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TITLE: International Funding of Fight against Terrorism

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PAGES: 102-117

ORIGINAL PDF URL: <https://dergipark.org.tr/tr/download/article-file/485951>



## International Funding of Fight against Terrorism\*

*Terörle Mücadelenin Uluslararası Finansmanı*

Alp Ay\*\*

### Abstract

One of the debates that have been updated in international and national academic studies is the definition of terror and terrorism. Each country has made legal regulations and definitions within its existing legal rules. The definition of terror and terrorism are defined and ways of legal fight against them are described. However, one of the concepts that must be clarified in the academic field is that the definition of "Fight against Terrorism" should be made as simple and generic as possible. Despite the fact that studies on "Financing of Terrorism" have been carried out, it is important to make an identification in this respect that there are no distinguishing studies on the international and national aspects of "Funding of Fight against Terrorism". The aim of bringing this concept to the forefront is that it is necessary to make legal aid to the states which cannot find sufficient resources for this struggle with the terror which has become costly. It is evaluated that it will help to get the transparent fund allocations that will be formed by international organizations to be taken into consideration.

**Keywords:** International Finance, International Financial Institutions, Fight against Terrorism

**JEL Code:** F30, F40, F45

### Öz

Uluslararası ve ulusal akademik çalışmalarda güncelliğini taşıyan tartışmalardan birisi terör ve terörizmin tanımıdır. Her ülke kendi mevcut hukuk kuralları içerisinde yasal düzenlemeler ve tanımlar yapmıştır. Terörün ve terörizmin tanımı yapılarak ona karşı yasal mücadele yolları tarif edilmektedir. Ancak akademik alanda açıklığa kavuşturulması gereken kavramlardan birisi de "Terörle Mücadele"nin tanımının yapılması ve bunun mümkün olduğu kadar sade ve genelleyici özellik taşıması gerekmektedir. Bu konuda bir tanımlamanın yapılması gerektiği konusu, "Terörün Finansmanı ile Mücadele" ile ilgili çalışmalar olmasına rağmen "Terörle Mücadelenin Finansmanı" konularında uluslararası ve ulusal boyutta ayırt edici çalışmaların yapılmamasıdır. Bu kavramın gündeme getirilmesinin amacı oldukça maliyetli hale gelen terörle mücadelenin bu mücadele için yeterli kaynak bulamayan devletlere yapılan yardımların da yasal olması gerektiğidir. Uluslararası kuruluşlarca oluşturulacak şeffaf fon tahsislerinin gündeme alınmasının sağlanmasına yardımcı olunacağı değerlendirilmektedir.

**Anahtar Kelimeler:** Uluslararası Finans, Uluslararası Finansal Kuruluşlar, Terörle Mücadele

**JEL Kodu:** F30, F40, F45

\* Presented in Innovation & Global Issues in Social Sciences III, INGLOBE-2018, April 26-29, Antalya, Turkey

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## 1. Introduction

The concept of terrorism is subject of studies in various fields from international politics to economics. Is it possible to be more successful in the fight against terrorism? What should be done to eradicate terrorism from the earth's surface? In the academic field especially international relations including international trade and finance are seeking answers to these questions. Because terror is a common problem of all academic, social and politic areas and it must be resolved by common reasoning. In a matter that requires common reasoning, it is certain that there will be multilateral and contradictory thoughts and opinions. This is a natural result that prevents one method from being determined. In particular, each proposal in the international arena can be rejected by a counterproductive suggestion, or the proposal is accepted in modified way according to the political power of its defender. One of the controversies that are still being updated in international and national academic studies is the definition of terror and terrorism. Each country has made legal regulations and definitions within its existing legal rules. Terror and the definition of terrorism are defined and ways of legal fight against it are described. However, one of the concepts that must be met in the academic field is the definition of "Fight Against Terrorism" and it should be as simple and generic as possible. Another issue that needs to be addressed in this regard is the fact that despite the work on "Financing of Terrorism", there are no distinguishing studies on the national and international scale in the "Funding of Fight Against Terrorism".

This study tries to take advantage of international trade and finance perspective to find a solution to the problem of terrorism. The fight against terrorism requires a great amount of financial resources. It is necessary to allocate funds to the states which cannot find sufficient resources for the fight against terrorism which has become costly. Therefore, it is obvious that different methods should be examined. In particular, the approaches of international institutions which have economical and financial soundness should be examined. As a matter of fact, the impression from the academic conferences held about terrorism is that most of the states are reacting slowly towards terrorism. In order to overcome this obstacle, it is necessary to reach to multilateral perspective. The distinguishing feature of this study is also revealed here: There are no studies which directly examine "International Funding of Fight Against Terrorism", but there are guiding international conventions and recommendations which are implemented by the international institutions. These are summarized in the literature section.

## 2. Literature

The age of globalization has given international dimension to the concepts of "Terrorism" and "Finance". Now it will be more accurate to talk about the concepts of "International terrorism" and "International finance". Because both of the concepts follow the countries where is suitable for them to grow. The academic studies which combine these two concepts are about; "Financing terrorism", "The effects of terrorist acts on international trade or tourism" and "The effects of terrorist acts on capital markets". However, we can say that the starting point of this study is related to "Money laundering" and "Financing of terrorism". For this reason, efforts of the international institutions that are effectively combatting the financing of terrorism and the reports they published are worth to review in the literature section. If we look at the efforts of the international institutions on anti-money laundering and combating the financing of terrorism; we can confidently say that the UN, World Bank and IMF are having the leading position among the others.

