and restrictions are getting tougher. What would be required is a collective move towards solutions for all humanitarian actors, a change of narrative towards obligations to support people in need and a whole-of-government approach (with Ministries of finance, justice, interior) adopted by humanitarian donors. NRC has developed a useful toolbox to address impediments as a contribution to move towards concrete solutions.

Dr. Justine Walker indicated that there are common patterns regarding the question on what needs to happen next and mentioned the complexity of multiple layers of legislations and diverse rules that apply to different listed terrorist groups or government sanctions. This creates growing challenges when dealing with financial transactions on a daily basis. Furthermore, the understanding of what constitutes humanitarian aid, and that it can go beyond immediate lifesaving assistance, such as food and water, might be lacking at times. Licensing frameworks and the resolution of technical aspects need to be in place in order to remove obstacles and avoid delays on transactions. More clarity from a unified government voice on licensing and exemption agreements is required to avoid fear created by sanctions, leading to an escalation of challenges to payments. She suggested the need for joint licenses, policy frameworks and statements by like-minded donors (“coalition of the willing”) and pointed out that there is an appetite from the financial sector to engage with mechanisms that enable humanitarian aid delivery to sanctioned territories. Political engagement is also required to review the current measures and sanctions in place and good evidence can be delivered to lawmakers / budgetary authorities with a view to better informing their decisions.

As a representative from the banking sector, **Chloe Cina** confirmed that efforts are being undertaken by banks to address these issues, but challenges are complex and often the individual approval decisions take too long. The problem is known and recognized as a stumbling block amongst regulators. Yet, more detailed guidance is needed to navigate this complex legal environment, as the number of viable payment channels is still reducing, including through intermediary banks. Key challenges such as the liability of a bank in case of a wrong decision on approving a payment need to be addressed, since there is no insurance policy or “risk-sharing” for mistakes. This serves to overcome the issue that de-risking is the cheapest and most obvious way for banks to deal with payment requests that are affected by restrictions due to CT measures or sanctions. She also stated that courageous individuals, who take risks are currently at the forefront of addressing these obstacles and that this is part of true corporate social responsibility.

During the **exchange of views with GHD members**, it was mentioned that the insightful presentation by the keynote speakers highlighted several important issues such as the collaboration within government administrations, especially between humanitarian donor agencies, treasury and foreign affairs, with some members providing examples of such efforts within their own administration. They welcomed the constructive dialogue and the need to demystify a complex issue, which requires all relevant stakeholders to be involved in the search for solutions. The NRC toolkit was welcomed as a useful tool and other good examples of government initiatives were given that could be shared within the GHD, which was considered a useful platform for these discussions. GHD members mentioned adaptations to measures and licenses that took place in response to COVID-19 to enable an efficient response even in the most difficult contexts. Keynote speakers also expressed caution concerning comfort letters provided by donors to humanitarian partners, as they can be a quick fix but should not become the rule for each and every payment in the future.

During the **handover session**, the **outgoing co-chairs (EU/DG ECHO and Switzerland)** recalled priorities they worked on over the past three years, including the UN Development System (UNDS) reform, innovative financing and International Humanitarian Law. The **incoming co-chairs (Finland and Belgium)** presented the main outcomes of the survey that was conducted amongst GHD members, as well as their priorities for the next two years, which are Humanitarian Change (systemic issues having an impact on the humanitarian system, such as COVID-19, decolonization of aid etc.), CT measures, Protection (focusing on gender and disability inclusion), UN Development System reform and quality funding. GHD members expressed their appreciation for the outgoing co-chairs and warmly welcomed the new co-chairs’ team.