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Financing of terrorism - an overview

Abstract

The article discusses the basic sources of financing of 20th-century and 21st century terrorism: seizures for banks, abductions for ransom, smuggling and drug trafficking. As specific methods, those that used Islamic State were also listed, including Crude oil trading in occupied areas, trade in monuments and others. The issue of terrorism sponsored by the state was included separately.

Keywords:

financing terrorism, attacks on banks, abduction of ransom, drug smuggling and trade, Islamic State, terrorism sponsored by the state

(...) one thing remains certain - terrorism is a business requiring low financial resources¹.

This article discusses the ways in which terrorism is financed with a historical perspective. Learning about the mechanisms that accompany the phenomenon of terrorist financing can potentially help in countering

¹ The motto comes from the book: W. Dietl, K. Hirschmann, R. Tophoven, *Terrorism*, Warszawa 2009, p. 315.

and combating terrorism. Terrorism is a method of political activity that is subject to change over time, but at the same time repetitive, as a result of the socio-economic-political conditions in which people who use terrorism operate. It is therefore worth looking at how the financing of terrorism has evolved over the last 150 years. Technological advances allow terrorists use the latest technical inventions that can guarantee their success. In the nineteenth century, they used bladed weapons, firearms and homemade bombs, but it was not until the proliferation of means of transport (cars, trains, aeroplanes) in the twentieth century that it became easier for terrorists to move around, transport the means to carry out an attack and even be a tool for carrying it out. The technological revolution in information technology in the 21st century has made it possible for terrorists to communicate not only through classical methods (messengers, mail, landlines), but also through networks and computer systems (i.e. in cyberspace). On the internet, they can also find instructions on how to construct explosives, recruit members to their organisations and send money. The terrorists' use of cyberspace and their search for sources of funding for their activities is a challenge for special services, which should prevent attacks and not only react to their effects.

The article shows how specific attacks were financed and how terrorist organisations obtained funds for their activities. The author does not address the issue of countering the financing of terrorism - both domestically and internationally - and so-called money laundering, as these are issues that require a separate analysis.

The history of terrorism and the activities of groups deemed to be terrorist have been the subject of hundreds of studies. However, their authors have rarely dealt with financial issues, treating them marginally. Presumably, they assumed that terrorists have the financial means to carry out their activities, without going into where these funds come from. It was not until detailed multi-pronged research into the phenomenon of terrorism that the sources of funding for terrorist activities were identified. This kind of systematic research only started to be carried out from the 1990s onwards, not least because terrorism (especially after the attacks of 11 September 2001) was recognised as one of the greatest threats to the modern world.

Several proposals for a systemic view of terrorist financing have emerged in recent years. One of these is the 1987 classification of terrorist

groups by their main source of funding, developed by William A. Tupman of the University of Exeter².

Table. Classification of terrorist groups by source of funding³.

Type of group or scenario (activity)	Source of funding
Domestic terrorism	
Anticolonial (nationalist). Ethnic, religious and cultural minorities. Ideological minorities, left. Ideological minorities, right. Government sponsored groups. Urban guerrillas, i.e. groups large enough to have serious chance of overthrowing government.	State-sponsored, also donations. Donations, kidnappings; criminal activities. Bank robberies. Wealthy individuals. Employers. Donations, revolutionary tax.
International terrorism	
Exiles. Exiles auxiliaries. Internationalists. Playing the role of a screen for other [groups] (<i>catspaws</i>). Counterrevolutionaries Islamic fundamentalist groups (now more frequently referred to as jihadist). Unorganised imitators	Bank robberies and some donations. Funded by “exiles”. Attempting to make use of so-called <i>war chests</i> [in which, according to tradition, resources, funds gained in previous actions, are stored]. State sponsored. State sponsored and also wealthy individuals. Charities [of the faithful], individuals. If funded at all, not really unorganized, but many trained in Afghanistan in credit card fraud and similar small scale white collar crime.

Source: *Funding of terrorist groups compared*, <http://moneyjihad.wordpress.com/2013/01/21/funding-of-terrorist-groups-compared/> [accessed: 3 V 2022].

More than 30 years have passed since Tupman’s publication and during this time many new sources of terrorist funding have emerged. While one may have reservations not so much about the classification

² See *Funding of terrorist groups compared*, Money Jihad, 21 I 2013, <http://moneyjihad.wordpress.com/2013/01/21/funding-of-terrorist-groups-compared/> [accessed 3 V 2022].