*United Nations(UN):* From the 1970s onwards, the UN developed measures against the international terrorist acts according to the type of them. Until 1999 the UN conventions was only concerned with hijacking, taking hostages, preventing bombings, or preventing diplomatic killings. "On 9 December 1999, at the United Nations, the International Convention for the Suppression of Terrorist Financing was drawn up and opened to the signature of the States on 10 January 2000. Convention approval requirement 22 states for the entry into force of the Convention, has met with

*the approval of the contracts of many states, including Turkey so far and the contract entered into force"* (<http://www.masak.gov.tr>, 4.4.2018). The UN General Assembly and the UN Security Council combined the concepts of terrorism and finance by developing countermeasures against financing of terrorism. In 2017, The "United Nations Counter-Terrorism Center" has been established as stated in the "The United Nations Global Counter-Terrorism Strategy" and emphasizes the importance of national, regional, and international cooperation to the fight against terrorism.

*The World Bank Group (WB):* The World Bank is one of the important institutions that have driven the economic development of the countries and the international financial system all over the world. WB and IMF regarded the money laundering activities as a serious threat. However, the attacks of September 11 expanded their activities to preventing of financing of terrorism. In 2002, they adopted the recommendations of the "Financial Action Task Force (FATF)" on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) as key international standards.

The World Bank Group consists of five institutions. These are; IBRD (International Bank for Reconstruction and Development): Established in 1944. It is called the World Bank. It provides funding, political advice and technical support by acting in partnership with the governments of developing countries. IFC (The International Finance Corporation): Established in 1956. It provides loans, equity, and advisory to private companies and financial institutions in developing countries. IDA (The International Development Association): Established in 1960. It is focused on supporting the poorer countries. (interest-free loans, or credits, and grants). ICSID (International Center for Settlement of Investment Disputes): Established in 1966. Provides international facilities for the conciliation and arbitration of investment disputes. MIGA (The Multilateral Investment Guarantee Agency): In 1988 it was operational. Provides political risk insurance and credit enhancement to investors and Lenders to facilitate foreign direct investments in emerging economies.

*International Monetary Fund (IMF):* The IMF has undertaken the shaping of the global monetary system after the World War II such as the World Bank. From 1944 to 1971, the IMF undertook the role of establishing the international monetary system and restructuring national economies. After 1972, with the end of the Bretton Woods system, countries applied their own currency policies. In the oil crises of 1973-74 and 1979, the IMF assumed the role of financing the national economies which were weakened by the economic crisis. IMF played a leading role in the restructuring of the economies of the countries of former Soviet Union of Socialist Republics, which dispersed in 1990-2000. The world economic system not only changed by the effects of financial or political crisis but also the concept of globalization and technological advances. The IMF currently has three main roles; *"Among the goals of this effort are: protecting the integrity and stability of the international financial system, cutting off the resources available to terrorists, and making it more difficult for those engaged in crime to profit from their criminal activities"* (<http://www.imf.org/04.04.2018>). *"Work on developing an AML Report on Standards and Codes (ROSC) module was ongoing when the tragic events of September 11 intensified the efforts and broadened their scope to include combating the financing of terrorism (CFT). Within about a year, the Fund was already actively at work assessing member countries compliance with the international standard developed (and subsequently fundamentally revised) by the Financial Action Task Force (FATF), as well as providing technical assistance on how to improve AML/CFT regimes"* (<http://www.imf.org/09.04.2018>).

*Financial Action Task Force (FATF):* FATF was formed in 1989 by the G-7 countries after the drug trade became a big problem in 1980s. *"The Group of Seven (G7) is an informal grouping of seven of the world's advanced economies consisting of Canada, France, the United States, the United Kingdom, Germany, Japan and Italy. The European Union is a non-enumerated member of the G7 but neither chairs nor hosts Summits"* (<https://g7.gc.ca>, 09.04.2018). It was aimed at preventing the national governments from being desperate for the free circulation of the capital

obtained from the international drug trade, the universal banking system, and other international financial institutions to be used to cleanse the proceeds of crime. A year after the establishment, it declared 40 Recommendations. These recommendations contain measures that countries should take to prevent money laundering. Later, the purpose of the alliance was expanded with the use of the international financial system in the financing of terrorism. There are 9 special recommendations for CFT. The titles of these recommendations are summarized as follows;

- 1- Confirmation of the United Nations Documents and their execution
- 2- Terrorism, terrorist acts and the crime of Financing of Terrorism
- 3- Freezing and Confiscation of Terrorist Property
- 4- Notification of Suspicious Transactions on Terrorism
- 5- International Cooperation
- 6- Prevention of alternative remittance methods
- 7- Monitoring of Electronic Transfers
- 8- No abuse of profit-seeking institutions
- 9- All persons making a physical cross-border transportation of currency or bearer negotiable instruments should be required to make a truthful disclosure to the designated competent authorities upon request (<http://www.fatf-gafi.org>, 09.04.2018).

