

A MACDONALD-LAURIER INSTITUTE
AND SECURE CANADA PUBLICATION



Sarah Teich

THE ECONOMICS OF TERROR

Why Canada should explicitly criminalize
pay-for-slay programs

June 2026



BOARD OF DIRECTORS

CHAIR

Gerry Protti

President, Collaborative Canadian Energy Solutions, Calgary

VICE-CHAIR

Jacquelyn Thayer Scott

COO, Airesun Global Ltd;
President Emerita, Cape Breton University, Sydney

MANAGING DIRECTOR

Brian Lee Crowley, Ottawa

SECRETARY

Elizabeth Burke-Gaffney

Commercial Negotiator, Oil & Gas, Calgary

TREASURER

Martin MacKinnon

Lecturer (part-time),
Cape Breton University, Sydney

DIRECTORS

Richard Boudreault, CEO,

AWN Nanotech, Montreal

Wayne Critchley

Senior Associate,
Global Public Affairs, Ottawa

Lisa Gable

Author, CEO, and former
US Ambassador, Washington, DC

Bryan Gould

Founder and Executive Chair,
Aspenleaf Energy Limited, Calgary

François Guimont

Retired, Federal Public Service, Ottawa

Colleen Mahoney

Independent Researcher, Calgary

Simon Nyilassy

Founder, Marigold & Associates Limited,
Toronto

Hon. Christian Paradis

Co-founder and Senior Advisor,
Global Development Solutions, Montréal

Mark Rodger

Senior Partner, Borden Ladner Gervais LLP,
Co-Chair, Energy Markets, Toronto

David Schneider

Senior Investment Advisor,
Aligned Capital Partners, Victoria

Aaron Smith

Partner, Ernst & Young LLP, Nepean

Cheryl Ziola

Owner, Cheryl Ziola Communications,
Management & Advocacy, Vancouver

ADVISORY COUNCIL

John Beck

President and CEO,
Aecon Enterprises Inc, Toronto

Aurel Braun,

Professor of International Relations and
Political Science, University of Toronto,
Toronto

Erin Chutter

Executive Chair, Global Energy
Metals Corporation, Vancouver

Navjeet (Bob) Dhillon

President and CEO,
Mainstreet Equity Corp, Calgary

Jim Dinning

Former Treasurer of Alberta, Calgary

Richard Fadden

Former National Security Advisor to the
Prime Minister, Ottawa

Brian Flemming

International lawyer, writer, and policy
advisor, Halifax

Wayne Gudbranson

CEO, Branham Group Inc., Ottawa

Calvin Helin

Aboriginal author and entrepreneur,
Vancouver

David Mulroney

Former Canadian Ambassador to China,
Toronto

Peter John Nicholson

Inaugural President, Council of Canadian
Academies, Annapolis Royal

Barry Sookman

Senior Partner,
McCarthy Tétrault, Toronto

Sam Sullivan

CEO, Global Civic Policy Society,
Vancouver

Rob Wildeboer

Executive Chairman,
Martinrea International Inc, Vaughan

Bryon Wilfert

Former Parliamentary Secretary to the
Ministers of Finance and the Environment,
Toronto

RESEARCH ADVISORY BOARD

Brian Ferguson

Professor, Health Care Economics,
University of Guelph

Jack Granatstein

Historian and former head of the Canadian
War Museum

Patrick James

Dornsife Dean's Professor,
University of Southern California

Rainer Knopff

Professor Emeritus of Politics,
University of Calgary

Larry Martin

Principal, Dr. Larry Martin and Associates
and Partner, Agri-Food Management
Excellence, Inc

Alexander Moens

Professor and Chair of Political Science,
Simon Fraser University, Greater Vancouver

Christopher Sands

Senior Research Professor,
Johns Hopkins University

Elliot Tepper

Senior Fellow, Norman Paterson School of
International Affairs, Carleton University

Contents

Executive summary / sommaire.....	4
Introduction.....	8
Factual background.....	9
Existing Canadian law and legislative and enforcement gaps	15
International legal and policy responses.....	25
Proposed Canadian legislative action.....	32
Conclusion	40
About the author	42
References	28
Endnotes.....	33
Appendix A: Draft bill	34

Cover design: Renée Depocas (photo: courtesy Fred Moon)

Copyright © 2026 Macdonald-Laurier Institute and Secure Canada. May be reproduced freely for non-profit and educational purposes.

The author of this document has worked independently and is solely responsible for the views presented here. The opinions do not necessarily represent the views of Secure Canada, the Macdonald-Laurier Institute, its directors, or supporters.

Executive summary | *sommaire*

Canadian law prohibits the financing, facilitation, and support of terrorism. It criminalizes providing property or financial services to terrorist groups, participating in or contributing to the activity of a terrorist group, and facilitating terrorist activity.

Through the *Special Economic Measures Act* and the *Sergei Magnitsky Law*, it enables the imposition of targeted sanctions, including asset freezes and travel bans, on foreign officials responsible for gross human rights violations or significant corruption.

Yet there is a category of corrupted terrorist financing that Canadian law has never once been used to address: structured payment programs – known colloquially as “pay-for-slay” programs – that provide salaries, stipends, or other benefits to individuals who have committed terrorist attacks and to their families, calibrated to the severity of the violence.

It is time for Canada to lead by enacting legislation that explicitly criminalizes involvement in pay-for-slay programs and strengthens sanctions tools to hold those responsible to account.

- These programs are not hypothetical. Over several decades, state and state-affiliated entities across the Middle East have implemented payment structures tied directly to imprisonment for, or death resulting from, terrorist attacks.
- Saddam Hussein’s government distributed payments of \$25,000 to families of Palestinian suicide bombers, compared to \$10,000 provided to Palestinians killed in other manners.
- Iranian state institutions have channelled financial support through proxy organizations to families of individuals killed or imprisoned in connection with terrorist activity.
- Since 2004, the Palestinian Authority’s (PA) ongoing stipend program has legislatively mandated payments to individuals imprisoned for “participation in the struggle against the occupation,” with salaries and benefits calibrated to the severity of the offence.

Under this program, and others like it, members of groups listed as terrorist entities under Canadian law are compensated for engagement in attacks against civilians.

These programs are neither covert financing networks nor humanitarian efforts. They are institutionalized payment systems, not based on need, but structured to reward the commission of terrorist offences and scale the reward to the severity of the violence.

No individual has ever been prosecuted under Canadian law for involvement in such a program, and no foreign official has ever been sanctioned under either Canadian sanctions regime on this basis. The reason is not that the law cannot reach this conduct but that the absence of explicit statutory recognition has produced avoidable ambiguity that discourages enforcement. Prosecutors must reason by analogy from broadly worded provisions rather than applying clear statutory direction, and policymakers face uncertainty about whether the sanctions regimes were designed to capture this category of conduct.

Internationally, the dominant response has been to tie foreign aid to an end of pay-for-slay programs. It has not worked: the PA's program, for one, has persisted for decades despite repeated measures by multiple donor states. Closing this gap requires targeted legislative action:

- A statutory definition of “pay-for-slay program” should be introduced into Part II.1 of the Criminal Code.
- A new standalone offence should criminalize knowing participation in, facilitation of, or contribution to such a program, carefully defined.
- Both the *Special Economic Measures Act* and the *Sergei Magnitsky Law* should be amended to clarify that involvement in pay-for-slay programs may constitute corruption within the meaning of each Act's existing sanctions framework, enabling the imposition of targeted sanctions on foreign officials with responsibility for such programs.

These amendments would work within existing statutory frameworks to remove ambiguity and strengthen enforcement tools. No comparable jurisdiction has yet enacted explicit criminal or sanctions provisions addressing pay-for-slay programs. Canada has the opportunity to lead. Victims of terrorism deserve a legal framework that addresses the systemic structures that entrench the violence committed against them. [MLI·SC](#)

Les lois canadiennes prohibent le financement, la facilitation et le soutien du terrorisme. Il est illégal de fournir des biens ou des services financiers à des groupes terroristes, de participer à leurs activités ou de les faciliter.

La Loi sur les mesures économiques spéciales et la Loi sur la justice pour les victimes de dirigeants étrangers corrompus (Loi de Sergueï Magnitsky) autorisent les sanctions ciblées, telles que le blocage des actifs des ressortissants étrangers reconnus coupables de graves atteintes aux droits de la personne et de corruption, ainsi que l'interdiction de territoire.

Néanmoins, le droit canadien n'a jamais traité d'une forme de financement du terrorisme et de la corruption : les programmes de paiements structurés – que l'on appelle « Fonds des martyrs » – qui consistent à verser salaires, allocations ou autres indemnités aux terroristes et à leurs proches en fonction de la gravité de leurs actes.

Afin de tenir les responsables pour compte, le moment est venu pour le Canada d'agir en adoptant des lois qui criminalisent explicitement la participation à ces programmes et renforcent les mécanismes de sanction.

Ces programmes ne relèvent pas de l'hypothétique. Depuis plusieurs décennies, des entités au Moyen-Orient, étatiques ou associées à l'État, ont instauré des programmes de paiements directement liés à l'emprisonnement ou au décès résultant d'actes de terrorisme.

- Saddam Hussein versait 25 000 dollars aux familles des kamikazes palestiniens, et 10 000 dollars aux Palestiniens tués autrement.
- Les institutions d'État iraniennes ont fourni un soutien financier, par le biais d'organisations intermédiaires, aux proches des personnes décédées ou emprisonnées en lien avec des activités terroristes.
- Depuis 2004, une loi prévoit le versement par l'Autorité palestinienne d'indemnités aux personnes emprisonnées pour « participation à la lutte contre l'occupation », les salaires et avantages étant calculés en fonction de la gravité de l'acte.

Dans le cadre de ce type de programme, les membres de groupes considérés au Canada comme des entités terroristes sont rémunérés pour leur participation à des attaques contre des civils.

Ces programmes ne constituent ni des réseaux de financement clandestins ni des initiatives humanitaires, mais plutôt des systèmes de paiement institutionnalisés ayant pour seul objectif de récompenser les crimes en fonction des actes posés.

Au Canada, aucun procès n'a été intenté contre un individu, et aucun responsable étranger n'a été soumis à des sanctions pour participation à un tel programme. Ce n'est pas parce que la loi est inapplicable, mais plutôt parce qu'elle n'est pas clairement reconnue en raison de son ambiguïté, ce qui décourage son application. Les procureurs doivent donc raisonner par analogie en se fondant sur des dispositions générales, plutôt que de se conformer à des directives légales explicites. Par ailleurs, les décideurs ont des doutes quant à savoir si les sanctions ont été définies pour englober ce genre de conduite.

À l'échelle internationale, il est fréquent de conditionner l'aide étrangère à la cessation des programmes de rémunération des terroristes. Or, cela ne fonctionne pas : le Fonds des martyrs de l'Autorité palestinienne, par exemple, existe depuis des décennies malgré les efforts répétés déployés par de nombreux États donateurs.

