
TERRORISM: ROLE OF EXTERNAL STATE AND NON-STATE ACTORS

Deepak Malik, LL.M., School of Law,
GD Goenka University, Gurugram, Haryana, India.¹

Dr. Ankita Sharma, Assistant Professor,
GD Goenka University, Gurugram, Haryana, India.²

ABSTRACT

Terrorism is a multi-faceted form of political violence, which is becoming more cross-border in nature and more dependent on the intermingling and cooperation of states, terrorist groups, criminal groups, individuals and other non-state actors. Terrorist organisations are traditionally recognized as non-state actors, but can at times be influenced by a variety of external sources of finances, weapons, training, intelligence, logistical support, safe havens and political support. In parallel, many terrorist groups have found ways to obtain money and establish their operational autonomy by resorting to extortion, kidnapping for ransom, trafficking and exploitation of natural resources, donations, crime and digital fundraising. This research paper explores the connection between external state actors and non-state actors in terms of development and perpetuation of terrorism. It examines the concepts of state sponsorship, proxy relations, safe havens, terrorist financing and organised crime, as well as the problems such arrangements pose for international security and technology. The paper adopts a qualitative research approach with a secondary data analysis approach, which is supported by secondary sources available in the form of documents from the United Nations, Financial Action Task Force reports, academic literature. The analysis shows that external state support can enhance the resources and strategic options of the terrorist groups, but terrorist groups are not always dependent and passive tools of the states. They have the flexibility to have their own goals and come up with other financing options. To combat terrorism, there is a need for international cooperation, financial intelligence, disruption of criminal networks, accountability of the suppliers of material support and adherence to international law and human rights.

Keywords: Terrorism, State Sponsorship, Non-State Actors, Terrorist Financing, Proxy Warfare, International Security, External Support, Organized Crime, Safe Havens, Counterterrorism.

¹ LL.M., School of Law, GD Goenka University, Gurugram, Haryana, India.

² Assistant Professor, GD Goenka University, Gurugram, Haryana, India.

Introduction

One of the significant threats to maintain peace and security in the world is terrorism. It has nothing to do with geographical boundaries, ideology, religion or political system. Terrorist violence can be organised, networked or individual violence and can be domestic and transnational. The international community has created several legal instruments and United Nations Security Council resolutions aimed at and designed to prevent terrorist acts, disrupt terrorist financing and enhance international cooperation. International law does not have a consensus on the definition of the term 'terrorism'. Restate the sentence in natural style, maintaining its meaning. The United Nations has, however, put in place a legal definition for certain acts and support of terrorism (United Nations Office of Counter-Terrorism [UNOCT] 2013). Rather, the United Nations has developed a sectoral legal strategy for certain kinds of assistance and certain acts of terrorism (United Nations Office of Counter-Terrorism [UNOCT], n.d.).³

The main issue being discussed is the link between foreign actors and terrorism. Governments, intelligence agencies, private donors, criminal groups, diasporas, or others could influence terrorist groups which are independent. States have the option of giving non-state armed groups various forms of assistance, such as weapons, money, training, intelligence, transportation or sanctuary. Rewrite the following sentence in a natural human style while maintaining the meaning. These ties are called state-sponsoring or state-sponsored and/or a sponsor-proxy relationship in academic literature (Byman, 2022; Carter & Pant, 2019). According to academic literature the relationship is termed as a sponsor-proxy relationship or state sponsorship (Byman, 2022; Carter & Pant, 2019).

Meanwhile several factors account for why the responsibility for terrorism cannot be laid exclusively at the door of a state sponsorship. Today, 'there is a terrorist group that can raise their own money. The relationship is positive between them and the following sentence needs to be rewritten without changing the meaning. There is a positive correlation between the two. The United Nations and FATF (2025; United Nations Security Council Counter-Terrorism Committee [CTC], 2025) identify the following sources of terrorist financing: extortion, kidnapping for ransom, exploitation of natural resources, donations, abuse of businesses and non-profit organisations and other forms of criminal activity. Other terrorist financing methods

³ Bruce Hoffman, *Inside Terrorism* 1 (Columbia University Press, New York, 3rd edn., 2017).

reported by the United Nations (UNC) and the Financial Action Task Force (FATF) include, but are not limited to, extortion, kidnapping for ransom, trafficking, exploitation of natural resources, business donation, non-profit donor abuse, and crime and money-laundering (FATF 2025; United Nations Security Council Counter-Terrorism Committee [CTC] 2025).⁴

This paper therefore looks at both aspects, external support for terrorism by state actors and independent support of terrorism by non-state actors.