*The European Union (EU):* EU is another important international power. *“What began as a purely economic union has evolved into an organization spanning policy areas, from climate, environment and health to external relations and security, justice and migration. A name change from the European Economic Community (EEC) to the European Union (EU) in 1993 reflected this”* (<https://europa.eu/>, 09.04.2018). EUROPOL was established in 1999 to prevent terrorist activities within the EU. *“The Terrorism Working Party (TWP)”* was established by the Council of Europe with the aim of international cooperation on the investigation of the September 11. The *“EU Terrorism Situation and Trend Report (TESAT)”* was established as a reporting tool of the TWP. From 2006, Europol replace the TWP. In 2010, the *“Terrorist Finance Tracking Program Agreement”* (TFTP) was signed between the EU and the US. *“To ensure an effective response to these challenges, in January 2016 Europol created the European Counter Terrorism Centre (ECTC), an operations center and hub of expertise that reflects the growing need for the EU to strengthen its response to terror”* (<https://www.europol.europa.eu/>, 09.04.2018).

*G20 Countries:* *“The Group of Twenty (G20) is the premier forum for its members’ international economic cooperation and decision-making. Its membership comprises 19 countries plus the European Union. The G20 started in 1999 as a meeting of Finance Ministers and Central Bank Governors in the aftermath of the Asian financial crisis. The G20 is supported by international organizations, including the Financial Stability Board, the International Labour Organisation, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations, the World Bank and the World Trade Organization”* (<http://g20.org.tr/about-g20/>, 09.04.2018). In 2001, an action plan based on mutual cooperation was created by the Finance Ministers and the Central Bank officials of the G20 member countries to prevent financing of terrorism.

*Turkey-Financial Crime Investigation Board (MASAK):* When we look at the efforts in Turkey; The Ministry of Finance established the *“Financial Crimes Investigation Board (MASAK)”*. MASAK was founded with the *“Law on the Prevention of the Laundering of Money No: 4208”* which entered into force in 1996 and MASAK started its activities in 1997. The duties and authorities have been redefined by Law No. 5549 on the Prevention of Laundering Proceeds of Crime, which entered into force in 2006. *“MASAK’s most important strategic objective is “to prevent laundering proceeds of crime and the financing of terrorism under the scope of the strategic purpose of “Expanding the Formal Economy and Lowering the Rate of Financial Crimes” defined in the 2013-2017 Strategic Plan announced by the Ministry. Additionally, contribution is made to*

*strategic target "Expanding the Formal Economy and Lowering the Rate of Financial Crimes"* (<http://www.masak.gov.tr/>, 09.04.2018). Currently, MASAK has signed memorandum of understandings (MoU) with 50 countries. There are bilateral and multilateral cooperation agreements with 7 different countries. *"MASAK carries the character of a financial intelligence unit within the framework of international regulations"* (Akin, 2009:456). The Banks Association of Turkey (TBB) has coordination role with MASAK. *"TBB-MASAK Working Group"* established in order to plan and evaluate the activities that can be done within the scope of cooperation between the TBB and MASAK. *"Money laundering in 50 questions book is printed and distributed to the practitioners"* (TBB publication, 2003:iv). Furthermore, obligations related to risky countries and offshore centers or suspicious transactions made in these countries and centers are explained in that book. *"Risky countries; who do not have adequate arrangements for the prevention of money-laundering and terrorism financing, do not cooperate in the fight against these crimes, or are considered as risky by competent international organizations"* (Ziraat Bank Publications, 2009:70).

*Bank for International Settlements in Basel (BASEL Committee):* The Committee was established in 1975 by the central bank Governors of the Group of Ten countries at the end of 1974 to enhance financial stability by improving the quality of banking supervision worldwide. *"Since its inception, the Basel Committee has expanded its membership from the G10 to 45 institutions from 28 jurisdictions. Starting with the Basel Concordat, first issued in 1975 and revised several times since, the Committee has established a series of international standards for bank regulation, most notably its landmark publications of the accords on capital adequacy which are commonly known as Basel I, Basel II and, most recently, Basel III"* (<https://www.bis.org/bcbs/history.htm>, 11.04.2018).

*WOLFSBERG Group:* *"The Group came together in 2000, at the Château Wolfsberg in north-eastern Switzerland, in the company of representatives from Transparency International, including Stanley Morris, and Professor Mark Pieth of the University of Basel, to work on drafting anti-money laundering guidelines for Private Banking. The Wolfsberg Anti-Money Laundering (AML) Principles for Private Banking were subsequently published in October 2000, revised in May 2002 and again most recently in June 2012"* (<https://www.wolfsberg-principles.com/>, 11.04.2018). *"The members of the Wolfsberg Group are Banco Santander, Bank of America, Bank of Tokyo-Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Société Générale, Standard Chartered Bank and UBS"* (<https://uk.practicallaw.thomsonreuters.com/>, 11.04.2018).

The aim of the study is to discuss how these international organizations should use their financial sources in the fight against terrorism; by establishing institutions, legitimizing them, and criminalizing the terrorist activities and allocating funds for administrative purposes or more over these efforts; the international institutions may allocate funds according to achievements of governments on fighting against terrorism. The next chapter will be on that issue.

