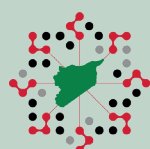


UN Humanitarian Operations in Syria 2021-2022: Challenges and Policy Solutions

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Executive Summary

In 2022, the Observatory of Political and Economic Networks (OPEN) partnered with the Syrian Legal Development Program (SLDP) and analysed the top 100 Syrian suppliers to the United Nations (UN) during 2019–2020 as reported in the UN’s procurement database. The analysis used information from various sources like OPEN’s database, online business directories, news sites, and social media to identify ownership, business networks, and any potential connections to human rights abuses. We then classified suppliers into human-rights-centric risk levels following the methodology developed by Human Rights Watch and the SLDP. The report also relied on interviews with targeted stakeholders from across the spectrum of former UN staffers and experts on UN Syria operations. The aim was to understand the procurement processes, guidelines, and challenges, to identify issues that might lead to contracts being awarded to entities linked to human rights abuses.

This report complements the earlier report and has three objectives:

- A. Following the same methodology implemented in the report from two years ago, to examine the risk levels of UN procurements from private and public-private suppliers in Syria for the years 2021–2022, which were not available at the time.
- B. For the first time, to examine UN procurements from public suppliers during the period for which procurement data exists in spreadsheet format (2016–2022).
- C. For the first time, to examine the transparency of UN operations in Syria by:
 - tracking the share of procurements from hidden suppliers within Syria over time and in comparison with other countries with major humanitarian responses
 - utilising a leaked dataset from the Syrian Ministry of Social Affairs and Employment, outlining the UN’s NGO partners in Syria that the UN does not make readily available online.

Although aid diversion has been observed in other control areas in Syria, albeit to a lesser extent, this report focuses on regime-held areas due to data availability.

The data shows a widespread reduction in procurements from Syria across various UN agencies, with 10 of 14 agencies reporting reduced procurements in 2021–2022 compared to 2019–2020. This suggests a potential policy shift in how the agencies approach procurement for the country. Although avoiding procurements from within a targeted country harms the local economy in ordinary circumstances, it is welcome in light of the prevalent diversion of aid.

According to the UN's procurement data, in 2021–2022, a total of \$308,759,391 (\$309 million) was procured from Syria-based suppliers. Our risk assessment of the top 100 suppliers over these two years comprises 95% of all procurements from private and public-private suppliers where the name of the supplier is not withheld; this allows the report to make generalisations about the broader procurement process with reasonable certainty.

While in-country procurements fell, they became relatively riskier in terms of suppliers with likely or certain ties to human rights abusers; there has been a rise in Very High Risk, High Risk, and to a lesser extent, Low-Risk procurements over 2021–2022 relative to 2019–2020, offset by a decline of nearly six percentage points in procurements from Medium Risk suppliers. Very High Risk and High Risk suppliers constituted 52% over 2021–2022, relative to 47% in the two years prior. It's unclear whether the shift results from lower-risk suppliers being pushed out of a market in light of the rise in predatory regime practices against the business community. Rising procurement from risky suppliers is also reflected by the increase in the share of procurements from suppliers owned by sanctioned individuals: from 23% in 2019–2020, to 31% in 2021–2022. Most of these sanctioned suppliers are Assad regime cronies, such as Samir Hassan, Samer Foz, and Bilal al-Naal.

The list of the top 100 suppliers over 2021–2022 further reveals that suppliers with higher levels of risk tend to receive more funding from the UN, a trend also observed—although to a lesser extent—over 2019–2020. The years of kleptocratic governance have solidified connections between the wealthiest businesses and the ruling elite, fostering a form of crony capitalism during Bashar al-Assad's rule. This trend has heightened since the 2011 conflict, giving rise to a new class of entrepreneurs who initially profited from the war and now continue to expand their monopoly across sectors.

To investigate the UN's procurements from public institutions, we went through the procurements database and identified all Syria-based public suppliers from 2015 through 2022. While the risk classification discussed above applies to private suppliers only, in this report we have provided a non-classified but qualitative assessment of procuring from Syrian state institutions.

Among the 727 unique suppliers over 2021–2022, twenty were identified as state institutions, reflecting their small size relative to the overall humanitarian response, ranging from \$1–2 million per year since 2015. Indeed, some suppliers are awarded contracts simply because of a lack of alternatives, as in the case of the Electricity Company, which is the sole provider of Syria’s electricity.

However, given the exceptionally high levels of state corruption in Syria, contracting with state institutions should be generally discouraged. In 2023, Syria ranked 177th out of 180 countries in terms of corruption perceptions. As the UN’s own guidelines suggest, ‘States should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State, or that receive substantial support and services from State agencies.’

In 2022, procurements from public and semi-public organisations such as the Syrian Arab Red Crescent and Mahroukat (for oil derivatives) exceeded \$3 million. Procurements from Mahroukat surged in 2022 and are likely to increase further, as the regime began imposing prices well above cost following the February 2023 earthquake with no known pushback from donor states and the UN.

Of particular concern is the UN’s lack of transparency. In 2022, Syria had the highest share of procurements from suppliers hidden in the UN’s procurement database for ‘security’ or ‘privacy’ reasons compared to five other countries with the largest humanitarian responses. The data shows that agencies procuring from hidden suppliers tend to be accused of more violations; the World Health Organization (WHO), leading the way in such procurements, was accused by the Associated Press of handing over ‘golden coins and cars’ to regime officials.

Procurements, however, constitute only a small share of the UN’s overall humanitarian spending. Other large items include sourcing procurements for Syria from abroad, staff salaries, and local partnerships.