Pour pallier cette carence, une législation ciblée s'impose :

- *Il serait pertinent d'ajouter une définition juridique du programme de rémunération des terroristes dans la PARTIE II.1 du Code criminel.*
- *Cette définition devrait inclure une nouvelle infraction pénale pour toute participation à un tel programme, ainsi que pour toute facilitation ou contribution à celui-ci. Il est crucial d'en préciser les termes avec soin.*
- *La Loi sur les mesures économiques spéciales et la Loi de Sergueï Magnitski devraient toutes les deux être modifiées afin de préciser que la participation à des programmes de rémunération des terroristes peut constituer un acte de corruption au regard de leur cadre de sanctions existant, permettant ainsi l'imposition de sanctions ciblées à l'encontre des responsables étrangers chargés de tels programmes.*

*Ces amendements viseraient à supprimer l'ambiguïté des cadres législatifs actuels et à renforcer les mécanismes d'application de la loi. Aucune autorité similaire n'a encore adopté de dispositions pénales ou de sanctions explicites visant ces programmes. Le Canada a l'opportunité de prendre l'initiative et d'offrir un cadre juridique adapté aux besoins des victimes du terrorisme pour combattre les structures systémiques favorisant la violence à leur encontre. **MLI • SC***

Introduction

Canada maintains a comprehensive statutory framework to combat terrorism and terrorist financing. Through the terrorism provisions of the *Criminal Code*, targeted sanctions legislation, and binding international commitments, Parliament has affirmed that terrorist activity and financial support for such activity are incompatible with Canadian law and policy. These frameworks safeguard national security, uphold the rights and dignity of victims of terrorism, and reinforce the principle that politically or ideologically motivated violence cannot be permitted to be incentivized or rewarded.

In contrast, certain foreign authorities and affiliated institutions administer structured payment programs that provide salaries, stipends, or associated benefits to perpetrators of terrorist activity. The most extensively documented and institutionalized contemporary examples of such programs, colloquially referred to as “pay-for-slay” programs¹, relate to Palestinian perpetrators of attacks against Israeli civilians. Over several decades, state and affiliated entities in the Middle East across Iraq, Iran, and Palestine have administered payment structures tied directly to imprisonment for, or death resulting from, these perpetrators’ attacks. Where payments increase in proportion to the severity of the offence or length of imprisonment, such programs risk rewarding and incentivizing the commission of increasingly destructive acts of mass violence, including suicide bombings, hostage-taking, and hijackings.

1 The term “pay-for-slay” is colloquial and originates in advocacy discourse. It is used throughout this report as a convenient shorthand for the structured payment programs described above, and should not be taken to prejudge the legal characterization of any one particular program. The defined term “pay-for-slay program” as used in the proposed legislation derives its meaning exclusively from the statutory definition set out therein.

Canada's existing legal frameworks do not explicitly address such structured payment programs, and the absence of clear statutory recognition creates avoidable ambiguity. Legislative clarity is therefore important: it strengthens the ability of Canadian authorities to deploy criminal and sanctions tools coherently, reinforces the principle that terrorist activity must not give rise to financial incentives or institutional advantage, and signals that Canada's commitment to victims of terrorism extends beyond condemning attacks to addressing systemic structures that reward or entrench them.

Factual background

Structured payment programs providing financial or material benefits by reason of terrorist activity have been documented in a number of contemporary conflict settings. The most extensively documented and institutionalized examples relate to Palestinian perpetrators of attacks against Israeli civilians and to state or state-affiliated entities that administer or support payments connected to such acts.

Over several decades, state and state-affiliated entities throughout the Middle East have implemented payment structures tied to imprisonment for, or death resulting from, terrorist attacks. These programs vary in form and scale but share a common feature: the provision of financial or institutional benefits by reason of the commission or consequences of terrorist activity. In some cases, payments increase according to the severity of the offence or the length of incarceration.

The discussion that follows outlines the principal documented examples of such programs and examines in detail the stipend system administered by the Palestinian Authority, which is the most extensively documented and formally embedded contemporary case. Its legislative basis, administrative infrastructure, and budgetary entrenchment make it a useful case study through which to examine how pay-for-slay programs operate in practice and how they intersect with law and policy frameworks.

Iraq: The Hussein regime payments

During the early 2000s, the Government of Iraq under President Saddam Hussein publicly administered financial payments to the families of Palestinians killed while carrying out attacks against Israeli civilians, including suicide bombings. Human Rights Watch reported that Iraq provided payments of \$25,000 to families of Palestinian suicide bombers, and \$10,000 to families of other Palestinians killed in the Intifada, with funds delivered through Iraqi government channels and affiliated organizations (Human Rights Watch 2002). In some cases, families reportedly collected these payments at public events, where relatives of suicide bombers received cheques and certificates (Human Rights Watch 2002).

Some of those receiving payments characterized them as humanitarian support rather than as incentives for violence (Mughrabi 2003). The US State Department, however, assessed that payments to families of Palestinian “martyrs” were “intended to encourage attacks against Israeli targets and garner more support for Iraq among Palestinians” (US Department of State 2003). This is consistent with reporting and documentary evidence that payment amounts varied according to the nature of the underlying act, with substantially higher payments provided in cases involving suicide bombings (Esterbrook 2002; Mughrabi 2003). Mahmoud Safi, a leader of the pro-Iraqi Arab Liberation Front (ALF), a Palestinian group, acknowledged in public remarks that financial payments to the families of attackers could influence potential perpetrators (Esterbrook 2002). He recounted that individuals “stop [him] on the street, saying if you increase the payment to \$50,000 I’ll do it immediately,” though he believed the remarks to be “mostly” facetious (Esterbrook 2002).

Officials of the ALF have also confirmed the scale of the program, publicly stating that Hussein spent \$35 million on financial payments to eligible families between September 2000 and March 2003 (Mughrabi 2003).

While this program ceased following the fall of the Hussein regime in 2003, its documented existence illustrates an early example of a state-administered payment system tied to terrorist acts and their consequences.

Iran: State and foundation payments

Iran has for decades supported financial assistance programs benefiting the families of individuals killed or imprisoned in connection with terrorist activity, including attacks against Israeli civilians (US Department of State 2022;

US Congressional Research Service 2024). Much of this support has been channelled through Iranian state institutions and affiliated foundations, most prominently the Martyrs Foundation (Bonyad-e Shahid) (US Department of the Treasury 2007).

Governmental reporting and sanctions designations have identified the Martyrs Foundation and associated entities as mechanisms through which funds have been distributed to the families of prisoners linked to armed groups designated as terrorist organizations in multiple jurisdictions (*Federal Register* 2007; US Department of the Treasury 2007). The US Department of the Treasury and other governmental bodies report that such institutions have facilitated financial transfers to these families through regional charitable networks and affiliated organizations, including in Gaza and Lebanon (US Department of the Treasury 2023).

Public statements by Iranian officials have at various times included explicit pledges of financial assistance to families of Palestinians killed while carrying out attacks against Israeli civilians (*Times of Israel* 2016a; *International Business Times UK* 2016). In 2016, for example, Iran's ambassador to Lebanon announced that Tehran would provide payments to families of individuals killed during attacks in Jerusalem, including fixed payments to families characterized as those of "martyrs" (*Times of Israel* 2016a; *International Business Times UK* 2016).

While the structure and delivery mechanisms of Iranian financial support have varied over time, available reporting and sanctions findings consistently identify a pattern of state-supported financial transfers and pledges linked to death or imprisonment arising from terrorist activity (US Department of State 2022; US Congressional Research Service 2024). These programs have generally operated through a combination of state institutions, affiliated foundations, and proxy organizations rather than through a single consolidated statutory framework.

Iran's support structures differ from the more formally legislated stipend system administered by the Palestinian Authority. Nonetheless, they illustrate the use of state-supported financial mechanisms to provide material benefits by reason of participation in, or consequences arising from, acts that would constitute terrorism offences under Canadian law.

The Palestinian Authority stipend program

Institutional context: Palestinian governing entities

Three Palestinian governing entities are relevant to the discussion that follows: the Palestinian Authority (PA), the Palestine Liberation Organization (PLO), and Fatah. Though technically distinct, the groups are closely interrelated.

The PA was established in July 1994 in Jericho pursuant to the Gaza-Jericho Agreement, part of the Oslo peace process (ECFRb n.d.). Conceived as an interim governing body for Gaza and parts of the West Bank, the PA was intended to administer local governance pending a final status settlement. It has held two presidential elections: the first in 1996, won by Yasser Arafat, and the second in 2005, won by Mahmoud Abbas following Arafat's death (ECFRa n.d.). The PA is headquartered in Ramallah and presently functions as the main administrative body in the West Bank. Its authority in Gaza ceased in 2007 following Hamas's takeover of governmental functions there (Urquart, Black, and Tran 2007). The PA includes most major Palestinian factions, excluding Hamas and Palestinian Islamic Jihad (PIJ) (Robinson 2024). The political party Fatah dominates the PA, and Abbas simultaneously serves as president of the PA, chairman of the PLO, and head of Fatah (Robinson 2024). Despite its institutional centrality, the PA is deeply unpopular. Surveys in 2023 showed overwhelming Palestinian disapproval of the PA in both Gaza and the West Bank, with strong majorities expressing preference for Hamas leaders over Abbas (Foundation for Defense of Democracies 2024). Corruption and repression drive much of this disaffection. Allegations of misappropriation of foreign aid have circulated for years, and activists critical of the PA have been targeted, including Nizar Banat, killed in 2021 by PA security forces (Foundation for Defense of Democracies 2024; *All Arab News* 2021).

The Arab League established the PLO in 1964 to represent the Palestinian people and, following the 1967 war, it became the umbrella for armed factions engaged in conflict with Israel (Robinson 2024; *New York Times* 1974). The UN granted it observer status in 1974 and, in 2012, accorded it “non-member observer state” status as the “State of Palestine” (Robinson 2024; *New York Times* 1974). In 1993 and 1995, it was the PLO that signed the Oslo accords on behalf of the Palestinian people, leading to the establishment of the PA as the interim governing body in parts of the West Bank and Gaza (Foundation for Defense of Democracies 2024). Though the PLO is technically distinct from

the PA, the entities have always been led by the same leadership, first Arafat and now Abbas (Foundation for Defense of Democracies 2024). There are 11 factions within the PLO, including the Popular Front for the Liberation of Palestine (PFLP), Palestine Liberation Front (PLF), and Fatah, which is the most dominant and largest faction of the PLO. Both the PFLP and PLF are listed terrorist entities in Canada (Public Safety Canada n.d.).

Founded in the 1950s by Yasser Arafat, Mahmoud Abbas, and others, Fatah is the political party that currently dominates the PA and the PLO (Public Safety Canada n.d.; ECFRc n.d.; BBC News 2011). Its dominance in the West Bank has held uninterrupted since Arafat became PLO chairman in 1969 (ECFRc n.d.; BBC News 2011). Following his death, Abbas took over the leadership of the PLO, the PA, and Fatah, and he currently simultaneously serves as PA president, PLO chairman, and head of Fatah (Robinson 2024). As described, the Fatah-controlled PA is deeply unpopular with Palestinians across the West Bank and Gaza (Foundation for Defense of Democracies 2024). Palestinian activists have long criticized Fatah's authoritarian grip on the West Bank; alongside internal repression, elections have not been held in over 20 years (All Arab News 2021).

