



More Powerful by the Day

Terror Financing and Disruption Efforts in Somalia

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UNODC GMCP IOFMC

Established in 2015 by UNODC GMCP, the Indian Ocean Forum on Maritime Crime (IOFMC) serves as a regional platform for maritime law enforcement and judicial coordination among littoral states of the Indian Ocean, bringing together national law enforcement and prosecutorial authorities to promote cooperation between states.

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Executive Summary

This report assesses how to effectively and sustainably disrupt various sources of income for the terrorist organization al-Shabaab in Somalia. Disruption here refers to activities that stop, interrupt or prevent al-Shabaab's ability to generate income through licit and illicit means. The report identifies a working definition of disruption – gleaned from interviews, policy analysis, UN Security Council Resolutions (UNSCRs) and UNODC activities – as efforts by the Federal Government of Somalia (FGS), its international and regional partners to block al-Shabaab's financial flows, thereby impeding the group's ability to execute acts of violence against Somalis and regional neighbours.

The report argues, however, that this understanding of disruption only covers part of what is at stake. As shown in the report, al-Shabaab is highly resilient in generating revenue and applies a range of tactics to this end. Al-Shabaab collaborates with criminal enterprises like smugglers, money launderers and corrupt businesspersons, and imposes taxtortion on a range of commodities – both legal and illegal – entering the major ports in Somalia. It also takes fees from Somalis passing through al-Shabaab-installed roadblocks and demands protection money from business owners. In return, al-Shabaab does provide some protection. Al-Shabaab is also known for their provision of a just if extremely harsh justice system. Al-Shabaab is known to operate a parallel government, whereby the terrorist organization is tolerated by Somali citizens, but while al-Shabaab can provide some services conventionally associated with the state, illegal taxes are obtained through violence and intimidation. The report therefore uses the term *taxtortion* to describe al-Shabaab's practice of taxation through coercion.¹

For al-Shabaab, taxtortion represents the most significant source of revenue – and simultaneously the most diversified revenue generating tactics imaginable, as everything and anything is potentially a source of income. The report therefore argues that efforts to disrupt al-Shabaab's income generation should ideally be implemented with other measures. Notable among these are the focused efforts of current disruption activities, such as the bans on specific commodities, targeting certain ports, and tightly defined disruption interventions, as well as the larger enabling environment relating to limited governance in Somalia, which allows the group to operate with impunity.

Disruption efforts that target only commodities risk being akin to treating the symptoms rather than the disease itself. Accordingly, disruption may need to broaden its focus. Addressing the parallel governance that al-Shabaab exerts seems fundamental to move beyond efforts that disrupt a specific source of income but leave undisrupted the very conditions that enable al-Shabaab to adaptably shift their income generation and develop a widespread taxtortion system. Consequently, the report introduces a layered disruption model. The first layer focuses on the disruption of flows – al-Shabaab's ability to illegally tax specific commodities, vehicles passing through al-Shabaab checkpoints, or at ports. The second layer focuses on disrupting the system – the overall environment in Somalia of insecurity, corruption, and government inability to provide services – which enables al-Shabaab, as a parallel government actor, to facilitate the group's taxtortion scheme.

1. Introduction: Disruption and the Case of Al-Shabaab

Since at least 2013, al-Shabaab has been described as “one of Somalia's most efficient political organizations.”² Today, the group remains a complex organization, employing a host of different positions, including administrative workers, communications experts, informants, judges, teachers, drivers, porters, mechanics and cooks.³ The group's finance department employs designated personnel to collect illegal taxes,⁴ and their intelligence division is said to know “everything that's going on, enabling them to control the ports and see bills of lading.”⁵ Yet, for outsiders, what

¹ For the purposes of this report, the authors rely on the term “taxtortion” to refer to a combination of taxation and extortion. As an interviewee noted, the term taxtortion is new but the practices that it describes is not. Beyond al-Shabaab, this mix of taxation and violence is “pretty much standard behaviour of a medium-large militia/movement” (interview #32).

² Stig Jarle Hansen (2013) *Al-Shabaab in Somalia. The History and Ideology of a Militant Islamist Group*, Hurst and Company, London

³ ‘Following the Money’ 2021; Mary Harper, *Everything You Have Told Me is True: the Many Faces of Al-Shabaab*, Hurst and Co. London, 2019: 33.

⁴ Interview #18, 23 November 2021.

