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MODEL UNITED NATIONS CONFERENCE

Suppression of the Financing of Terrorist Groups

Study Guide

Security Council

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Introduction

In recent months the global community was terrified by the brutal killings of the innocent journalists in the heart of Paris. Last December, we all watched in horror the terrible images of the school children cowardly killed by the terrorists in Peshawar, Pakistan. In Nigeria a militant group known as the Boko Haram kidnapped 274 schoolgirls gaining international attention with all world saying #BringBackOurGirls. In the middle east a broad international coalition is taking military actions against the ISIS, the extremist organization responsible for the death of 24 000 people. In this situation we can hardly say that the dangers of terrorism have been eradicated. Thus, improving the counter-terrorist measures has to be one of the top priorities of the international community. We can plainly see the immense suffering and damage caused by terrorists but what seems to be less self-evident is the financial background of these groups. The terrorist acts require substantial financial and material support. This support is usually provided by state as well as non-state actors. In the past, the Security Council approved several resolutions requiring states to take direct actions against financing of the terrorism. Nevertheless, we see that the current operational framework is getting out-dated. For this reason, the main goal of this year's ZAMUN Security Council will be to develop new set of international rules in order to track and identify the actors financing terrorist groups more rapidly and effectively.

Introduction to the United Nations Security Council

The Security Council is the main body of the United Nations primarily responsible for the maintenance of international peace and security. The Council consists of 10 non-permanent and 5 permanent members known also as P5 (China, France, Russia, United States and United Kingdom).¹ Contrary to the other UN bodies, the decisions of the Security Council are binding for all member states.

According to the Charter of the United Nations, the member states are obliged to settle their disputes by peaceful means including the submission of the dispute to the Security Council. The force may be used only in the situation of self-defense or in case of a significant threat to the international peace and security. Although the United Nations do not dispose by its own military forces. Therefore, the member states ping

¹ Security Council website: <http://www.un.org/en/sc/>

Each member has one vote and the Council adopts resolutions by a simple majority, nevertheless a negative vote (or a veto) of any of the permanent members means rejection of a resolution. On the other hand, it has been agreed by a common practice that an abstention of a permanent member is not considered as a veto.

Current terrorist threats

Islamic State (ISIS)

The terrorist organization also known as the Islamic State in Iraq and the Levant was formed in April 2013.² Since its creation it has expanded significantly occupying large territories in Iraq and Syria proclaiming the Syrian city of Raqqa as a capital.

The main objective pursued by this jihadist group is the unification of all muslims into one single (islamic) state. The organization has gained international attention due to the extremely brutal conduct of its combat operations such as murder and torture of a local civilian population, humanitarian workers and journalists.

The ISIS led by the Commander in Chief, Abu Bakr al-Baghdadi, has sophisticated structure very much resembling a standard organization scheme of a state³. Therefore, it has been very effective in enlarging and maintaining control over the occupied territories despite limited number of its fighters (25,000 - 30,000, estimated by the U.S. Intelligence)⁴.

In June 2014 the military campaign against the Islamic State led by the United States began. Today the international coalition counts more than 60 nations including many states of the Arabian gulf.

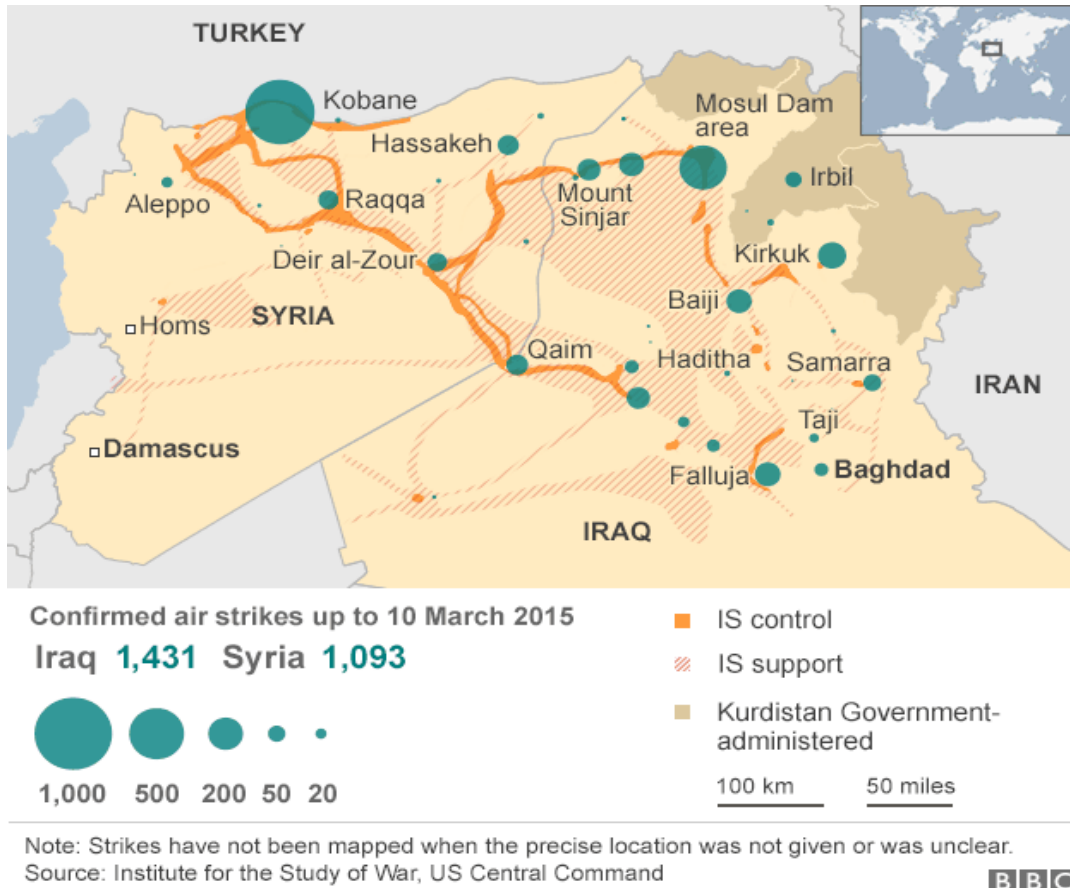
Even though, the territorial expansion of the ISIS has been constantly stalled as a result of the air strikes carried out by the coalition, the militants enjoy huge support on various social networks. For instance, 200,000 tweets are posted daily by its supporters who are considered to be using 45,000 accounts.

