

The Dynamics of Funding for the Al-Jama'ah Al-Islamiyah Group

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Abstract. Funding activity is one thing that is quite crucial for the survival of a group or organization. The methods of raising funds often commingle legitimate with illegitimate sources of funding, the individual parts of the mix becoming not only untraceable to their source, but virtually indistinguishable from each other. This article will discuss how the dynamics of the al-Jama'ah al-Islamiyah (al-JI) in conducting funding for their groups. The first part will explain the financing of terrorist groups in general; continued with the funding dynamics of the al-JI group to date; and also the role of the government in handling funding for terrorism.

Keywords: Funding. Terrorism. al-Jama'ah al-Islamiyah

1 Introduction

Funding is considered as the “wheel” for every terrorist group to be able to take action or to maintain the existence of the group. Some also said that money is the nerve of the war and a lifeblood of terrorism. The International Convention for the Suppression of the Financing of Terrorism defines funding of terrorism as “assets of every kind, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such assets, including, but not limited to, bank credits, travelers checks, money orders, shares, securities, bonds, drafts, letters of credit” (1)

2 Terrorist Group Funding

As has happened in previous acts of terrorism, it needs a support community and also a large network of organizations so that an act of terrorism can be successful (2). In addition, acts of terrorism carried out by any group requires money, terrorist groups need a clear and certain budget in order to continue to function properly. This funding is one of the critical things in a group because if a group does not have a clear source of funding, the group is likely to experience a setback or even end. Terrorist groups need funds to build training camps (if in failed states); sometimes it has to provide food and housing for its members; equipment or weaponry; travel documents (passports, etc.); recruiting new members; communication device; even to bribe officials (3).

Windle explained, legally, terrorist groups have five main funding sources namely (4):

Legitimate investments

The choice of a legitimate investment depends on the initial capital and skills possessed by a group. Resilient and well-organized terrorist groups will certainly diversify into legitimate businesses, either by hiding and moving from other sources or by providing operational assistance. Like Hezbollah which claims that most of their income comes from their own investment portfolios.

State sponsorship

The state can support terrorist groups by providing training and logistical support; equipment and weapons; even cash. However, this country's support has declined since the end of the cold war. For example, Iran and Hezbollah with an estimated annual contribution of 100 US dollars, as well as Syrian logistical and financial support to The Kurdish Workers Party (PKK) ended when Turkey threatened military action in 1998.

Donations / extortions

Donations from individuals or groups have become one of the main funding elements in almost every conflict. However, the boundary between donations and extortion can be blurred because there are some cases where individuals or groups make donations voluntarily or are forced (as ISIS demands Christians in Syria to convert to Islam or pay taxes and even face capital punishment).

Charities

These charities can be used to hide the origin of donations to protect businesses and individuals or to move money. These charitable activities are useful for strengthening political models, recruitment and propaganda. For example in 2011, Muslim Aid funds amounting to 23,000 US dollars were diverted by members of terrorist groups who worked as street collectors.

Crime

Criminal activities and crimes committed can be symbolic or operational. Examples are the PKK that benefits from the trafficking of narcotics and weapons; robbery; human trafficking and smuggling; counterfeiting and money laundering.

These five sources of income cannot be seen as different types, but rather as a spectrum from completely legal to completely illegitimate. The choice of funding sources for terrorist groups is very dependent on the ultimate goal of the group; existing expertise; financial capital; market conditions; and the opportunities presented (4).

Yet in a simple way, the funding process took place in three stages: fund raising, fund moving, and fund using (5) Fund raising can be done in several ways, namely through a legitimate income; non-profit organization; criminal activity; and through social media. Next is the fund moving or fund movement, which can occur through cross-border money movements; money transfers through the banking system also through other alternative money transfer services. While using funds, can be seen through two broad objectives, namely the use of funds directly or indirectly. Direct uses include procurement of explosives or weapons that are intended for operational purposes, while indirect use may include recruitment; propaganda; or other group goals.