Background/Conceptual Framework

The term terrorism is subject to controversy because different governments and academic traditions have employed different definitions. However, a shared theme in analysis has been intentional or threatened use of violence to foster fear to shape political or social action. The absence of a common definition has also posed legal and political hurdles. Rewrite the given sentence in a natural human style while preserving its meaning. The United Nations has emphasized that national counter-terrorism definitions should be sufficiently precise and should comply with international human rights obligations (United Nations, 2008). Several UN bodies have highlighted the need for national definitions of terrorism to be sufficiently clear-cut and to meet international human rights obligations (United Nations, 2008).⁵

In the context of this research, the term terrorism will be addressed mainly as a means of political violence, with attacks, threats, financing, recruitment, or facilitation that are aimed toward a political goal.⁶

The conceptual framework has four key actors:

- State actors – governments, intelligence services, military institutions, and other official bodies.
- Organized non-state groups, which use terrorist techniques, called terrorist groups.
- Criminal groups, private investors, charities, companies, diaspora communities and

⁴ Financial Action Task Force, “Terrorist Financing”, available at: <https://www.fatf-gafi.org/en/topics/TerroristFinancing.html> (last visited on September 25, 2026).

⁵ Boaz Ganor, “Defining Terrorism: Is One Man’s Terrorist Another Man’s Freedom Fighter?”, 3 *Police Practice and Research* 287 (2002).

⁶ Louise Richardson, *What Terrorists Want: Understanding the Enemy, Containing the Threat* 3 (Random House, New York, 1st edn., 2006).

people.

- International institutions: Organizations, like the United Nations and FATF, that set standards and work to ensure cooperation.

State–terrorist organization relationship may be viewed as a principal–agent relationship. A nonstate group can be backed by a state because the group can achieve goals that a state may want to accomplish and because the state can maintain a separation between itself and the violence. But there are interests and motives that are present in the terrorist organization that are not always those of the sponsor. Rewrite the given sentence in a natural human style while preserving its meaning. Research on state-sponsored terrorism therefore emphasizes the possibility of “agency loss,” in which the supported organization acts independently or contrary to the sponsor's objectives (Berkowitz, 2018; Berkowitz, 2026). The research on state sponsored terrorism focuses on the potential for “agency loss” in which the supported organization functions in ways that contradict the state's goals or functions independently of the state (Berkowitz, 2018; Berkowitz, 2026).⁷

This is an explanation of how state support doesn't automatically equal total state control.

Review of Literature

The state sponsorship is one of the areas of international terrorism mentioned in the existing literature. The authors of the “State sponsorship is not a single uniform category” (2022) propose that we do not view state sponsorship as a single uniform category because states can offer various forms and levels of support. Rewrite the given sentence in a natural human style while preserving its meaning. These can range from direct material assistance to less direct forms of assistance, including tolerance, sanctuary, or other forms of passive support. These may be in the form of direct material aid or otherwise in some cases provide tolerance, sanctuary or other passive support.⁸

Carter and Pant (2019) examine terrorism and state sponsorship from an international-relations perspective and emphasize the strategic relationship between sponsor states, terrorist groups,

⁷ Daniel Byman and Sarah E. Kreps, “Agents of Destruction? Applying Principal-Agent Analysis to State-Sponsored Terrorism”, 11 *International Studies Perspectives* 1 (2010).

