Forum: The 5th General Assembly
Issue: Measures to combat the financing of international terrorism
Student Officer: Anna Metz
Position: Deputy Chair

Introduction

On September 11, 2001, 19 militants associated with the Islamist extremist group Al Qaeda hijacked four planes that were flying above the US. Two of these flights were flown into the twin towers of the World Trade Center in New York. One of the other planes was crashed into the pentagon, the top military building in the capital city of the United States, Washington D.C. Nearly 3,000 civilians were killed during these terrorist attacks, which led to the establishment of major U.S. initiatives to combat terrorism, first directed by former president George W. Bush. The 9/11 attacks caused a global whirlwind and immediately negatively impacted the American economy, and New York alone lost almost 143,000 jobs in the first month.

14 years later, on November 13, 2015, a series of coordinated terror attacks took place, with gunmen and suicide bombers armed with assault rifles and explosives, targeted a total of six locations across Paris, a major stadium, restaurants and bars, killing 130 and wounding 494 people.

In 2017, Forbes recognized 18,814 deaths caused by international terrorist organizations. According to the Global Terrorism Index 2018, the four organizations Islamic State, the Taliban, Boko Haram and Al-Shabaab caused 10,632 of these deaths in 2017. Terror organization Hizballah has an estimated annual income of $1.1 billion dollars, with their primary beneficiary of the nuclear agreement being the Iranian government and other forms of government expenditure as well as further forms of funding. Their security establishment is evaluated at more than $800 million dollars annually.

Terrorism is not a recent 21st century phenomenon, having roots in political movements and resistance in the 19th and 20th century. In terms of targeting and terrorist strategy, an effective representation of the evolution of terrorism is a concept known as ‘The Four Waves of Terrorism’, created by Rapoport in 2004. It involves the differentiation of terrorism in the late nineteenth century known as the “anarchist wave”; followed by “anti colonial wave” as well as the “left wing wave” and the “religious wave”.

Research Report | Page 1 of 13
The anarchist wave refers to the period between the 1880s and 1920s, and then the anti colonial wave between the 1920s and 1960s, which began through the principle of self determination established post World War I. The Vietnam war as well as beginnings of the Palestine-Israel conflict led to the recognition of the “left wing wave”, and concluded through the religious wave which involves all present day events, currently prominently involving the Iranian Revolution and Afghanistan conflict.

Historically well known terrorist groups include The Sicarii, a Jewish terrorist organization founded in the first century AD, aiming to overthrow the Romans situated in the Middle East.

While it is extremely important to note that it is challenging to end terrorist activity comprehensively, a manageable approach is by dealing with the root to this issue, which is the financing of international terrorism.

Thus, it has come to the General Assembly Fifth Committee’s attention and concern to ensure that the Plan of action comes to fruition.

**Definition of Key Terms**

**Threats**

Threats refer to messages that state the intent of wanting to harm the person it is directed at or others, mainly in the form of blackmail, forcing defenders to stop their activities. Whether the person or group giving the threat has actual intention of following through is irrelevant.

**Terrorism**

Terrorism is the unlawful use of violence and intimidation, especially against civilians, in the pursuit of political aims. This is mainly divided into five forms, known as dissent terrorism, criminal terrorism, state sponsored terrorism, terrorists and the left and right, religious terrorism.

**Financing of terrorism**

Financing of terrorism is the state at which an individuals by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist acts.

**Money Laundering**

Money laundering is a crime which involves process of making large amounts of money generated by a criminal activity, such as drug trafficking or terrorist funding, appear to have come from a
legitimate source. The money from the criminal activity is considered dirty, and the process "launders" it to make it look clean.

**Resistance Movement**

A resistance movement refers to an organized effort by some portion of the civil population of a country to withstand the legally established government or an occupying power and to disrupt civil order and stability.

**Discrimination**

Discrimination implies the unjust or prejudicial treatment of different categories of people or things, especially on the grounds of certain characteristics including race, age, disability or sex.