The financing of terrorism can't be compared to money laundering in general, because funding in acts of terrorism is not just about "laundering money". If seen based on Indonesian Law No.9 of 2013, terrorism funding is defined as any act in the context of providing, collecting, giving, or lending funds, both directly and indirectly, with the intention to be used and / or which are known to be used to carry out terrorist activities and use by terrorist groups.

Funds referred to all movable or immovable assets or objects, both tangible and intangible, obtained in any way and in any form, including in digital or electronic format, proof of ownership, or association with all assets or such objects, including but not limited to bank credit, travellers' checks, checks issued by banks, money transfer orders, stocks, securities, bonds, bank drafts, and debt recognition letters.

In his journal entitled *Funding Terrorism in Southeast Asia: The Financial Network of Al-Qaeda and Jemaah Islamiya*, Zachary Abuza divided the funding sources of the al-JI group (which is of course supported by al-Qaeda) into 8 methods, such as (6): cash brought into the country by individuals (cash couriers); funds skimmed from Islamic charities; corporate entities (some very overt, others are self-sustaining fronts for terrorists activities); proceeds from hawala shops and gold sales; contributions (zakat and infaq) both from members and infaq from outside parties; investment from al-Qaeda mainly from Islamic banks; minor crimes such as extortion, gun-running, kidnapping, etc.

While Aurel Croissant and Daniel Barlow explained the three main funding methods for terrorist groups in the Southeast Asian region, viz (7): (1) criminal activities, the Southeast Asian region has long been a center for money laundering and generating funds from criminal activities such as arms trafficking; illegal drug production; and others. This happens because the Southeast Asian region still has weak financial system regulations as well as poorly managed regional boundaries. (2) Charities, al-JI funding one of which comes from foundations or charities in Saudi Arabia affiliated with al-Qaeda. (3) Front companies and investments, terrorist groups can hide and produce funds in a legitimate economic sphere so that the process of money laundering becomes old-fashioned. The friendly business environment in Southeast Asia and the extraordinary growth of the early 1990s made it an attractive location for transnational terrorist groups to establish leading companies capable of generating profits for terrorist operations.

In their article, Michael Freeman and Moyara Ruehsen explained several methods regarding financing of terrorism, both those that have been done and those considered as potential methods in the future. One of the most significant things done by the al-JI group is cash couriers, this method uses couriers to move cash because it is considered as one of the simplest ways. They can hide this money in a vehicle; package; suitcase; or other items that can be used to hide money (8). During al-JI's time, this cash courier was used as the main method for sending funds to be used in the first Bali Bombing.

3 Funding of the Al-Jama'ah Al-Islamiyah Group

The al-Jama'ah al-Islamiyah group (al-JI), which was founded in Malaysia by Abdullah Sungkar in 1993, has a fairly long track record in carrying out acts of terror in Indonesia. The action taken is quite large and certainly costs quite a lot. The al-JI group has four divisions of da'wah area or what they call Mantiqi. Mantiqi 1 (Ula) which covers the Peninsular Malaysia

and Singapore are designated as economic support areas because many members of al-JI are successful in doing business, and al-JI often gets donations up to 10% of company profits (9)

Their income earned from work or businesses as well as business opportunities in these two countries are indeed greater when compared to other places. In addition to Mantiqi 1, there is Mantiqi IV (Ukhro) which covers the regions of Australia and Papua and is also designated as an economic support region.

Nasir Abbas explained that funds for al-JI were obtained from various sources and looked like they were not organized. However, on the basis of mutual trust between members, it will be organized, no one will deviate, and no one can lie (10).

