

## ISSUE BRIEF

### COUNTERING TERRORIST FINANCING:

*Lessons Learned for Tackling  
Far-Right Terrorism*

JUNE 2021

THE SOUFAN CENTER

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## KEY FINDINGS

- The establishment of the multilateral architecture to address terrorist financing was focused on transnational jihadist groups following the attacks of September 11, 2001. In the two decades since, the primary tool wielded for combatting the financing of terrorism (CFT) has been the application of targeted sanctions to freeze and block the assets associated with individuals connected to designated terrorist groups.
- New forms of terrorism and terrorist financing have emerged, ranging from microfinancing to low-scale individual attacks, all of which are more difficult to trace as they exist outside of the formal financial system and formal terrorist designations.
- An increase in violent far-right extremism and terrorism poses an escalating threat. Furthermore, violent far-right extremist groups have been adept at diversifying funding sources, necessitating concerted international action.
- The divergence of definitions and approaches adopted by states in countering far-right terrorism complicates the ability to consistently apply counterterrorism and CFT measures. Therefore, coordination is required between states, the UN, and other international actors to join in identifying the threat posed by violent far-right extremist groups and strengthen the legal and policy measures to counter their financing, using both existing and tailored tools.
- **Recommendations** include: apply existing policy tools where possible to far-right terrorist financing; adopt “ideologically agnostic” prevention programs; ensure adequate operational guidance; and increase engagement between the UN and the private sector.

## INTRODUCTION

In a post-9/11 world, the international community has devoted significant attention and resources to countering the financing of terrorist groups.<sup>1</sup> For the most part, over the past twenty years this attention has focused on curbing the financial activities of Salafi-jihadist groups like al-Qaeda and ISIS.<sup>2</sup> While the UN's 1267 Sanctions Committee was founded in 1999, its primary focus was the Taliban. It wasn't until after al-Qaeda's deadly attack on September 11<sup>th</sup> did the UN 1267 Committee rapidly expand the aperture by sanctioning al-Qaeda and associated entities in October 2001. The UN would also, in the wake of September 11<sup>th</sup>, adopt Security Council Resolution 1373 on September 28, 2001. UNSCR 1373's aim, among other things, was to criminalize the funding of terrorist acts and to encourage governments to freeze the assets of individuals and entities engaged in terrorist financing.

The UN would not be the only institution with wide remit to counter terrorist financing.<sup>3</sup> The Financial Action Task Force (FATF), the premier intergovernmental body that develops policies to fight money laundering and terrorist financing, also got into the fight against terrorist finance late.<sup>4</sup> Founded in 1989, FATF did not begin to focus on countering terrorist financing until after September 11<sup>th</sup>, but now the pendulum has swung in the opposite direction and many of FATF's focal areas target terrorist access to finance. Its forty recommendations provide a basis to guide states and international actors in implementing CFT measures against some uniform standards.<sup>5</sup>

Like FATF, the Egmont Group, a cooperative entity composed of Financial Intelligence Units (FIUs), was founded before September 11<sup>th</sup>. In 1995, the Egmont Group had twenty-four members who primarily shared financial intelligence related information pertaining to

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<sup>1</sup> This Issue Brief is part of a project examining the lessons learned from UN and international counterterrorism efforts over the past two decades and their implications for international efforts to address violent far right extremism and terrorism, with a particular focus on terrorism financing and strategic communications and narratives. The Soufan Center is grateful to the German Mission to the United Nations for supporting this project.

<sup>2</sup> Clarke, Colin P. *Terrorism, Inc: The Financing of Terrorism, Insurgency, and Warfare*. Santa Barbara, California: Praeger, 2015.

<sup>3</sup> Giraldo, Jeanne K., and Harold A. Trinkunas. *Terrorism Financing and State Responses: a Comparative Perspective*. Edited by Jeanne K. Giraldo and Harold A. Trinkunas. Stanford, Calif: Stanford University Press, 2007; For theory and typology, see also: Freeman, Michael. *Financing Terrorism: Case Studies*. London, [England] : Routledge, 2016; For framing within international relations literature, see also: Wittig, Timothy. *Understanding Terrorist Finance*. Houndmills: Palgrave Macmillan, 2011.

<sup>4</sup> Jackson, James K. "The Financial Action Task Force: An Overview." Congressional Research Service. March 23, 2017. <https://fas.org/sgp/crs/misc/RS21904.pdf>.