⁵ Interview #3, 9 November 2021

constitutes al-Shabaab membership is difficult to clearly determine. First, this is because membership is fluid: “someone can be in today and out tomorrow.”⁶ Second, it depends on whom one asks. While members of leadership are generally known, it becomes murkier from there: are informants, couriers, and drivers, for instance, merely employees of al-Shabaab, or members of the group with an ideological connection? This challenge of “not knowing clearly who is in al-Shabaab and who is not,”⁷ complicates efforts to disrupt al-Shabaab activities.

Whether conducted as part of propaganda campaigns, recruitment efforts, or to fill gaps in government services, al-Shabaab provides a wide range of different 'services' and functions – from judiciary services or (paid) 'security', to transparently taxed roads, schools and 'drought relief'. One result of this 'service provision' is that al-Shabaab has become deeply entrenched in Somali society and appears in the eyes of *some* Somalis as a parallel government to the FGS. Al-Shabaab's ability to govern is attributable in part to fear, intimidation tactics, and the financial stability enabled by a diversified revenue base.

Estimates of al-Shabaab annual revenue are difficult to reliably calculate and have ranged from \$30 million to much more than \$70 million.⁸ Experts generally agree, however, that al-Shabaab is financially stable and may even generate surplus revenue annually. Literature on how al-Shabaab's funding streams have developed over the years paint a picture of a diversified and adaptable moneymaking model. While the FGS – encouraged and supported by the international community – has sought to disrupt al-Shabaab's financial flows through efforts that include passing anti-money laundering and counterterror financing bills, “the group uses legitimate financial systems to move around its wealth, exploiting the weaknesses of government agencies, some of which currently lack the capability to fully do their job.”⁹ Al-Shabaab furthermore exploits its sympathetic networks within the private sector, which includes affiliates in the Somali banking system.¹⁰ Ultimately, some argue that al-Shabaab has successfully built a flexible revenue stream that has proven able to withstand even where regular armed and Special Forces have sought to disrupt the system, for example at check points:¹¹ “With its roots dug deep into the local communities, the group has managed to replace and reposition tax collectors as necessary.”¹²

This report examines the multiple ways in which al-Shabaab's revenue base can be disrupted, including how disruption is defined, the activities it entails, and its effects. Disruption can be understood as ways of obstructing al-Shabaab's financial activities with the end goal of disabling the group's ability to carry out attacks. With that definition, the report uncovers a range of approaches and activities carried out by the UNODC Global Maritime Crime Programme under the heading of disruption. Of the activities in UNODC's disruption toolbox, many center around inter-agency coordination, awareness raising, technical assistance, capacity building, and otherwise.

Yet, there are many unintended effects of disruption, some of which can cause harm and should be considered in designing future disruption measures. Chief among them is the likelihood that al-Shabaab will diversify its income-generating activities in response to actions to disrupt them, thereby nullifying the very efforts that intended to address its revenue sources. Accordingly, the report recommends that disruption actors consider the broader factors that enable al-Shabaab to operate, including governance gaps and endemic corruption. To do so, a coordination mechanism could be established to integrate various dimensions of disruption and explore collaborations. On that basis, a disruption strategy might be developed to facilitate a common understanding of disruption and guide various actors towards the achievement of a mutual vision of counter terrorist financing in Somalia.

2. Methodology

The report draws on a mixed methods approach to collect data for the analysis, focusing on two main data sources. The first one is several literature reviews concerning al-Shabaab operations and revenue generation, as well as literatures on

⁶ Interview #15, 29 November 2021.

⁷ Interview #7, 16 November 2021.

⁸ Williams, W. (27 March 2023). *Reclaiming Al Shabaab's Revenue*. Retrieved from <https://africacenter.org/spotlight/reclaiming-al-shabaabs-revenue/>

⁹ The AS Finance System, *Hiraal Institute*, July 2018 (8).

¹⁰ Interview #19 26 November 2021

¹¹ [Drone strike kills Al-Shabaab operative, destroys checkpoint in Somalia \(garoweonline.com\)](#)

¹² The AS Finance System, *Hiraal Institute*, July 2018 (7).

disruption. The second is semi-structured interviews with a range of stakeholders working on, or researching, al-Shabaab and disruption in the Horn of Africa.

