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In its resolution 2462 (2019), paragraph 35, the Security Council requests the Counter-Terrorism Committee Executive Directorate (CTED) to provide, annually, on the basis of its reporting and in consultation with the Analytical Support and Sanctions Monitoring Team pursuant to resolutions 1526 (2004) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and the Taliban and associated individuals and entities, to the United Nations Office on Counter Terrorism (UNOCT), through the Counter-Terrorism Committee, a thematic summary assessment of gaps identified and areas requiring more action to implement key countering the financing of terrorism (CFT) provisions of relevant Council resolutions for the purpose of designing targeted technical assistance and capacity-building efforts and taking into account, as appropriate, mutual evaluation reports of the Financial Action Task Force (FATF) and FATF-style regional bodies (FSRBs).

In its assessments issued in [2021](#) and [2022](#), CTED noted that gaps related to the criminalization of terrorism financing (TF) were being progressively addressed and were primarily technical in nature, requiring limited adjustments in legislation or clarifications in judicial practice. However, investigating and prosecuting TF remained challenging on many levels, from technical expertise to international and inter-agency cooperation. Failing to ensure that the offence is investigated and prosecuted effectively and in a timely manner, while ensuring full compliance with international law, renders even perfectly compliant legislation a “dead letter” and falls short of States’ obligation to bring terrorists and their financiers to justice.

While recognizing that in some circumstances, criminal prosecution may not be the most appropriate disruptive measure and that the investigating authority should have the necessary discretion in determining whether prosecution or other alternative measures are most effective in a particular case, it is, however, important to ensure that the overall number of TF investigations and prosecutions are commensurate with a State’s risk profile, especially when national and/or sectoral risk assessments point to frequent and diverse TF occurrences, including in relation to the travel of foreign terrorist fighters (FTFs).

¹ Those gaps are not new but are persistent. In 2018, a review of FATF and FSRB mutual evaluation reports found that 66 per cent of the assessed jurisdictions had major or fundamental deficiencies in the investigation and prosecution of TF (FATF, President’s Paper, *Anti-money Laundering and Counter Terrorist Financing for Judges & Prosecutors*, June 2018). Only 29 per cent of the reviewed jurisdictions had prosecuted any TF offences, and only 20 per cent had obtained convictions. In 2020, CTED and the Analytical Support and Sanctions Monitoring Team identified a number of common challenges pertaining to TF investigations and

The Security Council specifically called upon Member States of the United Nations to more effectively investigate and prosecute cases of TF and apply appropriate, effective, proportionate and dissuasive criminal sanctions to individuals and entities convicted of TF activity.

With this in mind, the present report focuses on gaps identified in the context of investigating and prosecuting the financing of terrorism. It was prepared based on, in particular, the outcomes of eight assessment visits conducted by CTED on behalf of the Counter-Terrorism Committee in 2023, and FATF/FSRB mutual evaluation reports and follow-up reports published this year. It also incorporates the information gathered through CTED's ongoing analysis of TF trends and threats, and CFT-related events organized or attended by CTED throughout the year (including its participation in relevant FATF analytical projects).

Additional country-specific elements of CTED's preliminary analysis can be made available to UNOCT and relevant United Nations entities, upon request, to substantiate the findings relating to any particular gap.

² Security Council resolution 2462 (2019), para. 8.

Overly narrow interpretation of “funds and other assets” by investigating authorities. In many cases, authorities fail to ensure that the scope of TF investigations extend to the full spectrum of funds or assets (including economic resources, dividends and income accruing from assets, etc.).



Expert support for relevant legislative amendments (substantive or procedural) and, where applicable, for jurisprudential analysis or guidance in the areas identified above.