### **3. International Funding or International Financing**

Thanks to the age of globalization, the terms of international finance placed in our social and economic structures. *"...examining the activities of these international institutions and organizations in detail is important. Because our world is an age of economic integration"* (Karluk, 2002, Preface to the first edition: IX). The words "funding" and "financing" are often used in the same sense but they are thinly different. *"The distinction between finance and funding needs to be clear: a funding source must be present to support finance. This is a critical point because the availability of capital or financial products does not obviate the funding requirement"* (<http://melbourne.org.au/>, 02.05.2018). Funding is allocating some amount of capital without waiting for a refund in accordance with mutual agreement conditions. So funding does not aim for a commercial purpose. "Financing" is the allocation of resources for use in a commercial project or other private investment. Academic studies on International Finance is mostly about commercial



aspect of the notion but also contains the funding. The concept of "Financing of Terrorism" express the act of providing financial resources to the terrorist activities without expecting commercial profits. It can be expressed as "funding or grant".

WBG is the biggest international funding and financing institution for the developing countries. We can see WBG's commitments and disbursements between 2013 and 2017 on the Table.1.

Table 1  
World Bank Group-Financing for Partner Countries

By Fiscal Year, Billions of Dollars	2013	2014	2015	2016	2017
World Bank Group- Commitments(a)	50,232	58,190	59,776	64,185	61,783
World Bank Group- Disbursements(b)	40,570	44,398	44,582	49,039	43,853

SOURCE: WB Group, Annual Report 2017

- (a) Includes IBRD, IDA, IFC, Recipient-Executed Trust Fund (RETF) commitments, and MIGA gross issuance. RETF commitments include all recipient-executed grants, and therefore total World Bank Group commitments differ from the amount reported in the Bank Group Corporate Scorecard, which includes only a subset of trust-funded activities.
- (b) Includes IBRD, IDA, IFC, and RETF disbursements.

As we can see from the Table 1, the disbursements are around % 75 of WBG's commitments. The amount of commitments is increasing every year. However, we have to take account that the size of capital is increasing but the value of total capital is decreasing according to the rates of inflation every year. Generally, the purpose of the international financial support is to ensure economically risky countries to gain economic power and to participate in international trade. "In particular, IMF and World Bank institutions, which are prominent in financial activities, are among the most influential international economic organizations in designing the world economy" (Karagül, 2014: 31). The way of international financial support can vary. These are;

- 1- Grant-Fund allocation,
- 2- Facilitating the repayment conditions of the debts,
- 3- Commercial agreements to improve economic conditions,
- 4- It may be in the form of implementing measures to reduce defensive spending.

We can see WBG's Global Commitments on the Table 2 (the commitments consist of in loans, grants, equity investments, and guarantees to partner countries and private businesses).

Table 2  
World Bank Group –Global Commitments

Multiregional & Global Projects	Billions Dollar
Latin America & The Caribbean	9.7
Europe & Central Asia	9.5
East Asia & Pacific	9.7
South Asia	9.6
Middle East & North Africa	7.1
Sub-Saharan Africa	16.2
<b>Total</b>	<b>61.8</b>

SOURCE: WBG Annual Report 2017 (Regional breakdowns reflect World Bank Country Classifications)

The strategy of the WBG for affirming the operations in critical areas is;

- a) Directors periodically travel to member countries to gain firsthand knowledge about a country's economic and social challenges,
- b) Visit project activities financed by IBRD and IDA, and
- c) Discuss with government officials their collaboration with the Bank Group. (WBG Annual Report, 2017: 10)

Table 3  
World Bank Group –Global Commitments

IBRD & IDA Lending by Sector 2017- (%)	Africa	East Asia & Pacific	Europe & Cent. Asia	Latin America & Caribbean	M. East & N. Africa	South Asia
<b>Agriculture, Fishing &amp; Forestry</b>	11	7	7	6	1	2
<b>Education</b>	8	5	2	10	2	12
<b>Energy &amp; Extractives</b>	14	3	41	9	15	14
<b>Financial Sector</b>	1	2	14	4	15	17
<b>Health</b>	5	10	4	4	7	5
<b>Industry, Trade &amp; Services</b>	8	17	3	11	13	8
<b>Inf. &amp; Comm. Tech.</b>	2	3	<1	2	3	4
<b>Public Administration</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>32</b>	<b>23</b>	<b>12</b>
<b>Social Protection</b>	7	6	3	3	13	7
<b>Transportation</b>	18	20	11	10	4	13
<b>Water, Sanitation, &amp; Waste Man.</b>	14	16	2	11	4	6
<b>%</b>	100	99	100	102	100	100

SOURCE: WBG Annual Report 2017 (Regional breakdowns reflect World Bank Country classifications)

As we can see from the Table.3, the biggest part of the lending sector is provided to Public Administration: (% 16.83). The other sectors are (according to WBG classification):

- a) Agriculture, Fishing, and Forestry: % 5.66
- b) Education: % 6.5
- c) Energy and Extractives: % 16
- d) Financial Sector: % 8.83
- e) Health: % 5.83
- f) Industry, Trade, and Services: % 10
- g) Information and Communications Technologies: % 2.5
- h) Public Administration: % 16.83**
- i) Social Protection: % 6.5
- j) Transportation: % 12.66
- k) Water, Sanitation, and Waste Management: % 8.83



Public administration is the administrative activities of a government. State and local governments tend to overstate the administrative expenses. *"It is possible to make an exaggerated revenue budget by making too optimistic estimates of income and keeping expenses accordingly higher, but this is not the desired temperance in the budget"* (Erçin, 1938: 52). Even so, this is an example of how administrative activities take big part of financial support rather than operational activities.