³ The table is an accurate translation of the original text. The translations of the table text and the other texts in the article are from the author (editor’s note).

of the groupings themselves, but about the unambiguous identification of the sources of funds held by the groupings, it is nevertheless worth keeping in mind, as it can be seen as a prelude to further research into the phenomenon, which in turn will effectively halt the acquisition of these funds from the sources identified.

In 2014, the Australian government agency AUSTRAC⁴ produced a report on the source of terrorist funding in Australia. The precise identification of these sources may be useful for research on other geographical areas as well. According to the authors of the report⁵: *Key channels used to raise funds for terrorist financing in or from Australia include:*

- charities and not-for-profit organisations,
- self-financing from legitimate sources,
- fraud, theft and drug trafficking,
- ransom payments.

What the report finds interesting from the perspective of examining terrorist financing is what it says about self-financing terrorist activities from legitimate sources:

Smaller groups or individuals acting on their own may seek to fund their activities from legitimate sources, allowing them to raise small or moderate amounts relatively quietly. In such cases, it may be difficult for financial institutions to distinguish between transactions designed to fund terrorist activities and ordinary day-to-day transactions - in both cases, the funds come from legitimate sources that are unlikely to arouse suspicion. In the case of smaller extremist groups and lone wolves, self-financing may provide them with sufficient resources to launch an uncomplicated but potent attack. (...) Small, loosely organised Australian extremist groups have been observed to collect regular contributions from members. In at least one case of Australian terrorism (...) a cash box known as 'sandoog' was used to collect financial contributions⁶.

⁴ Australian Transaction Reports and Analysis Centre – Australian government agency responsible for detecting and containment criminal abuse of the financial system of the state.

⁵ *Terrorism financing in Australia 2014*, AUSTRAC website, <https://www.austrac.gov.au/business/how-comply-guidance-and-resources/guidance-resources/terrorism-financing-australia-2014> [accessed: 3 V 2022].

⁶ Ibid.

In this passage of the report, the concept of ‘sandooq’ (Urdu: صندوق) - unheard of in other analyses - appears (some analyses often write about the hawala system, but it consists of something else). The word ‘sandooq’ can be translated as ‘box’, used to store the contributions of members of a group planning a terrorist attack. The report describes a case from Melbourne in 2005. One person was the treasurer and holder of the sandooq. Another approved members of the group who could use the funds held in the sandooq. All members contributed to the fund, some contributing 100 Australian dollars a month. At the time of the group’s arrest, its budget was approximately 19,000 Australian dollars.

The methods of financing terrorist activities listed in the AUSTRAC report are obviously not the only ones used by terrorists, as evidenced by the fact that the report cites examples relating to Australia only (other methods of financing terrorism with examples are described later in the article).

The Forbes list of the 10 richest terrorist groups dates from the same year as the Australian report⁷. Its author, Itai Zehorai, a journalist from the Israeli edition of Forbes, characterises the successive organisations in terms of their region of operation, objectives, methods used and financial resources, and lists their main sources of funding.

1. ISIS:
 - annual turnover: USD 2 billion,
 - main sources of funding: oil trafficking, kidnapping and ransoms, collection of ransoms and taxes, bank robberies and looting.
2. Hamas:
 - annual turnover: USD 1 billion,
 - main sources of funding: taxes and fees, financial aid and donations (especially from Qatar).
3. FARC⁸:
 - annual turnover: USD 700 million,
 - main sources of funding: drug production and trafficking, kidnapping and ransom, mineral extraction (especially gold), fees and taxes.

⁷ *The World’s 10 Richest Terrorist Organizations*, Forbes, 12 XII 2014, <http://www.forbes.com/sites/forbesinternational/2014/12/12/the-worlds-10-richest-terrorist-organizations/#336a6802ffae> [accessed: 22 V 2022].

⁸ Fuerzas Armadas Revolucionarias de Colombia – Colombian guerrilla group, now operating legally as the party Revolutionary Alternative People’s Force.

