

Forum:

United Nations Security Council

Issue:

Preventing and Combating the Terrorism financing activities in Asia

Student Officer:

Chris He, Lily Jiang, Laurie Cao

Overview

Terrorism financing is the act of providing financial support to terrorists or terrorist organizations to enable them to carry out terrorist acts or to benefit any terrorist or terrorist organization.

Financial institutions are very vulnerable to the possibility of being used as a media for money laundering (ML) and terrorism financing (TF), due to many transaction options for perpetrators of crime to commit an offence. Through various transaction options, such as transfer transactions, financial institutions become the entrance of assets that are the proceeds of crime or terrorism financing activities into the financial system which can be utilized for the benefit of perpetrators of crime. For instance, ML perpetrators can withdraw proceed of crime that appear legitimate (for example, through salaries, revenue from legitimate business or donations including through non-profit organizations) and conceal the origins of illegally obtained.

Similar to money laundering, there are generally three stages in terrorism financing: raising, moving and using funds. Despite the different stages, the ways in which terrorism financing is done is similar and, in some cases, may be identical to the methods used to launder money. In both cases, the perpetrator seeks to misuse the financial or non-financial sectors for illegitimate purposes.

It is important to find ways to combat terrorism activities that cause harm which may be in the form of injury, loss or death to people affected by attacks or it may be in the form of economic destruction.

Key Terms

ISIS/IS-K

CFT

Combating the Financing of Terrorism (CFT) is a set of government laws, regulations, and other practices that are intended to restrict access to funding and financial services for those whom the government designates as terrorists. By tracking down the source of the funds that support terrorist activities, law enforcement may be able to prevent some of those activities from occurring.

GPML

The UN Global Programme against Money Laundering (GPML) is a research and assistance project within the United Nations Office for Drug Control and Crime Prevention (ODCCP) which comprises the United Nations International Drug Control Programme (UNDCP) and the Centre For International Crime Prevention (CICP). Each organization is located in the Vienna International Centre in Austria.

The Programme's goal is to increase the effectiveness of international action against money laundering by offering comprehensive technical expertise to requesting Member States.

Cryptocurrency

Cryptocurrency is a digital payment system that doesn't rely on banks to verify transactions. It's a peer-to-peer system that can enable anyone anywhere to send and receive payments. Instead of being physical money carried around and exchanged in the real world, cryptocurrency payments exist purely as digital entries to an online database describing specific transactions. When you transfer cryptocurrency funds, the transactions are recorded in a public ledger. Cryptocurrency is stored in digital wallets.

Major Organizations and Actions

In 2000, the Fund responded to calls from the international community to expand its work in the area of anti-money laundering (AML) in general and concerning the abuse of Offshore Financial Centers (OFC) in particular by initiating an OFC assessment program and exploring how it could incorporate AML work into its activities, especially Article IV surveillance and the newly-established Financial Sector Assessment Program (FSAP). Work on developing an AML Report on Standards and Codes (ROSC) module was ongoing when the tragic events of September 11, 2001 intensified the efforts and broadened their scope to include combating the financing of terrorism (CFT). Within about a year, the Fund was already actively at work assessing member countries compliance with the international standard developed (and subsequently fundamentally revised) by the Financial Action Task Force (FATF), as well as providing technical assistance on how to improve AML/CFT regimes. This preliminary experience was favorably evaluated by the Board, which in March, 2004, decided to incorporate AML/CFT assessments and AML/CFT technical assistance into the Fund's regular work and continue to make AML/CFT assessments a mandatory ROSC in every FSAP and OFC assessment.

On 7–8 November 2019, Australia hosted the 'No Money for Terror' Ministerial Conference on Counter-Terrorism Financing in Melbourne, Australia. More than 65 delegations including 23 Ministers, representatives from 15 international bodies including the United Nations, Financial Action Task Force (FATF) and FATF-Style Regional Bodies, as well as representatives from 28 private sector and not-for-profit organisations were

involved. The 2019 Conference built on the important work of the inaugural 'No Money for Terror' Ministerial Conference in 2018, hosted by France, and its Paris Agenda. The 2019 Conference assessed the evolving global and Indo-Pacific threat environment; built understanding of the key terrorism financing risks, trends and methods; and highlighted best practice from across the globe, between regions and across the public and private sector. In their discussions, participants addressed and reinforced their commitment to the five key themes of the Conference as outlined in the Chair's Statement, 2019 'No Money for Terror' Ministerial Conference on Counter-Terrorism Financing.

In 1995 an Asia-Pacific regional office called the "FATF-Asia Secretariat" was established and funded by government of Australia. In cooperation with other international bodies, that secretariat worked with countries in the Asia-Pacific to generate wide regional commitment to implement anti-money laundering policies and initiatives and secure agreement to establish a more permanent regional anti-money laundering body. Symposia were then held in Hong Kong, China in October 1995; in November 1996; and in Tokyo, Japan in December 1995. At the Fourth (and last) symposium in Bangkok, Thailand in February 1997, the Asia/Pacific Group on Money Laundering (APG) was officially established as an autonomous regional anti-money laundering body by unanimous agreement among 13 original founding members. A new secretariat was also established to serve as the focal point for APG activities to be located in Sydney, Australia.