Structure of the stipend program

Since 2004, PA legislation has mandated payments to “prisoners,” defined as “anyone imprisoned in the occupation’s prisons as a result of his participation in the struggle against the occupation” (Palestinian Authority 2004; Jerusalem Center for Security and Foreign Affairs 2017; Black 2013; Marcus and Zilberdik 2011). The legislation does not limit eligibility by organizational affiliation; members of Fatah, Hamas, PIJ, the PFLP, and other groups all qualify (Hirsch 2025). Because the eligible prisoner population includes members of entities listed as terrorist organizations under Canadian law, and because the acts giving rise to imprisonment in Israeli prisons include acts that would constitute terrorist activity under the *Criminal Code*, the program operates in practice as a system of financial benefits tied directly to the commission of terrorist offences.

Longer sentences correspond to higher salaries and preferential access to Palestinian government employment, with years of imprisonment counted as seniority in PA institutions (Feith and Gerber 2017; Jerusalem Center for Security and Foreign Affairs 2017). In effect, the more severe the crime, the greater the financial reward.

The United States has repeatedly condemned this practice. Congress first noted in 2003 that PA law rewarded terrorism, later requiring aid reductions dollar-for-dollar against the sums disbursed (Feith and Gerber 2017; US Congress 2016). In 2018, through the passage of the *Taylor Force Act*, Congress made the finding that the practice by the PA “of paying salaries to terrorists serving in Israeli prisons, as well as to the families of deceased terrorists, is an incentive to commit acts of terror” and conditioned US funds on the PA terminating the program (*Taylor Force Act* 2018, §§ 2, 4). Across Palestinian-language media, the PA has confirmed the stipends continue (Marcus 2025).

“State and state-affiliated entities throughout the Middle East have implemented payment structures tied to imprisonment for, or death resulting from, terrorist attacks.

Some supporters of the program have argued that the stipends should be seen as social welfare for families affected by conflict, rather than as an incentive to violence (Telhami 2020). This framing deserves serious engagement. There are genuine humanitarian needs among Palestinian families, and financial support programs for conflict-affected populations are not inherently objectionable. The question is whether the PA’s stipend program is properly characterized as humanitarian assistance.

The structure of the program does not support this characterization. A genuine social welfare program would tie eligibility to need. The PA’s program ties eligibility to imprisonment for participation in the struggle against the occupation, and calibrates payments according to length of sentence, which is a proxy for the severity of the offence and the number of victims. Needy families with no connection to terrorist activity are not eligible, while convicted operatives serving longer sentences for more destructive attacks receive higher payments and more substantial benefits. The humanitarian framing is difficult to reconcile with both the text and the structure of the program, which operates in practice as targeted compensation for the commission of terrorist offences including suicide bombings rather than as general welfare.

Existing Canadian law and legislative and enforcement gaps

Canada maintains a comprehensive statutory framework to prevent and punish terrorism and terrorist financing. The core provisions are contained in Part II.1 of the *Criminal Code*, which establishes offences relating to the financing, facilitation, and participation in terrorist activity and terrorist groups. These provisions operate alongside targeted sanctions legislation, primarily the *Special Economic Measures Act* (SEMA) and the *Justice for Victims of Corrupt Foreign Officials Act* (*Sergei Magnitsky Law*), as well as related civil and administrative tools.

Collectively, these instruments reflect a consistent legislative objective: to ensure that terrorist activity cannot be supported, enabled, or rewarded through financial or material means. Canadian law criminalizes not only the direct commission of terrorist acts but also the provision of property, services, or other assistance that may facilitate or benefit such activity.

Criminal Code provisions

Pay-for-slay programs of the types described above likely contravene multiple terrorism provisions in the *Criminal Code*, including those related to terrorism financing, participation in terrorist activity, and facilitation of terrorist activity.

Many of the relevant offences incorporate the term “terrorist activity,” which is defined in section 83.01(1). There are two prongs to the definition; conduct may fit the definition contained in section 83.01(1)(a) and/or in section 83.01(1)(b). Per section 83.01(1)(a), an act or omission is considered “terrorist activity” if it involves one or more out of a list of 10 specific enumerated crimes, which includes crimes committed against aircraft and maritime vessels, including hijackings, crimes involving nuclear or radioactive material, hostage-taking, and crimes involving use of explosives or other lethal devices (*Criminal Code*, s 83.01(1)).

Alternatively, or in addition, an act or omission may be considered “terrorist activity” if it fits the three-pronged general definition contained in section 83.01(1)(b): the act or omission (i) had to have been committed for a political, religious, or ideological purpose; (ii) with an intention of intimidating the public, or a segment thereof, regarding its security, or compelling a person,

government, or organization to do something or refrain from doing something; and (iii) it had to intentionally cause death or serious bodily harm by use of violence, endanger life, or seriously risk people's health or safety. The third prong may alternatively be satisfied if the act or omission intentionally "causes substantial property damage ... if causing such damage is likely to result in such conduct or harm" or if the act or omission intentionally "causes serious interference with or serious disruption of an essential service, facility or system ... other than as a result of advocacy, protest, dissent or stoppage of work that is not intended to result in such conduct or harm."

Terrorism financing offences

Two of the most relevant offences are contained in sections 83.03(1) and (2) of the *Criminal Code*. Section 83.03(1) criminalizes providing or making property or financial services available "knowing that they will be used, in whole or in part, for the purpose of facilitating or carrying out any terrorist activity, or for the purpose of benefiting any person who is facilitating or carrying out such an activity." Section 83.03(2) extends liability to circumstances where the property or service is provided "knowing that, in whole or in part, [it] will be used by or will benefit a terrorist group." Section 83.03(4) carves out a narrow humanitarian exception for assistance delivered by impartial organizations making "reasonable efforts to minimize any benefit to terrorist groups."

Providing payments to individuals in connection with the commission of terrorist activity arguably provides property "knowing that [it] will be used ... for the purpose of facilitating or carrying out [a terrorist] activity," in contravention of section 83.03(1). Payments sustain convicted operatives and their families, which may maintain their loyalty to armed groups and facilitate continued terrorist activities by ensuring that imprisonment does not deter recruitment. As noted above, one leader of the ALF acknowledged in connection with payments provided by the Hussein regime to Palestinian suicide bombers that financial payments may influence individuals on the fence (Esterbrook 2002). He recounted that individuals "stop [him] on the street, saying if you increase the payment to \$50,000 I'll do it immediately" (Esterbrook 2002). Further, in 2018 the US Congress found in relation to the PA's stipend program that these structured payment programs constitute "an incentive to commit acts of terror" (*Taylor Force Act 2018*, § 2).

Depending on the particulars of the payment program, section 83.03(2) may likewise be engaged. For instance, with respect to the PA's stipend program, payments are provided not only to members of Fatah, but also to members of entities that are recognized by Canada as terrorist groups, including Hamas, PIJ, and the PFLP (Hirsch 2025). In doing so, the PA likely provides property knowing that it "will be used by or will benefit a terrorist group" (*Criminal Code*, s 83.03(2)). The humanitarian exception in section 83.03(4) would not likely apply, as the stipends are not administered by an impartial humanitarian organization but by the PA itself, nor are they designed to minimize incidental benefits to terrorist groups. On the contrary, as the benefits increase in proportion to the lethality of the offence, this effectively maximizes the advantage to terrorist groups.

Despite this likely applicability of terrorism financing provisions to officials involved in pay-for-slay programs, the lack of explicit reference to such programs creates avoidable ambiguity. This may be one reason why, to our knowledge, no individual has ever been prosecuted under the terrorism financing provisions of Part II.1 of the *Criminal Code* for involvement in such a program.

“Canada's commitment to victims of terrorism must extend beyond condemning attacks to addressing systemic structures that reward or entrench them.”

Participation and facilitation offences

Providing stipends in this manner likely also contravenes the prohibitions against participating in and facilitating terrorism, contained in sections 83.18 and 83.19, respectively. Specifically, section 83.18(1) prohibits knowingly participating in, or contributing to, "any activity of a terrorist group for the purpose of enhancing the ability of any terrorist group to facilitate or carry out a terrorist activity." An offence under this section may be made out regardless of whether the contribution or participation "actually enhances the ability of a terrorist group to facilitate or carry out a terrorist activity"; regardless of whether the person or entity participating or contributing "knows the specific nature of

any terrorist activity that may be facilitated or carried out”; and regardless of whether a terrorist group “actually facilitates or carries out a terrorist activity” (*Criminal Code*, s 83.18(2)).

Providing payments, particularly when payments or other benefits are explicitly tied to the lethality of the offences committed and directed to members of listed terrorist groups, arguably contributes to the activities of those organizations for the purpose of enhancing their abilities to facilitate or carry out further terrorist attacks. Financial stipends of this manner may reduce the deterrent effect of imprisonment and ensure the financial stability of operatives and their families. In doing so, they enhance the operational resilience of the groups and enable continued recruitment and engagement in terrorism. This is precisely the conduct that is prohibited within section 83.18(1).

Finally, section 83.19(1) may be engaged. Section 83.19(1) prohibits “knowingly facilitat[ing] a terrorist activity.” A terrorist activity is considered “facilitated” regardless of whether “the facilitator knows that a particular terrorist activity is facilitated” and regardless of whether any particular terrorist activity was foreseen, planned, or actually carried out (*Criminal Code*, s 83.19(2)). By guaranteeing financial support to imprisoned operatives and the families of those operatives killed in attacks, these programs lower the personal costs of engaging in terrorism. In offsetting the consequences of imprisonment or death, it eases the path for prospective attackers and thereby facilitates the commission of terrorist activity.

As with the terrorism financing provisions, the references in these sections to the term “terrorist activity” create a natural filter that should prevent the criminalization of participation or facilitation of activism. In contrast, where structured payment programs operate to benefit individuals engaged in tactics like hostage-taking and attacks with explosives – which are explicitly included in the definition of “terrorist activity” contained in section 83.01(1)(a) – these *Criminal Code* sections likely apply and those individuals involved in the payment programs would likely be prosecutable not just under the terrorism financing offences but also under these participation and facilitation offences contained in Part II.1 of the *Criminal Code*. Again, however, the lack of legislative clarity with respect to the applicability of these criminal offences is problematic. This may at least partly explain why, to our knowledge, no individual has ever been prosecuted under these provisions of Part II.1 of the *Criminal Code* for involvement in such a program.

Targeted sanctions measures

The *Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)* and the *Special Economic Measures Act* are the two relevant pieces of legislation available in Canada to implement targeted sanctions on individuals and entities responsible for gross human rights violations or significant corruption.