4. Hezbollah:
 - annual turnover: USD 500 million,
 - main sources of funding: financial aid and donations (especially from Iran), drug production and trafficking.
5. Taliban:
 - annual turnover: USD 400 million,
 - main sources of funding: drug trafficking (mainly opium and heroin production), sponsorship fees and taxes, financial aid and donations.
6. Al-Qa'ida:
 - annual turnover: USD 150 million,
 - main sources of funding: financial aid and donations, kidnapping, ransom and drug trafficking.
7. Lashkar-e-Taiba (Army of the Righteous):
 - annual turnover: USD 100 million,
 - main sources of funding: financial aid and donations.
8. Al-Shabab:
 - annual turnover: approximately USD 70 million,
 - main sources of funding: kidnapping and ransom, illegal trafficking and piracy activities, sponsorship fees and taxes.
9. Real IRA:
 - annual turnover: USD 50 million,
 - main sources of funding: smuggling and illicit trafficking, aid and donations.
10. Boko Haram:
 - annual turnover: USD 25 million,
 - main sources of funding: kidnapping and ransom, fees and taxes, protection, bank robbery and looting.

After analysing this overview, the following regularity can be observed - all the listed methods of fundraising should be classified as criminal offences and are no different from those used by criminal organisations. Bank robberies (financial institutions), kidnappings for ransom and drug trafficking have been known for decades as methods of operation of both individual criminals and organised crime groups. Only the purposes for which these crimes are carried out are different.

Financing of activities from the personal assets of the attacker

It is easiest to identify the source of funding for an attack carried out by a single terrorist, referred to - mainly by the media - as a 'lone wolf', who is not connected to any community and who is not a member of any group that could provide him with support (e.g. logistical) during the execution of the attack.

It is also easier to identify the financing of attacks carried out by 19th century terrorists than by contemporary terrorists, due to the fact that most modern attacks are carried out by members of groups that often have millions of dollars at their disposal, and these groups have become financial enterprises (institutions) of sorts.

An example of an assassin who financed his attack himself is Antoni Berezowski. The cost of the assassination attempt and the source of the money are known - approximately. This former January Uprising insurgent (he took part in it as a 16-year-old) had been living in Paris since 1865, and when he learned that Tsar Alexander II was due to visit France in June 1867, he decided to assassinate him. At the time, he was working as a locksmith in the workshops of the Gouin brothers' Northern Railway and had few financial resources. On 5 June 1867, he bought a double-barrelled pistol for 5 francs (according to other sources, 9 francs). As he did not have enough money for bullets, he pawned his overcoat in a pawnshop and completed the armament with the 8 francs he received. Thus the cost of the assassination can be estimated at a dozen francs⁹. Berezowski, who was caught at the scene of the assassination, was sentenced to life imprisonment (exile) on the island of Nou in New Caledonia.

The cost of the assassination attempt on French President Marie-François Sadi Carnot, carried out in Lyon on 24 June 1894, is also known. Sante Geronimo Caserio, an Italian by origin, after spending five months in prison in 1892 on charges of being active in Milanese anarchist circles, travelled via Switzerland to France, where he settled in the small village of Cette (today's Sète) in Languedoc and began working in the learned profession of baker. However, after the death sentence was passed on Auguste Vaillant (the perpetrator of the National Assembly bombing of 9 December 1893) and he was not pardoned by the President, Caserio decided to take revenge. On 23 June 1894, he collected his pay (20 francs),

⁹ Until 1873, the franc was based on silver parity. One franc contained 4.5 grams of pure silver.

left his job, bought back a knife with a fifteen-centimetre blade for 5 francs at a butcher's shop and went to Lyon, where Carnot was visiting in those days. The next day, near the buildings of the stock exchange and the *Crédit Lyonnais*, using the knife he had bought, he attacked the president going in his carriage to a gala held in his honour. He inflicted only one blow (versions vary here: to the heart, stomach or liver), which proved fatal. Caserio was apprehended and, after an investigation and a trial lasting only two days, he was sentenced to death. The sentence by beheading on the guillotine was carried out on 16 August 1894.

The two examples cited above perfectly illustrate the fact that considerable financial resources are not needed to carry out a terrorist attack. Today, however, it would be difficult to find exemplifications of such 'self-sufficient' assassins. Probably Theodore Kaczynski, an American with Polish roots, who was nicknamed the "Unabomber" by the FBI, can be regarded as such. Kaczynski gave up a promising career in science, abandoned civilisation in favour of a life in nature (he built a wooden house in the woods near the town of Lincoln, Montana, and farmed the land) and took up arms against what he called technological civilisation. For 17 years, he terrorised people in the scientific world and corporations by sending them trap letters. In all, he sent 16 of them: the first on 25 May 1978, the last on 24 April 1995. As a result of bombs placed in the letters, three people were killed and 29 injured. After a lengthy investigation, following a denunciation by his own brother, he was arrested and sentenced to life imprisonment in 1998.

