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FINANCING AS ORGANISATIONAL CONSTRAINT: A COMPARATIVE ANALYSIS OF REVENUE ARCHITECTURE ACROSS RAPOPORT'S FOUR WAVES OF TERRORISM

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This article analyses the evolution of terrorist financing across the four waves of modern terrorism identified by David C. Rapoport, arguing that financial architecture operates as a structural constraint shaping organisational form and strategic capacity of terrorist groups. By comparatively examining revenue sources, transfer mechanisms, and expenditure profiles, the study demonstrates how variations in funding stability and scale have influenced patterns of centralisation, bureaucratisation, and operational reach.

The anarchist wave was characterised by limited and irregular resources, encouraging decentralised structures and low-cost, symbolically disproportionate violence. Anticolonial movements expanded their financial bases through diaspora mobilisation and external facilitation networks, enabling sustained campaigns. The New Left wave increasingly relied on criminal revenues to support logistics-intensive underground infrastructures. In the religious wave, transnational donation systems and territorially anchored taxation models facilitated more institutionalised and, in some cases, proto-state forms of governance.

The findings suggest that the historical transformation of terrorist financing reflects a shift from episodic political violence toward structurally sustained organisational models.

Keywords: *terrorist financing; revenue architecture; transfer mechanisms; expenditure profile; organisational structure; national security; criminal revenue streams.*

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Introduction

The sources of financing, the financial flows and what might be termed as the financial architecture of terrorist organisations are fundamental subjects in the research related to the terrorist phenomenon as a whole. Concomitantly, the money, their sources and the way in which they are transferred to terrorist organisations represents a time-consuming and methodologically challenging analysis, due to the institutional opacity when it comes to access to data and information on this subject, as most documents containing relevant references are classified. However, by historical tracing the evolution of the phenomenon and by corroborating it with statistical data and information available from open sources, OSINT, it is possible to analyse how funding sources, budgets and operations planning have changed over time.

In this research paper, although not yet an unanimously accepted definition of terrorism, we will consider terrorism to be that form of political violence carried out by non-state entities which, through the use of violence or credible threats of violence directed against civilians or non-combatants, aim to influence political institutions, society as a whole, or particular segments of it, in order to determine or to discourage the adoption of a certain decision or courses of action. In other words, drawing on the quasi-definition proposed by researcher Brian Michael Jenkins, "the broader objective of terrorism is to create an atmosphere of fear and alarm - in other words, to terrorise. The random nature of the attacks makes the violence unpredictable, which adds to the fear, makes it more general, and more difficult to cope with" (Brian M. 1974). Furthermore, Alex Schmid and Janny de Graaf argue that "terrorism cannot be understood only in terms of violence. It has to be understood primarily in terms of propaganda. Violence and propaganda, however, have much in common. Violence aims at behaviour modification by coercion. Propaganda aims at the same by persuasion. Terrorism can be seen as a combination of the two. (…) Terrorism, by using violence against one victim, seeks to coerce and persuade others. The immediate victim is merely instrumental, the skin on the drum beaten to achieve a calculated impact on a wider audience" (Alex P. and Janny 1982). These perspectives support the operational definition adopted in this paper, underscoring that terrorism combines the use of violence or the threat of violence with a communicative dimension aimed at influencing a broader audience and, ultimately, shaping political or societal decision-making processes.

1. Preliminary Considerations

In order to establish a coherent normative framework of analysis and a comprehensive methodology, this paper adopts the theoretical perspective of the four waves of terrorism, proposed by David C. Rapoport (2013). Analysing the

recurrence of different types of terrorist attacks and the ideological preponderance of different terrorist groups, Rapoport concluded that, over time, there have been four levels or, as he called them, *waves* of modern terrorism.

The first wave, commonly reffered to as the anarchist wave, spanned approximately from 1880 to 1920. It was closely linked to the European revolutionary movements that challenged the modern centralised state and the capitalist social order. The main actors were anarchist groups in Tsarist Russia, France, Italy and the United States, and the dominant method consisted of political assassinations and bombings targeting leaders considered symbols of oppression. A defining characteristic of this wave was the personalisation of the target and the belief that the elimination of key individuals could trigger radical social transformation.