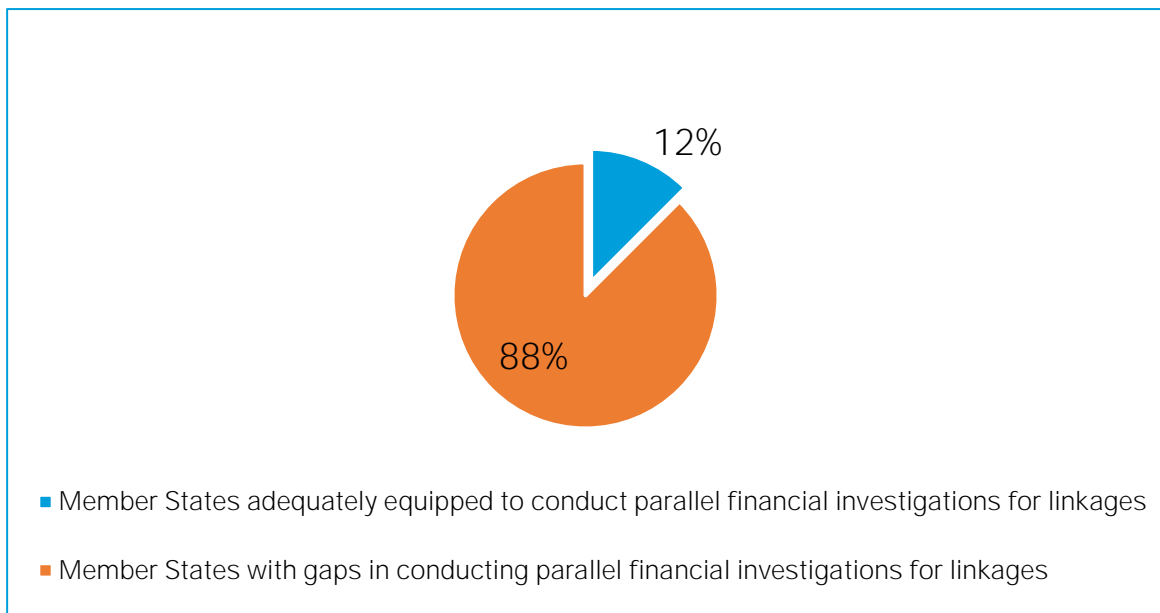


Trainings for the relevant authorities on challenges related to establishing the mental elements of the TF offence, as well as on relevant safeguards to allow for financial intelligence to be effectively converted into evidence to secure TF prosecutions and convictions.

As noted by FATF, having a well-informed investigative strategy to address evolving threats should be a prerequisite for each and any TF investigation. Adequate understanding of national and regional

In paragraph 7 of resolution 2462 (2019), the Security Council calls upon Member States to conduct financial investigations in terrorism-related cases. Similarly, FATF recommends that financial components be explored as a part of any terrorism investigation. In addition, parallel financial investigations into potential TF activity are also strongly recommended in certain non-terrorism criminal investigations, in particular to explore links between organized crime and terrorism and/or its financing. The following gaps have been identified in this regard:

Lack of legal basis and/or operating procedures for parallel financial investigations in every investigation on terrorism and, as appropriate, other relevant crimes In some States, gaps in legislative or procedural frameworks are offset by established practices, including effective inter-agency cooperation platforms and/or integrated databases, which allow financial information to be brought into terrorism or organized crime investigations. However, having clear frameworks or set policies in this regard is recommended to ensure that the possibility of TF, as a distinct criminal activity, is considered in every terrorism investigation. Special operating procedures developed to initiate a TF investigation in a non-terrorism criminal investigation help to ensure that that nexus is considered by the competent authorities, especially where TF and other criminal investigations fall under the jurisdiction of separate agencies.



⁵ See also, FATF recommendation 30.

In paragraph 7 of resolution 2462 (2019), the Security Council calls upon Member States to seek ways to address the challenges in obtaining evidence to secure TF convictions. Known evidentiary challenges in investigating and prosecuting TF offences include extensive reliance on intercepted communications (including text messages, telephone calls and social media records, some through encrypted methods), use of undercover operations (including online), interpretation of coded language used by terrorist supporters, use of information derived from intelligence of other sensitive national security sources, and analysing complex financial transactions, including those based on modern technology and/or performed with the use of anonymizing techniques. Several assessments conducted during the reporting period noted that TF cases were often dismissed by the judiciary based on insufficiently conclusive evidence. The following gaps have been identified in this regard:

Ineffective use of information derived from intercepted communications and/or undercover agents to establish the mens rea of a TF offence. The typically heavy reliance on such proofs in TF cases is not a gap in the implementation as such, as long as it is rooted in fair trial and rule of law-compliant procedures and is used in a way that allows the information obtained to be used as lawfully admissible evidence. However, gaps in technical and expert capacity to use these investigative techniques effectively and in a manner compliant with international law, including international human rights law, have been identified during the reporting period.