Terrorists using their own financial resources were also Timothy McVeigh (perpetrator of the 19 April 1995 Oklahoma City attack) and Anders Breivik (who carried out two attacks in Norway on 22 July 2011), who are well known to the public because of the consequences of the attacks they carried out. In addition to these, one would more than likely have to add dozens of perpetrators of attacks involving driving a car into passers-by or attacking, for example, customers of shopping malls with a knife.

The finances of an organisation carrying out terrorist attacks

An organisation whose members carry out terrorist attacks must have the funds not only to carry out its task, but often also to help its members living in hiding. For this reason, when the organisation cannot count on

outside support, it resorts to common crimes to provide it with an inflow of cash.

Bank and other financial institution robberies

Simple internationally known method of obtaining money has been and continues to be robbery of banks or other places where the necessary funds can be obtained. According to the Encyclopaedia of Terrorism¹⁰, during two months in 1972, The Red Army Faction (German: Rote Armee Fraktion, RAF) carried out six bank robberies, raising USD 185,000. These are not the only such actions showing the scale of this type of action. RAF leader Ulrike Meinhof, quoted there, was said to justify bank robberies in this way: Nobody thinks that a bank robbery in itself changes anything. It is justified because otherwise the financial problem could not be solved at all. It is tactically justified because it is a proletarian action. It is strategically justified because it is used to finance guerillas¹¹. The words of former Brazilian army sergeant Pedro Lobo de Oliveira, who took part in the 1968 attack on the Banco Brasileiro de Descontinos in Sao Paulo, are quite different in this context:

When I go to plant a bomb, I am aware that it will be obvious to the repressive apparatus as well as to the people, if I am killed or captured, that it was a revolutionary action. However, a bank robbery is something completely different. It causes psychological problems. A bank is robbed in order to loot the money in it. I felt the fear that the people would not understand why we needed the money, that they would not grasp the meaning of our action. For if we were arrested, it would be reported in the press: such and such, caught during a bank robbery. I asked myself: how will I prove to the people that the money from the robbery was for the revolution¹².

Members of the Combat Organisation of the Polish Socialist Party had no such scruples when they carried out, as they said, 'expropriations', robbing from postal wagons the money being transported from the Vistula

¹⁰ *Encyklopedia terroryzmu* (Eng. Encyclopedia of terrorism), B. Zasieczna (ed.), Warszawa 2004.

¹¹ *Ibid.*, p. 243.

¹² K. Karolczak, *Lewicowy terroryzm w Ameryce Łacińskiej* (Eng. Left-wing terrorism in Latin America), "Warsztat" 1984, no. 1, p. 46.

Country to the cities of the Russian Tsar. They did this ‘for the revolution’ and ‘in the name of the revolution’. In an action near Rogowo on 8 November 1906, more than 30,000 roubles were stolen, 14,000 roubles were stolen near Sławków on 12 August 1907, and 200,812 roubles and 61 kopecks were stolen near Bezdany on 26 September 1908.

Kidnappings for ransom

Kidnapping for ransom has been one of the primary forms of criminal activity for many decades. It is a method that is simple to carry out and, as history has shown, very often effective. Awareness of this at some point reached terrorist groups, who decided to use it to raise funds for their activities.

The first such action was carried out by Latin American terrorists¹³. On 23 May 1971, an Argentine organisation called the People’s Revolutionary Army (Spanish: Ejército Revolucionario Popular, ERP) abducted Stanley Sylvester, head of the Swift Meat Packing plant in Rosario (he was also the British Honorary Consul in the city). However, this was a non-standard abduction for ransom, as the kidnappers did not demand money for his release, but a distribution of food and clothing worth USD 62,500 to the poor population. The company agreed to this and Sylvester was released a week later.

On 22 March 1972, the ERP abducted Oberdano Sallustro, the executive director of FIAT’s Buenos Aires factory. This time, too, the kidnappers demanded not money directly, but, among other things, the distribution of ‘gift packages’ worth one million dollars to poor students in schools throughout the country. This time, under pressure from the authorities, the demand did not materialise (in addition to the ‘gift packages’, members of the organisation demanded that 50 members of the group be released from prison and allowed to fly to Algeria, and that 250 FIAT workers in Córdoba be reinstated. After a police operation to free Sallustro, it emerged that he had previously been killed by his kidnappers.