Regarding literature reviews, these include reviews of both academic literature, open-source policy publications and confidential reports. Due to the sensitive nature of these confidential reports, their content is only used for background. The open-source publications were searched through conventional search engines. Among key search words were various forms of spelling of al-Shabaab, counterterrorism, terror financing, Horn of Africa, Somalia and disruption. A note regarding the literature review is that when it comes to disruption in general, very few publications are available – and when it comes to disruption in the Horn of Africa specifically, literature is virtually non-existent, except for UNSC/UNODC GMCP-specific reports. The literature review therefore necessarily included research from other contexts, which touches upon disruption as a law enforcement strategy, to tease out some of the basic principles of disruption as a basis for the analysis of disruption in the Horn of Africa-context. The general lack of research on disruption resulted in the report placing much emphasis on interviews to feed the analysis with accounts of disruption in practice.

Regarding interviews, the research team was assisted by the UNODC and their own network from previous research to identify interviewees. Further interviewees were identified through the snowball method whereby interviewees recommend relevant additional interlocutors. The research team is grateful for the interviewees' generous time and input. The interviewees spanned relevant UN agencies; ministry representatives; regional embassy representatives; military actors from states involved in Horn of Africa disruption activities; international military missions; international policy representatives; private intelligence companies; as well as researchers with expertise in al Shabaab, Horn of Africa and disruption-like interventions. Interviews were primarily conducted via Teams, Zoom and WhatsApp. Only in some cases, were interviews conducted face-to-face. For security reasons, interviews are anonymized in all interview notes, and can only be identified by the research team through an internal list, which is coded according to an agreed system. In the report, citations and points from interviews are referenced by number and interview date, to avoid identification.

Supporting the analysis are the range of UNSCRs adopted since the 2012 charcoal ban and reports related to UNSC. The resolutions were condensed in a working document picking out central quotes and passages, as well as a timeline presenting main developments over the decade. The resolutions were examined for changes over time in the UNSC's focus, narratives around al-Shabaab and responses to al-Shabaab. The aim was to characterize developments over time around the UNSC as a perspective on how disruption came into being as a type of intervention, which was worked into the analysis. As part of the examination of the UNSCRs, word searches were conducted to bring to light a 'quantitative' dimension of these changes, i.e., identifying the use and growth of certain words indicating shifts in perspective.

A draft report was shared with experts and stakeholders. This included a virtual validation workshop, in which experts in the field provided feedback on the first draft of the report. The validation workshop took place in January 2022. It is referred to in the report as a source of data, as discussions brought out important information, for instance perspectives on al-Shabaab and the security situation in Somalia, which has informed the research team's further drafting of the report. Other comments on the draft report were coordinated with UNODC due to the sensitive nature of some of the report's content. The feedback and input received were then incorporated into the report, prior to submission of the final draft. This amounts to common practice in academic research regarding peer-review to deliver a robust publication through ensuring analytical rigour.

3. Defining Disruption

There are differences and ambiguities in the use of the word 'disruption' to define and discuss law enforcement strategies. Moreover, only a few studies reflect actively on disruption *prescriptively* as a concept with a defined meaning. Mostly, disruption is used *descriptively* as a term – sometimes merely as a verb – to refer to a measure that counters one or more facets of a given crime. In other words, there is no systematised use of disruption, or a commonly held definition of disruption as a concept.

One detailed definition of disruption, which does exist in the literature is Innes and Sheptycki (2004).¹³ They lay out a basic definition of disruption as a law enforcement strategy, which is useful for the purposes of understanding the basic principles of disruption. They explain that where traditional police work is generally considered a reactive practice taking place in the face of a crime after it was committed (speaking to witnesses, looking for motive and piecing together evidence in a case for prosecution) disruption is considered a proactive way of preventing crime in the first place. Disruption is thus a reflection of how the police force's *modus operandi* has changed over time. Innes and Sheptycki explain how disruption developed in law enforcement from the 1980s at a time, when several shifts were taking place in Western society, which made disruption a natural answer. In particular, three aspects are important here:

First, there was an increased focus on efficiency and effective public service delivery, including in the police force, through New Public Management and similar governance tools. Here, while the reactive *modus operandi* of preparing a trial is cost intensive, the proactive disruptive measures can destabilize single nodes in a criminal network to stop an offence in its tracks before it is able to do harm.

Second, (western) societies were increasingly faced with transnational and organized crime. It was no longer sufficient to rely on the reactive, traditional techniques of law enforcement, such as statements from witnesses of the offence, or constabulary knowledge of local criminal actors and networks. Cross-boundary collaboration on organized crime was increasingly necessary. This has not least been evident as an issue of relevance here, namely money laundering, a concept, which seems to have entered US law enforcement in the 1970s,¹⁴ and which gained international attention in the 1980s in an illegal drugs trade context and the 1988 Drugs Convention, which sought to address the gap of existing law enforcement strategies that failed to 'follow the money'.