<sup>5</sup> "International Standards on Combatting Money Laundering and the Financing of Terrorism & Proliferation." Financial Action Task Force, October 2020. <https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>.

organized crime endeavors. Since 9/11, the Egmont Group's rapid expansion to now 166 member FIUs reflects the international community's dedication to countering terrorist access to funding.

The pivot to counter terrorism financing from traditional forms of criminal group financing and other types of threats, such as insurgencies as represented by the Taliban, was a natural response to the deadliest terrorist attack in modern history. That, coupled with the rise of the so-called Islamic State (ISIS) and its ability to acquire and hold territory in Syria and Iraq that was equivalent in size to the United Kingdom, has resulted in a complex and arguably effective international system designed to counter terrorist access to finance, particularly through the formal financial system.<sup>6</sup> The international community's central focus related to countering Salafi-jihadist forms of financing has been the application of targeted sanctions. Indeed, the freezing and blocking of assets moving through the formal financial system associated with individuals connected to designated terrorist groups has

been the primary tool wielded against these actors. This is a logical outcome given that al-Qaeda, according to the 9/11 Commission, used the formal financial system to move approximately 60% of the funding associated with the September 11<sup>th</sup> attack.<sup>7</sup> While terrorist groups, like criminal organizations, have adjusted to the international community's focus on following the money by using informal methods of raising and moving finance, the use of the formal financial system by bad actors remains very important. In fact, the U.S. Treasury Department's most recent Terrorist Assets Report (TAR) indicated that more than 50 terrorist groups have had their funds blocked from moving within the U.S. formal financial system.

Large scale attacks, like 9/11, inevitably affect the formal financial system. More recently, however, low-scale self-directed attacks are challenging domestic and international responses to terrorist financing.<sup>8</sup> Unlike formal terrorist organizations, individuals, especially those without connections to designated terrorist groups, have been able

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<sup>6</sup> For more information on ISIS financing, see: Johnston, Patrick B., Mona Alami, Colin P. Clarke, and Howard J. Shatz, "Return and Expand? The Finances and Prospects of the Islamic State After the Caliphate." RAND Corporation, 2019. [https://www.rand.org/pubs/research\\_reports/RR3046.html](https://www.rand.org/pubs/research_reports/RR3046.html); Clarke, Colin P., Kimberly Jackson, Patrick B. Johnston, Eric Robinson, and Howard J. Shatz, "Financial Futures of the Islamic State of Iraq and the Levant: Findings from a RAND Corporation Workshop." RAND Corporation, 2017. [https://www.rand.org/pubs/conf\\_proceedings/CF361.html](https://www.rand.org/pubs/conf_proceedings/CF361.html); Johnston, Patrick B., Jacob N. Shapiro, Howard J. Shatz, Benjamin Bahney, Danielle F. Jung, Patrick Ryan, and Jonathan Wallace, "Foundations of the Islamic State: Management, Money, and Terror in Iraq, 2005–2010." RAND Corporation, 2016. [https://www.rand.org/pubs/research\\_reports/RR1192.html](https://www.rand.org/pubs/research_reports/RR1192.html).

<sup>7</sup> Cid Gomez, Juan Migel del. "A Financial Prolife of the Terrorism of Al-Qaeda and its Affiliates." *Perspectives on Terrorism* 4, no. 4 (October 2010).

<sup>8</sup> Harrell, Peter. "The Threat of Small-Dollar Terrorism." *Politico*. August 29, 2017. <https://www.politico.com/agenda/story/2017/08/29/the-threat-of-small-dollar-terrorism-000503/>; Keatinge, Tom. "Terror on the Cheap: Financing Lone Actor and Small Cell Attacks." RUSI. August 17, 2015. <https://rusi.org/commentary/terror-cheap-financing-lone-actor-and-small-cell-attacks>; Ranstorp, Magnus. "Microfinancing the Caliphate: How the Islamic State Is Unlocking the Assets of European Recruits." Combating Terrorism Center at West Point, November 16, 2017. <https://ctc.usma.edu/microfinancing-the-caliphate-how-the-islamic-state-is-unlocking-the-assets-of-european-recruits/>.

to finance and carry out their attacks without detection. Individuals, like Anders Breivik and Brenton Tarrant, have self-financed their deadly attacks. In other cases, micro-financing, especially the solicitation of small donations, have become also common with a broad range of terrorist actors, to include violent right-wing extremist groups. These forms of fundraising, and associated movement, if any, within the formal financial system present a challenge to international bodies charged with curbing illicit finance.