Currently, governments and international institutions have established many structures for cooperation and coordination in the fight against terrorism. And these structures cost a lot to the international community. Unfortunately, terrorism is still one of the biggest problems of today's world. There are many countries which cannot afford of the expenses of their general problems. So, insufficient economic resources for combating terrorism is a big problem for them. International Funding of the Fight against Terrorism sounds as a one of the solutions. If we analyze the general economic conditions which cause terror in a country, we can list four main conditions;

- a) the economic strains in the countries,
- b) the low level of production and restraint of competition,
- c) people's dissatisfaction and increasing social inequalities.
- d) closed economy and protectionism adds additional costs that are caused by low investment opportunities, make the country economically even more expensive.

*"For underdeveloped and developing countries, new industrialization strategies and policies, new technologies and know-how are needed for the globalizing world to keep up with the development race, to gain competitiveness and to develop new technologies"* (Kaya, 2015: 5). International trade is the most important factor of development. *"International trade relations are not limited to the purchase and sale of goods and services, but labor and capital movements among countries also play an important role in foreign trade"* (Onursal, 2013: 37). Delaying the investments for a country means failing to capitalize on the opportunities for growth from international trade and finance. This makes the economic conditions of the country even more difficult. Inflation and devaluation are most difficult conditions of an economy. *"Inflation and devaluations are nothing more than direct confiscation of individual wealth as long as the wealth state itself consists of signs and symbols in its own possession."* (Lögra, 1938: 12). Another negative impact of failing on the international trade and finance is to have a less credibility for a country. *"The modern economy is very similar to a gentle clockwork wheel. The shell that encloses this gentle machine, in other words the political entity of a country, cannot withstand too much jarring"* (Reiners, L., 1936: 28). International funds can be used as a method of combatting terrorism to assist the countries which want to get rid of this vicious cycle.

#### **4. Method of International Funding of Fight against Terrorism**

Infact, the approach of "International Funding of Fight against Terrorism" stems from a political approach that will solve the problem of international terrorism rather than the economic growth of a country. There are many different methods and policies necessary for a country to have a stable economic structure. There are various opinions about the impacts on economic growth; *"Political Stability, Uncertainties in the Economy, Ideology, External Conditions, Economic Shrinkage: (Inflation, Ideology (permanent), Conflicting Values: (Obsolescence, Expectations, Targetlessness, Competition Absence), Open Finance, High Interests, Structural Disorders in Agriculture"* (Hatipoğlu, 2008: 43). Each country has its own advantageous and disadvantages. *"The World Bank uses the resources method of growth in its researches. Growth in this way results from either the increase in the resources used in the economy (labor and capital) and / or the increase in their efficiency. New developments in economic science emphasize human resources to be more conscious and educated"* (Hatipoğlu, 2008:35). International trade and finance concept is a network of interrelated economic relations between countries. *"In international relations, there is no doubt*

*that the interests are on the front. While the relations between the neighboring states are more politics-based, economic factors become more important in geographical distant places” (Kütükoğlu, 2013: XII).*

A terrorist attack has not only negative effects in the capital market of a country which it is happened but also in the others. For this reason, researches about the effects of terrorism are crucial for financial institutions, individual investors and governments. It is a well-known fact that terrorism benefits both from the economy and trying to harm it. Terrorist organizations use the international financial instruments for their fundraising activities and try to undermine the economy. *“International efforts to curb money laundering and the financing of terrorism are the reflection of a strategy aimed at, on the one hand, attacking the economic power of criminal or terrorist organizations and individuals in order to weaken them by preventing their benefiting from, or making use of, illicit proceeds and, on the other hand, at forestalling the nefarious effects of the criminal economy and of terrorism on the legal economy”*(UNODC & IMF Report, 2005:2). The international funding of fight against terrorism method yields positively if focusing on short-term goals for the government’s actions on counter terrorism. Receiving positive results from the governments will ensure that international funding will continue. It is important for the governments to utilize funds to counter terrorism. This is the responsibility of all governmental institution if they want to be supported by the international institutions. So, the international institutions may only focus on the results of the governments’ efforts instead of establishing international new departments to follow the terrorists.

Governments do not hesitate to leave their debts to the future generations if they want to grow. *“No economic unit can stay away from the desire for development and growth... For this reason, economic units, which are in the path of development and growth, always want to invest more than they have gained. This demand for more investment will lead to additional financial need”* (Yüksel and Rodoplu, 1980:1). The recent approach of fiscal policy is to not to avoid from debt. External debt has advantages; governments do not have to wait to save enough capital. Another advantage is the costs of long-lived investments will spread to future generations. However, the external deficit will decrease the value of the currency and credibility of the country. So governments have to spend less in order to make the balanced economy with sustainable growth rate. There are many tools to balance the economy; international capital markets, foreign trade, exchange rates and interest rates are well known of them but there are many other issues to be considered: *The balance of payments (BoP) is the method countries use to monitor all international monetary transactions at a specific period. the Bop is calculated every quarter and every calendar year. Theoretically, the BoP should be zero, meaning that assets (credits) and liabilities (debits) should balance, but in practice, this is rarely the case. Thus, the BoP can tell the observer if a country has a deficit or a surplus and from which part of the economy the discrepancies are stemming”* (<https://www.investopedia.com/>, 11.04.2018). Therefore, the economic risk taken by governments is very high. This makes vulnerability in focusing on fighting terrorism. The insufficient financial resources to combat terrorism is the biggest problem for the weak countries so international funding is necessary for them. The use of international funding as a method of combating terrorism can have unexpected benefits. It can provide proximity to the rising of culture of trust between governments and collaboration in international relations. Various international efforts performed until now but we still suffer from the lack of international confidence between governments. Due to the lack of international confidence, national interests are pursued by the governments under the name of international coordination and cooperation. This is the weakness of today's international community in combatting terrorism. Furthermore, introducing the opportunities of international funding on combating terrorism may induce risky countries to change their attitudes. The availability of additional legal financial support for countries in the fight against terrorism will give them an opportunity to focus on the problem more precisely. After all, it is important to mention that funding