⁸ Daniel Byman, “Understanding, and Misunderstanding, State Sponsorship of Terrorism”, 45 *Studies in Conflict & Terrorism* 1031 (2022).

and target states. Wilner (2018) similarly examines state sponsorship through the concept of extended deterrence and focuses on the strategic relationship between states and non-state militant proxies.^{9,10}

In addition, research shows that the effect of state support is not equal. Rewrite the given sentence in a natural human style while preserving its meaning. Byman's work on state support notes that external assistance can improve organizational capabilities, but supported organizations may still remain weak or pursue goals that differ from those of their sponsors (Byman, 2005). While assistance can enhance organizational capacity, the resulting organizations may be weak or have goals that differ from their sponsors (Byman, 2005).¹¹

Ongoing studies about sponsorship are ongoing, although more recent in nature. Lee, Sims, and Kornphetcharat (2025) discuss the use of financial, military, and intelligence resources to strengthen non-state actors in proxy conflicts and identify potential consequences such as international sanctions and unintended escalation.¹²

The second large pool of literature is related to terrorist financing. FATF (2025) notes that there are significant differences between the financial needs and methods of various terrorist groups. Rewrite the given sentence in a natural human style while preserving its meaning. Groups controlling territory may use taxation-like systems, extortion, resource exploitation, and other revenue-generating activities, while smaller organizations or individual attackers may require substantially fewer resources. Smaller groups or individuals can carry out attacks that require significantly less resources, while larger groups that manage territory can implement taxation-like systems, extortion, resource exploitation, and other forms of revenue generation that can be used.¹³

The literature is thus increasingly focussing on the nature of terrorism as a networked phenomenon and with multiple sources of support, rather than a relationship between a terrorist

⁹ David B. Carter and Saurabh Pant, "Terrorism and State Sponsorship in World Politics", in Erica Chenoweth, Richard English, et.al. (eds.), *The Oxford Handbook of Terrorism* 494 (Oxford University Press, Oxford, 1st edn., 2019).

¹⁰ Alex Wilner, "The Dark Side of Extended Deterrence: Thinking through the State Sponsorship of Terrorism", 41 *Journal of Strategic Studies* 410 (2018).

¹¹ Daniel Byman, *Deadly Connections: States that Sponsor Terrorism* 53 (Cambridge University Press, Cambridge, 1st edn., 2005).

¹² Brice Tseen Fu Lee, Juan Pablo Sims, et.al., "State Sponsored Terrorism as a Tool for Proxy War", 7 *Journal of Terrorism Studies* 1 (2025).

¹³ Financial Action Task Force, *Comprehensive Update on Terrorist Financing Risks* 6 (FATF/OECD, 2025).

organisation and a single state.¹⁴

Research Gap

There is much research on state-sponsorship and terrorist financing, but a number of gaps exist.

First, state sponsorship is considered outside of the context of independent financial resources of terrorist organizations. This can lead to a state-centric elaboration of the concept of terrorism. Internal and external funding can be mixed by modern terrorist groups.

Secondly, the level of integration between state-sponsored and terrorism–organized crime research is inadequate. Rewrite the given sentence in a natural human style while preserving its meaning. Recent United Nations assessments demonstrate that terrorist organizations increasingly use criminal activities, natural-resource exploitation, extortion, trafficking, and kidnapping to sustain themselves (CTC, 2025). Recent United Nations evaluations illustrate how criminal activity, natural-resource exploitation, extortion, trafficking and kidnapping have become key methods for terrorist financing (CTC, 2025).

Third, technological progress has introduced new ways of fundraising, communication, recruitment and international coordination. Conventional methods of counter-terrorism financing (CTF) have been complicated by digital platforms and new payment technologies.

Finally, it can be hard to determine whether a country is actually sponsoring terror, as evidence can be classified, relationships can be indirect, and governments may dispute allegations. Rewrite the given sentence in a natural human style while preserving its meaning. The United Nations has previously noted that the concept of state sponsorship has sometimes been used inconsistently and that the distinction between support and sponsorship can be difficult to establish (United Nations, 2001). UN has mentioned the fact that the term "state sponsorship" has been used inconsistently, and that the distinction between support and sponsorship may be challenging (United Nations, 2001).

This study seeks to fill these gaps by looking at state and non-state sources of support in parallel.

¹⁴ Marc Sageman, *Understanding Terror Networks* 137 (University of Pennsylvania Press, Philadelphia, 1st edn., 2004).