Moreover, trends are pointing to violent right-wing actors becoming an ascendant threat. In April 2020, the UN's Counterterrorism Executive Directorate (CTED) noted that there was a more than 320% increase in violence associated with the extreme far-right over the past five years.<sup>9</sup> As such, the international community should continue to expend more resources to counter the financing of the extreme far-right. There are lessons in the fight against al-Qaeda and ISIS that are relevant to extreme far-right financing, but given the diffuse and leaderless nature of the violent far-right threat, new policies and approaches are warranted. This issue brief will explore these issues as the international community begins its nascent fight against far-right terrorists.

## MULTILATERAL TOOLS TO COUNTER THE FINANCING OF TERRORISM

The "1267" sanctions regime reflected the transnational nature of Al-Qaeda and ISIS; it therefore represented a global consensus that these groups, along with their affiliates, posed a threat to international peace and security, making them under the purview of the Security Council. The establishment of the multilateral institutional architecture at the UN to address terrorist financing therefore emerged from the impetus to address the threat posed by transnational jihadist groups likely to move large scale funds and resources across borders and financial institutions.<sup>10</sup>

Consequently, entities like the 1267 Sanctions Monitoring Team, CTED, United Nations Office on Drugs and Crime (UNODC), and the United Nations Counter-Terrorism Office (UNOCT) focused on ensuring that states developed the institutional, legal, and policy frameworks necessary to counter terrorist financing and, when possible, offered targeted capacity-building support. While the 1267 regime is specific to al-Qaeda and ISIS, the CFT obligations set out by Security Council Resolution 1373, and several subsequent iterations, and the UN's Global Counterterrorism Strategy are not limited in application to specific groups or regions.

<sup>9</sup> Blazakis, Jason and Naureen Chowdhury Fink. "The International Far-Right Terrorist Threat Requires a Multilateral Response." *Lawfare*, April 4, 2021. <https://www.lawfareblog.com/international-far-right-terrorist-threat-requires-multilateral-response>.

<sup>10</sup> "Tackling the Financing of Terrorism." United Nations Counterterrorism Implementation Task Force (New York: United Nation, 2009). [https://www.un.org/counterterrorism/ctitf/sites/www.un.org.counterterrorism.ctitf/files/ctitf\\_financing\\_eng\\_final.pdf](https://www.un.org/counterterrorism/ctitf/sites/www.un.org.counterterrorism.ctitf/files/ctitf_financing_eng_final.pdf).

Although the initial impetus of measures to counter the financing of terrorism targeted the financing of terrorist acts, the guidance provided by FATF and the recently adopted Security Council Resolution 2462<sup>11</sup> shifted the focus on the financing of terrorism more broadly, recognizing that for groups that needed to fund personnel, accommodation, materiel, communications, and travel, for example, funding was fungible. Funding terrorism need not therefore be related to an attack, but to the maintenance of the terrorist organization more broadly. As a result, international CFT efforts have focused not just on funding associated with terrorist attacks, but funding that may be associated with the maintenance of terrorist networks in the absence of a link to specific attacks. Moreover, the increased prevalence in low cost, low tech terrorist attacks perpetrated by “self-activated” or “self radicalized” individuals or small groups, with little to no formal association with a terrorist organization, has increased the concerns of governments and experts regarding the traceability of small amounts of funds moved by individuals with no previous criminal record or footprint.

The multilateral system demonstrated both creativity and responsiveness in developing legal instruments to address evolving terrorism financing risks as they developed. When it became clear that ISIS was

financially and materially benefitting from the trafficking of human beings and cultural heritage, for example, states adopted Security Council Resolution 2331 (2016). This confirmed that individuals could be designated under the 1267 sanctions regime for using sexual violence or human trafficking to raise funds for terrorism. This reflected the recognition by states of the use of sexual violence as a tactic of terrorism, and the use of human trafficking by groups like Boko Haram and ISIS to perpetuate sexual slavery as a means of rewarding fighters, incentivizing foreign recruits and punishing communities, such as the Yazidis.<sup>12</sup>

Additionally, Security Council Resolution 2347 (2017) highlights the potential linkages between the destruction of cultural heritage and terrorism financing broadly.<sup>13</sup> Council members condemned:

*any engagement in direct or indirect trade involving ISIL, Al-Nusra Front (ANF) and all other individuals, groups, undertakings and entities associated with Al-Qaida, and reiterates that such engagement could constitute financial support for entities designated by the 1267/1989/2253 ISIL (Da'esh) and Al-Qaida Sanctions Committee and may lead to further listings by the Committee.*<sup>14</sup>

While that sanctions regime applies to two specific groups, the resolution is broader in

<sup>11</sup> “UN Security Council Resolution 2462: Threats to International Peace and Security.” UN Security Council, S/RES/2462 (19 July 2019), 16. <http://unscr.com/files/2019/02482.pdf>.

<sup>12</sup> “Conflict-Related Sexual Violence.” United Nations: Office of the Secretary General, 2017. <https://www.un.org/sexualviolenceinconflict/wp-content/uploads/2020/07/report/conflict-related-sexual-violence-report-of-the-united-nations-secretary-general/2019-SG-Report.pdf>.

<sup>13</sup> “UN Security Council Resolution 2347: Maintenance of International Peace and Security.” UN Security Council, S/RES/2347 (24 March 2017), 2. <https://www.un.org/securitycouncil/s/res/2347-%282017%29>.

<sup>14</sup> Ibid.

its application, affirming that attacks on sites and buildings dedicated to religion, education, art, science, charitable purposes, or historic monuments may constitute war crimes under certain circumstances.<sup>15</sup> Moreover, the Security Council urged states to introduce effective national measures at the legislative and operational levels to prevent and counter trafficking in cultural property and related offenses.<sup>16</sup> Despite the important linkage made here between destruction of cultural heritage and terrorism, this remains a largely under-utilized instrument to address terrorism financing and support.

As more states confront the emerging violent far-right threat – or racially and ethnically motivated – extremism and terrorism, it will be important to consider if and how the multilateral instruments to counter terrorist financing might be applicable. Responding to increased concerns voiced by states, multilateral actors have begun to shift towards a focus on violent far-right threats. For example, in assuming the Presidency of the Financial Action Task Force for 2021-2022, Germany set out a number of strategic priorities, including:

*...work to tackle some of the great challenges facing societies around the world including the opportunities that new technology offers to strengthen AML/CFT systems through digital transformation; ethnically or racially motivated terrorism; migrant smuggling;*

*environmental crime and illicit arms trafficking.*<sup>17</sup>

In addition to the FATF, the Global Counter-Terrorism Forum is also working on the issue of Racially and Ethnically Motivated Terrorism, and the International Institute for Justice in Malta, a “GCTF-inspired institution” has also begun to put together training workshops and support to states on this issue.

In his report on implementation of the UN Global Counter-Terrorism Strategy, the Secretary-General also noted that:

*The transnational threat from racially, ethnically or ideologically motivated individuals and groups resorting to terrorist tactics, variously described as “white supremacist,” “far right” or “extreme right wing” has also increased. These groups have sought to capitalize on the COVID-19 response in order to increase and diversify their support base, including by accelerating pre-existing trends of social polarization and cultural manipulation.*<sup>18</sup>

In concluding his report, the Secretary-General asks states to affirm the role of the United Nations in supporting states to address this threat. However, as described above, there are a number of counterterrorism resolutions and measures that can be applied to addressing multiple forms of terrorism, which could be applied to

<sup>15</sup> “UN Security Council Resolution 2347: Maintenance of International Peace and Security.” UN Security Council, S/RES/2347 (24 March 2017), 4. <https://www.un.org/securitycouncil/s/res/2347-%282017%29>.

<sup>16</sup> “UN Security Council Resolution 2347: Maintenance of International Peace and Security.” UN Security Council, S/RES/2347 (24 March 2017), 8-9. <https://www.un.org/securitycouncil/s/res/2347-%282017%29>.

<sup>17</sup> Pleyer, Marcus. “Priorities for the Financial Action Task Force (FATF) Under the German Presidency.” Financial Action Task Force, 2020. <https://www.fatf-gafi.org/media/fatf/documents/German-Presidency-Priorities.pdf>.