Sergei Magnitsky Law

The *Sergei Magnitsky Law* allows for targeted sanctions to be imposed under section 4(2) if:

- (a) “a foreign national is responsible for, or complicit in, extrajudicial killings, torture or other gross violations of internationally recognized human rights committed against individuals in any foreign state who seek (i) to expose illegal activity carried out by foreign public officials, or (ii) to obtain, exercise, defend or promote internationally recognized human rights and freedoms, such as freedom of conscience, religion, thought, belief, opinion, expression, peaceful assembly and association, and the right to a fair trial and democratic elections;
- (b) a foreign national acts as an agent of or on behalf of a foreign state in a matter relating to an activity described in paragraph (a);
- (c) a foreign national, who is a foreign public official or an associate of such an official, is responsible for or complicit in ordering, controlling or otherwise directing acts of corruption – including bribery, the misappropriation of private or public assets for personal gain, the transfer of the proceeds of corruption to foreign states or any act of corruption related to expropriation, government contracts or the extraction of natural resources – which amounts to acts of significant corruption when taking into consideration, among other things, their impact, the amounts involved, the foreign national’s influence or position of authority or the complicity of the government of the foreign state in question in the acts; or
- (d) a foreign national has materially assisted, sponsored, or provided financial, material or technological support for, or goods or services in support of, an activity described in paragraph (c).” (*Sergei Magnitsky Law*, s. 4(2))

The *Sergei Magnitsky Law* permits property-blocking and travel sanctions on those individuals listed. Specifically, the Governor in Council may “by order, cause to be seized or restrained ... any property situated in Canada that is owned – or that is held or controlled, directly or indirectly – by a [sanctioned] foreign national” (*Sergei Magnitsky Law*, s. 4(1)). In addition, the Governor in Council may prohibit “any person in Canada [and] Canadians outside Canada” from dealing, directly or indirectly, in any property, wherever situated, of the listed foreign national; entering into or facilitating, directly or indirectly, any financial transaction related to a dealing described above; providing or acquiring financial or other related services to, for the benefit of, or on the direction or order of the listed foreign national; or making available any property, wherever situated, to the listed foreign national or to a person acting on behalf of the listed foreign national (*Sergei Magnitsky Law*, s. 4(3)).

The *Sergei Magnitsky Law* further amended the *Immigration and Refugee Protection Act (IRPA)* to designate such foreign nationals inadmissible to Canada.

Foreign nationals involved in the administration of a pay-for-slay program may be sanctionable under existing paragraphs of section 4(2) of the *Sergei Magnitsky Law* as responsible for or complicit in gross human rights violations, to the extent that they provide funding for or facilitate the commission of killings or other gross human rights violations committed as part of a terrorist attack. Further, engagement in a pay-for-slay program may be captured under significant corruption, as it may be seen as a misappropriation of public funds.

However, the lack of explicit reference to such programs in the *Sergei Magnitsky Law* creates ambiguity and ultimately discourages policymakers from using the *Sergei Magnitsky Law* to impose sanctions on perpetrators in these instances. The *Sergei Magnitsky Law* has never, to our knowledge, been used to sanction a foreign national for involvement in a pay-for-slay program.

Special Economic Measures Act

Targeted sanctions may also be implemented pursuant to section 4(1.1) of the *Special Economic Measures Act* if:

- (a) “an international organization of states or association of states, of which Canada is a member, has made a decision or a recommendation or adopted a resolution calling on its members to take economic measures against a foreign state;

- (b) a grave breach of international peace and security has occurred that has resulted in or is likely to result in a serious international crisis;
- (c) gross and systematic human rights violations have been committed in a foreign state; or
- (d) a national of a foreign state who is either a foreign public official, within the meaning of section 2 of the *Corruption of Foreign Public Officials Act*, or an associate of such an official, is responsible for or complicit in ordering, controlling or otherwise directing acts of corruption – including bribery, the misappropriation of private or public assets for personal gain, the transfer of the proceeds of corruption to foreign states or any act of corruption related to expropriation, government contracts or the extraction of natural resources – which amount to acts of significant corruption when taking into consideration, among other things, their impact, the amounts involved, the foreign national’s influence or position of authority or the complicity of the government of the foreign state in question in the acts.” (*Special Economic Measures Act*, s. 4(1.1))

If one or more of these circumstances apply, the governor in council may order that property situated in Canada be seized, frozen, or sequestered, if such property belongs to the foreign state, any person in that state, or a national of that state who does not ordinarily reside in Canada. The governor in council may also restrict or prohibit dealing with the foreign state in a variety of ways, including restricting or prohibiting Canadians or persons in Canada from dealing in property held by nationals of that foreign state (*Special Economic Measures Act*, s. 4(1.1)).

One key difference between the *Sergei Magnitsky Law* and the *Special Economic Measures Act* is that the *Sergei Magnitsky Law* allows for targeted sanctions only on individuals, while the *Special Economic Measures Act* allows for sanctions on individuals as well as entities. Another key difference between the Acts is that, unlike the *Sergei Magnitsky Law*, where individuals are added to a list, the *Special Economic Measures Act* allows for flexibility insofar as the implementation of sanctions is accomplished through the passage of regulations.

As with the *Sergei Magnitsky Law*, foreign nationals involved in the administration of a pay-for-slay program may be sanctionable under existing

provisions of the *Special Economic Measures Act*. To the extent that gross and systematic human rights violations have been committed in a foreign state in the context of terrorist attacks that have been funded and facilitated by pay-for-slay programs, sanctions could be implemented pursuant to section 4(1.1)(c). Engagement in a pay-for-slay program may also be captured under significant corruption, as it may be seen as a misappropriation of public funds, pursuant to section 4(1.1)(d). Finally, pay-for-slay programs may be considered relevant to “a grave breach of international peace and security ... that has resulted in or is likely to result in a serious international crisis,” engaging section 4(1.1)(b).

Again, the lack of legislative clarity with respect to pay-for-slay programs effectively discourages policymakers from using either targeted sanctions regimes in these contexts. As with the *Sergei Magnitsky Law*, the *Special Economic Measures Act* has never, to our knowledge, been used to impose sanctions in relation to a pay-for-slay program.

“Confusion persists regarding the nature and illegality of pay-for-slay programs, and existing (legal) tools that may in theory be relevant are not used in practice.”

The legislative and enforcement gap

As outlined above, Canadian law already contains a comprehensive set of provisions, spanning criminal law and sanctions regimes, that arguably capture the illegality of engaging in pay-for-slay programs.

However, where structured financial incentive programs are addressed only implicitly within existing statutes, gaps arise. Where conduct is addressed only indirectly through broadly worded provisions, investigators, prosecutors, and policymakers must rely on interpretive inference rather than clear statutory direction. As a result, confusion persists regarding the nature and illegality of pay-for-slay programs, and existing tools that may in theory be relevant are not used in practice.

The gap between the theoretical reach of Canadian law and its practical application in this area has both structural and operational dimensions. It is important to distinguish between them, as both inform the case for legislative reform.

The structural dimension concerns the law itself. As described above, the *Criminal Code* does not contain a stand-alone definition of pay-for-slay programs, nor does it establish a dedicated offence targeting knowing involvement in such programs. The applicable provisions, namely, terrorism financing under section 83.03, participation under section 83.18, and facilitation under section 83.19, are drafted in general terms and require interpretive inference to connect them to the specific phenomenon of state-administered stipend programs. The sanctions regimes under the *Special Economic Measures Act* and the *Sergei Magnitsky Law* likewise do not explicitly identify pay-for-slay programs as a basis for designation. This absence of explicit statutory recognition creates legal ambiguity: investigators, prosecutors, and policymakers are required to reason by analogy from broadly worded provisions rather than to apply clear statutory direction.

The operational dimension concerns the numerous practical challenges that arise even where existing provisions are theoretically available. For one thing, the evidentiary burden associated with proving the knowledge element for conduct that may occur outside Canada is significant. Jurisdictional complexity may require prosecutors to navigate the extraterritorial provisions of Part II.1, described in detail later in this paper, which, while available, may add a layer of legal and procedural difficulty. Prosecutorial discretion and resource allocation also necessarily play a role: where the legal basis for prosecution is uncertain, enforcement authorities may reasonably decline to invest limited resources in untested legal theories when the outcome is unpredictable. Finally, in the sanctions context, the political sensitivity of designating officials of a recognized governing authority may discourage policymakers from acting where the statutory basis for doing so is ambiguous.

These factors are mutually reinforcing. Structural ambiguity in the law compounds operational challenges, and operational reluctance in turn reinforces the perception that the law is inadequate. The result is a feedback loop in which provisions that are theoretically applicable remain unused, not because they are manifestly inapplicable, but because their applicability is uncertain enough to discourage deployment.

An illustrative scenario may help clarify the practical significance. Consider a case where an individual who has administered a stipend program of the kind previously described, subsequently travels to Canada. Under existing law, a Canadian prosecutor seeking to pursue charges would need to determine whether the stipend payments constitute “property” provided “knowing that” it “will be used ... for the purpose of facilitating or carrying out” terrorist activity within the meaning of section 83.03(1), or whether the individual’s administrative role constitutes “participation” in or “contribution” to the “activity of a terrorist group” within the meaning of section 83.18(1). Each determination requires layered interpretive reasoning: connecting the concept of a structured stipend program to the statutory language, establishing that the program’s operation amounts to facilitation or participation in the requisite sense, and proving the knowledge element. By contrast, a stand-alone offence expressly targeting knowing involvement in a defined pay-for-slay program would provide a direct, unambiguous basis for prosecution, materially reducing both legal uncertainty and the practical barriers to enforcement.

The point is not that prosecution under existing provisions is impossible. It is that the absence of explicit statutory recognition has produced a persistent and avoidable enforcement deficit. Where legal tools are available in theory but have never been used in practice, the case for legislative clarification is strongest. The legislative proposal set out in this report is designed to address this gap. It aims to define pay-for-slay programs clearly, to confirm that involvement in such programs constitutes an offence under Canadian law, and to ensure that sanctions authorities can be applied with clarity and consistency. In the context of pay-for-slay programs, explicit legislative recognition would also signal to perpetrators, the public, and victims that such programs are inconsistent with Canada’s laws and international commitments.

International legal and policy responses

Prohibitions on terrorism and terrorism financing are grounded not only in Canadian law but in a large and growing body of international legal instruments. Other countries have also developed legal responses to structured payment programs, offering insight into the potential effects of Canada's proposed legislative approach.

International legal framework

The prohibition on the financing of terrorism is firmly embedded in international law. A series of international instruments establish binding obligations on states to prevent and suppress the provision of funds or material support linked to terrorist activity.

The *International Convention for the Suppression of the Financing of Terrorism*, concluded in 1999, requires states parties to criminalize the provision or collection of funds with the knowledge or intent that they be used to carry out terrorist acts (*International Convention for the Suppression of the Financing of Terrorism* 1999). Article 2 of the Convention defines the offence broadly, encompassing the direct or indirect provision or collection of funds. Canada ratified the Convention in February 2002, and implemented its core obligations through enacting the terrorism financing provisions of the *Criminal Code* (UN Treaty Collection n.d.).