Research Problem/Problem Statement

The central research problem is the lack of understanding of the phenomenon of terrorism itself, especially when the terrorists employ complicated relationship with both external state and nonstate actors.¹⁵

The capacity of terrorist groups can be enhanced through state support, for example, through access to resources that are hard to acquire by isolated groups. Meanwhile, terrorist groups may establish their own financial structures and also work together with criminal groups, making it hard to eradicate terrorism through attacking the state sponsors.¹⁶

The difficulty is compounded by the possibility that help can come from outside the family, be indirect or even denied. An organization may get help from multiple sources on the way to becoming a terrorist and also be able to fund itself from local crime.

As such, the study of the complete framework of support is necessary for effective understanding of terrorism, not necessarily a study of states or terrorist organisations.

Research Questions

1. How can external actors in the State contribute to support non-State armed groups and terrorist groups?
2. How do external state support activities impact terrorist organisations' capabilities?
3. What are the possible independent financial and logistical sources that can be used for nonstate terrorist organizations?
4. What are the links between the two? What are the relationships between the two groups?
5. How can it be difficult for states to sponsor terrorism?
6. What measures have been taken by international institutions to break down the external support and terrorist financing?

¹⁵ Martha Crenshaw, *Explaining Terrorism: Causes, Processes and Consequences* 21 (Routledge, Abingdon, 1st edn., 2011).

¹⁶ Michael Freeman, *Financing Terrorism: Case Studies* 7 (Ashgate, Farnham, 1st edn., 2012).

7. What are the new threats brought by new technologies to counter-terrorism financing and international cooperation?

Research Objectives

The aim of this research is:

- To explore the relationship between State and Terrorist Organisations.
- To recognise significant external sources of state assistance.
- To examine the independent contribution of non-state actors to terrorists.
- To discuss the financing of terrorism and the relationship between terrorism and organized crime.
- To look at the pros and cons of state sponsorship.
- To examine the international measures to prevent terrorist financing and external assistance.
- To identify larger problems/hazards in future counter-terrorism operations.

Hypothesis, Wherever Applicable

H1: Financial, military, organizational and operational capacity of terrorist groups can be enhanced by the external state support.

With other methods, including extortion, crime, fundraising, resource exploitation and other self-financing mechanisms, terrorist groups can sustain a substantial operational capability without direct state sponsorship.

When external state support and independent non-state financing are combined, the effects are greater than when either is used alone, and pose increased difficulties for international counterterrorism efforts.

Research Methodology

This research is qualitative research with secondary data.

The study is based on academic journal articles, books and scholarly chapters, UN publications, Security Council resolutions, FATF reports and other institutional documents. The sources were chosen due to their provision of information on the issues of state sponsorship, terrorism financing, non-state actors, international law and counter-terrorism.

A thematic analysis approach is used. The following main themes are explored:

- The state sponsoring and proxy relationships.
- Money and military support.
- Safe places and assistance.
- Independent terrorist financing.
- Organized crime and terrorism activities.
- International legal frameworks.
- Counter-terrorism financing.
- Technological developments.

The research does not seek to conclusively or definitively prove the culpability or liability of the individual governments beyond what can be found in credible sources. This matters because allegations of state sponsorship may have a political dimension and be clouded by incomplete public evidence.

Detailed Analysis/Discussion

Role of External State Actors

There are several ways in which external state actors can affect terrorism. Past assistance – funding, weapons, training, intelligence, transportation, and sanctuary. Rewrite the given sentence in a natural human style while preserving its meaning. A United Nations study describes statesponsored terrorism as involving different degrees of state assistance, including arms, training, funds, and sanctuary (United Nations, 2001). State sponsored terrorism has been

defined in different ways by the United Nations study on state sponsored terrorism, in which states provide varying degrees of assistance, such as arms, training, funds and sanctuary (United Nations, 2001).¹⁷

Funding can enable terrorist groups to recruit members, establish operations and infrastructure, and purchase equipment. Financial support can come from either primary or intermediate sources.¹⁸

Non-state groups can be made more effective in their operations through the provision of weapons and military support. Operational capability of non-state groups can be expanded through the use of weapons and military assistance. Orgs can function more effectively if they have access to weapons, ammo, communication gear and military training.

The capacity of the organization can be improved through training and intelligence. The training can pertain to organization, military, communications and so on. Intelligence can be used to give information on adversaries and security issues.