<sup>18</sup> “Activities of the United Nations System in Implementing the United Nations Global Counter-Terrorism Strategy.” United Nations General Assembly, A/25/729 (29 January 2021), 10. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/024/00/PDF/N2102400.pdf?OpenElement>.

strengthening international legal and practical cooperation to counter terrorist financing.<sup>19</sup>

## LESSONS LEARNED

Despite the widespread international investment in countering terrorist financing globally, identifying what has worked, or not worked, in the past can be challenging. As CFT expert Jessica Davis noted at a May 2021 webinar organized by The Soufan Center, “We haven’t even really settled the debate about what CFT is supposed to do. Is it supposed to stop the flow of funds to terrorist groups, which is a pretty vague objective, or is it meant to reduce terrorism globally, which is a pretty big set of objectives for a rather narrow set of activities?” The answers matter because they determine how we measure progress. However, drawing on the experiences over the past two decades, a few initial insights emerge.

One key lesson learned in the wake of September 11<sup>th</sup> is that the most effective way to counter a transnational group’s access to finance is by taking a multilateral approach. As noted in the introduction, the UN, FATF, and the Egmont Group all became more focused on countering terrorism finance post-9/11. In September 11<sup>th</sup>’s aftermath the international community was able to achieve, briefly, consensus regarding the threat al-Qaeda posed to international peace and

stability. This consensus resulted in hundreds of new listings of individuals and groups being designated at the UN’s 1267 Committee. The FATF adopted new recommendations, some of which focus on terrorism financing for the first time. And, of course FIUs across the globe were able to use the Egmont information portal to share actionable financial intelligence related to groups like al-Qaeda. This international momentum based on consensus also created momentum for countries to develop their own counterterrorism financing measures – something countries were clearly reluctant to do unilaterally pre-9/11. Domestic approaches alone, especially when trying to counter transnational groups that carry out activities that defy borders, to include financing, are inherently limited. Thus, multilateral approaches will be invaluable to countering transnational far-right terrorist groups.

Historically, even groups that may have a primary base of operations, like the Provisional Irish Republican Army (PIRA), required external financing. In the case of the PIRA, a key source of financing came from a U.S. based non-profit organization known as Northern Irish Aid (NORAID).<sup>20</sup> NORAID aggregated small donations from U.S.-based Irish ex-pats and funneled the proceeds to the PIRA. Ultimately, because of bilateral cooperation between UK law enforcement and the U.S. Federal Bureau of Investigation (FBI) this channel of PIRA finance dried up. Mutual cooperation between law enforcement agencies in the fight against the

<sup>19</sup> “Activities of the United Nations System in Implementing the United Nations Global Counter-Terrorism Strategy.” United Nations General Assembly, A/25/729, (29 January 2021), 77. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/024/00/PDF/N2102400.pdf?OpenElement>.

<sup>20</sup> Clarke, Colin P. “Countering Provisional Irish Republican Army (PIRA) Financing and Combating the Ability of Insurgents to Raise Funds Through Crime in Northern Ireland” in Lawrence Cline and Paul Shemella, eds., *The Future of Counterinsurgency: Contemporary Debates in Internal Security Strategy*, Santa Barbara, Calif.: ABC-CLIO, 2015.

violent far-right will be paramount, especially since the broader international community, such as the UN and FATF, have provided limited or no guidance to member states regarding the financing threat associated with the extreme far-right. For example, the U.S. based Atomwaffen Division (AWD) has inspired spin-offs throughout the globe.<sup>21</sup> As U.S. based AWD members communicate, coordinate, and synchronize actions with overseas counterparts, it will be critical for law enforcement agencies to share information with each other regarding AWD's future plans.

Despite the broad array of unilateral and multilateral sanctions imposed against groups like al-Qaeda, the organization remains a threat to the international community. While the al-Qaeda core group has strained under the financial pressure placed upon it by the international community and is unlikely able to provide significant seed funding for the types of operational activities the group is best known for, al-Qaeda's affiliates in Somalia, North Africa, and Yemen still operate with relative impunity. Moreover, there have been practical impacts because of the sanctions levied against al-Qaeda. For instance, in the United States, according to the latest Treasury TAR, nearly \$4 million in al-Qaeda funds are blocked in the U.S. formal financial system. While impossible to measure, it is also likely that sanctions against groups and individuals have deterred potential big

donors from providing funding to listed terrorists because of the fear of becoming an international pariah and blocked from the international financial system. Thus, sanctions may raise the stakes in terms of the cost-benefit analysis a prospective financier may carry out as they consider getting involved in terrorism.

