

issue brief

Giving to Embargoed Countries



This CAFAmerica Issue Brief presents a synopsis of facts, research and funding opportunities for causes you care about. It isn't meant to be a comprehensive report, and for that reason, provides a list of resources and website where you can learn more.

We hope you will use this as a starting point to investigate your funding interests, and find out how *you* can make a global difference.

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BACKGROUND

Trade sanctions and embargos imposed on countries to implement protective measures and to prevent and punish acts of terrorism, trafficking, arms trading etc. pose complications for international grantmaking.

US embargoes vary widely in scope. They can apply to all transactions with an embargoed country (Cuba); target a specific activity (e.g., diamond trading, narcotics, terrorism); or penalize specific regions (the Balkans). Some embargoes ban transactions between both government and individual parties, while others apply only to transactions with the government of an embargoed country.

Although the US has embargoed countries for decades, the terrorist attack of September 11, 2001 prompted the American government to step up enforcement of existing sanctions, and impose new ones. Current US embargoed countries include the Balkans, Belarus, Myanmar (formerly Burma), Cote d'Ivoire, Cuba, the Democratic Republic of Congo (DRC), Iran, Iraq, Lebanon, Liberia, North Korea, the Palestinian Authority, Syria, Sudan and Zimbabwe. For a comprehensive list, visit the website of the Office of Foreign Assets Control (OFAC), the main embargo enforcing authority.

Giving to embargoed countries

Although embargoes vary by country, many include exemptions for humanitarian activities like the transfer of food, clothing, and medicine through general or specific licenses. In addition, a 1988 US Congressional amendment authorized the flow of information and informational materials from the US into embargoed countries.

Embargo exemptions, or licenses, allow US donors to extend their philanthropy to otherwise inaccessible regions. Nonprofits need not apply to OFAC for a license if regulations governing an embargo include a general license for humanitarian exemptions. If the regulations do not include such a general license, nonprofits must apply for a specific license with OFAC. Contact OFAC for clarification on embargo regulations.

WHAT YOU NEED TO KNOW

When considering philanthropy to nations or regions embargoed by the US, individual donors should select a nonprofit carefully. It is important to select a charity legally able to send aid directly to the embargoed country or a charity coordinating with another US or international nonprofit with the capacity to give to embargoed countries. Although the inclusion of humanitarian exemptions in many embargos has made it possible for US nonprofits and individual donors to donate legally, there are challenges to giving to embargoed countries.

- **Need for specialized knowledge.** Because each embargo is different, exemptions for humanitarian giving vary greatly. It is therefore incumbent on the nonprofit to become familiar with regulations pertaining to the country in question.
- **Double requirements.** Nonprofits need to meet both US regulations for international grantmaking (including rigorous due diligence) *and* to make sure all embargo-specific limitations are followed.



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- **Possible delays.** When applying for a specific license with OFAC, nonprofits should expect long delays as paperwork is processed.
- **Possible severe penalties.** An oversight or unintentional violation of regulations can put a charity at risk for a heavy penalty, and jeopardize their financial security and reputation. Note: Even if a grantmaker is transferring funds to another US nonprofit, they may still be liable under a *facilitation* clause present in many embargos.

EMBARGOED COUNTRIES IN NEED

Myanmar (formerly known as Burma)

A US embargo on Myanmar has been in place since 1997 following repressive and violent actions of the Myanmar government. In May 2008, in wake of Cyclone Nargis, the US government issued a general exemption, or license, to allow humanitarian aid to Myanmar. Despite the license, which allowed US nonprofits to operate in the country without special permission from OFAC, aid workers were stymied by the Myanmar government's block on external aid. Fortunately, faced with the magnitude of the devastation, Myanmar soon opened its borders to outside assistance.

Another complication soon emerged: the US government's general exemption allowing US humanitarian aid into the country was limited until January 2009. Although many organizations have taken advantage of the exemption, the challenge for US nonprofits will be to continue giving once this exemption expires in 2009.