The second wave, known as the anti-colonial wave, developed between the 1920s and 1960s, reaching its apex in the aftermath of the Second World War. Within this context, violence became an integral component of national liberation struggles in Asia, the Middle East, and Africa. Organisations such as the Irgun in Palestine, the National Liberation Front in Algeria, or the National Organisation of Cypriot Fighters (EOKA) in Cyprus employed bombings and urban guerrilla warfare to undermine the authority of the colonial powers and attract international support. Unlike the previous wave, legitimacy was built on the discourse of self-determination, and the targets included not only leaders, but also administrative institutions and infrastructures associated with imperial domination.

The third wave, commonly referred to as the New Left wave, was particularly prominent during the period spanning 1960 to 1980. Drawing on Marxist and anti-imperialist ideologies, as well as student mobilisations, this phase was represented by groups such as the Red Brigades in Italy, the Red Army Faction in Germany or the Weather Underground in USA. During this period, methods became more diverse, including aircraft hijackings, kidnappings, and symbolic attacks against corporations or state structures. Terrorism has taken on a more pronounced transnational dimension, while media communication emerged as a central strategic component; nevertheless, its underlying motivation remained predominantly secular and revolutionary.

The fourth wave, commonly designated the religious wave, began in the late 1970s and continues to the present. Developments such as the Iranian Revolution and the war in Afghanistan created a favourable framework for the emergence of theologically motivated organisations, the most influential of which were Al-Qaeda and, later, ISIS. This wave is characterised by its transnational character, the widespread use of suicide attacks and the orientation towards targets with global symbolic value. Violence is justified through religious interpretations, while the objective is to mobilise communities of believers and delegitimise the international political order.

Overall, Rapoport's theory underscores the cyclical character of modern terrorism and its dependence on dominant ideological contexts. Each wave introduced tactical and organisational innovations, however, the fundamental mechanism remained constant, namely the use of violence to generate political and psychological effects disproportionate to the scale of casualties or tmaterial damage inflicted.

The present study aims at analysing how income sources, transfer mechanisms, and expenditure requirements have shaped the operational capacity and internal organisation of terrorist groups across the four *waves* of modern terrorism proposed by David C. Rapoport.

Two methodological constraints must be acknowledged at the outset. First, budgets are often difficult to reconstruct, especially for the earlier waves, due to the fragmentary and uneven nature of the available evidence. Second, even where relatively reliable budget estimates exist, the empirical relationship between resources and destructive impact remains non-linear. The direct costs of many attacks are low in relation to their political and psychological consequences, whereas the most enduring financial burden is frequently the maintenance of organisational infrastructure between attacks, represented by recruitment, logistics, propaganda, travel, forged documents, safe houses, and salaries or subsistence provisions.

Accordingly, the analysis emphasises three interrelated dimensions: (a) the revenue architecture, in terms of who provides financial resources, the mechanisms through which resources are obtained, and the degree of their predictability; (b) the transfer architecture, represented by how resources are stored and moved; and (c) the expenditure profile, relating to the costs that the organisation *must* cover in order to sustain its activities. These components are subtantially linked to organisational form, with particular distinction between cellular and hierarchical structures, the degree of centralisation, and the typology of attacks.

2. Analytical Framework: What *Financing* Changes in Terrorist Capabilities

Across different terrorism developmental waves, an empirically grounded way to connect financing and organisation is to treat money as (i) an enabling input for operations and (ii) a structuring constraint that selects for particular organisational designs.

The Financial Action Task Force, *FATF*, distinguishes between two main categories of expenditure: (1) direct operational costs with materials and steps needed to execute a specific plot, and (2) broader organisational requirements, which are the *overhead* necessary to recruit, train, plan, procure, communicate, and sustain an ideological brand over time. In the FATF synthesis, direct attack costs are often low, whereas the maintenance of a network or cell between attacks is

a significant drain, as it requires infrastructure, security, and continuity (Financial Action Task Force 2008). This distinction is conceptually relevant because it helps clarify why certain financing models tend to generate certain organisational forms, as will be demonstrated in the subsequent analysis. For example, limited, volatile, and internally generated funding streams tend to correlate with small cells, low levels of bureaucratisation, and low-capital tactics, such as targeted assassinations and small-scale bombings. Such configurations reflect the inability of these groups to *carry* long-term payrolls, maintain training infrastructures, or support complex procurement processes.