**Sanctions**

An official order, such as the stopping of trade, that is taken against a country in order to make it obey international law, with examples including the UN imposing punitive sanctions on the invading country during a dispute.

---

**Background Information**

**Causes of Terrorism**

**Common causes**

There are multiple common causes of terrorism, which can be identified as civilizations or culture clashes, globalization, religion, as seen through examples such as the Israeli-Palestinian conflict, or the Russian invasion of Afghanistan.

**Personal causes**

Personal motivations that lead to the pursuit of terrorism include frustration, deprivation, negative identity, narcissistic rage, and/or moral disengagement.

**Terrorism funding**

**Sources of funding**

Main sources of funding include charities and NPOs which are used to disguise international funds to high risk regions. IN addition to that, terrorisms is often times self-funded from legitimate sources, which are used to raise small to medium amounts of money in an inconspicuous manner.
Further forms of funding are fraud, theft and drug trafficking as well as ransom payments, which are conventionally used for large sums of money, receiving money from both legal and illicit sources.

**Financing channels**

In general, prominent financing channels include online payment systems which are accessible through Wi-Fi connections or online bank transfers as well as stored value cards linking individuals throughout the world. Terrorist organizations have been improving ways to raise and transfer capital with the most prominent channel currently being the use of any technological means at their disposal. Examples include the use of fake eBay and PayPal accounts to transfer funds. For a few years now, terror organizations have shared propaganda videos on Google and Youtube, with grant them both exposure to new audiences, as well as royalties from advertisers. Known as the most advanced method is the money transfer system built by IS that uses Bitcoin and other cryptocurrencies, allowing them to avoid traditional bank transfers and other risks.

**Terrorism financing process**

Terrorism contains a relatively straightforward funding process which includes varying steps. The first being the raising of funds through means such as donations, self-funding or criminal activity. Following this is the transferring of funds typically to a terrorist network or at times an organization or cell. Finally, these funds are then used for activities such as the purchase of weapons or bomb making equipment, as well as covering the living expenses for a terrorist cell.

**Prominent terrorist organizations**

Islamic State of Iraq and al-Sham known was IS/ISIL is a terrorist organization which controls the north part of Iraq and western parts of Syria. It has perpetrated acts of terrorism as well as barbarism; the term “al-Sham” translated means heaven on earth, as the group believes in a vision where they bring in paradise by destructing others. Their main method of promotion is through engagement in social media platforms, where members post videos of horrific activities including beheadings.

A further prominent terrorist organization is Al-Qaeda, which played a role in the US embassy bombings in 1998, as well as the September 11, 2001 attacks and the Bali bombings in 2002. Their attacks are typically through use of suicide bombers or carrying out of suicide missions. There are certain branches of Al-Qaeda including Al-Nusra Front. Their importance lies in fighting against Bashar al-Assad’s government. Nations including Turkey, Australia, New Zealand, Canada, the U.K., Saudi Arabia and the U.S. have labeled this as a terrorist organization.

In South Sudan, D.R. Congo and northern Uganda, operations have been carried out by the Lord’s Resistance Army (LRA), formerly known as the Ugandan Christian Movement, with their main
objective lying in the creation of a system of democracy and the ruling of Uganda compliant to the Ten Commandments. The US has previously labeled the LRA as a terrorist group, however has now removed it from its active terrorist organizations list. The group has been alleged to commit violations of human rights in the forms of abduction, murder as well as coercing children into taking part in child-sex slavery.

Colombian terrorist organization by the name of Revolutionary Armed Forces of Colombia (FARC) was founded in 1960, committing to regular activities of illegal mining as well as kidnapping. Member states of the UN, including European and Latin American governments have labeled FARC as a terrorist group. Furthermore, the FARC has also been alleged to commit to several assassinations, bombings and killings in Colombia, being ranked amongst the largest drug trafficking organizations worldwide.

**Major Countries and Organizations Involved**

**Financial Action Task Force (FATF)**

The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions to improve and update the understanding of terrorist financing risks. The FATF provides the frameworks as well as further global efforts to enable nations to identify and disrupt terrorist financing activity, ensuring that countries are effectively implementing the FATF standards. A main objective of the Financial Action Task Force is to promote effective domestic coordination and international cooperation to combat the financing of terrorism.

