



Remarks at the Arria Formula Meeting of the United Nations Security Council on Preventing and Countering the Financing of Terrorism

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Chair, Excellencies, Ladies and Gentlemen,

Thank you to the organizers of the meeting, the Permanent Missions of Australia, France, Indonesia, Peru, and Tunisia, for convening such a distinguished group on this important topic.

Financial integrity and inclusion, anti-money laundering (AML), and countering the financing of terrorism (CFT) are a core focus of the [Global Center on Cooperative Security](#) (Global Center). We believe that preventing and countering the financing of terrorism is a crucial component of the fight against terrorism. Cutting off the resources of terrorist organizations reduces their ability to launch attacks, recruit supporters, and cover operational expenses. CFT investigations are also a treasure trove of information relating to the scope, scale, and networks of terrorist organizations and operations, which can be used to preemptively identify instances of terrorism financing.

For over ten years, the Global Center has implemented capacity development programs and conducted AML and CFT policy research – culminating in the preparation of two recent reports on CFT-specific efforts and good practices for capacity development programs – in cooperation with a wide array of government actors and the private sector. Through this engagement, we have identified three key recommendations to bolster CFT efforts for the consideration of the United Nations and its member states:

1. Prioritize the collection of financial information as part of intelligence efforts and recognize its role in broader counterterrorism objectives

With regards to CFT, many UN Security Council resolutions including 1267 and 1373 are centered on sanctions and asset freezing measures. While these resolutions are critical to cutting off the flow of terrorist resources, they are inherently reactive; stakeholders need to know who is being targeted in order to apply sanctions.

Further emphasis should be placed on proactively utilizing financial intelligence as a key tool in terrorism investigations and responses. For example, the information collected via suspicious transaction reports submitted by the private sector may be the missing link for investigators pursuing those suspected of connections to terrorism.

In our experience, financial investigations are a weak point in a number of developing AML/CFT regimes, in large part due to insufficient information sharing. Further collaboration between UN counterterrorism bodies; AML/CFT-specific entities such as the Egmont Group, the Financial Action Task Force (FATF), and

the Counter ISIL Finance Group; INTERPOL; and national FIUs would be instrumental to advancing the meaningful exchange and use of financial intelligence.

2. Refine and augment CFT-specific policies separate from existing AML frameworks

Because perpetrators of money laundering and terrorism financing exploit the same vulnerabilities in the financial system, in many jurisdictions similar processes and institutions are tasked with identifying, tracking, and combating money laundering and terrorism financing activity.

Yet the increasingly small scale of funding required for terrorist attacks, coupled with the increasingly decentralized nature of terrorist organizations, has made it difficult to preemptively detect terrorism financing using these unified AML/CFT frameworks alone.

Existing AML/CFT frameworks should be supplemented with CFT-specific policies and strategies that reflect the dynamic landscape of terrorism financing today. Reflecting this nuance in the implementation of current and language of future UN resolutions is critical to downstream effectiveness in CFT. The inclusion of disruption of financial support to foreign fighters in Resolution 2178 is one such example of a CFT-specific measure.

3. Promote risk-based and human-rights centric approaches to AML/CFT that recognize the potential negative consequences of financial exclusion, de-risking, and economic inequality on vulnerability to violent extremism

Financial inclusion and CFT efforts can be mutually advantageous. Increasing access to formal and informal financial services helps to increase transparency; from a CFT vantage point, this provides expanded transaction monitoring opportunities.

In practice, the implementation of CFT measures can sometimes negatively affect financial inclusion, for example by contributing to de-risking practices that jeopardize the ability of humanitarian actors to provide vital services in conflict-affected areas or diaspora communities sending essential remittances to their families abroad.

Such responses can also exacerbate drivers of violent extremism, including grievances related to financial stability, socioeconomic mobility, and economic empowerment.

Preventing and countering violent extremism (P/CVE) and CFT actors should ensure that resolutions and efforts advance mutually related development and security objectives. This includes engagement of P/CVE and counterterrorism practitioners to develop and enforce human rights-adherent CFT frameworks, and inclusion of CFT actors in discussions on P/CVE and counterterrorism strategies. Indeed, as asserted by the previous UN Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism, financial inclusion falls within individuals' fundamental rights.

The Global Center recently published two reports that address these issues. "[Untangling the Marriage of Convenience](#)" examines where and how AML frameworks are fit for purpose relative to CFT, and considers where additional CFT-specific efforts are necessary. A [good practice report](#) documents our experience in designing, implementing, and evaluating AML/CFT capacity development programs. We warmly invite you to download these reports from our website and stand ready to support the UN, FATF, regional bodies, and individual states on issues pertaining to AML and CFT.