Further abductions occurred in 1973: On 2 April, the victim was Anthony R. DaCruz, manager of the Eastman Kodak Company in Buenos

¹³ All information is taken from the book: N. Antkol, M. Nudell, *No One Neutral. Political Hostage-Taking In the Modern World*, Ohio 1990, pp. 48–51. See *Los actos terroritas del E.R.P. y Montoneros*, Buen Día Noticia, 31 VII 2018, <https://buendianoticia.com/nota/10960/los-actos-terroristas-del-erp-y-montoneros> [accessed: January–May 2022].

Aires, who was released on 7 April after a ransom of USD 1.5 million had been paid; on 23 May, businessman Aaron Bellinson was abducted (ransom to be USD 1 million); on 6 June, Charles Lockwood was kidnapped (ransom USD 2 million); and on 18 June, John R. Thompson was kidnapped (ransom USD 3 million). It is noteworthy that the victims of the kidnappings were not Argentinians, but US and UK citizens who represented their companies in Argentina.

Al-Qa'ida also carried out abductions for ransom. And although after the attacks of 11 September 2001 United States tried to force its allies to respect the 'you don't negotiate with terrorists' position, after the 7 September 2004 kidnapping of two Italian women, Simona Pari and Simona Torretta, humanitarian aid workers (along with two Iraqis), the Italian government is believed to have paid a USD 5 million ransom. All four were released on 28 September 2004.

Kidnappings for ransom have become a primary source of income for Al-Qa'ida of the Islamic Maghreb (Arabic: Tanzim al-Qaida bi Bilad al-Maghribang), a group known as AQIM (Al-Qa'ida in the Islamic Maghreb), transformed in January 2007 from the Salafist Group of Prayer and Struggle (Arabic: Al-Jama'a as-Salafiyya li ad-Dawa wa al-Kital, French: Groupe Salafite pour la Prédication et le Combat, GSPC). The organisation initially operated on the territory of six African countries (Algeria, Mali, Mauritania, Morocco, Niger and Tunisia) and in the following years also in Libya and Chad, and maintained contacts with jihadist groups in other countries (e.g. Nigeria). A Stratfor compilation of ransoms¹⁴ received by AQIM for abductees (mainly foreign nationals) between 2008 and 2012 shows that AQIM's budget was enriched by almost USD 83 million.

Drug trafficking and smuggling

Another source of funding for the terrorist activities of AQIM and other existing organisations in West and North African countries, including the Defenders of the Faith (Arabic: Ansar ad-Din), the Movement for Unity and Jihad in West Africa (Arabic: Al-Jama'at at-Tawhid wa al-Jihad fi Ghabi Ifrakija) known as MUJAO (Mouvement pour l'Unité et le Jihad en Afrique de l'Ouest) or Boko Haram is trafficking drugs from South America

¹⁴ Mali: *Al Qaeda in the Islamic Maghreb's Ransom Revenue*, Stratfor, 15 X 2012, <https://worldview.stratfor.com/article/mali-al-qaeda-islamic-maghrebs-ransom-revenue> [accessed: 3 II 2014].

and smuggling them into Europe¹⁵. According to Algerian data from 2012, the value of cocaine smuggled through North Africa to Europe was EUR 1.6 billion, of which the armed groups were to receive EUR 310 million for their services (protection).

The Taliban have made the production and trafficking of drugs (mainly opium) their primary source of income¹⁶, and this was already the case after the formal overthrow of their rule in Afghanistan. According to the US Special Inspector General for Afghanistan Reconstruction (SIGAR), illicit poppy cultivation and drug production accounts for nearly 60 per cent of the Taliban's annual revenue. According to the UN, the Taliban are able to reap profits of USD 100-400 million each year from the drug sector¹⁷.