The FATF Strategy on Combatting Terrorist Financing has certain key objectives including improving and updating the global understanding of terrorist financing risks, as this understand is a key part of jurisdictions’ counter-terrorist financing regime, which calls for countries to allocate resources to disrupt and terrorist activities and terrorist financing.

The FATF has initiated and provided global standards for nations to identify terrorist financing activities. To do so, countries are explicitly encouraged to criminalize the financing of travel for reasons including perpetration, planning of or participation in, terrorist acts, or providing or receiving terrorist training (fatf-gafi.org). This is followed by the FATF ensuring that these countries are adequately implementing these standings for guidance to help both private and public sectors to implement the given tools. Finally, the FATF continuously promotes effective domestic coordination and international
cooperation to combat the financing of terrorism, working in collaboration which the UN and FATF regional bodies.

**International Monetary Fund**

The International Monetary Fund (IMF) is an international organization created in 1945, governed by and accountable to the 189 countries that make up its near-global membership. Its primary purpose is to ensure the stability of the international monetary system. The Fund’s mandate was last updated in 2012, including all macroeconomic and financial sector issues that bear on global instability. Their adopted and recommended course of action in regards to the combatting of the financing of international terrorism includes cutting of resources available to terrorists, by making it more difficult for those engaged in crime to profit from their criminal activities.

The IMF has initiated various assessment programs such as the conduction of financial sector assessments, as well as technical assistance to strengthen nations’ legal frameworks. Further efforts include collaborations with other organizations such as the World Bank through provision of policy development to nations, predominantly LEDCs and nations previously most affected by terrorism.

**The United States of America**

The United States of America has been actively involved in the creation of efforts to combat the financing of international terrorism. They have created a special agency to coordinate efforts of combatting the financing of terrorism known as the Office of Terrorism and Financial Intelligence, as well as that the Patriot Act was established on September 11th of 2001 in response to the attacks on that day, in order to toughen legal measures to combat terrorism, including the financing of such acts.

Since the terrorist attacks on September 11, 2001, the United States Department of the Treasury established the Terrorist Finance Tracking Program (TFTP), creating assistance in identifying, tracking and finally pursuing terrorist organizations such as extremist Islamist group Al Qaeda, as well as their differing networks. Based on the information provided by the TFTP, the United States government is able to effectively conduct specified searches to trace suspicious transactions related to terrorist activity. Moreover, the TFTP has enabled the U.S. government to locate the terrorist networks and their financiers.
Australia

The Australian government first became involved in the prevention of terrorism in 1988, when they established a counter terrorism financing framework, which provides the foundation to detect and combat money laundering as well as terrorism financing. In 2014, the Australian government then created the Terrorism financing in Australia 2014 report. This report serves the main purpose of raising awareness, allowing citizens and organizations to strengthen national response to the increasing threat of terrorism financing. It is based on multiple national risk assessment of the Australian terrorism financing environment and in collaboration with the Australian Federal Police (AFP).

This framework follows the AML/CTF regime, and Australian organizations have come together to create terrorism financing offenses through the criminal code act of 1995, for individuals who decide to engage in, train for, prepare, plan, finance or provide support for terrorist acts (austrac.gov.au). Division 103 of the Australian criminal code contains offenses for the financing of terrorism, assisting government industry and the national Australian community to understand terrorism financing, its risks as well as prevention methods.

The report calls for AUSTRAC to analyze financial transactions and identify the crucial patterns of any suspicious activity, leading to an increase in law enforcement and its varying operations. The report further surrounds the issue of identifying the varying terrorism funding methods, including key channels and their differences among multiple parts of the country (Sydney, Melbourne), as well as differences in fraud, theft, drug trafficking, and ransom payments.