² BBC News: <http://www.bbc.com/news/world-middle-east-24179084>

³ Newsweek: <http://www.newsweek.com/2014/12/19/who-isis-leader-abu-bakr-al-baghdadi-290081.html>

⁴ NBC News: <http://www.nbcnews.com/storyline/isis-terror/isis-numbers-foreign-fighter-total-keeps-growing-n314731>

The expansion of the Islamic State

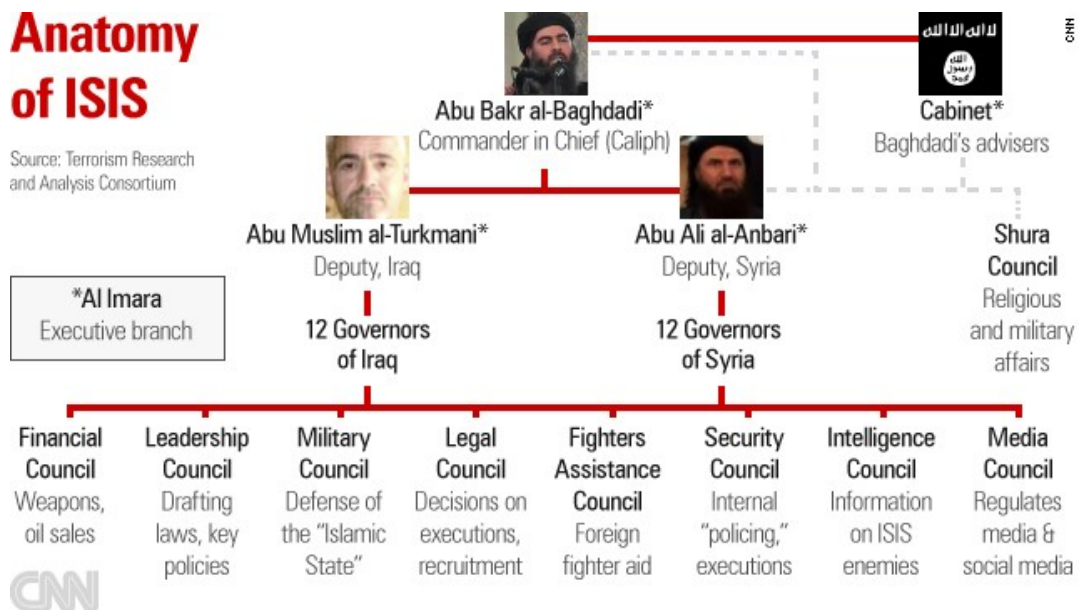


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The organization structure of the Islamic State

Anatomy of ISIS

Source: Terrorism Research and Analysis Consortium



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⁵BBC News: <http://www.bbc.com/news/world-middle-east-27838034>

The Financing of the Islamic State

According to the Washington Institute for Near East Policy the ISIS financing revenue comes primarily from the sale of illicit oil, from donations of a small number of major donors (state and non-state actors), and from a wide array of criminal enterprises.⁷