Another mechanism is safe haven. Law enforcement agencies could encounter further jurisdictional challenges if individuals or groups engaged in terrorism can use a territory away from the front line of the conflict. Rewrite the given sentence in a natural human style while preserving its meaning. Security Council Resolution 1373 requires states to deny safe haven to persons involved in financing, planning, supporting, or committing terrorist acts (United Nations Security Council, 2001). Security Council Resolution 1373 calls upon states to not provide safe haven to those involved in financing, planning, supporting or committing acts of terrorism (United Nations Security Council, 2001).

State Sponsorship and Proxy Relationships

State sponsorship can be considered as a strategic link between a state and a non-state actor in which the state gives a helping hand to the non-state actor. Governments may value such relationships because their members are more likely to be able to operate with greater

¹⁷ Daniel Byman, *Deadly Connections: States that Sponsor Terrorism* 53 (Cambridge University Press, Cambridge, 1st edn., 2005).

¹⁸ Michael Freeman, "The Sources of Terrorist Financing: Theory and Typology", 34 *Studies in Conflict & Terrorism* 461 (2011).

deniability and flexibility than regular military forces.¹⁹

However, the sponsor does not necessarily have complete control over the organization. Rewrite the given sentence in a natural human style while preserving its meaning. Berkowitz (2018) describes state sponsorship through a principal–agent framework, emphasizing the possibility that terrorist organizations can act in ways that diverge from their sponsors' preferences. Berkowitz (2018) portrays state sponsorship in terms of a principal-agent relationship, noting that terrorist groups may behave in ways that differ from those of their principals.

This makes a conflict in the center. States may provide assistance to non-state organizations because they can serve strategic ends, but at some point in time they may have their own political agenda and organizational interests. Thus, external assistance can have a negative impact in the providing and receiving states.

Independent role of non-State actors

Non-State actors are not just beneficiaries of the state's help. A lot of the terrorism groups have their own financial and organizational systems in place.

The FATF 2025 assessment indicates that terrorist financing techniques are dynamic, depending on the size, control and activities of the terrorist organization, the economic context, and the availability of resources. Rewrite the given sentence in a natural human style while preserving its meaning. Groups with territorial control can obtain revenue through extortion, taxation-like systems, commercial activities, and exploitation of natural resources (FATF, 2025). Territorial control groups can generate revenues from extortion, taxation-like measures, business activities, and natural resource exploitation (FATF, 2025).²⁰

Rewrite the given sentence in a natural human style while preserving its meaning. The United Nations similarly reports that terrorist groups can obtain funds through legitimate businesses, donations, natural-resource exploitation, kidnapping for ransom, extortion, trafficking, and other criminal activities (United Nations CTC, 2021). The United Nations also estimates that

¹⁹ Daniel Byman and Sarah E. Kreps, “Agents of Destruction? Applying Principal-Agent Analysis to State-Sponsored Terrorism”, 11 *International Studies Perspectives* 1 (2010).

²⁰ Michael Freeman and Moyara Ruehsen, “Terrorism Financing Methods: An Overview”, 7 *Perspectives on Terrorism* 5 (2013).

terrorist groups can acquire funds through legitimate businesses, fundraising, exploitation of natural resources, kidnapping for ransom, extortion, trafficking, and other criminal activities (United Nations CTC, 2021).²¹

It shows how terrorist groups can be made to be financially resilient without the support of state sponsorship.

Terrorism and Organized Crime

The linkages between terrorism and organized crime are growing in significance. Terrorist groups can link up with criminal gangs to gain funding, weapons, transportation, faux documents or other assets.²²

Rewrite the given sentence in a natural human style while preserving its meaning. The United Nations identifies drug trafficking, arms trafficking, human trafficking, natural-resource exploitation, kidnapping, and extortion among criminal activities that can support terrorist organizations. Drug trafficking, arms trafficking, human trafficking, natural-resource exploitation, kidnapping, and extortion are examples of crime activities that could be used to bolster terrorist organizations, according to the United Nations.

