

CRISIS ANALYSIS – SYRIA

RESEARCH SERIES ON THE MEDIUM-TERM IMPACT OF THE 6 FEBRUARY EARTHQUAKES
ON NORTHWEST SYRIA



Volume 4.

POST-EARTHQUAKE CASH FLOW CHALLENGES IN NORTHWEST SYRIA

June 2023

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Photo: Money exchange services at a Turkish post office in northwest Syria.

INTRODUCTION

The February earthquakes caused both physical destruction to northwest Syria's financial infrastructure, and upended financial mechanisms which had connected the region to Turkey in recent years. Increasingly reliant on systems in Turkey, the emergency in Syria necessitated quick decision-making and mobilization across different support systems, as well as access to large amounts of cash to meet immediate needs. However effective mobilization of support was hindered by administrative procedures of local authorities, financial institutions, and the aid sector itself, leading to bottlenecks and delays in getting cash and services to impacted localities across the northwest.

This fourth report in the Northwest Syria Series from Crisis Analysis – Syria (CA-SYR, previously HAT) aims to better understand the earthquakes' impacts on financial mechanisms in northwest Syria, and the implications of these delays on humanitarian needs. The research aims to identify the main barriers to accessing cash in northwest Syria following the earthquakes, and how different actors adapted to changing needs.

Building on past research by CA-SYR on financial systems in the northwest, this research was informed by a short round of field research with informal money transfer (hawala) operators, beneficiaries of cash assistance, and employees from non-governmental organizations (NGOs) across four locations in Idleb and northern Aleppo. Information was also gathered from four key informant interviews (KIIs) with aid actors across northwest Syria.

KEY FINDINGS

- A surge in demand for cash and foreign currencies, alongside parallel devaluation of the Turkish lira (TRY) contributed to liquidity challenges in the days and weeks following the earthquake. These challenges made it difficult for NGOs to quickly mobilize cash to beneficiaries and staff, and made it difficult for residents to access their savings, remittance support, and other forms of emergency finances. Many of these difficulties have remained in recent months, although less acutely.
- Organizations with pre-existing agreements with local financing actors (hawalas and the Turkish postal service (PTT)) were able to more efficiently navigate cash-flow difficulties, while accessing cash was more difficult for organizations or individuals who lacked these arrangements.
- These dynamics have sparked interest among aid organizations to further institutionalize their financial operations in northwest Syria following the earthquakes in ways that could improve emergency preparedness in the future.

PRE-EARTHQUAKE FINANCIAL GOVERNANCE

Financing mechanisms and policies differ significantly across northwest Syria. In northern Aleppo, an area controlled by the Turkish-backed Syrian National Army (SNA) and the Syrian Interim Government (SIG), the Turkish postal service (PTT) facilitates the transfer of NGO grants, remittances, and other funds from Turkey into northern Aleppo via post offices and local ATMs. In essence, the PTT serves as a local transfer service, bank, and financial authority. Before the earthquake, PTT fees for transfers into northern Aleppo from Turkey were set at 1%. Amid increased demand for cash in Syria following the earthquake and pressure on existing capacity, the PTT raised its daily transfer limit (as high as 40% of pre-earthquake limits according to some sources) alongside a parallel increase in fees to around 1.4%, according to NGO and local sources.¹

In Hay'at Tahrir al-Sham (HTS)-controlled Idlib, financial services are less centralized. PTT services are not available, and instead hawala agencies play a more prominent role in facilitating international transfers. Hawalas are overseen by the Public Monetary Authority (PMA) which supervises and monitors licensed hawala companies, and imposes operational fees based on the amount of reserves a given hawala has. Since 2022, all hawalas operating in Idlib are required to register with the PMA. Past [research](#) by CA-SYR found that the PMA has gradually increased its authority over hawalas over the years, dictating the costs incurred to operate and even the sourcing of foreign currencies via the Union of Money Exchangers in Idlib, which sets rates for exchanges and monitors the recipient lists of different hawalas. Despite the Union's stated role in regulating the hawala industry in Idlib, highly varied rates and policies imposed by different hawalas after the earthquake indicate its limited authoritative power over individual agencies.

To avoid direct engagement with the al-Sham Bank (which is considered linked to HTS via its governing entity, the Syrian Salvation Government), NGOs tend to operate directly with local hawalas to get program funds and salaries into Idlib. Rates for transfers tend to vary from one hawala to the next, and are based on individual agreements between NGOs and hawalas, according to NGO sources.