It is estimated that ISIS's daily income from the sale of illicit oil is around 3 million american dollars which represents quite substantive part of the organizations's income.⁸ This oil is not allowed to be sold on the world markets but its exchange depends largely on quite primitive methods. For example, there are several illegal pipelines under agricultural fields and streets transporting diesel fuel from Syria to the back yards of prive houses in the municipalities in the Hatay Province in Turkey.⁹

The other source of income of the Islamic State are donations from various state and prive contributors mostly in foreign countries. Nevertheless, the amount of money obtained by this way is considered to be relatively small resource.¹⁰ According the United States Undersecretary of Treasury, David Cohen, ISIS "derives some funding from wealthy donors, [but] even though [it] currently does not rely heavily on external donor networks, it maintains important links to financiers in the Gulf."¹¹

The financing is possible because of weak anti-terrorist financing rules in the Gulf centuries. For instance, there has been no clear evidence showing direct involvement of the Qatari or the Kuwaiti government in this process but in both countries there are groups of private individuals believed to be funding the Islamic State.

⁶Middle East Security News: <http://middleeastsecuritynews.com/6512/isil-islamic-caliphate-organizational-chart/>

⁷ Washington Institute:

<http://www.washingtoninstitute.org/uploads/Documents/testimony/LevittTestimony20141113.pdf>

⁸ Ken Dilanian, "Islamic State group's war chest is growing daily," Associated Press, September 15, 2014, <http://bigstory.ap.org/article/islamic-state-groups-war-chest-growing-daily-0>.

⁹ Al Monitor: <http://www.al-monitor.com/pulse/originals/2014/09/turkey-syria-iraq-illegal-oil-pipeline.html>

¹⁰ Washington Institute:

<http://www.washingtoninstitute.org/uploads/Documents/testimony/LevittTestimony20141113.pdf>

¹¹ Carnegie Endowment for International Peace:

<http://carnegieendowment.org/2014/10/23/remarks-by-u.s.-treasury-under-secretary-david-s.-cohen-on-attacking-isil-s-financial-foundation>

For the aforementioned reasons, it is necessary to develop new international measures and instruments by the Security Council to stop the oil smuggling which is main source of the ISIS's revenue. Moreover, it is absolutely essential that states adopt new legislative regulations in order to prevent donations to domestic and foreign subjects suspected of terrorism.

Boko Haram

The Boko Haram is an islamist terrorist group founded in 2002 (that time as a non-violent movement) operating mostly in northern Nigeria promoting extreme islam by violence and inhuman treatment of civilians.¹²

The United Nations designated the Boko Haram as a terrorist organization in May 2014.

The main goal of the militants is to overthrow the government of Nigeria and establish an islamic state with a strict enforcement of Sharia law. The group is also affiliated with the Islamic State.¹³

The organization has been constantly opposing Western education, even its name, could be literally translated as "western education is forbidden". Therefore it has launched several military operations targeted on schools, teachers and students.

In May 2014 the Boko Haram fighters kidnapped 274 schoolgirls from the Government Secondary School in the town of Chibok. The act was strongly condemned by the international community and a number of experts was sent to assist the Nigerian government in search efforts, unfortunately most of the girls are still missing.¹⁴

The security situation in Nigeria is so alarming that the general election in the country first scheduled on 14 February 2015 had to be postponed on 28 of March 2015 which escalated the political tensions in the country and weakened Nigerian security forces.

The Boko Haram is responsible for killings of 15,000 people and more than one million displaced causing humanitarian crisis in the country. There are also

¹² BBC News: <http://www.bbc.com/news/world-africa-13809501>

¹³ USA Today: <http://www.usatoday.com/story/news/world/2015/03/12/is-accepts-boko-haram-allegiance-pledge/70243172/>

¹⁴ Fox News: <http://www.foxnews.com/world/2015/02/11/boko-haram-kidnaps-hundreds-in-nigeria-taunts-victims-with-stories-abducted/>

thousands of refugees escaping the Boko Haram from Nigeria to neighboring Cameroon.