United Nations Security Council Resolution 1373 (2001), adopted by the Security Council at its 4385th meeting, on September 28, 2001, declares that “knowingly financing, planning and inciting terrorist acts” is “contrary to the purposes and principles of the United Nations” (UN Security Council 2001, para 5). In that vein, Resolution 1373 requires all states to prevent and suppress the financing of terrorist acts and to criminalize the wilful provision or collection of funds for such purposes (UN Security Council 2001, para 1). Resolution 1373 further obligates states to, among other things, freeze any funds and assets of any individual or entity engaged in terrorist acts; prohibit making funds or financial services available, directly or indirectly, to such persons; deny safe haven to anyone who finances, plans, supports, or commits terrorist acts; and ensure that anyone who finances, plans, prepares, perpetrates, or supports terrorist acts is brought to justice and that such acts

“are established as serious criminal offences in domestic laws” (UN Security Council 2001, paras 1–2).

In 2014, United Nations Security Council Resolution 2178 reinforced these obligations in the context of foreign terrorist fighters, requiring states to ensure that their laws criminalize the financing of individuals travelling for terrorist purposes (UN Security Council 2014, para 6). This included requiring states to establish as a serious criminal offence the “wilful provision or collection, by any means, directly or indirectly, of funds” where those funds are intended or known to be used to finance travel “for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts” (UN Security Council 2014, para 6(b)).

The United Nations Security Council built on this further with Resolution 2462 in 2019, in which it addressed the financing of terrorism with heightened specificity. Resolution 2462 noted with concern that terrorists and terrorist groups exploit a wide range of mechanisms to move and transfer funds, including financial institutions, legitimate businesses, and non-profit organizations used as fronts, and therefore encouraged states to “prevent the abuse of such organizations ... by and for terrorists” (UN Security Council 2019, preamble, para 23). It further noted that many member states had not effectively enforced the prohibition in Resolution 1373 on providing financial services to terrorist organizations and individuals, observing that such provision furthers their ability to engage in terrorist acts “even in the absence of a link to a specific terrorist act” (UN Security Council 2019, preamble). The resolution clarified that this prohibition applies to funds made available “for the benefit of terrorist organizations or individual terrorists for any purpose, including but not limited to recruitment, training, or travel, even in the absence of a link to a specific terrorist act”, and that states are required to prohibit such conduct in a manner “sufficient to provide the ability to prosecute” (UN Security Council 2019, paras 3, 5). Resolution 2462 further reaffirmed “that sanctions are an important tool ... including in countering terrorism and terrorism financing” and called on states to effectively implement asset freezing mechanisms and “to invest resources in the implementation of sanctions regimes” (UN Security Council 2019, preamble, paras 10, 13).

Taken together, the Convention and these Security Council resolutions establish a clear and ongoing obligation on states, including Canada, to maintain effective legal mechanisms to prevent and suppress all forms of

terrorist financing and to enable criminal prosecution and the implementation of sanctions against those who support terrorist acts. These obligations are not limited to clandestine or ad hoc financing networks. Resolution 2462’s clarification that the prohibition on providing financial services to terrorist organizations applies “for any purpose” and “even in the absence of a link to a specific terrorist act” encompasses, at minimum, structured programs that provide financial benefits to members of designated terrorist entities by reason of their involvement in terrorist activity. To the extent that Canada’s existing legislative framework does not explicitly address such programs, or to the extent that existing laws do not sufficiently “provide the ability to prosecute” or implement sanctions, these instruments support a strong case that Canada should strengthen these frameworks to ensure effective compliance. The legislative proposal set out in this report is designed to strengthen Canada’s capacity to meet that standard.

“United Nations Security Council Resolution 1373 (2001) ... declares that “knowingly financing, planning and inciting terrorist acts” is “contrary to the purposes and principles of the United Nations.”

State practice addressing incentive-based payment programs

United States

The United States has taken the most explicit legislative approach to addressing stipend programs associated with terrorist activity. It has done so through foreign aid conditionality legislation in the case of the PA’s stipend program, and through targeted sanctions in other instances.

Beginning in the early 2000s, Congress expressed concern regarding payments provided by the PA to individuals imprisoned for terrorist attacks and to the families of those killed while carrying out such attacks, first noting in 2003 that PA law rewarded terrorism and later requiring aid reductions dollar-for-dollar against the sums disbursed (Feith and Gerber 2017; Jerusalem Center for Security and Foreign Affairs 2017; US Congress 2016).

Then in 2018, Congress enacted the *Taylor Force Act* as part of the Consolidated Appropriations Act, restricting certain forms of US economic assistance that directly benefit the PA until the Secretary of State certifies that four conditions are met (*Taylor Force Act* 2018, § 4(a)(1)). Specifically, the PA, the PLO, and any affiliated or successor entities must be “taking credible steps” to end violent acts against Israeli and US citizens “that are perpetrated or materially assisted by individuals under their jurisdictional control”; terminate “payments for acts of terrorism” against US and Israeli citizens “to any individual, after being fairly tried, who has been imprisoned for such acts of terrorism” or to family members of such an individual who died; revoke or invalidate any law that authorizes or implements a compensation system for such individuals using “the sentence or period of incarceration ... to determine the level of compensation paid”; and publicly condemn “such acts of violence” and take measures in investigations aimed at bringing perpetrators to justice (*Taylor Force Act* 2018, § 4(a)(1)). The statute embeds a formal legislative finding that “the practice [by the PA] of paying salaries to terrorists serving in Israeli prisons, as well as to the families of deceased terrorists, is an incentive to commit acts of terror” (*Taylor Force Act* 2018, § 2(1)).

Beyond the *Taylor Force Act*, the United States has deployed targeted sanctions as a tool against such financing more broadly. The US Treasury Department’s Office of Foreign Assets Control has designated a series of Iranian state institutions, Hamas financial networks, and affiliated entities involved in channelling payments linked to terrorist activity. In 2007, OFAC designated the Iranian Martyrs Foundation under Executive Order 13224, specifically identifying it as channelling financial support through regional charitable networks and affiliated organizations, including in Gaza and Lebanon, to families of individuals killed or imprisoned in connection with terrorist activity (*Federal Register* 2007; US Department of the Treasury 2007; US Department of the Treasury 2023). Subsequent rounds of designations have targeted Hamas financial networks and facilitators operating in Iran and Gaza, including entities specifically identified as channelling Iranian funds to families of individuals affiliated with Hamas and PIJ (US Department of the Treasury 2023). These actions reflect a consistent US policy determination that sanctions are an appropriate tool to disrupt state-supported financial structures linked to terrorist activity, complementing the legislative conditionality approach of the *Taylor Force Act*.

European and other international responses

European institutions and member states have similarly identified pay-for-slay programs as a policy concern and taken various responsive actions.

The European Parliament has raised formal parliamentary questions regarding the potential interaction between EU financial assistance and the PA's stipend payments, including questions directed specifically at whether EU-funded transfers have been used to fund payments to families of those killed or imprisoned in connection with the commission of terrorist attacks, noting that it "would be irresponsible for the PA, which is heavily dependent on EU support, to transfer and reallocate designated funds from the EU budget to the families of 'martyrs'" (European Parliament 2019; European Parliament 2024). The EU has more recently initiated inquiries into whether the PA's Martyrs Fund continues to operate in circumvention of assurances provided to European donors (Euronews 2025).

The United Kingdom reviewed and froze a portion of its direct PA funding following concerns about salary payments to individuals imprisoned for terrorist offences (*Times of Israel* 2016b). The Dutch Parliament passed a motion to cut funding to the PA unless it delinks benefits distributed from length of imprisonment, which it described as a perverse financial incentive (Tweede Kamer 2018). Germany's governing coalition has similarly called for the suspension of PA funding unless verifiable conditions regarding the program's termination are met (Heller 2026).

These responses reflect broad international recognition that structured financial incentive programs linked to terrorist activity raise serious legal and policy concerns. They have, however, addressed the problem primarily through foreign assistance conditionality rather than through criminal or sanctions frameworks.

In other words, the legislative gap identified previously, namely, the absence of explicit statutory recognition of pay-for-slay programs in criminal and sanctions law, is not unique to Canada. This proposed approach represents a more direct engagement with the legal dimensions of the problem than most international counterparts have yet undertaken.

Implications for Canadian policy

Canada has consistently supported the international legal framework governing the suppression of terrorist financing, including through its ratification of the *International Convention for the Suppression of the Financing of Terrorism*, and its enactment of the terrorism financing, participation, and facilitation offences contained in the *Criminal Code*. The international practice surveyed above, however, reveals something significant: even among states that have explicitly identified pay-for-slay programs as a legal and policy concern, the dominant response has been foreign assistance conditionality rather than criminal law or sanctions. No comparable jurisdiction has yet enacted explicit statutory provisions addressing pay-for-slay programs within a criminal or sanctions framework.

This gap in international practice is informative rather than exculpatory. The conditionality approach of withholding bilateral assistance pending program termination has not succeeded in ending such programs. Where structured payment programs remain in operation despite years of international pressure, the case for deploying criminal law and sanctions as complementary tools is strengthened.

Understanding why other jurisdictions have generally relied on conditionality and diplomatic pressure rather than criminal law or sanctions in this context is useful in assessing the merits of a different approach.

Foreign aid conditionality has several practical advantages: it can often be implemented through executive action or appropriations legislation without the complexities of criminal procedure, it is reversible if circumstances change, and it operates through bilateral leverage rather than domestic enforcement mechanisms. Diplomatic pressure carries similar advantages of flexibility and proportionality. These tools avoid the jurisdictional and evidentiary challenges inherent in extraterritorial criminal prosecution, and they do not require the identification and prosecution of individual accused persons.

However, the limitations of the conditionality approach have become increasingly apparent. Its effectiveness depends on the target authority's dependence on the relevant donor's assistance, which may be limited where alternative funding sources are available. It is subject to political cycles, with enforcement varying according to the priorities of successive governments. Most significantly, in the case of the PA's stipend program, years of conditionality measures by multiple donor states have not resulted in the termination of

the program. Where the principal available tool has been applied persistently without achieving its stated objective, the case for exploring complementary approaches is strengthened.

The criminal and sanctions approach proposed in this report is not offered as a replacement for diplomatic engagement or foreign aid conditionality. It is proposed as a necessary supplement: a set of tools that operates on a different plane, targeting individual accountability and institutional consequences rather than bilateral aid relationships. The fact that no comparable jurisdiction has yet enacted explicit criminal or sanctions provisions addressing pay-for-slay programs is informative, but it does not diminish the case for Canadian leadership in this area. It suggests instead that the field is ripe for the kind of targeted, legally grounded intervention that this proposal represents.

The question is not whether pay-for-slay programs are objectionable; international consensus on that point is clear. The question is whether Canada's existing statutory tools speak with sufficient clarity to enable consistent and effective responses. Canada's international legal commitments under Resolution 1373, Resolution 2462, and the *International Convention for the Suppression of the Financing of Terrorism* require not merely that relevant conduct be theoretically prosecutable, but that domestic law provide the ability to prosecute and implement sanctions effectively.