Sudan

Like Myanmar, Sudan (credited with human rights violations and links to terrorism) has been under US embargo since 1997. The UN and EU mirrored US sanctions with their own trade and arms embargos.

In 2006, the US issued an executive order excluding the regional Government of Southern Sudan and other areas, including Darfur, from major restrictions of the embargo. Humanitarian or religious organizations may now operate in these "specified areas" under a general license. Those wishing to work in non-specified regions under the embargo must apply for a specific license from OFAC.

Although initially many organizations mounted assistance efforts in the region following the breakout of civil war in Darfur in 2003, over the past two years escalating violence has prompted the exodus of aid workers from the region. After five years of conflict in Darfur, Sudan is in desperate need of external aid, both in restricted and unrestricted areas. The United Nations estimates that over two million people have fled their homes and about 300,000 have been killed as a result of the conflict in Darfur.¹

Iran

Iran sanctions date from the 1980s as a US reaction to "support for international terrorism." A 2000 amendment eased restrictions to allow certain transactions between the two nations. Under the present US embargo, humanitarian donations are permitted. However, a general OFAC license, effective August 22, 2006, authorizes only employees of certain NGOs to operate in Iran (WHO, IMF, ILO, etc).

In 2003, in the aftermath of an earthquake, the US further loosened restrictions by issuing a general license to allow essential aid into earthquake-affected regions of Iran. The exemption included supplies and transportation and communications equipment. This was the first official American presence in Iran in two decades. The US also extended assistance following a deadly 2005 earthquake despite an initial refusal of external aid from the Iranian government.

FUNDS AND ORGANIZATIONS

Here are a few of the organizations working to provide humanitarian relief safely and legally in embargoed regions.

Action Against Hunger

Action Against Hunger, or Action Contre la Faim (ACF), is an international network of organizations campaigning to ensure access to food and safe water. ACF programs reach approximately five million people per year in the Balkans, sub-Saharan Africa, Central and South America, and the Middle East.

ACF's current program in Iran (in place since 2003) tackles the lack of adequate irrigation as well as the need for

¹ <http://news.bbc.co.uk>



basic nutrition, water, and sanitation. From three local bases, ACF provides community health trainings, promotes hygienic conditions in nearby schools, and collaborates with government officials to monitor national nutrition. ACF also maintains a presence in areas affected by the 2003 and 2005 earthquakes. To support ACT in Iran and worldwide, visit www.actionagainsthunger.org.

International Rescue Committee

The International Rescue Committee's (IRC) humanitarian aid is twofold: immediate and sustained relief, and reintegration services for refugees in the United States. The IRC has maintained a presence in the Democratic Republic of Congo (DRC) since 1996, after the outbreak of civil war and widespread population displacement. IRC's 400 in-country staff members provide critical health and emergency services, with a focus on caring for the victims of sexual violence. Key services include medical care and supplies, clean water and sanitation, educational programs, and resources for rape survivors. The IRC also operates in Myanmar, Sudan, the Ivory Coast, and Iraq—nations all embargoed by the United States. To learn more, visit www.irc.org.

Medecins Sans Frontieres

Medecins Sans Frontieres (MSF), or Doctors Without Borders, is an international humanitarian aid organization with operations in over 70 countries, including many under US or international embargo (Cuba, Iran, Iraq, the Democratic Republic of Congo, and North Korea).

The Sudan presents a formidable challenge for MSF. Like other aid organizations, MSF was forced to reduce its presence in southern Sudan due to escalating violence (as recently as August 2008). Despite this setback, remaining MSF personnel continue rebuilding local medical infrastructure and providing medical aid to the most remote regions. For more information, visit www.msf.org.

World Food Programme

The World Food Programme (WFP) is a United Nations agency dedicated to combating global hunger. Although their primary focus is short-term aid, the WFP provides both immediate food relief during crises (war, natural disasters) and continuing support to rebuilding efforts. The WFP relies entirely on voluntary donations (from

individuals, corporations, and governments) of both cash and food to maintain programs. Since its creation in 1963, the WFP has fed over one billion people in 78 countries.