ISIL/ISIS/IS Finances

The Islamic State in Iraq and the Levant group, which has existed under this name since April 2013, is also known by the acronym ISIS (Islamic State of Iraq and Syria). The second 'S' in the acronym stands for 'Al-Sham', which can be translated as 'Syria' or even just Damascus, but in the context of the global jihad it referred to the entire Levant, considered at the time to be the Syrian part of Al-Qa'ida. It is understood that the grouping - whose origins were the Group of Unity of God and Jihad (Jama'at at-Tauhid wa-al-Jihad) regarded as an offshoot of Al-Qa'ida, formerly active in Iraq under

¹⁵ See in more detail: E. Basar, *Drug Trafficking In Africa*, Civil-Military Fusion Centre Presents, December 2012, [https://www.cimicweb.org/cmo/medbasin/Holder/Documents/r024%20CFC%20Monthly%20Thematic%20Report%20\(07-DEC-12\).pdf](https://www.cimicweb.org/cmo/medbasin/Holder/Documents/r024%20CFC%20Monthly%20Thematic%20Report%20(07-DEC-12).pdf) [accessed: 3 II 2014]; C. Freeman, *Revealed: how Saharan caravans of cocaine help to fund al-Qaeda in terrorists' North African domain*, The Telegraph, 26 I 2013, <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/mali/9829099/Revealed-how-Saharan-caravans-of-cocaine-help-to-fund-al-Qaeda-in-terrorists-North-African-domain.html> [accessed: 2 IV 2014]; R.O. Idoumou, *Terrorists, traffickers forge union in African desert*, Magharebia, 24 II 2012, http://magharebia.com/en_GB/articles/awi/reportage/2012/02/24/reportage-01 [accessed: 3 II 2014].

¹⁶ B. Chellaney, *Taliban turning Afghanistan into narco-terrorist state*, The Japan Times, 24 XI 2021, <https://www.japantimes.co.jp/opinion/2021/11/24/commentary/world-commentary/taliban-narco-terrorism/> [accessed: 16 I 2022].

¹⁷ *Afganistan jest największym na świecie producentem służącego do wytwarzania narkotyków maku* (Eng. Afghanistan is the world's largest producer of the drug poppy), Dziennik Gazeta Prawna, 25 VIII 2021, <https://www.gazetaprawna.pl/wiadomosci/swiat/artykuly/8231469,afganistan-producent-mak-narkotyki.html> [accessed: 12 VI 2022].

Abu Musab az-Zarkawi and transformed into the Islamic State in Iraq after his death in 2006 - benefited from Al-Qa'ida funding¹⁸.

The then leader of ISIS, Abu Bakr al-Baghdadi (a.k.a. Abu Dua), intended to unite all Syrian jihadist groups, which he partially succeeded in doing, as he gathered many small units under his command. Later, when referring to ISIS, the phrase 'So-called Islamic State' or 'Daesh', sometimes in a polonised version 'Da'isz', began to be used in public discourse. Both names were treated as pejorative terms in order to discredit the opponent. In 2013, according to US intelligence estimates, ISIS numbered around 5,000 fighters, mostly foreign, causing frequent clashes with other rebel branches (including Ahrar al-Sham, Ahfad al-Rasoul and Liwa Asifat al-Shamal) due to ISIS's attempt to dominate them. In June 2014, following al-Baghdadi's announcement of the renewal of the caliphate, the grouping changed its name to Islamic State (Arabic: ad-Dawlah al-Islāmiyah, IS). During this time, it has occupied increasing territory in Syria and Iraq. According to estimates by the US National Counterterrorism Center, NCTC, in autumn 2014 The Islamic State controlled most of the Tigris and Euphrates basin with an area of approximately 210,000 square kilometres, roughly the size of England¹⁹. As the territory over which the group ruled expanded, so did the organisation's revenues.

According to Western publicists, the Islamic State's income came from a number of sources. According to unofficial estimates, since the summer of 2014, the organisation's war budget was said to have grown from USD 800 million to USD 2 billion in one year, with one billion coming from Syrian and Iraqi oil, 430 million from robbing banks in Mosul and the provincial councils, 100 million from printing counterfeit money and 40 million from trading antiquities from Iraqi museums. British journalist Benjamin Hall writes about similar amounts in his book on ISIS: *The jihadists (...) have amassed a huge amount of money (at the end of 2014, their assets were valued at one billion three hundred million to two billion dollars*²⁰.

¹⁸ From: *Encyklopedia PWN* (Eng. PWN Encyclopedia), <https://encyklopedia.pwn.pl/haslo/Panstwo-Islamskie;5567242.html>.

¹⁹ See *What is 'Islamic State'?*, 2 XII 2015, BBC, <http://www.bbc.com/news/world-middle-east-29052144> [accessed: 20 IX 2016].

²⁰ B. Hall, *ISIS. Państwo Islamskie* (Eng. ISIS. Islamic State), translated by: P. Wolak, Warszawa 2015, p. 190.