The most concrete evidence that existing Canadian law does not satisfy that standard is the absence, to our knowledge, of any prosecution or sanctions designation in connection with a state-administered or state-backed structured payment program linked to terrorist activity. Legal provisions that are theoretically applicable but have never been applied raise serious questions about whether the existing framework constitutes effective enforcement within the meaning of these instruments. The legislative proposal set out in this report is designed to close that gap.

Explicit statutory recognition of pay-for-slay programs would strengthen Canada's capacity to fulfil that standard. By defining and addressing such programs expressly in Canadian law, Parliament can close a gap that international practice has identified but not yet resolved, reinforce Canada's compliance with its binding international commitments, and signal that Canada's approach to countering terrorist financing extends to systematic, institutionalized structures and not only to clandestine networks. The legislative proposal set out in the next section is designed to accomplish precisely this.

Proposed Canadian legislative action

The legislative proposal set out in this report takes the form of targeted amendments to three existing statutes: the *Criminal Code*, the *Special Economic Measures Act*, and the *Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)*. Together, the amendments are designed to do three things: define pay-for-slay programs explicitly in Canadian law, establish a stand-alone criminal offence for participation in such programs, and clarify that involvement in such programs may constitute significant corruption for the purposes of both sanctions regimes. Each component is described in turn below.

Defining pay-for-slay programs

The first and foundational amendment introduces a statutory definition of “pay-for-slay program” into the definitions provision of Part II.1 of the *Criminal Code*, at section 83.01(1). The definition is drafted so as to capture the various forms such programs may take in practice. It encompasses any program, scheme, policy, practice, or arrangement through which money, payments, benefits, or incentives are provided, directly or indirectly, either to a person who has committed or attempted to commit terrorist activity, or to any family member, associate, or designated beneficiary of such a person, by reason of the commission, attempted commission, or consequences of that activity. Critically, the definition expressly captures programs in which the amount or duration of the benefit is conditioned on the severity of the offence, the length of incarceration, injury caused, or the death of the perpetrator. This ensures that the most structurally harmful feature of such programs, namely the calibration of rewards to the scale of violence, is explicitly addressed.

The definition is anchored in the existing definition of “terrorist activity” in section 83.01(1), ensuring terminological consistency with the broader terrorism framework in the *Criminal Code*. By situating the definition within section 83.01(1), it becomes available across all provisions in Part II.1 that engage that framework, as well as for the purposes of the sanctions amendments described below.

Several features of the definition warrant additional comment in light of the complex factual settings in which such programs may operate.

A critical element of the definition is that benefits are provided “by reason of” the commission, attempted commission, or consequences of terrorist activity. This purposive nexus is what separates a pay-for-slay program from general social welfare or humanitarian assistance. A program that provides benefits on the basis of demonstrated financial need, even if some recipients happen to have been involved in conflict-related activity, would not satisfy this requirement.

The legislative proposal ... takes the form of targeted amendments to three existing statutes: the Criminal Code, the Special Economic Measures Act, and the Justice for Victims of Corrupt Foreign Officials Act.

Where a program is formally framed as social support or humanitarian assistance but structurally calibrates eligibility and payment levels to factors such as imprisonment for terrorist offences or lethality of the underlying act, the operative structure of the program, rather than its stated characterization, governs the analysis. This is consistent with the treatment of analogous questions in anti-money laundering and terrorist financing law, where substance prevails over form. As previously discussed, the Palestinian Authority’s stipend program illustrates this distinction clearly: eligibility is tied not to need but to imprisonment “as a result of ... participation in the struggle against the occupation,” and payment levels increase with sentence length, which functions as a proxy for the severity of the offence.

The knowledge element in the proposed offence provides an additional and important safeguard. Individuals who contribute to a program without knowledge, for example, a bank employee processing routine transfers without awareness of the program’s structure or purpose, would not be captured by the proposed section 83.041.

These definitional features, taken together, ensure that the proposed legislation is targeted at the specific conduct it is designed to address: structured, purposive financial programs that tie benefits to the commission or consequences of terrorist activity.

Criminal offence

The second amendment creates a new stand-alone offence, at proposed section 83.041 of the *Criminal Code*, immediately following the existing provision at section 83.04. The new offence makes it an indictable offence, punishable by up to ten years' imprisonment, for any person to knowingly participate in, facilitate, or contribute to directly or indirectly, any pay-for-slay program as defined above.

The structure of this provision mirrors the approach taken in existing terrorism offences under Part II.1. The offence extends to indirect as well as direct involvement, capturing not only those who administer or fund such programs but also those who contribute to their operation in financial, administrative, or logistical capacities. The knowledge requirement of “knowingly” is consistent with the *mens rea* standard applied in related terrorism offences and ensures that the offence does not capture inadvertent or unknowing involvement.

This provision does not displace the existing terrorism financing, participation, and facilitation offences discussed in sections 83.03, 83.18, and 83.19. Those provisions remain available and applicable as described in Part II. Rather, the new offence provides an explicit, targeted basis for prosecution in cases involving pay-for-slay programs, removing the interpretive inference that existing provisions currently require and addressing the enforcement gap identified in Part II.

Jurisdictional considerations

Because pay-for-slay programs are administered by foreign authorities and may involve conduct occurring outside Canada, the jurisdictional scope of the proposed offence warrants brief clarification.

The proposed section 83.041 would be situated within Part II.1 of the *Criminal Code*, and would therefore fall within the scope of the extraterritorial jurisdiction provisions at subsections 7(3.74)–(3.75). Subsection 7(3.74) holds that a person who commits an act or omission outside of Canada that, had it been committed in Canada, would constitute a terrorism offence in Canada, may be prosecuted in Canadian courts if the person is a Canadian citizen, a stateless person ordinarily resident in Canada, or a permanent resident present in Canada (*Criminal Code*, s 7(3.74)). Subsection 7(3.75) adds that if the act or omission would also constitute “terrorist activity” as defined in subsection 83.01(1)(b) of the *Criminal Code*, a prosecution may proceed under a wider

variety of circumstances, including if the act or omission was committed against a Canadian citizen, government or public facility, or with the intent to compel the Government of Canada or of a province to do or refrain from doing any act (*Criminal Code*, s 7(3.75)).

The extraterritorial jurisdictional question may not arise in every case. Contribution to or involvement in a pay-for-slay program may occur in Canada even where the underlying terrorist activity is intended or carried out abroad; in such cases, prosecutions would proceed within ordinary territorial limits. Where conduct does occur outside Canada, subsections 7(3.74) and 7(3.75) govern to determine circumstances in which prosecutions may still proceed in Canada, as described above. None of this would be new; rather, the existing extraterritoriality provisions in the *Criminal Code* as already applied to terrorism offences would apply.

Charter considerations

Given the legislative nature of this proposal, it is appropriate to address briefly its consistency with the *Canadian Charter of Rights and Freedoms*. The most relevant *Charter* provisions are section 7 (life, liberty, and security of the person, and the right not to be deprived thereof except in accordance with the principles of fundamental justice) and section 2 (fundamental freedoms, including freedom of expression and freedom of association).

With respect to section 7, the principles of fundamental justice require that criminal offences be defined with sufficient precision to provide fair notice and to limit the scope of law enforcement discretion. The proposed offence is anchored to the existing definition of “terrorist activity” in section 83.01(1) of the *Criminal Code*. Every terrorism offence in Part II.1 is built on the same foundational definitions, referring in its language to “terrorist activity” or “terrorist group,” both of which are terms defined in the definitions subsection of Part II.1. In this way, the proposed section 83.041 does not introduce novel definitional concepts or divert from existing structures: like every other terrorism offence, it refers back to section 83.01(1). The definition of “pay-for-slay program” proposed herein is further carefully bounded with a *mens rea* requirement of “knowingly” intended to provide an additional safeguard against the capture of inadvertent or unknowing involvement.

With respect to section 2, the proposed offence criminalizes knowing participation in or contribution to structured financial programs tied to

terrorist activity. It does not criminalize speech, advocacy, political expression, or associational activity. The existing definition of “terrorist activity” in section 83.01(1)(b) expressly excludes acts of advocacy, protest, dissent, or work stoppages not intended to result in death, serious bodily harm, or the endangerment of life (*Criminal Code*, s 83.01(1)(b)(ii)(E)). This carve-out is incorporated by reference into the proposed definition and operates as a structural safeguard against overreach into protected expression or association.

To the extent that any aspect of the proposed offence is challenged under the *Charter*, section 1 provides a framework for justification of reasonable limits prescribed by law. The question of whether and how section 1 applies in a given case is properly a matter for the courts. For present purposes, it is sufficient to note that the proposed offence is structurally consistent with the existing terrorism offences in Part II.1, all of which rely on the same definitional architecture, and that this architecture – and in particular the definition of “terrorist activity” under section 83.01(1) – has withstood judicial scrutiny (*R v Khawaja* 2012).

Sanctions amendments

The third and fourth amendments address Canada’s two targeted sanctions regimes. Both amendments follow the same structure: they add participation in, facilitation of, or contribution to any pay-for-slay program within the meaning of section 83.01(1) of the *Criminal Code* to the existing non-exhaustive list of conduct that may constitute significant corruption under the relevant provision of each Act.

Under the *Special Economic Measures Act*, section 4(1.1)(d) is amended to include such conduct within the existing corruption ground for imposing sanctions. This clarifies that foreign public officials or their associates who are responsible for or complicit in ordering, controlling, or directing a pay-for-slay program may be sanctioned under this Act on the basis of significant corruption, alongside the existing grounds of bribery, misappropriation of assets, and related conduct.

The parallel amendment to the *Sergei Magnitsky Law* makes the same clarification in respect of section 4(2)(c) of that Act, which governs the designation of foreign nationals for targeted sanctions on the basis of significant corruption. The amendment ensures that foreign officials responsible for administering or enabling pay-for-slay programs may be listed under the *Sergei*

Magnitsky Law on that basis, with the consequence that their property in Canada may be seized or restrained and that any person in Canada, as well as Canadians outside Canada, may be prohibited from dealing in their property, entering into financial transactions related to such dealings, or providing financial or other related services to or for their benefit.

The conceptual link between pay-for-slay programs and the existing corruption grounds in both Acts warrants additional comment, particularly because the conduct in question does not necessarily involve personal enrichment of the kind most commonly associated with corruption.

The concept of “significant corruption” in both the *Special Economic Measures Act* and the *Sergei Magnitsky Law* is defined through a non-exhaustive list that includes, but is not limited to, bribery, misappropriation of public or private assets, and related conduct. The statutory language does not limit “corruption” to cases of personal financial enrichment. Rather, the concept encompasses the systematic misuse of public authority and public resources in ways that are fundamentally incompatible with legitimate governance.