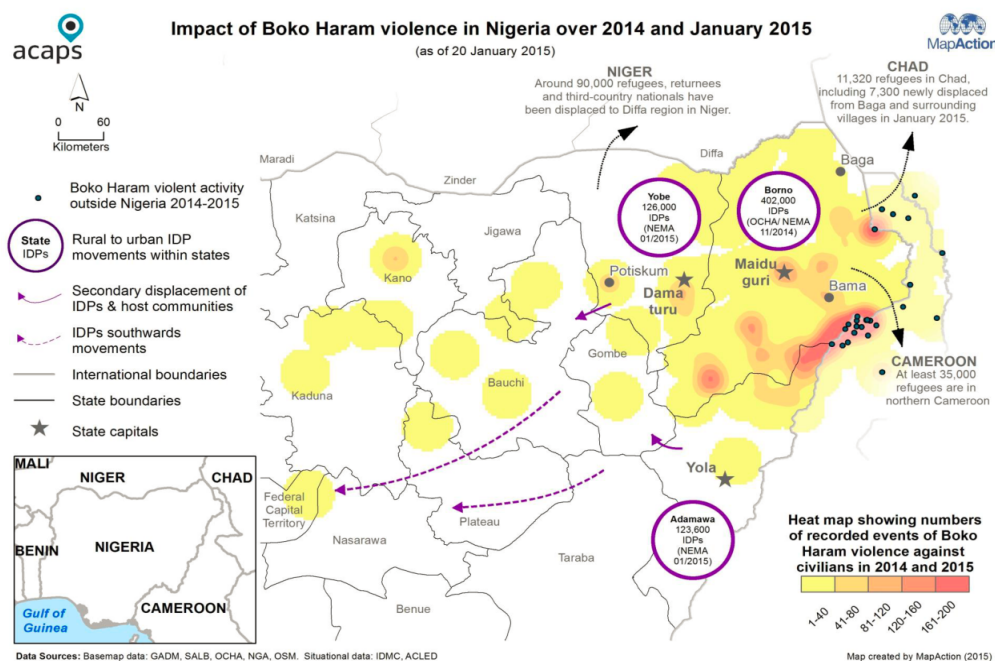
Financing of the Boko Haram

Even though that Nigeria is relatively poor country the Boko Haram disposes with modern military equipment such as heavy weaponry, vehicles, bombs and ammunition.¹⁵

According to Heather Murdock writing for Voice of America “the actual source of the funding is as elusive as the militants themselves”.¹⁶ In general it is believed that the Boko Haram funds its operations through black market dealings, donations from local and international contributors including al-Qa’ida and al-Shabaab.

The substantial part of the organization’s budget is also covered by whole range of criminal acts such as kidnapping, blackmailing and human trafficking. In 2013 the Boko Haram reportedly made over 3 million US dollars for realizing a kidnapped French Family, the Reuters news agency reported.

¹⁷The expansion of the Boko Haram



¹⁵ Independent: <http://www.independent.co.uk/news/world/africa/paying-for-terrorism-where-does-boko-haram-gets-its-money-from-9503948.html>

¹⁶ Voice of America: <http://www.voanews.com/content/boko-haram-funding-remains-elusive/1666150.html>

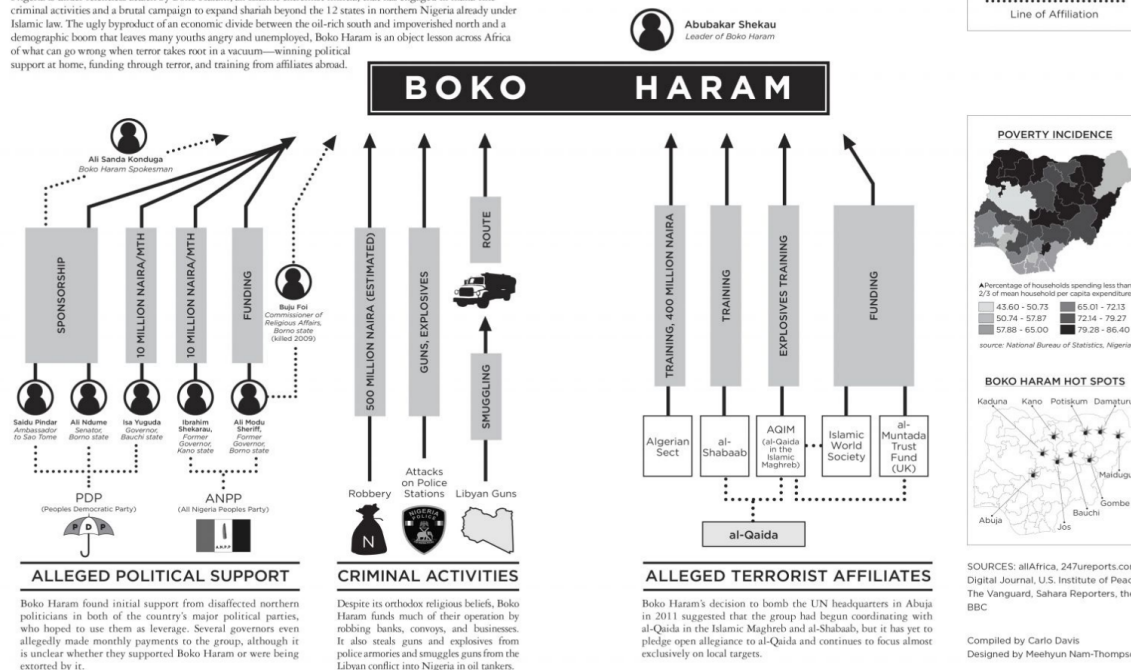
¹⁷ ReliefWeb: <http://reliefweb.int/map/nigeria/impact-boko-haram-violence-nigeria-over-2014-and-january-2015-20-january-2015>