This is where there is a meeting of political violence and economic crime. Organised crime and terrorism may have similar main objectives, but there is overlap in their interests. The criminal is motivated by financial gain, the terrorist by political or ideological ends; but both may be served by the operation of illegal markets and by lax administrations.²³

The assistance of the Secretary. Natural Resources and Territorial Control

The financial implications of control of territory can be significant for terrorist organisations. Territorial control allows a group to charge fees, collect taxes, exploit resources, regulate trade routes and/or acquire commercial resources.

Rewrite the given sentence in a natural human style while preserving its meaning. Recent UN

²¹ Michael Freeman and Moyara Ruehsen, "Terrorism Financing Methods: An Overview", 7 *Perspectives on Terrorism* 5 (2013).

²² Michael Fredholm, *Transnational Organized Crime and Jihadist Terrorism: Russian-Speaking Networks in Western Europe* 46 (Routledge, New York, 1st edn., 2018).

²³ Max Abrahms, "What Terrorists Really Want: Terrorist Motives and Counterterrorism Strategy", 32 *International Security* 78 (2008).

assessments have documented terrorist financing involving gold, timber, livestock, agriculture, mining, smuggling, and other resources in parts of Africa. In parts of Africa, recent UN estimates have noted that terrorist financing is taking place through gold, timber, livestock, agriculture, mining, smuggling and more.

It is illustrative of an important shift in the nature of terrorism funding. The terrorist organization need not be funded by a rich foreign backer if it can raise enough money locally.

Technology and Terrorist Financing

Technological progress has brought opportunities and its challenges. Digital communications, social media, virtual assets, online fundraising, and other technologies can be utilized by terrorist groups to bring people together and to transfer resources.²⁴

Rewrite the given sentence in a natural human style while preserving its meaning. The UN Security Council Counter-Terrorism Committee has highlighted the need for countries to assess emerging financial technologies and new fundraising methods because terrorist financing techniques continue to evolve (United Nations CTC, 2025). Terrorist financing methods are constantly evolving, and the UN Security Council Counter-Terrorism Committee (UN CTC) recently stated that countries must be able to evaluate new fundraising methods and emerging financial technologies. (UN CTC, 2025)²⁵

The balance is to avoid the restriction of legitimate financial activity, humanitarian aid, technology and civil society organisations without allowing for the financing of terror.

International Legal Response

International law has created a significant body of law aimed at the fight against terror. The United Nations lists 19 universal counter-terrorism legal instruments dealing with issues such as terrorist bombings, hostage-taking, aviation security, nuclear terrorism, and terrorist financing (UNOCT, n.d.).²⁶

²⁴ United Nations Office on Drugs and Crime, *The Use of the Internet for Terrorist Purposes* 3 (United Nations, New York, 2012).

²⁵ Financial Action Task Force, *Crowdfunding for Terrorism Financing* 6 (FATF/OECD, 2023).

²⁶ United Nations Office of Counter-Terrorism, "International Legal Instruments", available at: <https://www.un.org/counterterrorism/en/international-legal-instruments> (last visited on September 27, 2026).

Security Council Resolution 1373 (2001) requires states to prevent terrorist financing, criminalize intentional financing, freeze relevant assets, prevent terrorist recruitment, deny safe havens, and cooperate in criminal investigations.²⁷

Rewrite the given sentence in a natural human style while preserving its meaning. The 1999 International Convention for the Suppression of the Financing of Terrorism further established international obligations concerning the prevention and punishment of terrorist financing (United Nations, n.d.). In 1999, the International Convention for the Suppression of the Financing of Terrorism reinforced international commitments regarding prevention and prosecution of terrorist financing (United Nations, n.d.).

The FATF also sets international standards on money laundering and terrorist financing. Rewrite the given sentence in a natural human style while preserving its meaning. Its recommendations are designed to help countries establish systems for identifying and disrupting financial flows connected to terrorism (FATF, 2026). It aims at the countries to develop systems to detect and disrupt financial flows associated with acts of terrorism (FATF, 2026).²⁸

The establishment of state responsibility is a difficult issue.

A state's sponsorship of terrorism is one of the toughest to prove. Evidence can include hidden intelligence, alternate financial pathways, intermediaries or relationships that are hard to prove publicly.

The difference between state sponsorship and state support, state tolerance, and independent action of non-state groups is therefore important. Analysis based on each encounter between a government and an NGO can lead to errors.