Third, new technologies have presented novel avenues of operation. Technology has enabled police organizations to increase the use of intelligence to counter criminal behaviour (but also for criminals to outmanoeuvre police). Innes and Sheptycki argue that an important dimension of disruptive law enforcement is that it places heavy emphasis on intelligence. This can be divided into tactical and strategic intelligence, where the former supports police operations, and the latter assesses trends and emerging challenges to law and order. Here, bugging, visual surveillance, financial tracking, databases, and biometrics are just some of the new investigative techniques now available in policing.

Thus, in the scarce literature of relevance to understanding disruption more conceptually as a law enforcement strategy, disruption is considered information-based and can be described as a process of digitalization, scientification, and internationalization of law enforcement. It is, in the authors' words, a 'future-oriented mode of social control.'¹⁵ Based on the extant literature, it is possible to suggest a working definition of disruption in the context of countering al-Shabaab's revenue as: **the activities taken by the Somali government, its international and regional partners, and international stakeholders like the UN, to block al-Shabaab's financial flows, thereby impeding the group's ability to execute acts of violence against Somalis and regional neighbours.**

4. Disrupting Al-Shabaab Flows: Commodities, Nodes and Individuals

Based on the working definition of disruption, activities can be divided into three categories: the commodities on which al-Shabaab relies, the nodes along which they operate, and the individuals involved in the process. However, in addition to these categories it is possible – and arguably necessary – to expand the definition of disruption activities beyond these three focus areas to a more holistic approach, involving interventions to target the tax-tortion and service delivery *systems* that al-Shabaab employs with great success in Somalia.

¹³ Innes, M, Sheptycki J W E (2004). International Criminal Justice Review 14. Retrieved from <https://www.ojp.gov/ncjrs/virtual-library/abstracts/detection-disruption-intelligence-and-changing-logic-police-crime>

¹⁴ Gilmore (2015). Money laundering. In: N. Boister and R. J Currie (eds.) Routledge Handbook of Transnational Criminal Law. New York: Routledge, p.331.

¹⁵ Innes, M, Sheptycki J W E (2004). International Criminal Justice Review 14, p. 2.

Commodity: Preventing Revenue Generation from Illicit Trade

Interviewees generally acknowledged money flows as a main target of disruption and most mentioned the charcoal ban. One interviewee described disruption as stopping or preventing al-Shabaab from making money on illicit trade in various commodities.¹⁶ Another described it as stopping or interrupting illegal activities and using law enforcement and other means to intercept the trade of illicit goods.¹⁷ Other interviewees similarly described disruption as targeting al-Shabaab financing,¹⁸ referring to successful disruption as decreases in funding streams to al-Shabaab.¹⁹

Routes and Nodes: Stopping Al-Shabaab-related Activities Along Infrastructures

One interviewee described disruption with reference not only to taxtortion of commodities or the work on the charcoal ban but also the work targeting *delivery* e.g. of IED components.²⁰ This indicates that some interviewees find disruption to include a focus beyond commodities, from which al-Shabaab profits, to also target distribution activities enabling al-Shabaab to carry out lethal attacks, including for example dual-use items for manufacturing IEDs. Another interviewee described disruption as hindering or obstructing al-Shabaab’s ability to operate or run their enterprise, e.g. through the financial infrastructure of counterterror financing, and targeting al-Shabaab’s taxtortion network providing their organization with the ability to collect and spend money.²¹ Another interviewee referred to disruption as targeting maritime *routes* and commodity *flows* that in different ways contribute to generating revenue for al-Shabaab.²²

Individuals: Disruption of Recruits and Detaining of Suspects

One interviewee believed disruption as concerning efforts that effectuate reductions in al-Shabaab’s operational capacity and territory.²³ Disruption was described by another interviewee as disrupting the supply of recruits through PV/CV, and here, mention was made of kinetic interventions, such as dismantling the organization by removing people from it.²⁴ Another interviewee described plans for 2022, which included two 10-day patrol operations funded by the UNODC. The aim was to train fisheries inspectors and boarding officers to board and detain individuals who are either suspected of IUU fishing or other crimes, such as trafficking – or even dual crimes.²⁵ This would seem to broaden the understanding of disruption in the maritime domain, namely to build the capacity of maritime law enforcement to act on suspicious activity at sea and counter potential crimes – whether categorized as financial contributions, smuggling or importing goods for sale or e.g. IED components which, collectively, enable al-Shabaab’s existence and operations.