Dealing with sensitive sources or technology in criminal investigations. States have noted that using evidence derived from national security information in court proceedings can be challenging, especially when sensitive and sophisticated technology is used to respond to evolving trends, such as encryption. FATF has also noted that when faced with the possibility of public disclosure of details related to those technologies during the course of legal proceedings, authorities sometimes opt to abandon prosecution or drop the TF charges.

Preservation and sharing of digital evidence during investigations and prosecutions was cited as a recurrent challenge, especially in the absence of a dedicated system or platform to share such evidence with other agencies.

In its resolution 2462 (2019), the Security Council calls upon Member States to accelerate the exchange of operational information and financial intelligence, ensuring that competent authorities can use financial intelligence shared by financial intelligence units and relevant financial information obtained from the private sector, in compliance with international law, including international human rights law, and use financial intelligence as a tool to detect networks of terrorists and their financiers. A TF investigation can be

In its resolution 2462 (2019), the Security Council encourages competent national authorities to establish partnerships with the private sector, including financial institutions, the financial technology industry, and Internet and social media companies, in particular with regard to the evolution of the trends, source and methods of the financing of terrorism. The timeliness and efficiency of financial information exchange between the public and private sectors is essential in TF investigations.

FATF issued dedicated guidance in this regard, highlighting, inter alia, that appropriate mechanisms for sharing strategic, operational, tactical and targeted information by law enforcement with the private sector can improve the investigative process. More recently, CTED also analysed the relevant challenges in its [Analytical Brief](#) on Establishing effective public-private partnerships on countering the financing of terrorism. The Brief underscores in particular the need for States to allocate sufficient resources to bo0000-4(t(1fief))

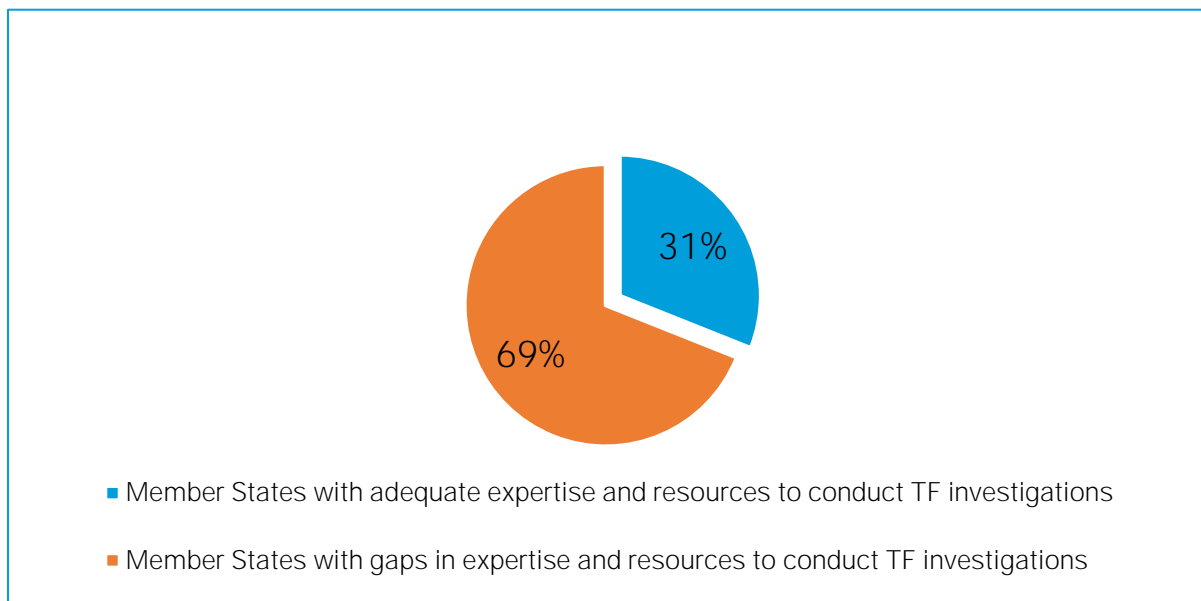
CTED Summary

The Counter-Terrorism Committee calls upon Member States to further enhance the specialized expertise and capacity of the authorities engaged in handling increasingly complex TF cases that involve advanced investigative techniques and complex international cooperation mechanisms in order to keep pace with the rapid evolution in financial tools and TF methods. The following gaps have been identified in this regard:

Challenges in investigating TF activity that abuses new and emerging payment and fundraising technologies. Given the novelty and continuing evolution of certain payment and fundraising methods, the majority of Member States face challenges in conducting investigations in this area.