If you look based on what is stated in the General Guidelines for the Struggle of al-Jama'ah al-Islamiyah or *Pedoman Umum Perjuangan al-Jama'ah al-Islamiyah* (PUPJI), the source of funding for this group is explained in article 8 and article 34. In article 8 point 4 it is explained that *Amir* (leader) quoted *infaq* from members congregation both routine and incidental. Members of al-JI must provide *infaq* for 5% of their income. While in article 34 it is explained that the financial resources of the congregation are *infaq; shodaqoh; zakat*; halal sources and other acceptable sources based on *ijtihad*. In the PUPJI it was also discussed that the majority of al-JI group's funds did come from the contributions of members. When the contribution of these members is sufficient, a legitimate business is created so that funds continue to move and run. In the past, when they were about to carry out acts of terror (such as the first Bali Bombing), al-JI obtained funds directly from Osama bin Laden. In addition, many funds flowing from the Middle East countries to al-JI.

Sylvia Laksmi stated that prior to 2003, the funding structure of the al-JI group was obtained from internal and external sources. One strong external source is the injection of funds from al-Qaeda groups which are sent by cash couriers. However, after 2003 and the strained relations between the al-JI group and al-Qaeda, the fundraising activities began with robberies or other criminal acts.¹ Financial support from foreign sources may be a factor, although it is probably less important than support from Indonesian sympathizers and low-level criminal activity to the type traditionally employed by al-JI to raise money.

Even though al-JI received some funding from al-Qaeda, al-Qaeda doesn't exert operational control over al-JI. The relationship is more perhaps matter of shared ideals (or fanaticisms) than of systematic bureaucratic links, which of course doesn't make it less dangerous.

One source of al-JI funding is sending cash via courier, which is very unlikely to be terminated. Al-Qaeda began funding al-JI with these bags of cash from 1996 until the first Bali bombing. Next is funding from charities or Islamic foundations, of which around 15% to 20% of these charities are intended for terror groups. Al-JI funding activities through cash couriers is one strategy, by bringing funds from Mantiqi I to Mantiqi II which is an area of jihad operations for al-JI. The funds brought are not only for jihad operations, but also for the daily needs or expenses of the organization. The path used by the cash carrier is not an official channel but another path that is indeed difficult for the authorities to detect.

In the past, another frequent source of funding was *fa'i*. *Fa'i* is a robbery that has been carried out by members of the Darul Islam which is intended to fund acts of terrorism and is considered a jihadist behavior (11). It is also important to note that the *fa'i* is part of the law of war in Islam. Islamic scholars have decided that the laws of war can only be regulated and implemented by the appropriate authorities. Darul Islam and al-JI could be said to be wrong because they all violated the ownership rights of minority owned companies and their right to practice their own way of life (11). They consider *fa'i* actions permitted by religion and lawful because the robbery was carried out against rich people who are considered infidels or not part

of the group. The robbery they committed was a pure and simple criminal act that could not be justified under *fa'i* or other aspects of Islamic jurisprudence. One example is the August 22, 2001 robbery carried out by Imam Samudera and his friends in the Banten group. They carried out a robbery at the Elita gold shop, Pasar Lama Serang, Banten and managed to bring 4.5 kilograms of gold with a value of Rp. 400 million (12)

In the early 2000s, al-JI members also raised money by establishing a book publishing company in Central Java. In addition to getting funds, they also use this method to spread group propaganda. Although the publishing houses are owned by individuals, not JI per se, some revenues are almost certainly being ploughed back into al-JI activities.

Fundraising through charities is not a new thing. In 1988, the Crisis Response Action Committee or *Komite Aksi Penanggulangan Akibat Krisis* (KOMPAK) was associated with providing funds to the al-JI group. The funds obtained by KOMPAK were used to buy weapons in Mindanao, as well as to plan terrorist acts at the time. Abdullah Anshari alias Abu Fatih, chairman of Mantiqi II, decided to cooperate with KOMPAK under the Indonesian Islamic Propagation Council or *Dewan Dakwah Islamiyah Indonesia* (DDII) so that the jihad project to be undertaken by al-JI was not fined (9). Abu Fatih requested that KOMPAK establish branches in various cities with the aim of accommodating public funds which would later be used for jihad activities. So KOMPAK appeared in Semarang, Surabaya and Solo, whose management was held by people from the al-JI group. In addition, Solahudin also explained that al-JI's decision to join KOMPAK was in order to obtain funds related to the jihad project in Ambon.