The APG has grown considerably since 1997 and is part of a global network of similar bodies, referred to as Financial Action Task Force-Style Regional Bodies (FSRBs) and is the largest in terms of membership numbers and geographical size. The APG also has a large number of observers (both jurisdictions and supporting organisations) that participate in its programmes and activities. Some of the key international organisations that support the APG include the International Monetary Fund, World Bank, OECD, United Nations Office on Drugs and Crime, the UN's Counter Terrorism Executive Directorate, Asian Development Bank, Commonwealth Secretariat, INTERPOL and the Egmont Group of Financial Intelligence Units.

The international standards against money laundering and the financing of terrorism/proliferation are contained in the Forty Recommendations of the Financial Action Task Force (FATF).

UN Past Resolutions and Treaties

Resolution 2462 (2019), <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N19/090/16/PDF/N1909016.pdf?OpenElement>

Reaffirming that terrorism in all forms and manifestations constitutes one of the most serious threats to international peace and security and that any acts of terrorism are criminal and unjustifiable regardless of their motivations, whenever, wherever and by whomsoever committed, Stressing the primary responsibility of Member States in countering terrorist acts and reiterating their obligation to prevent and suppress the financing of terrorist acts as well as its call upon all States to become party to the international counterterrorism conventions and protocols as soon as possible,

Reminding all States of their obligation to ensure that any person who participates in the financing, planning, preparation or perpetration of terrorist acts or in supporting terrorist acts is brought to justice and ensure that, in addition to any other measures against them,

Resolution 2482 (2019) , <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N19/224/98/PDF/N1922498.pdf?OpenElement>

Expressing its concern that terrorists can benefit from organized crime, whether domestic or transnational, as a source of financing or logistical support, recognizing that the nature and scope of the linkages between terrorism and organized crime, whether domestic or transnational, vary by context, and emphasizing the need to coordinate efforts at the local, national, subregional, regional, and international levels to respond to this challenge ,

Reaffirming its commitment to sovereignty, territorial integrity and political independence of all States in accordance with the Charter of the United Nations, and stressing that Member States have the primary responsibility in countering terrorist acts and violent extremism conducive to terrorism,

Acknowledging that prisons can serve as potential incubators for radicalization to terrorism and terrorist recruitment, and that proper assessment and monitoring of persons convicted of terrorist offenses is critical to mitigate opportunities for terrorists to attract new recruits, recognizing that prisons can also serve to rehabilitate and reintegrate prisoners,

Resolution 1373 (2001), https://www.unodc.org/pdf/crime/terrorism/res_1373_english.pdf

Recognizing the need for States to complement international cooperation by taking additional measures to prevent and suppress, in their territories through all lawful means, the financing and preparation of any acts of terrorism,

Reaffirming the principle established by the General Assembly in its declaration of October 1970 (resolution 2625 (XXV)) and reiterated by the Security Council in its resolution 1189 (1998) of 13 August 1998, namely that every State has the duty to refrain from organizing, instigating, assisting or participating in terrorist acts in another State or acquiescing in organized activities within its territory directed towards the commission of such acts,

POSSIBLE SOLUTIONS

- 1) Promoting the ratification of the relevant universal legal instruments, in particular the International Convention for the Suppression of the Financing of Terrorism (1999), and the implementation of these international standards.
- 2) Reviews of domestic legislation to ensure proper criminalization of offences related to the financing of terrorism and legislative drafting.
- 3) Prosecute and adjudicate terrorist financing through the provision of specialized training on issues related to special investigation techniques, freezing, seizing and confiscating terrorist assets.
- 4) Strengthening regional and international cooperation against the financing of terrorism.

BIBLIOGRAPHY

Anti-Money Laundering and Counter-Terrorism Financing. www.bi.go.id/en/fungsi-utama/sistem-pembayaran/anti-pencucian-uang-dan-pencegahan-pendanaan-terrorisme/default.aspx.

“About APG.” *About Us*, <http://www.apgml.org/about-us/page.aspx?p=91ce25ec-db8a-424c-9018-8bd1f6869162>.

“Combating Terrorist Financing.” *United Nations : Office on Drugs and Crime*, www.unodc.org/unodc/en/terrorism/expertise/combating-terrorist-financing.html.

Crime Prevention - Home Affairs. <https://www.homeaffairs.gov.au/about-us/our-portfolios/criminal-justice/crime-prevention>.

IMOLIN, I.M.O.L.I.N. (n.d.) *United Nations Global Programme against Money Laundering, IMOLIN*. Available at: <https://www.imolin.org/imolin/gpml.html> (Accessed: November 22, 2022).

Kagan, J. (2022) *Combating the financing of terrorism (CFT) definition*, Investopedia. Available at: <https://www.investopedia.com/terms/c/combating-financing-terrorism-cft.asp#:~:text=CFT%2C%20or%20Combating%20the%20Financing,system%20or%20other%20financial%20networks>. (Accessed: November 22, 2022).

Kaspersky (2022) *What is cryptocurrency and how does it work?*, www.kaspersky.com. Available at: <https://www.kaspersky.com/resource-center/definitions/what-is-cryptocurrency> (Accessed: November 22, 2022).

“Security Council - Counter-Terrorism Committee (CTC) | Counter-Terrorism Committee Executive Directorate (CTED).” *United Nations*, United Nations, <https://www.un.org/securitycouncil/ctc/>.