To further order and solidify the multitude of ways disruption was described by interviewees, the below box collects what interviewees described as the range of a) *targets* that disruption can address and b) the *activities* that disruption may entail. As above, this is not limited to actual disruption targets and activities taking place in the context of al-Shabaab in the Horn of Africa but may include both on-going as well as foreseen and desirable activities. In other words, the below extracts data from interviews that point to what disruption, *inter alia*, is and what it *could be*.

Disruption dimensions	Target	Activity
Commodities	Charcoal; bank accounts; imports; IED components; weapons; sugar; rice; dried lemon; flour; cooking oil; wildlife; poaching; diaspora remittances	Sanctions; UNSCR annex; freeze assets; anti-laundering; awareness raising among stakeholders; counterterror finance; intel mapping; research
Nodes	Sources of funding (delivered by sea); ‘informal ports’; trade from ports; transit points; borders; taxtortion across trade routes; suspicious vessels	CMF/warships maritime patrol; capacity building Kenya Navy to undertake surveillance and interception; training and mentoring Somali national forces; intel mapping; border control; monitoring; detaining dhows

¹⁶ Interview #15 29 November 2021

¹⁷ Interview #16 02 December 2021

¹⁸ Interview #7 16 November 2021

¹⁹ Interview #15 29 November 2021

²⁰ Interview #3 09 November 2021

²¹ Interview # 1 29 November 2021

²² Interview #3 09 November 2021

²³ Interview #7 16 November 2021

²⁴ Interview #1, 29 November 2021

²⁵ Interview #6 22 November 2021

Individuals	Al-Shabaab; former kingpins; farmers; traders; Importer/exporter; ability to operate; ability to spend money; dismantling the al-Shabaab organization; stop recruitment (incl. of children); transporters; ‘innocent importers’;	Ability to collect money; Law Enforcement Task Force; ‘kinetic’ activities; counter-terrorism; drone strikes; PV/CV; removing people from the organization; AMISOM campaigns; deradicalisation and rehabilitation; defection programmes; awareness raising;
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5. Introducing Broader Disruption Needs: Focusing on Systemic Conditions

In addition to the flows dimensions of commodities, nodes and individuals, there are aspects beyond al-Shabaab’s immediate activities that were also identified in interviews and, indeed, seem of a pressing nature. It concerns a ‘systems approach’ that focuses on the taxtortion and service delivery that al-Shabaab can effectuate. Specifically, it relates to the context in which al-Shabaab operates – indeed, the conditions that allow them to operate. Addressing these conditions would be key to effectively and sustainably disrupting al-Shabaab. It can, in short, be described as the need for a holistic approach. There are three aspects in particular:

Firstly, a holistic systems approach includes looking at the broader picture of what enables al-Shabaab, where fighting corruption within Horn of Africa law enforcement entities is a main issue to deal with, directly or indirectly, before effective disruption is possible – or before al-Shabaab is no longer a viable parallel to the state. Corruption was widely seen by interviewees to hamper the ability to conduct disruption in the first place. Corruption relates to general issues with, and challenges to, good governance²⁶ but also more specifically refers to the widely held concern of the infiltration, the association, the influence, the control and sympathy that al-Shabaab enjoys.

This, secondly, leads to another aspect of a more holistic systems approach, namely the need to include in disruption activities the fight against al-Shabaab’s role as a parallel government. It was held by several interviewees to be an underlying problem potentially limiting disruption efforts, because focusing only on the flows dimensions would not effectively deal with these root causes.²⁷ Indeed, while the al-Shabaab tactics of coercion to some extent can be disrupted by ensuring for instance that no IED components enter Somalia, al-Shabaab’s perceived governance role remains intact. And, importantly, al-Shabaab’s governance in parts of Somalia may complicate stakeholders’ access and ability to conduct disruption on the ground.²⁸ This, in turn, hampers the ability to disrupt al-Shabaab revenue generation and financial flows within Somali territory.²⁹

Thirdly, since taxtortion is a key source of revenue, focusing on disrupting al-Shabaab’s coercion and violence was pointed to as insufficient. Both interviewees and discussion among several participants in the validation workshop revealed an urgent need to also ensure protection of civilians that are subject to al-Shabaab’s coercive measures to extract ‘taxes’ from the Somali population.³⁰ Ensuring a police force able to protect local citizens would simultaneously serve to further legitimize the FGS. While such prospects are ongoing, the capacity building and collaboration with law enforcement authorities in Somalia and Kenya, which the UNODC and others are carrying out, are initial steps in this direction. The stronger law enforcement capabilities, the better conditions for establishing rule of law.