There is no international agreed upon definition of terrorism, although the closest achieved through the UN is in Security Council Resolution 1566.<sup>22</sup> Despite this, the UN, especially through the auspices of the listings carried out pursuant to the UN 1267 Committee, has practically defined the modern manifestations of terrorism. In listing al-Qaeda and ISIS-linked individuals and entities, the United Nations has created a common basis for member-states to action against an important subset of terrorists. Of course, applying the UN 1267 regime to other types of violent actors that could be defined as terrorists will be very difficult. Yet, it is a conversation that should be held at the highest levels, particularly given the marked increase in extreme far-right violence as highlighted by CTED.

Nonetheless, sanctions should not be seen as a panacea. Groups listed at the UN 1267 committee have been adept, for instance, by changing their names as a way to bypass the consequences of a UN listing. For example, Jabhat al-Nusrah has changed its name on multiple occasions to both circumscribe the

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<sup>21</sup> "The Atomwaffen Division: The Evolution of the White Supremacy Threat." The Soufan Center, August 2020, <https://thesoufancenter.org/wp-content/uploads/2020/08/The-Atomwaffen-Division-The-Evolution-of-the-White-Supremacy-Threat-August-2020-.pdf>.

<sup>22</sup> "UN Security Council Resolution 1566: Threats to International Peace and Security Caused by Terrorist Acts." UN Security Council, S/RES/1566 (8 October 2004), 3. <https://www.un.org/ruleoflaw/files/n0454282.pdf>; For more information on issues of defining terrorism, see: Hoffman, Bruce. *Inside Terrorism*. New York, NY: Columbia University Press, 2018.



will of the international community and to also endear itself with local populations.<sup>23</sup>

We have learned also about negative impacts of CFT and sanctions measures, such as the importance of due process in the designations system and mitigating negative effects on principled humanitarian action and civil society. There has been great institutional innovation, as sanctions expert Sue Eckert noted at The Soufan Center's May 2021 webinar. She highlighted the establishment of the Ombudsperson's office and appeals process for 1267 sanctions, allowing designated individuals to challenge their listing or appeal for relief measures.<sup>24</sup> This was a response to international concerns about the potential for human rights violations and due process concerns regarding the designation mechanism and the lack of an appeals process.<sup>25</sup> Moreover, the adoption of Security Council Resolution 2462 on terrorism financing reflected a greater acknowledgement that counterterrorism efforts should not harm legitimate humanitarian action; this was reaffirmed soon afterwards in Resolution 2482 in the UN system.<sup>26</sup>

While these initial steps do not wholly address the tensions between counterterrorism and humanitarian actions,

they are positive initial steps, and lay the groundwork for dialogue and capacity-building efforts bringing together key stakeholders in government, the private sector and civil society. These adaptations provide some important lessons and models for other states to consider. In the UK, the "Tri-Sector Working Group" is one example, and the Global Counter-Terrorism Forum's initiative on *Ensuring Implementation of Countering the Financing of Terrorism Measures While Safeguarding Civic Space* is another. These are important lessons learned that should shape the application of future CFT efforts, building in stronger due process considerations and transparency to boost the legitimacy of any sanctions or designations process, and ensuring they complement broader strategic objectives like ensuring safe environments for civil society and humanitarian actors.

## FAR-RIGHT FUNDRAISING

As discussed in The Soufan Center's 2019 report on White Supremacy Extremism,<sup>27</sup> the violent far-right has been adept at diversifying its sources of finance. For example, violent far-right extremists have

<sup>23</sup> Clarke, Colin P. "Al-Qaeda Can Change its Name, but Not its Stripes." *The Cipher Brief*, March 23, 2017. <https://www.thecipherbrief.com/article/middle-east/al-qaeda-in-syria-can-change-its-name-but-not-its-stripes>.

<sup>24</sup> "Financing Terrorism: Lessons Learned for Tackling Violent Far-Right Groups." The Soufan Center, May 18, 2021. <https://thesoufancenter.org/financing-terrorism-lessons-learned-for-tackling-violent-far-right-groups/>.

<sup>25</sup> Fromuth, Peter. "The European Court of Justice Kadi Decision and the Future of UN Counterterrorism Sanctions." *American Society of International Law* 13, no. 20: (October 2009). <https://www.asil.org/insights/volume/13/issue/20/european-court-justice-kadi-decision-and-future-un-counterterrorism>.