In contrast, the authors of the report *Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL)*²¹, published in February 2015 by the Financial Action Task Force (FATF), identified five main sources of funding for the Islamic State (both then and now they remain the same). Depending on the size of the share of the budget that this quasi-state had at the time, these were:

- 1) unlawful revenue derived from territories occupied by the Islamic State, obtained from bank looting, extortion, control of oil fields and refineries, theft of economic assets and unlawful taxation of goods and cash in transit through these territories (the tax was 2 per cent of the value of these goods or cash),
- 2) abductions for ransom (IS was able to obtain sums in the order of USD 30-50 million per year),
- 3) donations received from non-profit organisations,
- 4) material support received on an FTF (friend to friend) basis,
- 5) funds raised through modern communication networks (social networks)²².

Such information on IS funding sources can be found in the official FATF document. Even more can be learned from Ana Swanson's article *How the Islamic State makes its money* featured in the *Washington Post*²³, and although it is "only" a news publication, it was published in one of the most prestigious daily newspapers. In addition to the sources mentioned, the article also mentions:

- the trafficking of antiquities located in IS-occupied areas, often from private collections. Some of them were destroyed, as shown in films broadcast mainly online and on various private and state television stations. However, it can be assumed that this constituted a kind of 'smokescreen' to hide the sale of antiquities and the treatment of them as an important source of income (at least during the first period of expansion). This is evidenced by the information provided to congressmen by Matthew Levitt of the Washington

²¹ *Financing of the terrorist organisation Islamic State in Iraq and the Levant*, FATF, February 2015, www.fatf-gafi.org/topics/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html [accessed: 1 VI 2022].

²² *Ibid.*, p. 12.

²³ A. Swanson, *How the Islamic State makes its money*, *The Washington Post*, 18 XI 2015, <https://www.washingtonpost.com/news/wonk/wp/2015/11/18/how-isis-makes-its-money> [accessed: 18 X 2016].

Institute for Near East Policy that IS gained over USD 100 million through these transactions in 2014. After the oil trade, antiquities were the second largest source of funding for the organisation;

- agricultural income obtained by IS to raise funds through legitimate means. They used one of the pillars of Islam, namely zakat (almsgiving), which is an obligation for every Muslim (it amounts to 10 per cent of income). Since around 40 per cent of all Iraqi grain is grown in areas under IS control, the proceeds amounted to around USD 200 million;
- the sale of material goods of Americans (mainly cars, but also home furnishings) seized in occupied areas;
- the trading or renting of properties (houses, flats) formerly belonging to representatives of the Iraqi establishment, people who fled IS-occupied areas or were killed;
- fees paid by foreigners who, in order to join the ranks of IS fighters, are forced to pay a kind of “buy-in”;
- income from the sale of phosphates, cement, sulphur and, above all, their processed forms (acids). Despite the undervalued prices, IS has been able to generate around USD 300 million in annual profits from their sale;
- trafficking in human beings, primarily abducted women and girls (Yazidi and Turkmen Shia), sold as sex slaves.

From its inception, IS’s authorities decided to become independent of the financial assistance it received from outside, although of course it did not despise it either. However, taking into account the experience of Al-Qa’ida, which benefited from such illegal subsidies, a quasi-government with ministries, including the Ministry of Oil, was created in this quasi-state. It was headed until his death by the Tunisian Abu Sayyaf (real name according to the Pentagon: Fathi Ben Awn Ben Jildi Murad al-Tunisi)²⁴, who was killed in May 2015 as a result of a US special forces operation. The Shura²⁵ decided that IS could become independent with the proceeds

²⁴ G. Chazan, S. Jones, E. Solomon, *Isis Inc: how oil fuels the jihadi terrorists*, Financial Times, 15 X 2015, <https://www.ft.com/content/b8234932-719b-11e5-ad6d-f4ed76f0900a> [accessed: 1 VI 2022].

²⁵ Shūra (Arabic: consultation) - a consultative council set up by Abu Bakr al-Baghdadi to lend credibility to the existence of the Islamic State. In early Islamic history it used to be a council of electors formed by the second caliph (ruler of the Muslim community), Umar I (634-644), to choose his successor. Subsequently, in Muslim states, the term shūra

primarily from the oil trade and steps were initiated to implement these plans. Local specialists already working in the occupied oil fields were recruited (including Ajil and Allas in the north-eastern province of Iraq, Kirkuk or al-Jibsa in the Syrian province of Hassakeh and others located in the province of Deir ez-Zor), engineers and technicians from Saudi Arabia or Europe were brought in, offering them high salaries and security guarantees for them and their families. The smooth and uninterrupted extraction of oil and production of diesel was to be supervised by Amniyat, the ISIS secret police. It was tasked with patrolling the oil-producing areas, checking all transports and punishing the supervisors (often in a very brutal manner) if any irregularities occurred²⁶.