Likewise, the vocabulary for violent groups can be affected by differences in political opinion. Rewrite the given sentence in a natural human style while preserving its meaning. Academic research emphasizes the importance of distinguishing documented evidence from political claims when evaluating state sponsorship (Byman, 2022). When assessing state sponsorship,

²⁷ United Nations Security Council Counter-Terrorism Committee, "Our Mandate", available at: <https://www.un.org/securitycouncil/ctc/node/2249> (last visited on September 26, 2026).

²⁸ Thomas J. Biersteker and Sue E. Eckert, *Countering the Financing of Terrorism* 234 (Routledge, London, 1st edn., 2008).

there is a critical need to differentiate between documented evidence and political claims, as emphasized by academic research (Byman, 2022).

Findings

The results of the research yield a number of main findings.

First, external support by the state can enhance the capacities of terrorist groups. Operational constraints can be mitigated by financial resources, weapons, training, intelligence and sanctuary.²⁹

Second, state sponsorship does not necessarily mean complete control. Terrorist groups have interests of their own and may operate outside the confines of the nations in which they are based.

Thirdly, terrorist groups can establish their own financial networks. These can be significant resources, if gained through extortion, kidnapping, criminal activity, donations, natural resource exploitation, and territorial control.

Fourth, the link between terrorism and organized crime has become more common. This forms transnational networks that can work across borders and take advantage of gaps in financial, legal and border control structures.³⁰

For the fifth, the concept of external support versus self-financing is becoming more and more relevant. For an organisation to be a terrorist, it can get a little help from others, and then have a lot of help from its own people.

Sixth, technology is driving a change in terrorist financing. This presents governments and financial institutions with new challenges as a result of digital fundraising and the growing variety of payment systems.

Seventh, cooperation is necessary at the international level. One-jurisdictional strategies are

²⁹ Financial Action Task Force, *Comprehensive Update on Terrorist Financing Risks* 23 (FATF/OECD, 2025).

³⁰ Tamara Makarenko, "The Crime-Terror Continuum: Tracing the Interplay between Transnational Organised Crime and Terrorism", 6 *Global Crime* 129 (2004).

unfeasible in the context of the terrorist organisations that often work trans-jurisdictional.³¹

Suggestions/Recommendations

Improve cooperation in financial intelligence on the international level. Government agencies need to have better information sharing between financial intelligence units, law enforcement, customs, and international financial organizations.

Enhance monitoring of the risks associated with terrorist financing. Countries should undertake periodic risk assessments as the methods of terrorist financing vary by country and evolve over time as a result of technological advancements and local conditions.

Break off state and criminal influxes of support. The external material support for counterterrorism strategies, as well as the criminal activities of extortion, trafficking, kidnapping, and exploitation of the resources of the country ought to also be taken into account.

Improve border and customs relations. The weakness of border controls can be used by crossborder terrorist networks. Sharing of information and coordinated investigations can minimise this vulnerability.

Develop a better regulatory framework for new fintech. Governments should detect and address terrorist financing threats related to new payment methods and virtual currency, while ensuring that financial access is not restricted.

Discuss safe areas and logistics. States should abide by their international obligations to prevent their territory from being used to finance, plan, support or commit acts of terrorism.

Use evidence-based attribution. When assessing claims of state sponsorship, credible evidence should be used and they should be separated from political accusations.

Maintain human-rights safeguards. Any counter-terrorism measures must be in accordance with International law. Rewrite the given sentence in a natural human style while preserving its meaning. The UN emphasizes that counter-terrorism efforts must respect human rights, refugee law, humanitarian law, and the UN Charter (UNOCT, n.d.). UNOCT (n.d.) points to the importance of respecting human rights, refugee law, humanitarian law and the UN Charter

³¹ Paul Wilkinson, *Terrorism Versus Democracy: The Liberal State Response* 163 (Routledge, London, 3rd edn., 2011).

in counterterrorism.

Improve partnership with private sector. Suspicious financial activity can be identified by banks, technology companies, charities and others without disrupting legitimate humanitarian and economic activity.

Conclusion

Terrorism is a complex, networked problem, both between and within state and non-state actors. External states may influence organizations of terrorists through financial, military, intelligence, logistical or territorial support. This can have a huge impact on the capacity of non-state organizations and can be a component of overall strategic partnerships or proxy wars.