Timeline of Events

<table>
<thead>
<tr>
<th>Date</th>
<th>Description of event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>Founding of multinational terrorist organization Al Qaeda by Osma bin Laden</td>
</tr>
<tr>
<td>1988</td>
<td>Australia establishes a Financial Transactions Report Act to detect and deter</td>
</tr>
<tr>
<td>1988</td>
<td>money laundering and terrorism financing</td>
</tr>
<tr>
<td>1988</td>
<td>Australia created its Criminal Code Act, penalizing involved in the financing of</td>
</tr>
<tr>
<td>1995</td>
<td>terrorist acts</td>
</tr>
<tr>
<td>September 11th 2001</td>
<td>Series of four coordinated terrorist attacks by group Al Qaeda</td>
</tr>
<tr>
<td>October 14th 2014</td>
<td>the FATF action on terrorist group ISIL</td>
</tr>
<tr>
<td>December 14th 2015</td>
<td>the FATF leads renewed global effort to counter terrorist financing</td>
</tr>
<tr>
<td>June 21st 2019</td>
<td>the FATF actions to identify and disrupt ISIL and Al Qaeda’s Financing</td>
</tr>
</tbody>
</table>
 Relevant UN Treaties and Events
  - 28 September 2001 (S/RES/1373)
  - 24 September 2014 (S/RES/2178/2014)
  - 28 March 2019 (S/RES/2462/2019)
  - International Convention for the Suppression of the Financing of Terrorism, 1999
  - UN Legislative Guide to the Universal Anti-Terrorism Conventions and Protocols, 25 February 2003

 Previous Attempts to solve the Issue
  Multiple nations and organizations have previously come together in efforts of solving the issue of the financing of terrorism. Such strategies include the UN global counter terrorism strategy, which involves the combatting of terrorism funding, created in 2006. In addition to that, further UN security council resolutions have called upon member nations to raise awareness and for the suppression of the financing of terrorism since 1999.

  The FATF has continuously renewed their global efforts to counter terrorist financing, as well as further identification of events to ease the process of disrupting terrorist financing, and setting global standards to do so as this has been a priority for their organization since 2001. Furthermore, the creation of terrorism financing assessment guidance as well as terrorist financing disruption strategies were established and further improved upon by the FATF throughout 2018 and 2019.

  Through further involvement of MEDCs including the U.S with their department of treasury launching their terrorist financing tracking as well as Australia’s counter terrorist financing framework and report of 2014, states have acted upon their demands and further attempted to solve the issue of terrorism financing.

 Possible Solutions
  There are various possible solutions that may be applicable to nations looking for feasible ways in which they can combat the financing off international terrorism.

  First and foremost, the global consensus on certain standards regarding both criminalization and disruption of international terrorism is a key factor which will positively influence the communication between different nations and organizations. Global standards will regulate disputes or disagreements that are currently visible when relating to global counter terrorist financing activities. This will allow the
nations and organizations involved to ease the process of identifying and combating financial transactions and other illegal activity regarding the financing of terrorism.

Furthermore, the establishment and continuous development of assessment toolkits to help detect and identify red flags of terrorist financing is essential towards meeting different global standards as this can also benefit nations when attempting to detect illegal terrorist activity and different financing methods or channels. Assessment toolkits are a suitable strategy to solve the issue of financing of terrorism as they provide standardized and cross-references sets of tools, designed to enable the United Nations agencies, and further Non-Governmental Organizations as well as national governments to conduct comprehensive assessments to identify and disrupt any form of suspicious terrorist activity.

In addition to that governments are advised to, if they have not already done so, take legal measures to criminalize terrorism under recommendation 5 of the International Convention for the Supression of the Financing of Terrorism.

Finally, the possible implementation of sanctions can benefit nations in terms of safety and regulations for protection against international terrorist organizations lying on the larger scale, such as FARC, Hizballah and LRA. LEDCs are further recommended to simultaneously find effective strategies to combat money laundering, as they are often times cash-based economies.

Bibliography


13. Fight Against The Financing Of Terrorism - Migration And Home Affairs - European Commission". Migration And Home Affairs - European Commission, 2019,


23. Terrorism Timeline, since911.com/explore-911/terrorism-timeline.


