



Negative Impacts of Post 9/11 Counterterrorism Measures on Charities, Donors and the People they Serve

Children • Health • Charitable Giving • Islamic Charities • Peacebuilding • Humanitarian Aid • Financial

There is increasing evidence that counter-terrorism measures introduced since 2001 have a negative impact on charities, donors and the people they serve.¹ Here are examples of problems that can be solved through sensible reforms.

Effects on Children:

Kenya: The Kibera Community Self Help Programme (Kicoshep) in Nairobi was expecting a grant from the U.S.-based Islamic American Relief Agency (IARA) to help fund a home for children, including orphans living with HIV/AIDS. But after the U.S. Department of Treasury (Treasury) seized IARA's assets in October 2004, it turned down an appeal by Kicoshep's director, Anne Owiti, to release the funds. "This is going to affect the children adversely," Owiti said in 2005 (Guinane, 6).²



Lebanon & Palestinian States: The U.S. based Islamic charity KindHearts for Charitable and Humanitarian Development had been supporting about 300 orphans and families in Lebanon and the same number in Palestinian controlled areas before it was closed "pending investigation" by Treasury in February 2006. The charity has not been designated a terrorist entity (Yonke).³

Chad: When money transfers from the Gulf states to Islamic charities were banned, the resulting closures left nearly 500 orphans abandoned. Many of these children will have become street children (Benthall, 9).⁴

Somalia: The Saudi based charity, Al-Haramain, had employed over 700 people throughout their five orphanages in Somalia and Somaliland. After Treasury's designation of the charity as a terrorist entity, all of the international staff was told to leave Somalia (Barise).⁵

Effects on Health:



Gaza: The regulatory logjams caused by Treasury's Office of Foreign Assets Control (OFAC) and Department of Commerce procedures create delays of six to nine months for groups seeking licenses to provide psychosocial training to public school teachers in Gaza. During that time teachers are unable to identify, counsel or direct children devastated by the violence to the necessary medical or psychosocial services that they may require (Willmott, 10).¹⁷

Tajikistan and Dagestan: In 2002, Treasury denied Benevolence International Foundation a license to release frozen funds to a children's hospital in Tajikistan and the Charity Women's Hospital in Dagestan, even though the application included safeguards to ensure the money arrived at the proper destination (9/11 Commission, 101).¹⁸

Effects on Charitable Giving:

United States: KinderUSA, a Texas-based Muslim charity providing humanitarian aid overseas was the target of a U.S. Attorney's Office grand jury investigation in Nov. 2004. KinderUSA cooperated with the grand jury's requests and no charges against the charity were made. However, media reports that linked the investigation to terrorism substantially disrupted its operations. Donations dropped from \$1.6 million in 2004 to \$250,000 in 2005. According to KinderUSA's executive director, Dalell D. Mohmed, "A lot of our donors are frightened. We lost a lot of donors. Now some people who used to donate to us will come and apologize to me and say 'you have to understand.' They are just afraid, period." (ACLU, 64).⁶

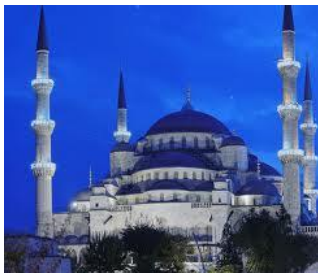


After IARA was labeled as a terrorist group by the U.S. government in 2004, its office in Missouri was raided and all files and equipment seized. The Federal Bureau of Investigations (FBI) used confiscated financial documents to identify and question IARA's donors about their charitable contributions (Meyers).⁷

According to one Muslim-American charity's director, at least 30 Muslim donors to the charity reported to him that the FBI had approached them at their workplaces and homes for "voluntary" interviews in 2007 about their charitable donations (ACLU, 70).⁸

Global: Treasury's Anti-Terrorist Financing Guidelines (Guidelines) make funders hesitant to support overseas grantees. Nearly three-fifths of grantmakers in a 2008 survey agreed that "the more demanding post-9/11 regulatory environment discourages giving to non-U.S. based organizations."⁹ After suspending funding for a Caribbean aid program, one grantmaker said "[i]f these Guidelines become the de facto standard of best practices for giving abroad, we might very well have to stop making grants outside the United States." (Strom).¹⁰

Effects on Islamic Charities:



United States: After the Indian Ocean tsunami of December 2004, the U.S. government agency USA Freedom Corps recommended 250 charities for U.S. citizens to donate to, including many faith-based organizations. Not a single Islamic charity was included in the list. Nor did a Muslim organization receive a prime United States Agency for International Development (USAID) award for relief work in Indonesia (Benthall, 40).¹¹

Chad: Before 9/11, the 18 Islamic charities operating in Chad were mostly funded by benefactors from Saudi Arabia and other Gulf states. After U.S. pressure to impose new restrictions on international money transfers from Saudi Arabia, only five charities remained as of March 2006. In contrast almost 300 'Western' charities, including missionary organizations, remain active (Benthall, 9).

United States: Seven American Islamic charities have been shut down¹² with at least \$7 million in charitable assets seized by the Treasury remaining unavailable for humanitarian purposes. Based on data from the United Nations Children's Fund (UNICEF),¹³ \$7 million would pay for almost 12 million children to receive basic health supplies, or provide something nutritional to eat to nearly 26 million malnourished children.