Stable and recurrent resource extraction, in the form of taxation, extortion or substantial external inflows, through state sponsorship or major donations, enable professionalization and institutional layering. Some groups financed through these means often develop logistics arms, political wings, propaganda departments, and social-service provision, among others, which increases operational tempo and geographic reach.

The establishment of territorial control can transform a group's finances from project-based fundraising into revenue systems, resembling public finance, through taxation, administrative fees, and resource exploitation, thus reducing exposure to the formal international banking system and therefore blunting classical counter-terrorist-financing tools that rely on bank monitoring and sanctions. Additionally, if a certain territory or segments thereof are controlled by a terrorist group, including the population, terrorists can demand free-of-charge work from the people under their control or can use intimidation, extortion or even specific and direct threats in order to obtain what they desire. Finally, the post-2001 global counter-terrorist financing paradigm is analytically significant, as it has altered the cost-benefit calculus of using formal financial channels, thereby incentivising many actors to rely increasingly on cash-based transactions, locally sourced, or informally transferred funds.

2.1. Anarchist wave: modest endogenous funding and low-capital political violence

The anarchist wave first manifested in Russia, where modern terrorism began to take shape in the 1880s, with assassination campaigns against prominent officials as a dominant strategy. Richard Bach Jensen frames the late nineteenth – early twentieth century as a *classic* era of anarchist terrorism that became international in scope, facilitated by migration flows and global communications and transportation networks (Jensen 2009). From a financing standpoint, the best-supported generalisation is that anarchist-era militants commonly operated with limited, irregular resources compared to later waves, which helped select for organisational fragmentation and tactically inexpensive but symbolically potent violence. When funding was available, it often took the form of small donations and diaspora-based fundraising tied to political causes, rather than stable *state-like* revenues.

A concrete illustration of the scale and modality of diaspora-based fundraising in late nineteenth-century militant activism appears in the work of Kristy Kate Campion. In 1875, the Irish-American community raised $12,000 to finance the purchase of a ship purchase intended to support a jailbreak operation, and subsequent propaganda success "fuelled the notion" of a dedicated fund to finance attacks against British interests (Campion 2015). While this case is not purely *anarchist* in ideology, it is historically adjacent to what Rapoport labels the first wave and illustrates two early pattern: (a) fundraising via sympathetic communities abroad, and (b) a strong linkage between propaganda success and subsequent fundraising capacity.

Elsewhere, organisations such as *Narodnaya Volya,* founded in 1879 as a quasi-military branch of the Russian Populist Party *Zemlya i Volya*, pursued the continuation of the main party's political vision and struggle through violent means, most notably terrorism. Throughout their operational lifetime, its members assassinated numerous government officials, the most notable being that of Emperor Alexander II. Contrary to its intended goals, this act led to a very strong anti-terrorist sentiment in the aftermath, eventually leading to their demise only one year after (Britannica Editors 2015). From an organisational standpoint, it consisted of mainly small semi-independent cells, coordinated strategically by an Executive Committee. With regard to financial resources, the "upper-class origins of many of the revolutionaries meant a source of funds; many idealists donated their entire fortunes to the movement". However, available resources were "divided up the printing plant and the funds - which were in fact mostly in the form of mere promises and hopes..." (Simkin 1997).

Structurally, modest and uncertain income streams seemingly encourage designs that minimise costs, through small conspiratorial circles, low payroll burden, and limited durable infrastructure. Operationally, this pushes toward attacks where the primary *multiplier* is not material damage but psychological disproportion, as we have mentioned, mainly represented by cost-effective violence, assassination or small-scale bombing, aimed at political signalling and societal intimidation. Moreover, there are very few, if any, instances in which organisations associated with the first wave had a stable territorial structure or, even less, control over segments of the national territory of the states in which they operated. Also, their aim was mainly national, in terms of operations, drawing the logical hypothesis that this is mainly due to the financial constraints, considering that planning and implementing a cross-border operation is usually much more expensive than a national one, limited in scope and targets. Furthermore, because groups such as *Narodnaya Volya* never achieved national-level success, they never got to expand the scope of their revolution internationally, as was the case with the expanse of communism later.