Pay-for-slay programs administered by governing authorities involve the allocation of public funds to reward conduct that constitutes criminal offences under both international and Canadian law. The diversion of public resources toward the systematic remuneration of individuals by reason of their involvement in terrorist activity represents a misuse of public authority that falls within the policy rationale underlying the corruption provisions. Where a governing authority entrenches such programs through legislation, funds them through public budgets, and conditions benefits on the severity of criminal conduct, the misuse of public function is structural rather than incidental.

The proposed amendments do not create a novel or expansive category of corruption. They clarify that conduct already falling within the conceptual scope of the existing provisions is explicitly recognized as such. This approach is consistent with the non-exhaustive drafting of the existing corruption grounds, which were designed to accommodate evolving forms of institutional abuse without requiring a closed or rigid definition.

In both cases, the amendments operate within the existing structure of the relevant provision rather than creating new stand-alone grounds. This approach preserves the integrity of the existing legislative frameworks while ensuring that pay-for-slay programs are explicitly recognized as conduct capable of engaging the corruption grounds for sanctions.

Transitional and evidentiary provisions

The bill includes transitional and evidentiary provisions to address the temporal scope of the new criminal offence and the use of evidence of prior conduct.

The new criminal offence applies only prospectively, consistent with the principle against retroactive criminalization. Nothing in the bill, however, prevents the investigation, prosecution, or punishment of conduct that constituted an offence under Canadian law at the time it occurred. Prior conduct that engaged existing terrorism financing, participation, or facilitation offences therefore remains prosecutable on that basis.

The bill also provides, for greater certainty, that evidence of conduct occurring before the coming into force of the Act may be admitted to establish knowledge, pattern, context, or aggravating circumstances, subject to the ordinary rules of evidence. This ensures that the historical record of a pay-for-slay program's operation, and an accused's prior involvement in it, remains available to courts in assessing culpability and sentencing without undermining the prospective application of the new offence.

The Act comes into force on a day to be fixed by order of the Governor in Council, providing the executive with the flexibility to coordinate the implementation of the new provisions with any accompanying enforcement or regulatory activity.

Practical enforcement considerations

While a detailed treatment of procedural and evidentiary issues falls outside the scope of this legislative proposal, a brief discussion of how the proposed offence might be proven in practice is useful in assessing its enforceability.

The knowledge element of the proposed offence may be established through direct evidence, such as official correspondence, administrative records, or public statements by the accused in connection with the program's operation. It may also be established through circumstantial evidence, including the accused's role within the administering institution and the transparency of the program. Where an individual holds a position of administrative responsibility over a program that is legislatively mandated, publicly funded, and openly documented, the evidentiary basis for establishing knowledge is likely to be substantial. In cases where the accused's involvement occurred in Canada, for instance through financial transfers, administrative

coordination, or fundraising conducted from Canadian soil, conventional domestic evidence-gathering tools would be available.

Where aspects of the conduct occurred outside Canada, evidentiary considerations shift but do not become prohibitive. Canadian courts have established experience admitting foreign government records, reports of international organizations, and publicly available documentary evidence in terrorism-related proceedings (*R v Khawaja* 2012; *R v Hersi* 2014). The most prominent pay-for-slay programs are extensively documented through published legislation, official budget documents, governmental reports, UN materials, and open-source media monitoring, providing a substantial and publicly accessible evidentiary base. This distinguishes pay-for-slay cases from many other terrorism financing contexts, where the evidence is often fragmentary, covert, and difficult to authenticate.

The distinction between intelligence holdings and admissible evidence is a well-recognized challenge in terrorism prosecutions more broadly. The institutional and public character of pay-for-slay programs, however, distinguishes them from covert financing networks. Much of the relevant evidence exists in the public domain or in the records of foreign government institutions, reducing the tension between intelligence and admissible proof. Where classified or sensitive information is relevant, existing procedural mechanisms, including the provisions of the *Canada Evidence Act* governing the protection of national security information, remain available (*Canada Evidence Act*, ss 38–38.16).

Mutual legal assistance treaties and other forms of international cooperation may also facilitate the gathering of evidence from foreign jurisdictions where needed. Canada maintains a broad network of such agreements, and the institutional nature of pay-for-slay programs, which operate through formal governmental and quasi-governmental channels, makes them more amenable to evidence requests through these mechanisms than clandestine networks would be.

These considerations, taken together, suggest that the proposed offence is enforceable in the kinds of cases it is designed to address, and that the evidentiary landscape is, on balance, more favourable than in many comparable contexts.

Conclusion

Pay-for-slay programs represent a distinct and troubling category of terrorist financing. Unlike clandestine transfers or informal networks, they are institutionalized, often legislatively entrenched, and structured to maximize financial rewards in proportion to the severity of the violence committed. The most extensively documented example, the Palestinian Authority's stipend program, has persisted for decades despite repeated international condemnation.

Canadian law already contains the tools to address aspects of this conduct. The terrorism financing, participation, and facilitation offences in Part II.1 of the *Criminal Code* arguably capture involvement in pay-for-slay programs, and the sanctions grounds available under the *Special Economic Measures Act* and the *Sergei Magnitsky Law* are broad enough to arguably encompass such conduct. The problem, as this report demonstrates, is not that the law is incapable of reaching this conduct in theory; it is that the absence of explicit statutory recognition has produced avoidable ambiguity, limited the deployment of available tools in practice, and left a gap between what Canadian law permits and what Canadian law actually does.

The legislative proposal set out in this report addresses that gap in a targeted and legally grounded way. By defining pay-for-slay programs in the *Criminal Code*, establishing a stand-alone indictable offence for knowing participation in such programs, and clarifying that such participation may constitute significant corruption for the purposes of both sanctions regimes, the proposal removes the interpretive uncertainty that has allowed such programs to operate without consequence under Canadian law. It does so without displacing existing provisions, without requiring novel legal theories, and without overreaching into areas of law beyond Canada's established counterterrorism framework.

The proposal also aligns Canada with its binding international obligations. Resolutions 1373, 2178, and 2462, as well as the *International Convention for the Suppression of the Financing of Terrorism*, collectively require states to maintain legal frameworks that provide the genuine ability to prosecute and sanction those who financially support terrorist activity, for any purpose, and without requiring a link to a specific terrorist act. Explicit statutory recognition

of pay-for-slay programs would materially strengthen Canada's ability to meet that standard.

Canada has long stood alongside victims of terrorism. This report proposes that standing alongside victims extends beyond condemnation of individual attacks to addressing the systemic structures that reward and entrench them. The legislative amendments proposed here would allow Parliament to affirm that principle in law. [MLI • SC](#)

About the author



Sarah Teich is an international criminal and human rights lawyer who represents and advises civil society organizations and affected communities seeking justice and accountability for atrocity crimes and serious human rights abuses. She holds a Juris Doctor from the University of Toronto Faculty of Law, a Master of Arts in Counter-Terrorism and Homeland Security Studies (magna cum laude) from Reichman University, and a Bachelor of Arts and Science in Psychology and Sociology from McGill University. She is licensed to practice law in Ontario and New York.

Teich is the co-founder and CEO of Human Rights Action Group, legal advisor to Secure Canada, and a senior fellow at the Macdonald-Laurier Institute, where her research focuses on international law, human rights, and foreign policy. She was named one of Canada's Top 25 Most Influential Lawyers of 2024 by *Canadian Lawyer* magazine, and has received numerous recognitions for her work including a 2016 commendation from the Office of the Prosecutor at the International Criminal Court and the 2022 Hon. David Kilgour Global Humanitarian Leader of the Year Award. She has been blacklisted by Russia and China for her advocacy work. [MLI • SC](#)

References

All Arab News. 2021. "Thousands of Palestinian mourners attend funeral of Fatah party critic assassinated by PA officers in a home raid." June 26. Available at <https://allarab.news/thousands-of-palestinian-mourners-attend-funeral-of-fatah-party-critic-assassinated-by-pa-officers-in-a-home-raid/>.

BBC News. 2011. "Profile: Fatah Palestinian movement." BBC News, June 16. Available at <https://www.bbc.com/news/world-middle-east-13338216>.

Black, Edwin. 2013. "How British and American aid subsidises Palestinian terrorism." *The Guardian*, November 11. Available at <https://www.theguardian.com/commentisfree/2013/nov/11/british-american-aid-subsidises-palestinian-terrorism>.

Canada Evidence Act, RSC 1985, c C-5.

Criminal Code, RSC 1985, c C-46.

Esterbrook, John. 2002. "Salaries For Suicide Bombers." CBS News, April 3. Available at <https://www.cbsnews.com/news/salaries-for-suicide-bombers>.

Euronews. 2025. "EU Probes Claims Palestinian Authority Bypassing Own Ban on Martyrs Fund." November 18. Available at <https://www.euronews.com/2025/11/18/is-the-palestinian-martyrs-fund-still-operational>.

European Council on Foreign Relations (ECFRa). n.d. "Office of the President." Mapping Palestinian Politics. Accessed March 4, 2026. Available at https://ecfr.eu/special/mapping_palestinian_politics/presidency/.

European Council on Foreign Relations (ECFRb). n.d. "Palestinian Authority (PA)." Mapping Palestinian Politics. Accessed March 4, 2026. Available at https://ecfr.eu/special/mapping_palestinian_politics/palestinian_authority/.

European Council on Foreign Relations (ECFRc). n.d. "PLO Groups." Mapping Palestinian Politics. Accessed March 4, 2026. Available at https://ecfr.eu/special/mapping_palestinian_politics/plo_parties/.

European Parliament. 2019. Parliamentary Question E-004157/2019. Available at https://www.europarl.europa.eu/doceo/document/E-9-2019-004157_EN.html.

European Parliament. 2024. Parliamentary Question E-000063/2024. Available at https://www.europarl.europa.eu/doceo/document/E-9-2024-000063_EN.html.

Federal Register. 2007. "Additional Designation of Individuals and Entities Pursuant to Executive Order 13224." National Archives, 72 Fed. Reg. 60578, October 25. Available at <https://www.federalregister.gov/documents/2007/10/25/E7-21051/additional-designation-of-individuals-and-entities-pursuant-to-executive-order-13224>.

Feith, Douglas J., and Sander Gerber. 2017. "The Department of Pay-for-Slay." Hudson Institute, March 20. Available at <https://www.hudson.org/national-security-defense/the-department-of-pay-for-slay>.

Foundation for Defense of Democracies. 2024. "10 Things to Know About the Palestinian Authority." March 6. Available at <https://www.fdd.org/analysis/2024/03/06/10-things-to-know-about-the-palestinian-authority/>.

Heller, Mathilda. 2026. "Merz's CDU party unanimously adopts motion to end UNRWA funding, create rules for payments to PA." *The Jerusalem Post*, February 22. Available at <https://www.jpost.com/international/article-887513>.

Hirsch, Maurice. 2025. "The *Taylor Force Act*, the October 7 Massacre and the PA's 'Pay-For-Slay' Terror Reward Policy." Jerusalem Center for Security and Foreign Affairs, January 17. Available at <https://jcfa.org/the-taylor-force-act-the-october-7-massacre-and-the-pas-pay-for-slay-terror-reward-policy/>.