The organization structure of the Boko Haram

ANATOMY OF AFRICAN TERRORISM

BOKO HARAM: NIGERIA'S HOMEGROWN TERROR NETWORK

Nigeria is under relentless attack by Boko Haram, an Islamic extremist militia, that has engaged in mafia-like criminal activities and a brutal campaign to expand sharia beyond the 12 states in northern Nigeria already under Islamic law. The ugly byproduct of an economic divide between the oil-rich south and impoverished north and a demographic boom that leaves many youths angry and unemployed, Boko Haram is an object lesson across Africa of what can go wrong when terror takes root in a vacuum—winning political support at home, funding through terror, and training from affiliates abroad.



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Legal suppression of the financing of terrorist groups

After the 11 September 2001 attacks on the United States, measures targeted at the financing of terrorism gained a great momentum. Combating the financing of terrorism is a key tool in the “war against terror”, with some suggesting that the war will be “fought in the halls of our financial institutions” and “may not be won by the destruction of checkbooks instead of on a battlefield.”¹⁹ Following this tragedy, the Security Council took a number of important steps in the fighting against terrorism. It condemned global terror and recognised the right to self-defence under Article 51 of the UN Charter in responding forcefully to those horrific attacks.²⁰ Perhaps its most significant action in this area was, however was the adoption of Resolution 1373 which established the Counter Terrorism Committee (CTC)²¹. The UN SC adopted in order to combat the crimes caused by the actions of insurrectional movements and terrorist groups also other important Resolutions which will be discussed further.²²

¹⁸Shelby Grossman: <http://shelbygrossman.com/wp-content/uploads/2014/04/bokoharam.png>

¹⁹ Ayers 2002, 458-459)

²⁰ Security Council; Resolution 1368 (2001); S/RES/1368 (2001); 4370th meeting; 12 September 2001

²¹ Security Council Resolution 1373 (2001); S/RES/1373 (2001); 4385th meeting, on 28 September 2001

²² Security Council Resolution 1566 (2004); S/RES/1566 (2004); 5053rd meeting, on 8 October 2004
 Security Council Resolution 1624 (2005); S/RES/1624 (2005); 5261st meeting on 14 September 2005

The CTC works to bolster the ability of United Nations Member States to prevent terrorist acts both within their borders and across regions. It is assisted by the Counter-Terrorism Committee Executive Directorate (CTED), which carries out the policy decisions of the Committee, conducts expert assessments of each Member State and facilitates counter-terrorism technical assistance to countries.

Resolution 1373 (2001), adopted unanimously on 28 September 2001, calls upon Member States to implement a number of measures intended to enhance their legal and institutional ability to counter terrorist activities, including taking steps to:

- criminalize the financing of terrorism;
- freeze without delay any funds related to persons involved in acts of terrorism;
- deny all forms of financial support for terrorist groups;
- suppress the provision of safe haven, sustenance or support for terrorists;
- share information with other governments on any groups practicing or planning terrorist acts;
- cooperate with other governments in the investigation, detection, arrest, extradition and prosecution of those involved in such acts; and
- criminalize active and passive assistance for terrorism in domestic law and bring violators to justice.²³

The Resolution also calls on States to become parties, as soon as possible, to the relevant international counter-terrorism legal instruments.

Resolution 1624 (2005) pertains to incitement to commit acts of terrorism, calling on UN Member States to prohibit it by law, prevent such conduct and deny safe haven to anyone *"with respect to whom there is credible and relevant information giving serious reasons for considering that they have been guilty of such conduct."*

Between 1963 and 2004, under the auspices of the United Nations and its specialized agencies, the international community developed 13 international counter-terrorism instruments which are open to participation by all Member States. Nowadays, there are 16 specific Instruments guiding the Member States in order to combat with the actions of terrorist groups. Some two-thirds of UN Member States have either ratified or acceded to at least 10 of the 16 instruments, and there is no longer any country that has neither signed nor become a party to at least one of them. During the past decade, Member States

²³ <http://www.un.org/en/sc/ctc/>

completed work on three more counter-terrorism instruments covering specific types of terrorist activities.²⁴

Regarding the topic of the upcoming sessions of the United Nations Security Council, the 1999 International Convention for the Suppression of the Financing of Terrorism commonly known as Terrorist Financing Convention shall be elucidated.

The present Convention was signed in New York and there are 173 signatories which concluded with the later. It entered into force on April 10, 2002 dealing stating:

- *requires* parties to take steps to prevent and counteract the financing of terrorists, whether direct or indirect, though groups claiming to have charitable, social or cultural goals or which also engage in illicit activities such as drug trafficking or gun running;
- *commits* States to hold those who finance terrorism criminally, civilly or administratively liable for such acts; and
- *provides* for the identification, freezing and seizure of funds allocated for terrorist activities, as well as for the sharing of the forfeited funds with other States on a case-by-case basis. Bank secrecy is no longer adequate justification for refusing to cooperate.