BARRIERS TO CASH ACCESS AND ADAPTATIONS

Across Idlib and northern Aleppo, liquidity challenges, devaluation of the Turkish lira, and new financial policies by local actors limited access to cash in the days following the earthquake, for residents and NGOs alike. In the interim, both agencies and individuals had to adapt quickly, while aid organizations adopted new risk mitigation measures to ensure sustained access to finances following future emergencies.

Barrier 1: Cash delays

Successful transfer of funds into Syria [relies](#) on the availability of liquid assets with the receiving agency. In the earthquakes' aftermath, demand for cash surged across northwest Syria and Turkey. In northern Aleppo, PTT ATMs were not restocked to sufficiently address increased demand, with residents and NGO staff having to travel far to try to access salaries, remittances, and account funds through alternative ATMs or directly in PTT offices – this led to further frustrations caused by wait times and fueling problems. Some ATMs were not restocked for up to two weeks after the earthquake.

¹ These rates, and others mentioned in the remainder of the report, are derived from first-hand accounts as opposed to stated policy, and thus are subject to slight variation.

In Idlib similar challenges to meet a surge in demand for cash prompted higher wait times and increased fees. Some NGOs reported waiting up to ten days to receive funds following the earthquake, while residents reported waiting up to a month for transfers that had been initiated directly after the earthquake. Disorganization in the transfer processes was also noted, with local sources receiving notification that their transfers were delayed due to mistakes in the sending office and within the transfer process. Individual transfer processes via hawala and PTT offices appeared to return to normal after about a month following the earthquakes, while NGOs reliant on larger sums of cash continue to negotiate to keep cash channels accessible.

Adaptations

Negative coping mechanisms were mentioned by residents who waited to receive cash in the weeks following the earthquake, including reducing personal consumption and taking out loans from local stores or borrowing from other residents. Some residents who had been approved for cash assistance which was then delayed following the earthquake highlighted that they would have preferred to opt for other aid while they waited (such as food vouchers or in-kind aid), but were ineligible having been already registered with another organization. The feedback highlights that, while necessary, eligibility requirements of multi-purpose cash assistance (MCPA) are not always compatible with needs following large-scale emergencies.

Barrier 2: Currency devaluation

The Turkish lira is widely used across northwest Syria. In northern Aleppo, it is comparatively more institutionalized: PTT offices only disperse cash in TRY, while residents in Idlib have the option between US dollars, Turkish lira, and to a lesser extent the Syrian pound. The earthquake's impact on the value of the Turkish lira further strained market dynamics and the immediate aid response. After steady devaluation and inflation rates as high as 80% in recent years, the lira [dropped](#) to an all-time low of TRY 19 per USD following the earthquake. The currency has further devalued to around TRY 24 per USD at the time of writing, presenting a continued barrier to renewed purchasing power after the earthquake.

Adaptations

Amid uncertainty about the medium-term value of the Turkish lira, aid actors noted their preference to offer support in US dollars – including for cash assistance programs – to help protect funds from devaluation and increase the effectiveness of support. However, a shortage of small dollar bills (namely, the \$20 bill) across the northwest forced some NGOs to offer a combination of disbursements in dollars and lira, while noting this approach tends to frustrate beneficiaries and residents alike – referring to the reduced purchasing power of transfers they received in lira, as items in local markets were increasingly priced in dollars. Others mentioned difficulties using vouchers from aid organizations as stores that accepted vouchers tended to sell at inflated costs. Continued fluctuations in the exchange rate necessitate regular coordination between donors, aid agencies, and hawala agencies to help find solutions, costing additional time and coordination instead of a more sustainable approach.

Barrier 3: Financial policies

Northern Aleppo

In northern Aleppo, policies enacted before the earthquake exacerbated barriers to cash following the emergency. According to NGO sources, the Turkish government imposed a new mandate in January 2023 that INGOs using the PTT in Syria must be officially approved by the Turkish government to oper-

ate in Syria, and must have an official agreement with a PTT office in Syria. The policy also imposed a standard 1% fee for PTT transfers, which could only be made in Turkish lira. According to NGO sources, many INGOs had not yet registered with local PTT offices at the time of the earthquake. After the earthquake, those organizations lacking an agreement were put on waiting lists to receive their transfers, delaying their emergency assistance. One organization present in northern Aleppo also noted that while they had previously directly sent funds from their Turkish bank account to a PTT in northern Aleppo, after the earthquake they were required to first send the funds to a PTT office in Turkey and then initiate a transfer into Syria, incurring an additional round of transfer costs.