But the concept of state sponsorship is insufficient to account for terrorism. Non-state terrorist groups can also obtain substantial resources from their own activities of extortion, kidnapping for ransom, trafficking, exploiting natural resources, crime, donations, and other means. The growing symbiosis between organized crime and terrorism shows that terrorist groups can build up a significant financial capacity within their own ranks.

States and terrorist organisations are also linked in ways that are complicated because supported groups may have their own agenda'. A state could wish to gain some strategic advantages from a non-state actor without having full control over it. This can lead to unforeseen side effects and makes it especially challenging to attribute.

There are substantial legal and financial instruments within international organizations to address these challenges. Rewrite the given sentence in a natural human style while preserving its meaning. UN Security Council Resolution 1373, the International Convention for the Suppression of the Financing of Terrorism, FATF standards, and other international instruments provide important foundations for preventing terrorist financing and external support. The UN Security Council Resolution 1373, the International Convention for the Suppression of the Financing of Terrorism, and the FATF standards and other international instruments are important bases for preventing external support and terrorist financing.³²

The fight against terrorism is a multi-faceted one. There is a need for simultaneous response to

³² United Nations Office of Counter-Terrorism, "The United Nations Global Counter-Terrorism Strategy: A Living Framework for Global Action", available at: <https://www.un.org/counterterrorism/en/united-nations-global-counterterrorism-strategy-living-framework-global-action> (last visited on September 23, 2026).

state support, criminal financing, safe havens, illicit markets, emerging technologies and crossborder networks by governments. Meanwhile, counter-terrorism activities should be in accordance with international law and human rights. It is therefore crucial to know how external state actors interact with non-state actors as this is the basis for creating more effective and legally responsible reactions to terrorism.

References/Bibliography

- Berkowitz, J. M. (2018). Delegating terror: Principal–agent based decision making in state sponsorship of terrorism. *International Interactions*, 44(4), 709–748. <https://doi.org/10.1080/03050629.2017.1414811>
- Berkowitz, J. M. (2026). Success or shirking in terror: Control mechanisms in state sponsored terrorism. *Terrorism and Political Violence*, 38(1), 88–108. <https://doi.org/10.1080/09546553.2024.2401908>
- Byman, D. (2005). *Deadly connections: States that sponsor terrorism*. Cambridge University Press.
- Byman, D. (2022). Understanding, and misunderstanding, state sponsorship of terrorism. *Studies in Conflict & Terrorism*, 45(12), 1031–1049. <https://doi.org/10.1080/1057610X.2020.1738682>
- Carter, D. B., & Pant, S. (2019). Terrorism and state sponsorship in world politics. In E. Chenoweth, R. English, A. Gofas, & S. Kalyvas (Eds.), *The Oxford handbook of terrorism* (pp. 494–515). Oxford University Press.
- Financial Action Task Force. (2025). *Comprehensive update on terrorist financing risks 2025*. FATF.
- Financial Action Task Force. (2026). *The FATF recommendations*. FATF.
- Lee, B. T. F., Sims, J. P., & Kornphetcharat, K. (2025). State sponsored terrorism as a tool for proxy war. *Journal of Terrorism Studies*, 7(1). <https://doi.org/10.7454/jts.v7i1.1085>
- United Nations. (2001). *Terrorism and human rights: State-sponsored terrorism*. United Nations.
- United Nations. (2008). *Counter-terrorism legislation*. United Nations.
- United Nations Counter-Terrorism Committee. (2021). *Countering the financing of terrorism*. United Nations Security Council.

- United Nations Counter-Terrorism Committee. (2025). Summary assessment of gaps in implementing measures to counter the financing of terrorism. United Nations Security Council.
- United Nations Office of Counter-Terrorism. (n.d.). International legal instruments. United Nations.
- United Nations Security Council. (2001). Resolution 1373 (2001). United Nations.
- Wilner, A. S. (2018). The dark side of extended deterrence: Thinking through the state sponsorship of terrorism. *Journal of Strategic Studies*, 41(3), 410–437. <https://doi.org/10.1080/01402390.2017.1284064>