The Convention recalls in its preambulatory clauses the importance of observance of the UN Charter as well as relies upon the Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations²⁵ Similarly, pertinent invokes the main goal of UN SC and therefore to maintain international peace and security.

Emphasizing all the relevant General Assembly resolutions on the matter, including resolution 49/60 of 9 December 1994²⁶ and its annex on the Declaration on Measures to Eliminate International Terrorism, in which the States Members of the United Nations solemnly reaffirmed their unequivocal condemnation of all acts, methods and practices of terrorism as criminal and unjustifiable, wherever and by whomever committed, including

²⁴ :International Convention for the Suppression of Terrorist Bombings (1997)

International Convention for the Suppression of the Financing of Terrorism (1999) International Convention for the Suppression of Acts of Nuclear Terrorism (2005)

²⁵ Resolution adopted by the General Assembly; Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations; A/RES/25/2625; 24 October, 1970

²⁶ Security Council; Resolution 40/60; A/RES/49/60; 84th plenary meeting; 9 December 1994

those which jeopardize the friendly relations among States and peoples and threaten the territorial integrity and security of States.

The law is surprisingly not silent in defying the terms concerning respective phenomena arising within the terrorism. The Convention provides the international Community with the legislative intent to specify assets and funds either belonging to a state actor or to an insurrectional movement.

Article 2.1 defines the crime of terrorist financing as the offense committed by "any person" who "by any means, directly or indirectly, unlawfully and wilfully, 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" an act "intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act."²⁷

State parties to this treaty also commit themselves to the freezing and seizure of funds intended to be used for terrorist activities and to share the forfeited funds with all state parties. Moreover, state parties commit themselves not to use bank secrecy as a justification for refusing to co-operate in the suppression of terrorist financing.

The Convention requires States Parties to pass domestic legislation criminalizing the collection of funds for terrorist activities. As well, persons donating funds to groups which they know to support terrorist activities would also commit an offence. Although "terrorism" as such is not defined anywhere in the Convention, its meaning is made clear from the description of the activities the Convention aims at combatting:

„Any...act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.“

Within what it termed a "generic definition," there were four types of terrorism identified:

- state sponsored terrorism;
- agitational or insurgent terrorism;

²⁷ United Nations 1999 International Convention for the Suppression of the Financing of Terrorism (Terrorist Financing Convention) art. 2.1

- loosely affiliated terrorists;
- terrorism for hire.

Financing Terrorism

In past decades, the growth of "*narco-terrorism*," i.e., alliances between terrorist groups and drug cartels has been noted. Into this partnership, the terrorist organizations bring their paramilitary skills and organization to protect the drug operations and intimidate interfering governments. For their part, the drug cartels give the terrorist organizations access to vast sums of money from drug profits, far in excess of anything the terrorist organizations could raise through traditional means.

The drug cartels also educated the terrorist organizations in the transfer and laundering of money. Today, almost all the major insurgent groups engage in drug trafficking as a method of fundraising.²⁸ Drug money gives such groups access to wealth upon which sophisticated, world-wide organizations can be built to continue their insurgent or terrorist activities, regardless of the support in the homeland for those activities and regardless of the success of the insurgent activities in the field.

For fundraising purposes, terrorist organizations often engage in criminal activities such as extortion, theft, bank fraud and money laundering. Many terrorist organizations engage in gun-running and smuggling, including the smuggling of illegal aliens.

It might be assumed, furthermore, that the final phase in the evolution of such groups will be their active involvement in legitimate commercial enterprises as a cover for their criminal activities. In doing so they would follow the precedent established by La Cosa Nostra, the Russian Mafia and other organized crime groups. The Liberation Tigers of Tamil Eelam, for example, are alleged to have invested heavily in the stock and money markets, real estate, finance companies, farms, video rental shops and restaurants²⁹ – anything, in fact, that is highly profitable and gives access to pools of cash. The LTTE and the Irish Republican Army are said to own and operate fleets of deep-sea ships which, in

²⁸ Colombia's FARC; Peru's Sendero Luminoso ("Shining Path"); Myanmar's Khun Sa Militia; Turkey's Kurdistan Workers' Party (PKK); Sri Lanka's Liberation Tigers of Tamil Eelam (LTTE); and Afghanistan's Hizbi-Islami are examples of terrorist groups that engage in drug trafficking, either on their own or in partnership with drug cartels.

²⁹ GUNARATNA, R.: International and Regional Security Implications of the Sri Lankan Tamil Insurgency; Alumni Association of the Bandaranake Centre for International Studies and the International Foundation of Sri Lankans; London, England (1997); p. 24

addition to guns and other contraband cargo, carry fertilizer, timber, sugar, cement and other commercial goods for legitimate (and one assumes innocent) clients.