The PTT also increased the costs of transfers after the earthquake, with direct transfers from Turkish bank accounts costing about 1.2% of the total sum of the transfer and transfers via PTT offices costing 1.4% according to NGO sources. While still a small percentage, these increases represented a significant increase in transfer costs, creating difficulties for effective planning for aid programs, particularly for smaller organizations. NGO sources noted that costs have remained higher since the earthquake (although do not appear to have been directly communicated by the PTT) while transfer limits also remain higher than pre-earthquake limits.

Idleb

Surging needs and renewed interest in getting cash into northwest Syria helped strengthen the bargaining power of hawala offices in Idleb, which increased their rates after the earthquake according to NGOs and residents. Several NGO sources reported increases in hawala rates as high as 8–10% for transfers, up from between 3–3.5% before the disaster. Through negotiations, some were able to secure a rate of 4–5%, still having to absorb the additional costs and driving up the overall cost of programming. Rates also tended to vary from one hawala to the next, with some continuing to operate with higher rates – although reportedly slightly lower than immediately following the earthquake, at around 5%.

Adaptations

In Idleb, transfer rates tended to vary from one hawala to the next, sometimes even from one recipient to the next – particularly among NGOs transferring large amounts of cash. Before the earthquakes, some organizations had signed agreements with a designated hawala agent to define percentage fees and transfer conditions, akin to safeguarding transfers from financial volatilities. Cash experts in the northwest noted that few NGOs had these service agreements before the earthquake, and even fewer had multiple agreements with different operators. Those without agreements had no choice but to absorb increased hawala fees, while organizations with several different service agreements were more equipped to negotiate a more favorable rate. In recent months, organizations have moved to establish such agreements with at least one local hawala to mitigate future risks of cash delays, according to NGO sources.

However, this adaptation was not universally successful. Even in cases where organizations had pre-existing agreements, some operators attempted to renege on service agreements in a bid to elevate their fees. Although not exhaustive, field research did not uncover any indication of the PMA limiting these price hikes. Continuing variation in hawala rates likewise underscores the lack of centralized financial governance in Idleb and the resulting risks imposed on aid organizations and residents.

SOCIOECONOMIC IMPACTS

Damage to markets throughout the northwest exacerbated the impacts of these dynamics further: Many markets in northwest Syria were partially or fully destroyed following the quakes, and only fully restored after several months. Marginalized groups such as women, the elderly, people with disabilities, and people with chronic health conditions [faced](#) disproportionate challenges accessing markets following the earthquake. The combination of limited cash access and market volatility has accelerated the downward spiral of socioeconomic conditions across northwest Syria since the earthquake.

The sustained nature of these dynamics highlights the importance of mixed modality approaches following emergencies: In-kind assistance is important for people who cannot access markets and who may be waiting for salaries, remittances, or contingency support immediately following an emergency. Sustained injections of cash in the medium term are important for restoring local markets after an emergency.

FUTURE CONSIDERATIONS

Humanitarian assistance will remain a priority for residents in the months and years following the earthquakes in northwest Syria. Continued [reliance](#) on cash assistance within the earthquake recovery likewise underscores the importance of building from lessons learned from difficulties accessing cash in recent months.

Lessons evidenced from this initial research indicate what could be expected in future emergencies, and in the months to come in northwest Syria as the recovery phase moves towards rehabilitation and as residents begin to rebuild, causing demand for cash to remain high. Those lessons can be summarized as:

- Hawala agents and local authorities could unilaterally increase fees, abruptly cancel agreements, or prove unable to cover cash needs – particularly for transfers in foreign currencies and when demand surges (or when it is expected to surge, such as with the initiation of rehabilitation or reconstruction programming).
- Volatility to local currencies will increase demand for more stable currencies (such as the US dollar in lieu of Turkish lira), creating implications for higher-cost programming such as early recovery or rehabilitation.
- In response to delays in cash support, residents may increase their reliance on remittances where possible but also negative coping mechanisms, highlighting the importance of stopgap measures when cash delays are expected.
- In periods of high volatility or devaluation, markets may be unable to accommodate beneficiaries even if they do receive cash assistance, highlighting the importance of hybrid approaches within the recovery and post-emergency response.

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The Crisis Analysis – Syria team (formerly HAT), was established in Beirut in March 2015 in response to the collective challenges facing the remote humanitarian response in Syria. CA-SYR's most important function is to collect and analyze data and information. Since 2015, our analysis has provided a forward-looking template for international interventions in Syria, and facilitated an increasingly adaptive, integrated, and ultimately impactful international response to the conflict. CA-SYR is a team within Mercy Corps, and is part of the Mercy Corps response to the Syrian crisis.