Thanks to the interrogation of Abu Hajjar, who was captured by US troops in June 2014 near Mosul, information was gained about the whereabouts of the then head of the ISIS Military Council Abu Abdulrahman al-Bilawi (which led to his liquidation), and in the process, more importantly, information was gained about the sources of IS funding. It emerged that as early as 2014, up to 40,000 barrels of oil per day were being produced from 11 IS-controlled oilfields in Iraq and Syria, which were being smuggled and sold illegally to Iran, Kurdistan, Turkey and Syria. The sale was generating revenue of around USD 1.2 million per day. The procedure was profitable even though the oil was sold at dumped prices, often 75 per cent lower than those prevailing on world markets²⁷.

What was unclear was the attitude of Turkey. It emerged that the sale of oil by IS to Turkey (which was at one point made public) was not only carried out with the tacit approval of the Turkish government, but that President Erdoğan's son Bilal was directly involved in the trade. According to media reports, he was a co-owner of the maritime transport corporation

has come to mean, depending on the state council or advisors to the sovereign (as in Saudi Arabia), the parliament (as in Pakistan) and the court with jurisdiction to settle the claims of citizens and the public against the government (as in Afghanistan). The word *shūra* is the title of the 42nd Sura of the Qur'an, in which believers are encouraged to conduct their affairs 'through mutual consultation'. From: *Encyclopaedia Britannica*, <https://www.britannica.com/topic/shura> [accessed: 1 VI 2022].

²⁶ G. Chazan, S. Jones, E. Solomon, *Isis Inc: how oil fuels...*

²⁷ Ch. Dalby, *Who Is Buying The Islamic State's Illegal Oil?*, 30 IX 2014, Oil Price, <http://oilprice.com/Energy/Crude-Oil/Who-Is-Buying-The-Islamic-States-Illegal-Oil.html> [accessed: 1 VI 2022].

BMZ Group Denizcilik, whose tankers distributed the illegally purchased oil to the targeted recipients²⁸.

State-sponsored terrorism

The methods of financing terrorist activities mentioned in this article very often imply the commission of criminal offences. However, since the 1970s, the term 'state-sponsored terrorism' has entered the scientific, or should we say political, language. This term was introduced in the USA to designate states that are considered hostile by the Washington administration. They can be held responsible for the existence (activities) of terrorist organisations and for repeatedly supporting acts of international terrorism. The annual reports of the US State Department list countries accused of sponsoring terrorism, with the list changing over 40 years. Currently it lists four countries²⁹:

- 1) Syria - since 29 December 1979,
- 2) Iran - since 16 January 1984,
- 3) Democratic People's Republic of Korea - since 20 November 2017,
- 4) Cuba - since 12 January 2021.

Libya, Iraq, South Yemen and Sudan were also previously included on the list.

In the 1970s, the claim that the USSR and socialist countries supported various left-wing terrorist organisations was widely circulated in the West. There is no doubt that students at the Patrice Lumumba University of the Friendship of Nations in Moscow were individuals who later became terrorists, and among the most recognisable was Ilich Ramírez Sánchez, known as 'Carlos' or 'The Jackal'. Making such accusations can be compared to charging France with the crimes of the Khmer Rouge in Cambodia, because their leader Pol Pot studied at the Sorbonne. What is certain is that members of the RAF took refuge on East German territory after their 'retirement', as was proven after German reunification. However, this is

²⁸ Information on this has appeared in many media, see *Meet The Man Who Funds ISIS: Bilal Erdogan, The Son Of Turkey's President*, Mint Press News, 30 XI 2015, <http://www.mintpressnews.com/211624-2/211624> [accessed: 15 X 2016].

²⁹ *State sponsors of terrorism*, U.S. Department of State, <https://www.state.gov/state-sponsors-of-terrorism/> [accessed: 13 V 2022].

not tantamount to saying that the GDR had organised the terrorist activities of left-wing groups on German territory since 1968.

The methods of financing terrorist organisations and the attacks they carried out, presented in the article, are only selected examples. The author hopes that it will become the beginning of extensive research on this issue.

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