2.2. Anticolonial wave: expansion of revenue bases and external facilitation networks

Rapoport dates the anticolonial wave to the 1920s, lasting about forty years. Its strategic logic, national liberation, tends to generate broader and more reliable financing opportunities than the earlier anarchist pattern, because anticolonial movements can, at least in principle, draw on mass constituencies, larger diaspora communities, and parallel governance arrangements, including coercive fundraising.

Evidence from the National Liberation Front (*FLN)* illustrates how external networks could become financial arteries for an insurgency. In a dissertation on French intellectual support networks for Algerian decolonisation, Abdelmadjid Amrani reports that Francis Jeanson, and his clandestine support network, managed in one year to smuggle "ten billion French Francs" with Algerian collaborators to Switzerland, using banking channels there (Amrani 1990). This points to a financing architecture in which resource mobilisation and secure transfer, rather than mere possession of funds, became central operational problems, incentivising specialized couriers, trusted intermediaries, and cross-border facilitation. Obviously, this also shows an expansion in both operational breadth and budget, the sums of money being raised and used greatly surpassing the capabilities met in the first wave.

The same source links operational expansion in France to fundraising outcomes, in that by 1958, the FLN decision to extend violent action into metropolitan territory is described as "spectacularly successful" specifically in "collecting funds and recruiting volunteers" (Amrani, 1990). This is a critical organisational-financial feedback loop. Expanding operational theatre can increase policing pressure, but it can also increase coercive reach into diaspora communities and intensify fundraising potential by demonstrating capacity and commitment. In organisational terms, these anticolonial financing patterns plausibly support more stable role differentiation than in the anarchist wave. Fundraising and transfer become semi-professional functions; procurement networks emerge; and the movement can sustain longer campaigns because it can finance recruitment, travel, document fraud, and weapons acquisition more systematically. The key empirical point is not that all anticolonial groups were *rich*, but that the architecture of income and transfers more often permitted continuity and growth beyond what was typical in the first wave.

In this second wave appeared what was later to be developed and perfect by groups from the fourth wave, namely the direct control of territory and the establishment of a comprehensive and mandatory, even state-like, taxation system, imposed upon the subjects within the territory under their grasp. The Irish Republican Army is a stark example regarding these practices, during the second wave. While the organisations from the first wave never aimed at controlling territory, the anarchist core ideology playing a substantial role in this decision and never imposed mandatory participation

or protection taxes from their members, some organisations from the second wave, consistent with their anti-colonial self-determination and national sovereignty ideals, aimed at controlling territory and even entire sections of the population by peacefully co-opting into their movement or simply through force. In fact, the IRA imposed a taxation system on what was later to be officially called Northern-Ireland people, be it for protection purposes, which is actually a form of organised crime, tactics later employed heavily by the next wave, or in the form of revolutionary contributions (Tanya, et al. 2022). Furthermore, the IRA even issued *war-bonds*, an attribute usually reserved to state authorities, revealing the real scope and aim of the IRA. "The Republic's quest for funds took its emissaries as far afield as New York, Buenos Aires, Cape Town, and Melbourne, as well as to the Irish community in Britain and virtually every parish in Ireland. By selling *war bonds* to supporters, it raised £370,165 from 140,000 people in Ireland and nearly $6m from 300,000 in the United States. These bonds promised a return to subscribers when British forces had left Ireland and an independent Irish Republic was internationally recognised" (Adams 2022).

2.3. New Left wave: diversified income, criminalisation, and logistics-intensive undergrounds

Rapoport's *New Left wave* follows the anticolonial period and "diminished greatly as the twentieth century closed" (Rapoport 2013, 47), leaving only a limited number of active groups. He also notes that Palestine Liberation Organization became a preeminent body in the New Left wave due to its international connections and activity, even where goals were largely nationalist.