Effects on Peacebuilding:

Gaza: The Carter Center, which counsels regional organizations about peaceful conflict resolution, wanted to create a student “parliament” among universities in Gaza. Students would be trained to adjudicate disputes through peaceful dialogue rather than violence. Although this activity is intended to end terrorism, if at least some of the students participating are known or likely to be members of a designated Foreign Terrorist Organization (FTO), the Carter Center risks prosecution for supporting terrorists (Carter Center Amicus Brief).¹⁴



Sri Lanka: Peace Appeal Foundation (PAF) engages with all parties of a violent conflict to help facilitate peacemaking efforts. In Sri Lanka, PAF established a confidential multi-partisan dialogue process for Sinhalese, Tamil, and Muslim political stakeholders in the peace process called the “One Text Initiative” (which had been supported by USAID). When the U.S. designated terrorist group, Liberation Tigers of Tamil Eelam (LTTE), assigned a proxy representative to participate, U.S. support for the process was withdrawn, dealing a severe blow to the effectiveness of the talks (Carter Center Amicus Brief).¹⁵

Nepal: In Nepal, PAF helped establish the Nepal Transitions to Peace Initiative. This forum allows representatives of Nepal’s different political parties, including the Unified Communist Party of Nepal (Maoist), a U.S. designated terrorist group since Oct. 2003, to discuss resolving Nepal’s violent conflict. It is unlikely any peacebuilding initiative can succeed if it excludes the Maoists, the party controlling the most seats in Parliament (Gurubacharya).¹⁶

Effects on Humanitarian Aid:



Lebanon: According to the *New York Times*, “When Mercy Corps and other Western aid agencies reached [a] devastated village on the front line of the battle between Israel and Hezbollah with food and medicine, they quickly discovered they had a big problem: the United States. Like all other international relief agencies here that receive financing from the American government, Mercy Corps is barred from giving out money or aid through Hezbollah, the Shi’ite militant group that is considered a terrorist organization by the United States. But as with all the most demolished areas in southern

Lebanon, where whole villages have been flattened by Israeli bombs and there is no food, water or electricity, this village is the domain of Hezbollah — and little seems to bypass the group” (Fattah and Worth).¹⁹

Effects on Financial Transactions:

United States: After a Sept. 2006 raid by the federal Joint Terrorism Task Force, Life for Relief and Development has had ongoing problems obtaining banking services. Even though no charges were filed against the Michigan based charity, the only bank that will approve the charity’s international wire transfers requires compliance with Treasury’s Guidelines, which are supposed to be voluntary and flexible (OMB Watch, 42).²⁰



Sources:

1. Tim Morris, *The Impact of Counter-Terrorism Measures on Civil Society*, INTRAC, (June 2010). INTRAC organized a workshop in Utrecht in January 2006, in conjunction with ICCO, the Dutch inter-church development agency, to explore the consequences for charities from counter-terrorism measures. This was their conclusion.
2. Kay Guinane, *Safeguarding Charity in the War on Terror: anti-terrorism financing measures and nonprofits*, OMB Watch, (Oct. 2005), p.6.
3. David Yonke, "Leaders vigorously rebut U.S. allegations; board members deny Hamas ties," Toledo Blade, (Feb. 21, 2006).
4. Benthall, Jonathan (2007). Islamic Charities, Faith Based organizations, and the International Aid System. In J. Alterman and K. von Hippel (Eds.), *Islamic charities, faith-based organizations and the international aid system* (p.40).
5. Hassan Barise, "War on terror hits Somali orphans," BBC News, (May 20, 2003).
6. *Blocking Faith, Freezing Charity: Chilling Muslim Charitable Giving in the "War on Terrorism Financing"* (ACLU: June 2009) p. 64.
7. Jennifer Meyers, *Lawyer Backs Islamic Agency*, *The Missourian*, (Oct. 22, 2004).
8. ACLU, p. 70.
9. *International Grantmaking IV Highlights*, (Foundation Center: 2008).
10. Stephanie Strom, "Small Charities Abroad Feel Pinch of U.S. War on Terror," *The New York Times*, (Aug. 5, 2003).
11. Benthall
12. Six U.S. based American Muslim charities have been shut down and designated terrorist organizations. A seventh charity, KindHearts for Charitable Humanitarian Development, was closed "pending investigation" and had assets seized by an OFAC blocking order in 2006. The charity has not been formally designated a terrorist entity.
13. <http://volunteers.unicefusa.org/activities/fundraise/>
14. Brief of Amici Curiae, The Carter Center, et. al., at p. 14, *Holder v. Humanitarian Law Project*, U.S. Supreme Court (No. 08-1498).
15. Brief of Amici Curiae, The Carter Center, et. al., at p. 17.
16. Binaj Gurubacharya, *Nepal parliament fails again to elect new prime minister, fresh vote on Aug 2*, The Candian Press, (July 23, 2010).
17. Ellen Willmott, *Commitment to Charitable Giving: One Year After Obama's Cairo Speech*, (May 12, 2010).
18. National Commission on Terrorist Attacks Upon the United States (9/11 Commission), "Monograph on Terrorist Financing" Staff Report, (Aug. 2004). p.101.
19. Hassan Fatah and Worth, Robert, *Relief Agencies Find Hezbollah Hard to Avoid*, New York Times, (Aug. 23, 2006).
20. *Collateral Damage: How the War on Terror Hurts Charities, Foundations, and the People They Serve* (OMB Watch: July 2008), p. 42.



The Charity and Security Network believes demonstrating the harm of laws and policies is only the first step in addressing the problems for charitable and faith-based groups in the U.S. That is why we are dedicated to developing and promoting solutions that address the problems in practical and sensible ways.

To subscribe to the Charity and Security Network newsletter or learn more about our work, contact us at:

Charity and Security Network
1400 16th Street, NW,
Suite 210
Washington, D.C., 20036
(202) 729-6791
info@charityandsecurity.org

www.charityandsecurity.org