In the past al-JI, fundraising through cybercrime was indeed not significant. However, in 2004, Imam Samudera gave a will to his successor jihadists to study and practice hacking for his acts of terror (12). This will is given because Imam Samudera believes that acts of terrorism must be able to go through modern technology not merely in a conventional manner.

The arrest of Para Wijayanto in June 2019 began to uncover the latest funding sources from the al-JI group which is currently referred to as the neo-JI group by the police. At present, the neo-JI group is starting to use other sources to fund its group. They conduct legal business such as the oil palm plantation business as well as to recruit more members into groups. Plantations are usually in a remote location, which makes it ideal for shelters and military training. The oil palm business spread across Sumatra and Kalimantan is expected to be a sustainable source of funds for their groups. In addition to oil palm plantations in Sumatra and Kalimantan, neo-JI also has clove and cocoa fields in Southeast Sulawesi. A report noted that this neo-JI group even provided monthly salaries to senior al-JI officers, one of which was free since 2005.ⁱⁱ

In addition to legal business, they also use the *Baitul Maal* microfinance service. *Baitul Maal* is an informal community based Islamic microfinance service that uses an economic and socio-religious approach by offering financial services to the poor, including collecting donations and giving loans to small businesses (13).

In 2011, neo-JI also had a humanitarian foundation namely the Hilal Ahmar Society Indonesia (HASI) as known as the Hilal Ahmar Foundation or the Indonesian Hilal Ahmar Society for Syria (14) in response to the Yogyakarta earthquake in 2006. The foundation, which was banned and officially listed as terrorist organization in 2015, had once operated in Lampung; Jakarta; Semarang; Yogyakarta; Solo; Surabaya; and Makassar. The funds raised by HASI were used to recruit; fund; and facilitating neo-JI followers to leave for Syria. HASI was indeed proven to be affiliated with Al-Qaeda, and supported all actions and activities of the neo-JI group. It was also used as a fund raising tool to collect contributions online from supporters as well as a recruiting mechanism.

When the Syrian conflict broke out in 2011, neo-JI became one of the most active jihadi groups that raised funds to help the Sunnis who lived there. HASI is engaged as a fundraiser and also a sender of assistance who is also assisted by Syam Organizerⁱⁱⁱ. The method commonly used by this group is to hold a demonstration or *tabligh akbar* with frills of solidarity for Syria (15)

HASI appears to be the humanitarian wing of neo-JI, because since 2011 HASI has been active in collecting and using funds collected to provide protection and logistical needs of the neo-JI group. Since mid-2013, HASI began sending FTF to depart to Syria regularly. Because the fundraising generated by HASI can reach ten thousands of dollars. Funds obtained through fundraising from foundations; charity; as well as non-profit organizations carried out by carrying the names “defend Islam” and “uphold Islamic law”. So that the public sometimes does not realize that voluntary donations actually go to terrorist groups.

Another method is through sources of funds that are inside the prison. Some neo-JI members, who had already been detained and not placed in high-risk prison, began to recruit and raise funds in prison. One way is to influence and recruit a wealth drug dealer who incidentally has enough money and makes it a source of funding for neo-JI groups.^{iv}

The legal business, charities and recruits conducted by neo-JI show that they intensively empower the ability of their personnel in order to balance financial management to stay afloat. Thus, it cannot be denied, that the change in funding patterns was influenced by changes in the internal structure of neo-JI both in terms of networking and the formation of new groups due to hostilities within the neo-JI body. With the new internal structure in the form of rings that are separated from each other but connected ideologically, then it forces terrorists not to depend on other groups for funding. The quantity of funding is increasingly limited, because the funds that were abundant in the period before 2003 came from Al Qaeda and are now no longer available.