Financially, the New Left milieu is strongly associated with diversification, especially toward profit-generating crime, a novel characteristic in comparison with the previous waves, because clandestine organisations in high-capacity states faced increasing surveillance and disruption, raising the *overhead* costs of secrecy, mobility, and safe infrastructure. New Left operational practices are generally linked to funding needs, mainly visible in the case of the Red Army Faction (*RAF)*, where "bank robbery was the preferred method of financing, since it was both an attack on the ultimate symbol of capitalism and a lucrative method of underwriting an expensive lifestyle" (CIA 2016). From here on, we can see that terrorist groups got increasingly involved in other forms of organised criminal activities, mainly in order to obtain funds for operations and maintenance. A second New Left pattern is the rise of kidnapping as both a propaganda tool and an income stream, as was the case of bank robberies. Campion (2015) furnishes an indicator of broader diffusion. She notes that kidnapping "gained popularity" and reports figures that, in 1970, "twenty-six foreign diplomats" were kidnapped worldwide, with the annual rate nearly doubling over a decade. Also, notably, "kidnapping was well-suited to Propaganda of the Deed by virtue of the media attention it attracted, and the relatively low

operating costs it incurred". Thus, we may argue that even when kidnapping was used primarily for coercion or prisoner exchange, its financial logic remained salient because it could be operationally cheaper than sustained armed confrontation while imposing disproportionate political costs.

The Red Brigades from Italy provide unusually explicit evidence linking running costs to ransom revenue. In Terror Vanquished: The Italian Approach to Defeating Terrorism (2018), Simon Clark describes how the need to fund a growing cadre of underground *regulars* pushed the organisation toward criminal activity, and how Margherita Cagol opted to kidnap Vallarino Gancia for a "large ransom". Later, the "successful kidnapping of the shipping magnate Pietro Costa yielded a ransom of 1.5 billion lire (≈ $1.8 million)", covering running costs and financing an apartment later used in the Aldo Moro kidnapping case.

A third New Left financing trajectory is the shift from bank robbery toward long-run extortion systems, especially for groups that survived their wave peak and became embedded in local political economies. In the case of Euskadi Ta Askatasuna (ETA), which transcends the boundaries of both New Left and anti-colonial wave, as its mission was ideologically based in revolutionary Marxism and strategically aimed at Basque independence, Mikel Buesa and Thomas Baumert (2012) argue that extortion became a main income source "from the 1970s onwards", substituting for earlier reliance on bank robbery and theft. They estimate that extortion produced more than €115 million, expressed in 2002 PPP terms, over the 1978–2008 period, emphasising that this is a minimum given incomplete seized documentation. They further estimate that ETA's economic orbit managed on the order of €28.1 million per year during 1993–2002, with lower levels in later years, implying that legal repression and organisational disruption can measurably compress inflows and force adaptation.

Operationally and organisationally, these data seem to support a consistent inference which states that once a group can access recurring criminal revenue, for example through kidnapping or extortion, it can sustain a more logistics-intensive underground safe houses, forged identities, prisoner support and weapons caching, while also increasing infiltration exposure and law-enforcement targeting, because criminal income streams generate traceable interactions with victims, intermediaries, and markets.

2.4. Religious wave: global donation networks and the territorial proto-state revenue model

Rapoport identifies 1979 as the catalytic year marking the emergence of the fourth, *religious* wave of modern terrorism (Rapoport 2013, 61-62). The key financial discontinuity in this wave is not simply more money, but the combination of (a) globalised fundraising and transfer systems that can route money across borders,

and (b) in some cases, territorial control that permits taxation and resource extraction on a quasi-state scale (Jonsson 2015).

The National Commission on Terrorist Attacks Upon the United States staff monograph on terrorist financing estimates that Al-Qaeda was funded "to the tune of approximately $30 million per year" prior to 9/11, largely via diversions from Islamic charities and the use of financial facilitators who aggregated donations, primarily in the Gulf region (Roth, Greenburg and Wille 2004). Victor Comras (2005) likewise reports a CIA estimate of roughly $30 million per year to sustain the organisation in the pre-9/11 period, while stressing persistent uncertainty about precise sources and allocations.