The WFP has been providing aid to Cote d'Ivoire since a violent 2002 rebellion, where continual instability and population displacement pose serious risks to food security. WFP activities in the country include delivery of food rations to internally displaced people and refugee camps, school feeding for primary school children and volunteer teachers, and projects to complement medical aid to HIV/AIDS patients. Despite these efforts, the WFP expects food security to continue to decline in many regions. To support the WFP in Cote d'Ivoire or other areas, visit www.wfp.org.

HOW CAN YOU HELP?

Don't limit your giving.

Although giving to embargoed nations or regions may seem complicated, many informed nonprofits allow you to donate safely and legally.

Do research.

Do you want to help in the wake of a natural disaster or are you more interested in combating child hunger, regardless of the region? Once you've identified your philanthropic goals, go online to find out more. Who needs your help? Where are they located? The Office of Foreign Assets Control (OFAC), www.treas.gov/ofac, provides a comprehensive list of embargoed countries and regulations governing assistance to each country.

Develop a relationship with a trusted nonprofit.

Don't be afraid to ask questions! If you've decided on a cause in a potentially volatile region under embargo, you should have supreme confidence in the organization to which you're giving. Make sure they are familiar with the legal landscape of the region in question. (Find a list of organizations that operate in embargoed countries on page 6.)

Make room in your giving plan for the unexpected...

Sadly natural disasters and civil wars erupt all too frequently around the world. By including leeway in your giving plan, you can support your favorite causes and still contribute in a crisis situation.

...but also be aware of the need for long term giving.

Although an immediate response is imperative after an earthquake or cyclone, long-term aid may be even more vital to a country. Think about making smaller, more frequent donations rather than giving a lump sum in the aftermath of a disaster. For example, the people of Myanmar will require assistance for years to come to recuperate from Cyclone Nargis.

Get professional advice.

CAF America's experienced grantmaking staff can help you find the ideal charity for your giving to embargoed countries. Contact us at info@cafamerica.org with all your questions or concerns. If you have any doubts, consult your lawyer or tax advisor before making a gift.

RESOURCES

Reports and Publications

Legal Dimensions of International Grantmaking: Summer 1999: Grantmaking and Embargoed Countries: An Overview using Kosovo as a Case Study. Timothy S. Burgett and Timothy R. Lyman. This study explores the risks and common misperceptions within international grantmaking to embargoed countries. Despite its publication nearly a decade ago, this report still offers useful and relevant information.

US Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for US-Based Charities. To download the report, visit www.treasury.gov/press/releases/docs/tocc.pdf.

United States International Grantmaking online resource concerning Anti-Terrorism Legislation & US Treasury Guidelines. To download the report, visit www.usig.org/treasuryregs.asp.

Websites

American Friends Service Committee, www.afsc.org

CARE, www.care.org

Caritas, www.caritas.org

Catholic Relief Services, www.crs.org

Disasters Emergency Committee, www.dec.org.uk

Foundation for the People of Burma (FPB), www.foundationburma.org

Mercy Corps, www.mercycorps.org

Save the Children, www.savethechildren.org

Relief International, www.ri.org

United Nations Children's Fund (UNICEF), www.unicef.org

World Health Organization, www.who.int

World Vision, www.worldvision.org

CAF America... Your World. Your Move.

CAF America connects US donors with charities worldwide, helping them make a difference for people and causes they care about. We work with individuals, families, corporations and foundations. We also enable foreign charities to fundraise easily in the US.

With a network of offices around the globe, we are experts in global giving and identifying local needs. CAF America is an independent member of the CAF International Network, which spans six continents and manages more than \$4 billion in charitable funds.

CAF America makes global giving effective and secure for everyone.

We're changing the culture of global giving, by creating a world where international giving is not uncommon, but done every day.

Join us in our commitment to make lasting change. Call us today for a free brochure, *Your Passport to Global Giving*, or visit our new website at www.cafamerica.org.