Terrorist organizations that reinvent themselves as multinational commercial enterprises will present substantially greater challenges to law enforcement authorities and the protection of national and international security.

Identifying and Designating Terrorist Groups

United Nations in cooperation with state's governments, international and supranational organisations, and NGOs from all over the world permanently update the list of designated terrorist groups. There are more than 168 terrorist groups; insurrectional unlawful and criminal movements listed within it. UN also provides the list with connection marks creating link to al-Qaida.

There are generally three criteria for designation:

- the organization must be foreign;
- the organization must engage in terrorist activity
- the organization's activities must threaten the international security

Although the Convention does not provide an explicit definition of "terrorism" or "terrorist," it appears to imply a definition in Article 2.<http://publications.gc.ca/Collection-R/LoPBdP/BP/prb0118-e.htm> - (12) However, the exact manner in which a State interprets and applies the Convention is left to the State itself to determine in accordance with its domestic law. Once a state decides that an organization operating within its jurisdiction is a terrorist fundraising organization, the state would not appear to require any further justification before it could direct punitive measures against the organization, provided, of course, that the legal conclusion is reached in substantial accordance with the Convention.

Much of the literature and commentary on combating the financing of terrorism likewise refer to the role that NGOs are alleged to play in terrorist financing. Ehrenfeld, for example, argues that *„money is often provided to terrorist through legitimate business and institutions such as NGOs or even international aid organisations and through various charities.“*³⁰ As noted above, terrorist organizations may establish "fronts," for example, a church, to raise funds. Certain of these may even have legitimate religious objectives, in

³⁰ EHRENFELD, R.: Funding Evil: How the terrorism is financed and how to stop it. Chicago: Bonus Books 2003; p.16

addition to their terrorist activities. In ideological terms, the achievement of the religious and the political objectives are often intertwined.

An example of this might be seen in the concept of the "jihad," a term which, in traditional Islam, referred to the Holy War waged within the individual's soul, to conquer evil through the invocation of correct religious practice. Of course, that term has come to have a different connotation in the modern era, where it often refers to the holy struggle against perceived exploitation and oppression by the Christian nations of the West.

Moreover, how it is possible to determine the ultimate purpose to which funds are put? An organization may have, in addition to legitimate aims of a political or religious nature, involvement with terrorist activities. Tracing these funds through to their ultimate use could cause enormous difficulties for enforcement authorities. Moreover, the point at which funds are received by the terrorists could be several steps removed from the original donor/recipient transaction, such that neither the donor nor the recipients are even aware of the ultimate use to which the funds are put. Although donations made under such conditions would not be considered a criminal offence (given the requirement of a *mens rea* element in the offence, i.e., the donor must know that the proceeds will, in whole or part, be used to support terrorism), the larger problem of preventing the flow of funds to terrorists is not addressed.

As well, there exists the possibility of innocent individuals or groups being wrongfully subject to sanctions, including freezing and seizure of their bank accounts. The inclusion of comprehensive provisions for judicial review is proposed as the best safeguard against miscarriages of justice.

United Nations Counter-Terrorism Implementation Task Force (CTITF)³¹

In 2005 , the Secretary- General of the United Nations, established CTITF to ensure overall coordination and coherence in the counter-terrorism efforts of the United Nations system. CTITF is chaired by a senior United Nations official appointed by the Secretary-General and consists of 25 United Nations system entities and INTERPOL.

The United Nations Global Counter-Terrorism Strategy, which brings together into one coherent framework decades of United Nations counter-terrorism policy and legal responses emanating from the General Assembly, the Security Council and relevant

³¹ Counter-Terrorism Implementation Task Force (CTITF); CTITF Working Group Report; Tackling the Financing of Terrorism; CTITF Publication Series, October 2009

United Nations specialized agencies, has been the focus of the work of CTITF since its adoption by the General Assembly in September 2006 (General Assembly resolution 60/288).

The Strategy sets out a plan of action for the international community based on four pillars:

- measures to address the conditions conducive to the spread of terrorism;
- measures to prevent and combat terrorism;
- measures to build States' capacity to prevent and combat terrorism and to strengthen the role of the United Nations system in this regard;
- measures to ensure respect for human rights for all and the rule of law as the fundamental basis of the fight against terrorism.