should not be on the amount of disrupting social equality in the country. We can classify the method into 4 main headings;

- 1- Establishment of funds and determination of purpose.
- 2- Determination of amount and duration of financial support.
- 3- Specification of terms of use and ranking of obstacles.
- 4- Receiving results and evaluation for the new funding.

Briefly;1 - *Establishment of international funding and determination of purpose*: International institutions may allocate funds and establish utilizing procedures for the fight against terrorism.

2- *Determining the amount and duration of financial support*: It is clear that there will be a difficulty in determining the amount and duration because of the expectation of each country varies. However, it is not impossible. The key is preparing objective standards and avoiding from subjective evaluations.

3- *Specification of terms of use and ranking of obstacles*: This issue is related to the rules of international trade and the universal principles. First of all, the request of the countries to reach prosperity and peace should be on the frontline. To get these requests, they will be asked to choose between "what to do" and "what not to do". Countries are torn between the objectives they should achieve like all persons. So the international funding will yield a reachable objective for them. The current national and international legislative on the AML/CFT are already standardizing the requirements and obstacles for the governments. The use of the fund will be determined by these conditions and obstacles.

4- *Receiving results and evaluation for the new funding*: Providing financial support also requires control of the efficiently using of it. The international institutions' main responsibility is focusing on minimizing the process and administrative costs associated with the funding. It will also contribute to the formation of institutions and organizations in the competence and expertise to ensure effective use of the fund and the widespread use of the international financial reporting standards.

It must be acknowledged that providing financial support is not enough for fighting terrorism. Beneficiary governments and the community must be willing and ready to endure the additional costs that will arise in expenditures. It is clear that more revenue means more expenses for the public administration. So, more expenses cause inflation. Because of this reason, the use of financial support should be kept at the lowest level.

Having global perspective and understanding the level of hardness of the situation will help to find solutions and prevent failures. The common view; Terrorism is an international problem and it should handle by international cooperation. Therefore, international institutions have to see that current recommendations and conventions which only give directives to the governments or that increase the measures of the countries themselves are inadequate in the fight against terrorism. To fight against terrorism more precisely, building the international trust between governments is essential. The current measures which are compelling and based on determination of responsibilities are not enough to build international trust. "*In a battle each side aims at victory; that is a case of true polarity, since the victory of one side excludes the victory of the other*" (Clausewitz,1989: 83) The method of international funding of fight against terrorism ensures the benefit for one of sides: "governments and international institutions" and results negatively for the other side: "terror organizations". Because risky countries have to disrupt their ties with all illegal groups for to get international funding. It will help countries to fight against terrorism in a more effective way.

By introducing the advantages of international funding to the risky countries, the atmosphere of confidence in international relations will increase and the superiority of the fight against terrorism will be achieved. Such financial resource transfers may have been abused in the past. Therefore,

regulation should be dealt with in a solid framework and the policy and control mechanisms should be established. Implementations may not always produce positive results in a short period of time, but the method of international funding of fight against terrorism does not see any obstacles for international institutions to allocate their financial resources in a reformed way. It is difficult to change the approaches of international institutions and states because current international financial policies and international relations are quite conservative. However, it is clear that an international problem cannot be solved with limited sources. The collective consensus on combating terrorism and the efforts of the international institutions are supporting this approach. " *The entire difficulty lies in this: To remain faithful in action to the principles we have laid down for ourselves*" (Clausewitz, 1989:7).

It will be useful to examine the concepts of the "Fight Against Terrorism" and "War on Terrorism" which will help us to identify which country and why it needs international funding.

### 5. Terror and Terrorism Concepts

The word "terrorism" is of Latin origin, meaning "extreme fear, or violent action that causes fear" (<https://dictionary.cambridge.org/>, 10.04.2018). Terror is a humanity problem that hurts people, societies and states in the social and economic direction. Terrorism is not a goal, but a strategy applied to achieve the other further goals. Terrorism consists of illegal organization acts aims to attract the national and international audience. There are three main elements or structures that constitute terrorism; "Ideology", "Organization" and "Violence".