Human Rights Watch. 2002. "Erased in a Moment: Suicide Bombing Attacks Against Israeli Civilians." October 15. Available at <https://www.hrw.org/report/2002/10/15/erased-moment/suicide-bombing-attacks-against-israeli-civilians>.

International Convention for the Suppression of the Financing of Terrorism. 1999. December 9, 2178 UNTS 197.

International Business Times UK. 2016. “Iran: We’ll Give Cash to Families of Palestinians Who Died ‘as Martyrs in Jerusalem.’” February 24. Available at <https://www.ibtimes.co.uk/iran-well-give-cash-families-palestinians-who-died-martyrs-jerusalem-1545970>.

Jerusalem Center for Security and Foreign Affairs. 2017. “Incentivizing Terrorism: Palestinian Authority Allocations to Terrorists and their Families.” Available at https://jcpa.org/paying-salaries-terrorists-contradicts-palestinian-vows-peaceful-intentions/#_edn4.

Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law), SC 2017, c 21.

Marcus, Itamar. 2025. “Palestinian Authority continues to pay salaries to terrorists.” Palestinian Media Watch, September 2. Available at <https://palwatch.org/page/41458>.

Marcus, Itamar, and Nan Jacques Zilberdik. 2011. “Palestinian Authority Paying Salaries to Terrorists with U.S. Money.” Gatestone Institute, July 28. Available at <https://www.gatestoneinstitute.org/2302/palestinian-authority-terrorist-salaries>.

Mughrabi, Nidal. 2003. “Palestinians Receive Checks from Hussein.” *The Washington Post*, March 12. Available at <https://www.washingtonpost.com/archive/politics/2003/03/13/palestinians-receive-checks-from-hussein/af8255ad-fda6-4820-ac38-b49846eb0b68/>.

New York Times. 1974. “A Look at the Palestine Liberation Organization.” November 13. Available at <https://www.nytimes.com/1974/11/13/archives/a-look-at-the-palestine-liberation-organization-the-umbrella.html>.

Palestinian Authority. 2004. Palestinian Prisoners Law, 2004/19. Published in December 2004 by the PA Chairman and Government, the Prisoners’ Centre for Studies. Available at www.alasra.ps.

Public Safety Canada. n.d. “Currently listed entities.” Accessed March 4, 2026. Available at <https://www.publicsafety.gc.ca/cnt/ntnl-scrt/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-en.aspx>.

R v Khawaja, 2012 SCC 69.

R v Hersi, 2014 ONSC 4414.

Robinson, Kali. 2024. “Who Governs the Palestinians?” Council on Foreign Relations, May 28. Available at <https://www.cfr.org/background/who-governs-palestinians>.

Special Economic Measures Act, SC 1992, c 17.

Taylor Force Act, HR 1164, 115th Cong. (2018).

Telhami, Shibley. 2020. “Why the discourse about Palestinian payments to prisoners’ families is distorted and misleading.” Brookings, December 7. Available at <https://www.brookings.edu/articles/why-the-discourse-about-palestinian-payments-to-prisoners-families-is-distorted-and-misleading/>.

Times of Israel. 2016a. “Iran Pledges Thousands of Dollars for Palestinian Terrorists.” February 24. Available at <https://www.timesofisrael.com/iran-pledges-thousands-of-dollars-for-palestinian-terrorists/>.

Times of Israel. 2016b. “UK freezes \$30m in Palestinian aid over salaries for terrorists.” October 7. Available at <https://www.timesofisrael.com/uk-freezes-30m-in-aid-to-palestinians-over-payments-to-terrorists/>.

Tweede Kamer der Staten-Generaal. 2018. Motie van de leden VoordeWind en Van Haga over koppeling tussen de duur van de detentie aan de hoogte van de betalingen aan veroordeelde Palestijnen. Kamerstuk 35000-XVII, vergaderjaar 2018–19, nr. 44 (November 29).

UN Security Council. 2001. Resolution 1373 (2001). UN Doc S/RES/1373 (2001). Available at https://www.unodc.org/pdf/crime/terrorism/res_1373_english.pdf.

UN Security Council. 2014. Resolution 2178 (2014). UN Doc S/RES/2178 (2014). Available at [https://docs.un.org/en/S/RES/2178%20\(2014\)](https://docs.un.org/en/S/RES/2178%20(2014)).

UN Security Council. 2019. Resolution 2462 (2019). UN Doc S/RES/2462 (2019). Available at [https://docs.un.org/en/S/RES/2462\(2019\)](https://docs.un.org/en/S/RES/2462(2019)).

UN Treaty Collection. n.d. “11. International Convention for the Suppression of the Financing of Terrorism.” Available at https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-11&chapter=18&clang=_en.

Urquart, Conal, Ian Black, and Mark Tran. 2007. “ Hamas takes control of Gaza.” *The Guardian*, June 15. Available at <https://www.theguardian.com/world/2007/jun/15/israel4>.

US Congress. 2016. House Hearing, 114th Congress, July 6. Available at <https://www.govinfo.gov/content/pkg/CHRG-114hhrg20651/html/CHRG-114hhrg20651.htm>.

US Congressional Research Service. 2024. "Iran-Supported Groups in the Middle East and U.S. Policy." IF12587 (updated 2024). Available at <https://www.congress.gov/crs-product/IF12587>.

US Department of State. 2003. *Patterns of Global Terrorism 2002*. Washington, DC: US Department of State, April 2003. Available at <https://2009-2017.state.gov/j/ct/rls/crt/2002/index.htm>.

US Department of State. 2022. "Country Reports on Terrorism 2021: Iran." Washington, DC: Bureau of Counterterrorism. Available at <https://www.state.gov/reports/country-reports-on-terrorism-2021/iran>.

US Department of the Treasury. 2007. "Twin Treasury Actions Take Aim at Hizballah's Support Network." Press release, July 24. Available at <https://home.treasury.gov/news/press-releases/200772410294613432>.

US Department of the Treasury. 2023. "Treasury Targets Additional Sources of Support and Financing to Hamas." Press release, JY-1845, October 18. Available at <https://home.treasury.gov/news/press-releases/jy1845>.

APPENDIX A: Draft bill

An Act to amend the Criminal Code, the Special Economic Measures Act, and the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law) (pay-for-slay programs)

Summary

This enactment amends the Criminal Code, the Special Economic Measures Act, and the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law) to, among other things:

- (a) define pay-for-slay programs as programs, schemes, policies, practices, or arrangements wherein money, payments, benefits, or incentives are provided, directly or indirectly, to persons who commit or attempt to commit terrorist activity, or to any family member, associate, or designated beneficiary of such a person, by reason of those acts;
- (b) clarify the illegality of participation in, facilitation of, or contribution to any such programs, whether the participation, facilitation, or contribution is financial, administrative, or otherwise;
- (c) clarify that participation in, facilitation of, or contribution to any such programs is corruption within the meaning of the Special Economic Measures Act and may thereby be subject to sanctions under that Act; and
- (d) clarify that participation in, facilitation of, or contribution to any such programs is corruption within the meaning of the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law) and may thereby be subject to sanctions under that Act.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Criminal Code

1 The Act is amended by adding the following to the list of definitions contained in section 83.01(1):

Pay-for-slay program means any program, scheme, policy, practice, or arrangement wherein money, payments, benefits, or incentives are provided, directly or indirectly,

(a) to any person who has committed or attempted to commit terrorist activity; or

(b) to any family member, associate, or designated beneficiary of such a person,

by reason of the commission, attempted commission, or consequences of terrorist activity, including where the amount or duration of the benefit is conditioned on the severity of the offence, the length of incarceration, injury caused, or death of the perpetrator. (programme Pay-for-slay)

2 The Act is amended by adding the following section after section 83.04:

83.041 Every person who knowingly participates in, facilitates, or contributes to, directly or indirectly, any pay-for-slay program is guilty of an indictable offence and liable to imprisonment for a term of not more than 10 years.

Special Economic Measures Act

3 Section 4(1.1)(d) is replaced by the following:

(d) a national of a foreign state who is either a foreign public official, within the meaning of section 2 of the Corruption of Foreign Public Officials Act, or an associate of such an official, is responsible for or complicit in ordering, controlling or otherwise directing acts of corruption — including bribery, the misappropriation of private or public assets for personal gain, participation in, facilitation, or contribution to any pay-for-slay program within the meaning of section 83.01(1) of the Criminal Code, the transfer of the proceeds of corruption to foreign states or any act of corruption related to expropriation, government contracts or the extraction of natural resources — which amount to acts of significant corruption when

taking into consideration, among other things, their impact, the amounts involved, the foreign national's influence or position of authority or the complicity of the government of the foreign state in question in the acts.

Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)

4 Section 4(2)(c) is replaced by the following:

(c) a foreign national, who is a foreign public official or an associate of such an official, is responsible for or complicit in ordering, controlling or otherwise directing acts of corruption — including bribery, the misappropriation of private or public assets for personal gain, participation in, facilitation, or contribution to any pay-for-slay program within the meaning of section 83.01(1) of the Criminal Code, the transfer of the proceeds of corruption to foreign states or any act of corruption related to expropriation, government contracts or the extraction of natural resources — which amount to acts of significant corruption when taking into consideration, among other things, their impact, the amounts involved, the foreign national's influence or position of authority or the complicity of the government of the foreign state in question in the acts; or

Transitional and Evidentiary Provisions

5 (1) New criminal offences created by this Act apply only prospectively.

(2) For greater certainty, nothing in this Act prevents the investigation, prosecution, or punishment of conduct that constituted an offence under Canadian law at the time it occurred.

(3) Evidence of conduct occurring before the coming into force of this Act may be admitted to establish knowledge, pattern, context, or aggravating circumstances, subject to the ordinary rules of evidence.

Coming into Force

6 This Act comes into force on a day to be fixed by order of the Governor in Council.

constructive *important* forward-thinking
excellent *high-quality* insightful
timely *active*

GOOD POLICY

is worth fighting for.

WHAT PEOPLE ARE SAYING ABOUT **MLI**

MLI has been active in the field of indigenous public policy, building a fine tradition of working with indigenous organizations, promoting indigenous thinkers and encouraging innovative, indigenous-led solutions to the challenges of 21st century Canada.

– The Honourable Jody Wilson-Raybould

I commend Brian Crowley and the team at **MLI** for your laudable work as one of the leading policy think tanks in our nation's capital. The Institute has distinguished itself as a thoughtful, empirically based and non-partisan contributor to our national public discourse.

– The Right Honourable Stephen Harper

May I congratulate **MLI** for a decade of exemplary leadership on national and international issues. Through high-quality research and analysis, **MLI** has made a significant contribution to Canadian public discourse and policy development. With the global resurgence of authoritarianism and illiberal populism, such work is as timely as it is important. I wish you continued success in the years to come.

– The Honourable Irwin Cotler

M A C D O N A L D - L A U R I E R I N S T I T U T E



323 Chapel Street, Suite 300,
Ottawa, Ontario K1N 7Z2
613-482-8327
info@macdonaldlaurier.ca

macdonaldlaurier.ca