Deficiencies in specialized TF investigative expertise and TF-specific procedures at various levels This lack of common understanding of TF leads to deficiencies in coordination and the flow of essential information among relevant authorities and impedes their abilities to effectively pursue investigations and prosecutions. Financial intelligence is at times not optimally used owing to a lack of expertise.

Inadequate investigative expertise with respect to certain types of TF abuses. In several States, competent authorities do not have sufficient expertise and capability to investigate cases of suspected abuse of NPOs for TF purposes.



¹⁰ Delhi Declaration on countering the use of new and emerging technologies for terrorist purposes, 29 October 2022, para. 24.

¹¹ For more details, see www.un.org/securitycouncil/ctc/news/cted%E2%80%99s-tech-sessions-highlights-%E2%80%9Cthreats-and-opportunities-related-new-payment-technologies-0.

Insufficient training opportunities. An adequate level of practical training is vital for FIUs, law enforcement agencies, prosecution authorities and the judiciary but also for other competent authorities, such as customs. Recent FATF/FSRB evaluations revealed that training and technical know-how is not uniform among all relevant authorities, leading to a low number of identified and investigated cases and a sparse collaborative approach. In some instances, and as noted under section 1 above, there are varying degrees of understanding on the required elements of the TF offence between law enforcement authorities and the judiciary. States should also pay particular attention to training authorities in the areas most affected by the terrorist threat, tailored to the size of the country and its context and level of risk, focusing on criminal measures, special investigative techniques and mutual legal assistance so that the TF component is more systematically integrated into terrorism-related investigation and prosecution proceedings.

Lack of technical tools for the analysis of financial information and detection of TF offences The reception, collection, and processing of data, as well as dissemination

The Security Council has repeatedly called upon Member States to afford one another the

Number of MLA requests misaligned with a State's TF risk profile. States do not actively make requests for MLA despite having active TF investigations and facing high risks of TF. The practice of collecting evidence and prosecuting cases only at the domestic level restricts the ability of law enforcement agencies to deal with cross-border TF cases.

Absence/weakness of frameworks for joint investigative teams The absence of legal provisions in this area does not

In resolutions 2462 (2019) and 2482 (2019), the Security Council highlights the value of financial intelligence and financial investigation in counter-terrorism and includes new and focused requirements in this regard. In resolution 2462 (2019), it also calls for strengthening frameworks allowing competent national authorities, in particular FIUs, intelligence services, law enforcement agencies, prosecutorial and/or judicial authorities, to gather and share information on the financing of terrorism; as well as to accelerate the timely exchange of relevant operational information and financial intelligence of terrorist networks, including FTFs and FTF returnees and relocators. In the resolution, the Council further requires Member States to ensure that designated law enforcement authorities have responsibility for TF investigations within their national CFT framework. There should be a proactive financial-investigative component in all terrorism-related investigations and when conducting investigations into the financing of terrorism.

Conducting effective investigations and prosecutions requires a strategic execution of national action plans in proportion to risks faced by a Member State. Investigations cannot be conducted in a silo but require a coordinated approach among competent national agencies and the private sector with a practical and workable level of synchronicity. FIUs play a central role in TF investigations, but the use of financial intelligence extends to other relevant authorities who sometimes lack capacity to process and integrate it in an optimal way. Gaps have been noted in the manner coordination occurs among different agencies and the flow of information to successfully conduct cases.

Where applicable, the Counter-Terrorism Committee has recommended that States introduce a clear legal basis for mandatory parallel investigations and establish policies or standard operating procedures to ensure that relevant financial flows are 344(a)4(re 1)-41(fl3Qq2,