*Ideology*: All terrorist organizations have an ideological goal to achieve although it differs in purpose and methods. "Ideological Goals" can be based on the "Visible Causes" or "Root Causes" which vary on factors that affect society deeply; "Religious", "Political", "Social" or "Economic". "Ideology" is a French word, and it is considered to be used for the first time to define "a new idea stream" in the French Revolution, with the meaning of "idea, thought". It will be easier to understand the ideology's power when considering the social influences and changing power of the French Revolution, which is regarded as the starting point of the term. "In Europe, the French Revolution (1789) and the Napoleonic Wars that followed it also brought up economic life as well as political and social life" (Kütükoğlu, 2013: 98). We have to mention the two important concepts of the French Revolution; The Rights of Individual Property and The Liberty of Contract. These two concepts yielded from 19th Century to today's world. But today, social tendencies suggest that individual interest must comply with common interest. This tendency provides the governments and the international institutions getting stronger than in the past. In addition, it compromises the ideological conceptualizing of the terror organizations. "... In fact, property owns a large spiral curvature between the poles of individualism and collectivism over time. When it reached or came near to one of these poles, it starts to get away from it to get close to the other" (Lögra, 1938:4). Social tendencies act as the same spiral curvature between the poles of individualism and collectivism over time. Illegal organizations try to rule their sympathizers only for its collective understanding of life with one-sided viewpoint by applying conceptual practice. The ideological structure is the starting point of the terrorism. Terrorist organizations make influences on the perception of the sympathizers and turn their minds off to the other ideas. The ideology contains motivation and propaganda. Adopts its own objectives to a sympathizer and obligates commitments from each member.

*Organization*: All terrorist organizations constitute confidential structure to live safely. It sets border and boundaries separating itself from its enemies, requires dedication and confidentiality. Terrorist organizations are secret arrangements, pursues its own goals, controls its own performance and members' behavior. The life of the organization is more important than the life of the members. Only aims at achieving ideological goals and practices illegal methods and operates with violent actions. Since terrorism is a strategy, terrorist organizations are structured to implement the chosen

strategy. "Strategy" is a military term. It is of Greek origin means "office of general command" and "*a plan of action designed to achieve a long-term or overall aim*" (<https://en.oxforddictionaries.com/>, 11.04.2018). Terrorist organizations take account of all the possible difficulties on the way to the goal and take every action by short or long term planning to serve each and every cause. The most important factor to be considered in the fight against terrorism is the calculation of the short and long term plans of the terrorist organization. Not every terrorist attack may cause material damage, but every terror acts have very deep psychological or moral effects in the society. "Psychological Impacts" are their real goals. The most dangerous impact of terror acts is creating "hostility and hate" in the society. It will provide the growth of the separation and enmity which is one of the other goals of terrorist organizations. Suicide attacks serve for this purpose as well; the identities and numbers of the deceased do not matter.

*Violence:* While the negativities of terrorism are deeply affecting the society, terrorist organizations try to increase their actions and increase the dose of the violence. Violence is a general indicator of the seriousness of the problem. Releases fear, disgust, hate, and frustration. Creates a sense of exhaustion and chaos. Undermines the trust of citizens to the government. Leader's personality and motivation of the organization take part in determining the level of violence. As the size of the violence increases, the methods of fighting will increase. The terrorist organization will also take advantage of this situation and try to catch the actions of counter-terrorism units which are against the human rights and the rule of law. By doing so, it will not only try to raise its inner moral power, but also to find political and financial strength and support from the international arena.

Consequently, Terrorism is a strategy, uses the power of ideology to justify/legitimize terror attacks. Promises a new social order and victory for its believers. Often tries to receive support from external actors (state/non-state). Relies on the power of propaganda. Brings alternatives to current government. Needs financial support like all organizations. Terrorism threatens global stability; it must not be credited by any legal authorities or states.

Since the 1960's, Turkey is combating terrorism; the "Left and Right Conflict" before 1980s, "PKK terror acts" since the years 1990s and Al-Qaida and others in the years 2000s. On July 15, 2016, Turkey eradicated an unprecedented terrorist attack on his history. Lastly, Turkey continues the war against terrorism in Syria. Turkey differs among the countries that have considerable experience and knowledge in this regard. The knowledge, experience, and methods of application of Turkey is good example for all countries in the world.

There are two sides on the fight against terrorism; one side is Governments and International institutions and the other side is terror organizations. The soldiers, police, politicians, and the governmental institutions are actually a part of the civil society that terrorism tries to destroy. Terrorist organizations are the enemy of to the social, economic, and political structure of the society in which they are targeted. For this reason, the multilateral perspective is necessary on the combating terrorism. In order to express this multilateral perspective, firstly the dimensions of terrorism and the forms of the terror organizations should be examined. The root and the visible causes of the ideological divisions in the country should also be analyzed. However, all these tasks belong to the national governments and the national institutions not to the international institutions. In addition to this, the parts of the one side must act as a whole. It is very important that the opinions and suggestions of the institutions are expressed in a certain discipline. In fact, the method of struggle must be kept secret, not forgetting that terrorist organizations are secret and insidious forms.

Success in combating terrorism can achieved not only by conducting operations but also destroying the ideology of the terror organization. Organizational collapse will not provide a benefit without ideological collapse. The way to achieve this is the moral operations carried out after the physical operations. When we look from this point of view, we are confronted with the fact that it is imperative to carry out the two methods at the same time and in a way to support each other. *Ad*



*hominem* response is the first of these methods to blame the enemy with their actions and words. The greatest danger to be encountered in this struggle is a strategic failure. It should not be forgotten that terrorism is not a goal but a method used by the ideological structure behind it to achieve its goal. In short, terrorism is a strategy; different actors can follow this strategy and they can act in coordination in an invisible way.