Crucially, the same monograph (Roth, Greenburg and Wille 2004) demonstrates the *disproportion* between attack cost and impact. The 9/11 plot cost Al-Qaeda $400,000–500,000, with about $300,000 moving through U.S. bank accounts and about $26,000 returned to a facilitator shortly before the attacks. This points to a core analytic caution, namely that the presence of mass casualty events does not necessarily imply high direct operational spending, but it does imply an enabling infrastructure, in the form of training, travel, safe havens, document fraud, and facilitation, whose funding requirements are typically higher and more continuous than the plot itself. The monograph also notes that after Osama bin Laden relocated to Afghanistan in 1996, Al-Qaeda made reduced use of formal banking for transfers, preferring informal money movers and bulk cash couriers, though banks still played roles in some regions. One major expense line was support for the Taliban, estimated at about $20 million per year, illustrating how alliance maintenance can dominate spending more than individual operations.

Comras (Al Qaeda Finances and Funding to Affiliated Groups 2005) argues that after the loss of the Taliban safe haven and the destruction of Afghan bases, Al-Qaeda splintered into more independent cells that increasingly relied on localised funding, such as small businesses, petty crime and the drug trade in order to sustain themselves.

On the other hand, in the Congressional Research Service synthesis of 2015, Islamic State of Iraq and Syria (ISIS) is described as relying on a portfolio in which major revenue categories include oil sales, taxation and extortion, and antiquities, with the mix shifting as countermeasures reduced profitability in certain sectors. CRS also stresses that holding and governing territory is a financial burden that can become a vulnerability, in that governance generates legitimacy and coercive control, but it also requires expenditures for administration, security, and service provision (Humud, Rosen and Pirog 2015).

A focused memo by Swedish Defence Research Agency, authored by Michael Jonsson, emphasises three salient financial-organisational features of ISIS: (1) revenue sources were diverse and "mainly located within territory the group controls",

(2) internal documents indicate hierarchical organisation and bureaucratic division of labour with monitoring of how assets are generated and distributed, and (3) because much revenue is local, cash-based, and only partly dependent on formal finance, classical financial sanctions have limited ability to cut off funding so long as territorial control is intact (Jonsson 2015). On the question of *how big* ISIS's budget was, Jonsson highlights both the headline claims and the evidentiary problem: estimates "around $2 billion annually" align with ISIS's reported 2015 budget presentation, but there are "strong reasons to question this claim" due to non-transparent sourcing and propaganda incentives; nonetheless, even more conservative estimates place annual funding "well over $1 billion," primarily from "taxation". This uncertainty itself is analytically important. It reveals that wartime *budgets* can be as much information operations as accounting statements, and that credible estimation often requires triangulating captured records, local administrative data, commodity flows, and intelligence reporting.

Secondary policy syntheses nonetheless capture the perceived scale difference between Al-Qaeda and ISIS. For example, Center for a New American Security reports an estimated pre-9/11 Al-Qaeda budget of ~$30 million and states that ISIS "approved a $2 billion budget for 2015," (Maruyama and Hallahan 2017) using this contrast to illustrate how financing needs and organisational forms shift with territorial control and revenue opportunities.

Also, "in some cases, revenue indeed appears to drive the taxing behaviours of armed groups. Taxation can be incredibly lucrative for armed groups, allegedly accounting for the majority of revenue for some of the largest armed groups globally, including al-Shabaab, Boko Haram, FARC, HTS, JNIM, ISIS, the Taliban, and armed actors in the DRC. Estimates of tax revenues for these groups are in the tens of millions, with al-Shabaab, for example, estimated to have earned between US$38–56 million at their height of tax collection in 2012; Hamas estimated to have made around US$15 million a month from taxes in 2016; and ISIS' tax revenue often estimated to out-perform resource revenues, with tax revenue. Given the revenue potential of these taxing activities, it is therefore no surprise that armed groups establish extensive and robust taxing practices" (Tanya, et al. 2022). Furthermore, while in Russia "People's Will never had more than thirty or forty members, who would then recruit agents for specific tasks or to establish affiliate cells within sections of society deemed to have revolutionary potential (Simkin 1997)", nowadays al-Shabaab has somewhere between 7,000 and 12,000 fighters (US Congress 2023).