The authors of this report obtained a set of leaked data in July 2023 from the Syrian Ministry of Social Affairs and Employment. The data identifies for each partnership 1) the partner Syrian NGO, 2) the partner UN agency, 3) the amount allocated by the UN in US dollars and Syrian pounds, 4) the type of funded activities, 5) the number of aid beneficiaries, 6) the governorate of implementation, and 7) the decision of the responsible government department whether to allow the partnership to commence/not commence and continue/halt. The exchange rate applied to UN operations, and the reported amount of funding in US dollars and Syrian pounds in this dataset, imply that the data covers June 2020–April 2022.

Of the NGOs funded by the UN that appear in the leaked list, many showed open and strong support for the Assad regime, which brought a considerable part of the humanitarian disaster on Syrians in the first place and committed grave human rights violations. The dataset highlights the detailed funding for the Syria Trust for Development spearheaded by Asma al-Assad, NGOs actively calling for Assad's recent re-election, and a partnership with the son of a former Minister of Defence.

The dataset also reveals that between June 2020 and February 2021, an NGO called Nour for Relief and Development received approximately \$1.8 million from the UNFPA and over \$170,000 from the WHO, with further partnerships involving UNICEF and UNHCR. This NGO is active in regions such as the Yarmouk, Yalda, and Beit Sahem camps, which primarily house Palestinian refugees. Nour is chaired by Mohammad Jalbout, who is accused of collaborating with Syria's security services and facilitating actions against opposition activists, including forced confessions and torture that led to deaths like that of Palestinian photographer Niraz Saeed.

Jalbout is also linked to the pro-regime militia Liwa al-Quds and the terrorist-listed Popular Front-General Command. His international connections are further evidenced by interactions with Russian officials and involvement in high-profile Syrian political dialogues. In addition to being funded by multiple UN agencies despite accusations of human rights violations, Jalbout continues to participate in UN-led meetings, most recently representing Syrian civil society in Geneva at the Civil Society Support Room on 29 January 2024.

To Donor States

- Maintain or increase aid to Syria in light of growing needs.
- Demand greater compliance from the UN with its own standards and procedures on humanitarian aid implementation.
- Demand from the UN a regular end-of-year financial report detailing the breakdown of how donor funds were spent. This should include any funds earmarked or un-earmarked at the time of the donation. It should also entail a transparent disclosure by the UN revealing, at the very least to donor states, the identities of 'hidden' suppliers and partners, to enhance accountability.
- Prioritise earmarked humanitarian funding to the UN, to have greater influence and visibility over how taxpayer funds are spent and to enhance independent assessment of the aid's impact.
- Collaborate with the UN's newly established Risk Management Unit (RMU) to address current issues.
- Conduct independent monitoring and due diligence on the UN's humanitarian operations in Syria through third-party service providers and in collaboration with the RMU. Monitoring and due diligence should include all local NGOs or other agencies that ultimately deliver aid to recipients.
- Reiterate to the UN that humanitarian funds cannot be used to procure from individuals or entities likely involved in human rights abuses. Special attention needs to be paid to suppliers deemed High Risk and Very High Risk in this report.
- Demand from the UN that humanitarian funds cannot be used for partnering with local NGOs likely involved in human rights abuses.
- Demand from the UN that, wherever possible, earmarked humanitarian funds cannot be used to procure from individuals and entities sanctioned by the donor state, even though the UN does not abide by unilateral sanctions.
- Demand from the UN that they avoid funding Syrian public or semi-public institutions wherever possible, and particularly that humanitarian funds cannot be used for partnering with institutions likely involved in aid diversion, such as the Syrian Arab Red Crescent.
- Refrain from funding new UN initiatives relating to early recovery, such as the Early Recovery Trust Fund, unless the UN makes measured progress towards addressing the issues highlighted in this report.
- Continue to advocate for cross-border aid deliveries into north-west Syria.

To the United Nations

- Improve compliance with the UN's own standards on partnering with or procuring from local organisations
- When vetting suppliers and local partners using earmarked funding, UN agencies should consult the sanctions list of all countries funding the activity to determine whether the supplier is sanctioned on human rights grounds. UN agencies should ensure that they expand their vetting search beyond the UN-designated lists, which in the context of Syria have failed to account for a significant number of human rights abuses.
- Wherever possible, avoid (or at least exercise caution when) partnering with Syrian state institutions due to endemic corruption and the history of aid diversion.
- The Risk Management Unit (RMU) should lead in facilitating information-sharing on human rights risks with donor states and the various agencies operating in Syria and at headquarters to facilitate frank discussions on challenges in aid delivery.
- Chief Procurement Officers should apply human rights considerations uniformly across procurement processes without distinction between procurement at headquarters vs. regional and country levels, and between standard vs. emergency procurement procedures. Adherence to human rights standards should extend to other forms of humanitarian funding, such as partnering with local NGOs.
- To facilitate transparency, the UN should make all rules and procedures governing procurement and human rights due diligence processes readily available and easily accessible to the public.
- Wherever possible, procurement contracts, bidding processes, and grants agreements should be administered either at a regional office or HQ, to reduce the ability of regime actors to exert pressure on the UN.
- While strengthening the whole-of-Syria approach to responding to the conflict, shield the humanitarian response in north-west Syria from the challenges faced by UN teams operating from Damascus, the coercion of humanitarian actors by the Assad regime, and the resulting diversion of aid, by continuing unhindered cross-border aid through Türkiye.

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