The dimension of combating terrorism has two prospect:

First prospect called "War on Terrorism"; terrorist organizations transcend the power of a single state or regional union so the method is conducting operations by international armed forces. This is expressed in the concept of "War on Terrorism", and this concept has been on the agenda after the attacks of September 11. *"The War of Global Terrorism was a campaign to destroy terrorism against al-Qaeda, which was initially responsible for the September 11 attacks. Washington then extended the removal of all terrorist groups that killed Americans or threatened US security, but it also needed to include terrorist enemies of other countries to ensure international security co-operation"* (Harmon et al., 2011: xix).

The second prospect called "Fight Against Terrorism or Counter-Terrorism"; the sovereign states conducts operations and other lawful methods against the terrorist organizations operating within their borders. Legal civilian activities have more important role than conducting operations in counter-terrorism. The confidence of civilians on human rights and the rule of law sets more strong responses to the terrorists within the democratic states. Economic power of the government is also play important role on civil society. Each country applies security measures and laws on counter-terrorism according to its own lawful structures. The "Intelligence Units", "Law Enforcement Units" and "Justice Departments" are trying to punish the members of the organization. The international method of arresting international terrorists is;

- a) Countries issue "Red Bulletin" through Interpol and publish "Terrorist Organizations Lists" to prevent Terrorist Organizations from operating in other countries.
- b) "List of Terrorist Organizations" issued by the US and EU defense ministries is very important in the international arena.
- c) The UN Security Council is also preparing a list of terrorist organizations and this list is accepted by the list of countries to come to the national councils.

There are many other procedures and methods between states and international institutions. After all, fighting terrorism is like a multidimensional prism. Each dimension is associated with the other and forms a network of interwoven relationships. Consequently, the definitions of two concepts have important role on combating terrorism:

- 1- War on Terrorism: International joint operations led by military forces against the terrorist organizations which are operating in a country or a region.
- 2- Fight Against Terrorism / Counter-Terrorism: Legal operations and civil activities conducted by law enforcement units against the terrorist organizations with in a democratic state or in a peaceful society.

*"When conventional military forces can intensify their full kinetic power to destroy other conventional forces, less local adaptation may be required. However, adapting to specific local situations becomes critical where success depends on the co-ordination of many legal methods (diplomacy, the application of traditional laws, military power, political warfare, psychological operations, economic development)"* (Harmon et al., 2011: xx).



### Conclusion:

The terrorist organizations are changing their methods more quickly than states. They have already adopted very different structures from the past. "Technology" and "Democracy" have become sources of power for them. By using technology, they are able to meet the needs of communication, finance, and arming. By means of democratic rights and freedoms, they have the opportunity to live and grown-up in the society they aimed to destroy. Therefore, fighting against a terrorist organization requires the coordination of all governments and international institutions. The international institutions are establishing and providing finance to counter- terrorism units like Financial Intelligence Units (FIU). But how longer these grants will continue? Turkey is outstandingly contributing to the world peace by mobilizing its own resources. Turkey is one of the rare countries that can utilize its own economic sources on the fight against terrorism. However, there are many countries suffering economic weaknesses on the fight against terrorism. Combating terrorism is a such an extraordinary situation that it needs economic resources that will be transferred to very expensive technical equipment, vehicles, personnel expenditures, and even secret agents procured from within the organization. Governments have to use the funds effectively in means of financing. Overspending often increases the tax burden or causes external deficits. Governments should make investment to solve economic problems but they have to dealt with terrorism. That is a problem of the whole world but effects much the developing and poor countries than the developed countries. Terrorism, disseminated by international political and economic reasons, is pushing forward governments to fight terror with a situation similar to "a calamity only really affects its immediate victim". The common view for this situation is as follows;

- a) It is not enough to make laws and sign conventions. The terrorism tries to harm international and national trust. Because strong governments which have strong coordination each other are its biggest enemies.
- b) The International Funding of Fight against Terrorism Method relies among the main titles of the efforts of the international institutions in order to use the necessary funds for this struggle. It is considered that international institutions should focus on the countries which are fighting against terrorism and need funding for economic and social development. But they should also focus on the countries' achievements on the fight against terrorism especially after providing funds. Such an approach would be less costly than establishing international military, intelligence, and administrative units.

Specifically, "war on terrorism" has different prospects. This study is distinguishing couple of concepts and suggesting international funding approach for the fight against terrorism concept.

- 1- "War on Terrorism" and "The Fight against Terrorism".
- 2- "Combatting the Financing of Terrorism" and "International Funding of Fight against Terrorism".

The other distinction is between the importances of building "The International Trust" instead of establishing "The International Units" on combating terrorism. Terrorist organizations are operating all over the world and often try to receive external support (financial or political) from the international community by acting the role of they are the victims.

Another important point is some of the governments usually try to weaken their rivals while trying to get more power in international arena. For this reason, every government is to afraid the activities of its rivals. This feeling is initiating strategic defensive motion of them; the attack is the best defense. The means of attack are not limited to the fighting forces. Our modern world is interrelated with a network of strategic relations between countries. Success of a government relies on its moral strength rather than physical. Building the international confidence is the issue for further studies and it is necessary to expect a positive answer for the two main questions which we

have mentioned on the beginning of the study; “Is it possible to be more successful in the fight against terrorism?” and “What should be done to eradicate terrorism from the earth's surface?”

These conceptual explanations may help for the governments and international institutions on their current efforts of combating terrorism and their funding or financing policies.

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