<sup>26</sup> "UN Security Council Resolution 2482: Threats to International Peace and Security." UN Security Council, S/RES/2482 (19 July 2019), 16. <http://unscr.com/files/2019/02482.pdf>.

<sup>27</sup> "White Supremacy Extremism: The Transnational Rise of the White Supremacist Movement." The Soufan Center, September 2019. <https://thesoufancenter.org/research/white-supremacy-extremism-the-transnational-rise-of-the-violent-white-supremacist-movement/>.

raised finance through music labels and concerts. The transnational group known as Blood and Honour has for decades profited by showcasing neo-Nazi music groups. Groups like the Azov Battalion have staged Mixed Martial Arts (MMA) competitions as a way to raise funding. Azov's competitions caught the notice of U.S.-based far-right extremist Robert Rundo (wanted by U.S. law enforcement) who travelled to Ukraine to participate in an MMA event.<sup>28</sup> Merchandise and swag, as U.S. scholar Cynthia Miller-Idriss has documented extensively, is benefiting violent far-right actors.<sup>29</sup> For example, Azov Battalion shirts and paraphernalia can be purchased on Amazon's website. The organized groups on the extreme far-right side of the spectrum also finance themselves via membership fees that are imposed upon the group's membership.

Yet, these sources of financing, whether via events, membership fees, or concerts, are not necessarily bringing in the same level of financing that al-Qaeda or ISIS have been known to accrue. And, quite often many of these extreme far right groups, or unaffiliated individuals, do not have to raise their funds in secretive manner. Unlike al-Qaeda and ISIS, there are very few proscribed extreme far-right actors. Thus, they can openly raise funds without being at risk of having their assets seized. While the UN has mandated action against al-Qaeda and ISIS, it seems unlikely that the UN can curb directly the financing of the extreme far-right via a

sanctions regime, if there is no single group that can be identified – and agreed upon by the permanent five Security Council members – for UN designation.

The diffuse nature of violent far-right extremist networks makes it an inherently difficult target in a way that could achieve consensus among the UN Security Council members. The UN would do well to consider whether the Council should examine how states could better utilize their national designation tools against violent far-right extremist groups. Some countries, like Germany, Canada, and the United Kingdom, have led the way in using their powers of proscription to outlaw far-right terrorist groups. Yet, others, such as the United States have been reticent to label violent right-wing actors as terrorists. This dilemma is especially acute since the most significant threat of far-right violence emanates from the U.S., as does its financing where even international symbols of hate are bought and sold over platforms associated with technology giants.

Another challenge for international action in this space is the divergence of definitions and approaches adopted by different states, many of which have adopted the terminology of “extremism” rather than “terrorism,” making it difficult to apply counterterrorism and CFT measures to violent far-right groups. As the Counter-Extremism Project<sup>30</sup> has noted:

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<sup>28</sup> Hume, Tim. “How a War on the Edge of Europe Became a Training Ground for the Far-Right.” *Vice*, May 14, 2021. <https://www.vice.com/en/article/88ngmx/ukraine-war-far-right-decade-of-hate>.

<sup>29</sup> Miller-Idriss, Cynthia. *Hate in the Homeland: The New Global Far Right*. Princeton, New Jersey: Princeton University Press, 2020.

<sup>30</sup> Ibsen, David et al. “Violent Right-Wing Extremism and Terrorism – Transnational Connectivity, Definitions, Incidents, Structures and Countermeasures.” *Counter Extremism Project*, November 2020, 32- 33. [https://www.counterextremism.com/sites/default/files/CEP%20Study\\_Violent%20Right-Wing%20Extremism%20and%20Terrorism\\_Nov%202020.pdf](https://www.counterextremism.com/sites/default/files/CEP%20Study_Violent%20Right-Wing%20Extremism%20and%20Terrorism_Nov%202020.pdf).

*Unlike the term “terrorism,” the term “extremism” is not specifically defined in the law and is established mainly in administrative practice. Therefore, it simultaneously allows for a degree of flexibility while addressing the threat but also constrains the availability of counterterrorism instruments to stem the threat emanating from individuals and entities that fall into this category.*

At the United Nations, the lack of a universally accepted definition of terrorism has not impeded the proliferation of multilateral counterterrorism efforts. The work is shaped by multiple international treaties, conventions, agreements, resolutions, and good practices which the Global Counter-Terrorism Forum and the FATF have sought to institutionalize. The lack of a single universally accepted definition therefore need not impede action against multiple forms of terrorism, but international actors will need to consider if and how to apply existing counterterrorism tools to this threat – beginning with defining it as such.

