



United Nations Security Council Counter-Terrorism Committee Executive Directorate (CTED)

COUNTERING THE FINANCING OF TERRORISM (CFT)

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



DID YOU KNOW?

Terrorists may benefit from transnational organized crime, whether financially or operationally. Direct or indirect involvement in illegal activities represents an attractive source of funding. With respect to operational support, terrorists may use services provided by organized criminal groups, including the counterfeiting of travel documents, the provision of firearms, and the use of trafficking and smuggling routes to relocate from conflict zones.

remains the same. The funds are raised through a variety of means, which include but are not limited to abuse of legitimate commercial enterprise, exploitation of natural resources, abuse of non-profit organizations, and crowdfunding sites. Terrorists and 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. Member States are increasingly concerned about terrorists' misuse of the Internet and other modern technologies to raise and move funds, including through virtual currencies. Tracing measures and analysis of financial intelligence provide key information on terrorist networks and links with individual terrorists, including foreign terrorist fighters (FTFs).

Effectively countering the financing of terrorism presents numerous new and persistent challenges for States. Building on the [International Convention for the Suppression of the Financing of Terrorism \(1999\)](#), and Security Council resolution [1373 \(2001\)](#), Security Council resolution [2462 \(2019\)](#) calls on States to prevent and suppress the financing of terrorism by, inter alia, criminalizing the willful provision or collection of funds for terrorist purposes, and urges them to set up effective mechanisms to freeze funds, financial assets, economic resources or financial or other related services of persons involved in or associated with terrorism, as well as to prevent those funds from being made available to terrorists. In its resolution [2178 \(2014\)](#), the Council urges Member States to disrupt terrorism-financing activities linked to FTFs and to criminalize the travel, recruitment and financing of FTFs. Furthermore, the Council also calls on States to conduct research and collect information to better understand the nature and scope of the linkages that may exist between terrorism and organized crime, whether domestic or transnational, pursuant to resolution [2482 \(2019\)](#).

In addition to the relevant conventions and Security Council resolutions, analysis of the implementation of CFT measures by Member States is also guided by the [International Standards on Combating Money](#)

[Laundering and the Financing of Terrorism and Proliferation of the Financial Action Task Force \(FATF\)](#), as revised in October 2020, and the related [guidance](#).

The FATF methodology focuses on assessing the effectiveness of measures through the evaluation of the implementation of immediate outcomes. FATF regularly updates the recommendations and methodology to reflect new threats or vulnerabilities. The Council has urged States to implement these recommendations in a number of resolutions, including resolutions [1617 \(2005\)](#), [2253 \(2015\)](#), [2368 \(2017\)](#), [2395 \(2017\)](#) and [2462 \(2019\)](#).

Assessing compliance with the applicable CFT requirements has been part of the core mandate of the Counter-Terrorism Committee since its inception in 2001 and consequently became one of the key focus areas of CTED's work.

In conducting its assessments, CTED places an emphasis on requirements relating to criminalization and prosecution of terrorism financing, effective freezing mechanisms, conducting terrorism-financing risk assessments, preventing the misuse of non-profit organizations and alternative remittance systems for terrorism-financing purposes, and detecting and preventing illicit cross-border transportation of currency. In recent years, CTED has also been paying increasing attention to terrorism-financing risks associated with new technologies, including mobile payments, virtual assets, Internet payment systems, and crowdfunding platforms, and the need to establish related effective partnerships with the private sector.

Furthermore, pursuant to Security Council resolutions [2331 \(2016\)](#), [2388 \(2017\)](#) and [2482 \(2019\)](#), CTED explores the links between organized crime, illicit activities, and terrorism financing. CTED's 2019 report on [the nexus between human trafficking, terrorism and terrorism financing](#) notes, inter alia, that the covert nature of human trafficking, the difficulty in collecting evidence, and the lack of expertise required to conduct proper investigations undermine efforts to fully understand and effectively address the human trafficking/terrorism nexus.

In carrying out its tasks, CTED works closely with relevant United Nations entities and acts as co-Vice Chair of the Working Group on Legal and Criminal Justice and Countering the Financing of Terrorism of the UN Global Counter-Terrorism Coordination Compact, coordinating its activities with those of external partners, including FATF and the FATF-Style Regional Bodies (FSRBs).

Security Council resolution [2462 \(2019\)](#) provided CTED with the tools required to strengthen its CFT assessments by, inter alia, conducting targeted and focused follow-up visits. As of 2021, CTED will prepare, annually, on the basis of its reporting and in consultation with the Analytical Support and Sanctions Monitoring Team, to the [United Nations Office of Counter Terrorism \(UNOCT\)](#), through the Counter-Terrorism Committee, a thematic summary assessment of gaps identified and areas requiring more action to implement the key CFT provisions of the relevant Security Council resolutions for the purpose of designing targeted technical-assistance and capacity-building efforts.

In June 2020, CTED and the Analytical Support and Sanctions Monitoring Team published a [joint report](#) on actions taken by Member States to disrupt terrorism financing. Based on responses from 112 Member States, the report provides an overview of measures, good practices and challenges encountered by Member States in their implementation of international CFT standards.

A strong legislative framework is the foundation of a sustainable CFT response. Furthermore, it is essential that Member States integrate CFT into their national counter-terrorism strategy, which 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). The risk-based approach is crucial to the long-term success of a CFT strategy, as is strengthening cooperation mechanisms at the national and international levels and with the private sector.

The freezing of the assets of those suspected of terrorism financing and those designated in domestic and international lists 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 Committee, CTED has become aware of the many challenges faced by Member States in implementing effective freezing mechanisms in practice. Investigative and enforcement capabilities are essential to the success of CFT efforts. It is also vital to share financial intelligence in a timely manner.

When designing and applying CFT measures, Member States also need to take into account the potential effect of those measures on exclusively humanitarian activities, including medical activities, that are carried out by impartial humanitarian actors in a manner consistent with international humanitarian law.