The dynamics of funding in terrorist groups, in fact are not only influenced by considerations that occur and are internal of the organization. In accordance with the literature study on terrorism funding written earlier, it is also possible that there are external factors of terrorist groups that can be taken into consideration in determining the direction of organizational funding policies. One of them is counter-terrorism policies implemented by countries where terrorists operate.

4 Government Responses Regarding Terrorist Groups Funding

The case of terrorism funding through charities is indeed fast enough to be taken action by the government. For example, HASI, which was immediately banned and entered into the list of terrorist groups, and the arrest of several HASI employees? However, some methods such as cash couriers and legal businesses are indeed quite difficult to act on. Because it requires observation and analysis that is not for a moment. In fact, the latest report from *Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK)*, states that currently the actual self-funding scheme or using greater own costs. So it is increasingly difficult to track the whereabouts of money or the group.

The funding methods described earlier may be less visible when not used directly for terrorism activities. However, existing funds have been and are used not only to carry out or

prepare attacks and actions, but also serve as a social support system for the families of prisoners, widows and terrorist children.

The government should have started to analyze and detect what these groups will do in the long run. Because if their funding is indeed stable, then they are likely to survive and move longer. Increased intelligence power is also needed so that businesses and other confidential funding sources can be effectively identified. In addition, there must be stringent financial requirements for both foreign and domestic charities. The government must also issue counter-terrorism policies related to funding. The strength or weakness of this policy will determine the flexibility of the terrorists in seeking funding, conducting training and executing attacks.

In the absence of implementing regulations regarding reporting for organizers of money transfer business activities and implementing regulations that further regulate alternative remittance systems such as *hawala*, terrorists can easily use these services as alternatives in raising funds for operational activities. Even so, it is necessary to further review the oversight of the provisions on the mechanism for remittance of informal funds in sending countries. Even though Indonesia provides room for flexibility in receiving these funds, if the sending country has good supervision, the possibility of using this mechanism will be abandoned by terrorists because with good supervision in sending countries, it will be easily detected just before the funds are sent to Indonesia.

5 Conclusions

As explained earlier, the author has collected comprehensive data on aspects considered by terror groups in determining their organization's funding strategy. In this study, we review the dynamics that occur in every aspect to see the possibility of changes in funding patterns carried out by terror groups in Indonesia, especially al-JI and its network.

Thus, the author's study of the organizational structure of al-JI in Indonesia shows that al-JI group have experienced changes, including because of dynamics outside the organization which then affect internal dynamics, especially related to changes in the terror network, as well as changes in disunity that occurred in the body of al-JI. A study of this structure found a causal relationship in influencing the way to obtain funds from the al-JI group. Whereas the initial funding could be obtained in large quantities from al-Qaeda and international charitable organizations, but due to the dynamics within the al-JI group, funding is now focused on fundraising efforts internally by no longer relying on funding from outside the al-JI operational areas.

By analysing data related to the identification of the indicators as mentioned above, we see that it is indeed possible for al-JI and its network, with the structure and characteristics of the new network can also change the pattern of financing of terrorism in their organizations. This proves by first considering such conditions, al-JI and its network as a terror group have carried out a logical policy making process.

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Notes

ⁱ Interview with Sylvia Laksmi (Terrorist Financing Expert), Jakarta 2019.

ⁱⁱ Interview with DENSUS 88 (specializing on terrorist financing), Jakarta 2019.

ⁱⁱⁱ Syam Organizer was established in 2013, starting with an event organizer that held a “tabligh akbar” roadshow to preach the condition of Muslims who are being oppressed in all parts of the world, then developed into an international humanitarian institution focused on helping victims of humanitarian disasters in the land of Sham.

^{iv} Interview with DENSUS 88 (specializing on terrorist financing), Jakarta 2019