The Working Group of CTITF provides the international community with its findings regarding the later stating:

1. Regional vulnerabilities, trends and priorities have an impact on the way in which the international standards are implemented.
2. It is difficult to determine the effectiveness of legislation criminalizing terrorism financing partly because a presumed preventive effect is by definition not measurable but also because terrorism financing provisions have been introduced only recently.
3. Various assessor bodies have found that many essential domestic agencies, in particular FIUs, are undertrained and understaffed and lack a clear mandate and powers to deal with terrorism financing issues.
4. It is difficult to assess the effectiveness of national coordination and international cooperation measures currently in place. To date, there has not been much research into identifying all of the impediments in national systems that hamper international cooperation.
5. In some cases of suspected terrorism financing, States are not using effectively all the legal tools included in conventions that are available for mutual legal assistance and extradition.
6. States that are most effective in cooperating both among domestic institutions and authorities and with their foreign counterparts are those with an established coordinating mechanism or a central coordinating body.

7. Regulation can impede cooperation with the private sector and even within specific firms. For instance, branches of the same bank in different jurisdictions may not always be able to ascertain whether they are permitted to share information with one another and thus often err on the side of caution by not sharing information that could improve their efficiency and effectiveness in detecting and reporting suspicious activity.
8. With false identification, individuals can circumvent a range of CFT preventive measures taken by financial institutions and other reporting entities.
9. The existing standards and practices for collecting information on the sender of wire transfers (originator information) have a loophole: not all banks follow the same requirements for providing information on a transaction's originator. The international bank fund transfer system comprises thousands of institutions in hundreds of jurisdictions, making bilateral agreements among all of them infeasible and attempts to guarantee payment standards with overseas counterparts impossible at a bank-to-bank level.
10. Border authorities do not always have the necessary tools or powers or the required training to effectively detect or disrupt the physical movement of cash across national borders for terrorism financing purposes.
11. Although licensing and registration systems have already been implemented in some States, there is no methodology for measuring their effectiveness.
12. Many new technological breakthroughs in payment systems are not being supervised by regulatory authorities
13. The complex nature of these financial services presents a further challenge to Governments once the decision to regulate them has been made. Sometimes operators are subject to multiple supervisory agencies which may provide confusing or even conflicting rules. For instance, mobile phone financial services when regulated may be supervised by telecommunications and financial authorities with different data record requirements.³²
14. NPOs provide possible opportunities for terrorism financing and as such pose a potential risk, yet at the same time they play a crucial part in fighting conditions conducive to terrorism. NPOs are critical in reducing the appeal of terrorism, by

³² Pierre Chatain, Raul Hernandez-Coss, Kamil Borowik and Andrew Zerzan, Integrity in Mobile Phone Financial Services, World Bank, Working Paper 146 (2008).

building social structures and increasing intercommunity dialogue and understanding.

15. It is important to recognize the difference between NPOs exploited by terrorist financiers and NPOs that are themselves complicit in terrorism financing. Both cases have arisen, but typology reporting and its application do not always make this clear.
16. Under some circumstances, including humanitarian crises, UN - availability of reliable documentation, lack of existing registration requirements and lack of NPO resources, certain due diligence requirements can be unrealistic. There exist cases in which counter-terrorism financing controls precluded aid from being delivered to those in need. This can create a void in which terrorist organizations are in fact delivering humanitarian assistance and building political support, thus worsening efforts to curb terrorism and its financing.
17. A way for terrorism financiers to avoid the assets freeze is to establish themselves under a name different from that which is on the list. By the use of a new legal entity, they may be able to operate without hindrance.
18. Delay in national implementation may allow terrorists to move their funds out before a freeze order goes into effect in a jurisdiction.

Questions a resolution should answer:

1. What measures should be implemented in order to effectively suppress the financing of the terrorist organizations?
2. How to prevent terrorist groups from gaining financial resources from smuggling of the natural resources such as oil or natural gas?
3. What regulations should be adopted to rapidly identify and track the financial flows from donors to the terrorist subjects?
4. How to encourage states to adopt stricter legislation to stop private donations to domestic and foreign subjects suspected from terrorism?
5. Which sanctions should be imposed on states directly or indirectly financing terrorist groups?
6. Which actions should be taken by bodies and organizations of the United Nations to suppress the financing of the terrorist organizations?

Suggested reading:

- **Charter of the United Nations:** <http://www.un.org/en/documents/charter/>
- **Terrorism Financing and the Islamic State** (Washington Institute):
<http://www.washingtoninstitute.org/uploads/Documents/testimony/LevittTestimony20141113.pdf>
- **Tackling the Financing of Terrorism** (CTITF):
http://www.un.org/en/terrorism/ctitf/pdfs/ctitf_financing_eng_final.pdf
- **Terrorist Financing** (Council on Foreign Relations):
http://www.google.sk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0CDcQFjAE&url=http%3A%2F%2Fwww.cfr.org%2Fcontent%2Fpublications%2Fattachments%2FTerrorist_Financing_TF.pdf&ei=ZZQFVbn7K4L1UpWeg4AP&usg=AFQjCNGi5ryac4vmbK--NOkrYhY4KkLTyg&sig2=KeL5FYrHfQPMYZG8uVkD2A