An important role for the UN and international actors is therefore to demonstrate a common understanding of the nature of the terrorist threat posed by violent far-right groups and reaffirm the role of international actors, such as the United Nations, in preventing and responding to the threat. Thus, the international community is not starting with a blank slate; numerous frameworks to address the financing of terrorism may be applied to violent far-right groups. However, a key starting point for these efforts will be the willingness of states to recognize many of the acts as terrorism and ensure that groups that perpetrate

terrorism are held accountable for their crimes.

## RECOMMENDATIONS

1. **Apply existing policy tools where possible to far-right terrorist financing:** While the 1267 regime applies specifically to Al-Qaeda and ISIS, the work of the UN system relating to Resolution 1373 and its subsequent iterations, and the efforts of UN funds, agencies, and programs to support states in implementing the Global CT Strategy, are not limited in application to any specific groups. It would therefore be possible for entities like CTED to work with states that identify violent far-right extremist groups as a key threat and strengthen the legal and policy measures to address their financing.<sup>31</sup> Entities like UNODC can also support states in developing relevant legal and criminal justice measures.
2. **Adopt “ideologically agnostic” prevention programs:** States and the UN should expand the focus of prevention programming to ensure it includes risks posed by a wide range of groups, including those motivated by violent far-right extremist ideologies. Adopting “ideologically agnostic” prevention programs, ones that can be adapted to the risks of radicalization and mobilization in specific contexts, will be key. UNOCT could ensure that its capacity-building support to states can include measures to address multiple forms of terrorism. For example, its current work on border management

<sup>31</sup> Blazakis, Jason and Naureen Chowdhury Fink. “The International Far-Right Terrorist Threat Requires a Multilateral Response.” *Lawfare*, April 4, 2021. <https://www.lawfareblog.com/international-far-right-terrorist-threat-requires-multilateral-response>.

and law enforcement, protection of vulnerable targets, and promoting the use of sport and culture to prevent and counter terrorism and violent extremism need not be limited in application to one kind of group; the same approach could apply to CFT programming.

### 3. **Ensure adequate operational guidance:**

Beyond the UN, international actors like the FATF should focus on the development of a new typology study focused on violent far-right extremist groups and consider whether there is a need for additional new Special Recommendations or guidance notes. The GCTF's ongoing project on ensuring implementation of CFT measures while safeguarding civic space can also lay the foundation for a more long-term solution to tensions regarding the intersections of CFT measures and humanitarian assistance, ensuring that the challenges identified over the past two decades are not replicated as states

confront the need to deal with different types of terrorism.

### 4. **Increase engagement between the UN and the private sector:**

The United Nations should increase its engagement with the private sector and develop an informal multi-stakeholder platform, possibly on the model of the Tri-Sector Working Group. This would give governments and UN experts, private sector representatives, and civil society organizations a regular platform for convening and sharing good practices and challenges, including ways of addressing some of the negative impacts of CFT measures and ensuring that stakeholders have a common understanding of evolving terrorism financing threats and responses needed.

## Related Event



Permanent Mission  
of the Federal Republic of Germany  
to the United Nations  
New York

**The Soufan Center thanks  
the German Mission to the  
United Nations for their support  
and partnership on this project.**

On May 18, 2021, The Soufan Center, in partnership with the Permanent Missions of Germany, Norway, Tunisia, and the United Kingdom to the United Nations, hosted a webinar entitled, "Financing Terrorism: Lessons Learned for Tackling Violent Far-Right Groups." The discussions therein directly informed the further research developed in this Issue Brief.

**Watch the Event**



# THE SOUFAN CENTER

## ABOUT TSC:

The Soufan Center (TSC) is an independent non-profit center offering research, analysis, and strategic dialogue on global security challenges and foreign policy issues, with a particular focus on counterterrorism, violent extremism, armed conflict, and the rule of law. Our work is underpinned by a recognition that human rights and human security perspectives are critical to developing credible, effective, and sustainable solutions. TSC fills a niche role by producing objective and innovative reports and analyses, and fostering dynamic dialogue and exchanges, to effectively equip governments, international organizations, the private sector, and civil society with key resources to inform policies and practice.