TERRORISM FINANCING

Terrorists require money to operate. Without funding, they cannot purchase weapons, equipment, supplies, or services. The source of terrorist funds may be licit or illicit, and funding often takes the form of multiple small donations, rather than one large sum of money. Terrorism financing is a global phenomenon that not only threatens Member States' security, but can also undermine economic development and financial market stability. It is therefore of paramount importance to stem the flow of funds to terrorists.

Even though the number and nature of terrorist groups and threats change over time, the basic need for terrorists to raise, move, and use funds remains the same. Terrorist groups may also be directly or indirectly linked to organized criminal groups, and may engage in criminal activities, including drugs or arms trafficking, trafficking in persons, extortion, and kidnapping for ransom. Following the money and analyzing financial intelligence provide key information on terrorist networks and links with alleged terrorist individuals or foreign terrorist fighters (FTFs).

Building on the International Convention for the Suppression of the Financing of Terrorism (1999), Security Council resolution 1373 (2001) calls on States to prevent and suppress the financing of terrorism, among other means by criminalizing the collection and provision of funds for terrorist purposes, and urges them to set up effective mechanisms to freeze funds and other financial assets of persons involved in or associated with terrorism, as well as to prevent those funds from being made available to terrorists. The Financial Action Task Force (FATF) has developed detailed recommendations on countering terrorism financing. In its resolution 2178 (2014), the Security Council urges Member States to disrupt terrorist-financing activities linked to foreign terrorist fighters and to criminalize the financing of FTF travel.

The freezing of terrorist assets is a highly effective way for Member States to disrupt terrorist capacities to raise, move, and use funds. It can also act as a deterrent to further engagement in terrorist activity. However, in conducting assessments on behalf of the Counter-Terrorism Committee, the Counter-Terrorism Committee Executive Directorate (CTED) has become aware of the many challenges faced by Member States in implementing effective freezing mechanisms.

As a facilitator of technical assistance delivery, CTED organizes expert roundtables around the world to help States understand the requirements of effective freezing mechanisms that are consistent with international standards and obligations, including relevant human rights obligations. CTED places an
emphasis on conducting terrorism financing risk assessments, preventing the misuse of non-profit organizations (NPOs) and alternative remittance systems (ARS) for terrorist-financing purposes, and detecting and preventing illicit cross-border transportation of currency (a significant problem in cash-based economies). CTED has also been paying increasing attention to terrorism financing risks associated with new technologies, including mobile payments, virtual currencies, Internet payment systems, and crowdfunding platforms. Furthermore, in its dialogue with Member States, CTED explores the links between organized crime, illicit activities, and terrorism financing. Pursuant to Security Council resolutions 2331 (2016) and 2388 (2017), CTED is notably engaged in identifying the use of trafficking in persons by terrorist groups also as a source of funding.

In order to tackle terrorism financing effectively, it is essential that Member States integrate countering the financing of terrorism into their national counter-terrorism strategy. Such a strategy should also include strong internal coordination among relevant national entities, as well as regional/subregional and international cooperation, including through the exchange of operational information by relevant entities, especially national Financial Intelligence Units (FIUs).

In carrying out its tasks, CTED works closely with relevant United Nations entities, coordinating its activities with those of external partners, including FATF and the FATF-Style Regional Bodies (FSRBs). Within the framework of the Counter-Terrorism Implementation Task Force (CTITF), CTED is a member of the Working Group on Countering the Financing of Terrorism. In January 2018, CTED joined the Inter-Agency Coordination Group against Trafficking in Persons (ICAT).