The organisational consequences seem to follow directly from expenditure structure. ISIS's attempt to operate as a pseudo-state implied sizeable financing requirement, including military/security apparatus, propaganda, and social welfare; at the same time, several revenue sources like bank looting, one-time seizures and forced taxation, are structurally exhaustible, which creates long-term fiscal fragility under sustained military and economic pressure.

3. Cross-Wave Synthesis: Financing as an Organisational Constraint and 9/11 as a Regulatory Inflection Point. What Changes Across Waves

Across the four-wave periodization, the most defensible high-level conclusion is that terrorist financing evolves from predominantly small-scale and endogenous models, mainly represented by the first wave, toward increasingly systematised, diversified, and sometimes territorialised models, in the fourth wave, and that this evolution materially shapes the *organisational envelope* within which violence is planned and executed.

In the anarchist wave, limited and volatile funding tends to support small cells and low-overhead tactics, with symbolic impact functioning as a substitute for sustained material capacity.

In the anticolonial wave, financing opportunities broaden through diaspora extraction and external facilitation, enabling more sustained procurement and campaign continuity, as exemplified by major smuggling transfers routed through Switzerland for the FLN.

In the New Left wave, the combination of costs associated with clandestine activity in strong states and ideological permissiveness toward *expropriation* encourages criminal diversification, through bank robbery, kidnapping and extortion, which can generate significant revenue but also increases exposure to law enforcement and infiltration.

In the religious wave, two distinct financial models appear: (a) transnational donor-and-facilitator networks with relatively modest budgets but sophisticated transfer methods (Al-Qaeda) and (b) territorial revenue systems capable of supporting bureaucratic governance and large armed forces (ISIS), albeit with substantial vulnerabilities under military pressure and resource depletion.

Conclusion

The evolution of terrorist financing suggests a structural shift in the nature of the phenomenon itself. In the first wave, characterised by limited and irregular resources, terrorist violence largely took the form of episodic actions carried out by small, loosely coordinated cells with minimal infrastructure. As the analysis has shown, funding during this period was predominantly endogenous, fragmented, and insufficient to sustain long-term institutional continuity. Organisational design therefore remained decentralised, operationally narrow, and financially fragile.

In subsequent waves, however, the diversification and stabilisation of revenue streams altered these constraints. The expansion of diaspora fundraising

and external facilitation networks in the anticolonial wave enabled longer-term procurement, cross-border transfers, and more differentiated internal roles. In the New Left wave, recurring criminal revenues, through bank robbery, kidnapping, and extortion, supported logistics-intensive underground structures capable of sustaining permanent cadres, safe houses, forged identities, and prisoner support systems. The evidence presented regarding the Red Brigades and ETA illustrates how recurring income streams were directly linked to covering *running costs* and maintaining organisational continuity beyond isolated operations.

The most pronounced transformation becomes visible in the religious wave. While the direct operational cost of major attacks could remain relatively low, as demonstrated by the 9/11 Commission staff monograph estimates, the broader financial architecture supporting such operations became more sophisticated and sustained. In the case of Al-Qaeda, transnational donation networks and informal transfer systems enabled infrastructural maintenance despite moderate overall budgets. In contrast, organisations such as ISIS, as documented in CRS reports and Jonsson's analysis, relied on internally generated, territorially anchored revenues, such as through taxation, oil sales and extortion that financed bureaucratic hierarchies, administrative divisions, and sustained military payrolls. These expenditure patterns reflect not merely episodic plotting capacity, but structured governance functions within controlled territories.

This transformation does not imply that all contemporary terrorist organisations operate as proto-states, nor that modern attacks are inherently more expensive at the operational level. Rather, what changes is the financial infrastructure that sustains violence over time. As funding becomes more systematic and predictable, organisations are able to institutionalise recruitment, logistics, propaganda, and territorial administration. In certain contexts, particularly where territorial control is achieved, terrorism moves beyond isolated acts of political violence and assumes characteristics of infrastructuralised insurgent governance. Accordingly, the comparative evidence across the four waves supports a cautious but defensible conclusion which states that the evolution of terrorist financing has progressively expanded the organisational framework within which violence is produced, maintained, and reproduced. The shift is not from "cheap" to "expensive" terrorism, but from episodic political violence toward structurally sustained, and in some cases territorially embedded, insurgent governance models.

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