6. Many Descriptions, No Clear Concept

As one interviewee warned, even within efforts undertaken by donors and states in the international community considered to be disruption, there were various opinions regarding the appropriate level of ambition or how to define success. Regarding individual perceptions of what constitutes successful disruption, interviewees pointed to a rollback in the number of al-Shabaab attacks, reductions in operational capacity and territory,³¹ and decreases in funding streams.³² Others pointed to the virtual stop in charcoal exports as a major success (if fragile),³³ and highlighted the

²⁶ Interview #6 22 November 2021; #16 02 December 2021; #18 23 November 2021

²⁷ Interview #15 29 November 2021; #16 02 December 2021; #19 26 November 2021

²⁸ Interview #3 09 November 2021

²⁹ Interview #11 29 November 2021

³⁰ Validation workshop January 2022; Interview #30 12 January 2022

³¹ Interview #7 16 November 2021

³² Interview #15 29 November 2021

³³ Interview #30 12 January 2022

uncovering of illicit flows as a major breakthrough to even make disruption possible.³⁴ Others still questioned whether disruption was the appropriate level of capacity building, or whether protection of civilians was really the main issue.³⁵

While the working definition of disruption identified in this report (the activities taken by the Somali government, its international and regional partners, and international stakeholders like the UN, to block al-Shabaab's financial flows, thereby impeding the group's ability to execute acts of violence against Somalis and regional neighbours), it seems that disruption could be considered significantly broader than that – i.e. taking into account the fact that the primary sources of income are not commodities but taxtortion, and that disrupting single commodities leaves intact the conditions that allow al-Shabaab to generate an income. As it is, disruption is a heterogenous concept that is understood in different ways, as seen above. Without a consolidated understanding or definition, the lack of clarity around goals of disruptive efforts, as well as challenges around coordination of disruption activities, risks miscommunication and mission creep among the actors involved. Disagreement over what is considered success, as well as identification of the largest problem at hand, naturally impedes the ability of actors to concertedly address al-Shabaab through disruption.

The above notwithstanding, one implicit point of 'convergence' across many of the accounts discussed until now is that some interviewees see the knowledge-generating component of disruption as a strength, such as research and intelligence. This enables the establishment of baselines, mapping exercises, information-sharing, awareness raising, informing UNODC and its partners – and ideally could feed into more concrete and specific resolutions on which the UNODC and other actors may act.

7. Challenges to Disruption: Limitations and Unintended Effects

Thus far, the report has traced two parallel developments in disruption efforts and in al-Shabaab's revenue generation. On the one hand, efforts aimed at disrupting al-Shabaab have focused primarily on their revenue generation activities. On the other hand, al-Shabaab's revenue generation activities have expanded from taxing various *flows* (of specific commodities, of goods coming into ports, of vehicles passing checkpoints) to the emergence of a pervasive taxtortion *system* where al-Shabaab systematically taxes everything, from hotels and restaurants in Mogadishu to the number of trees a farmer grows. In other words, current disruption efforts appear to target one dimension of what is in effect a much larger system of income generating activities, where al-Shabaab taxes 'everyone and everything'. Crucial to this taxtortion system, we further recall here the provision of parallel government services for certain parts of the population. While some sympathize with al-Shabaab, and others feel coerced, others prefer al-Shabaab services because there are no better alternatives,³⁶ like when hotel owners and others pay al-Shabaab for protection in the absence of government-provided security.

Two Layers of Disruption

Paradoxically, these broader governance challenges are crucial to the current scope of efforts to disrupt al-Shabaab's revenue generating activities. To reflect this, and as a precursor to developing further disruption programmes and activities, this report discusses both flows and systems dimensions of the effects of and challenges to efforts aimed at disrupting al-Shabaab's current sources of revenue. To conceptualise the flows and systems aspects, it introduces a two-fold disruption model of concentric circles that represent potential targets of disruption: 1) individual commodities, routes, ports, border crossing and actors, and 2) al-Shabaab's taxtortion system and the underpinning issue of al-Shabaab's parallel governance.

First Layer: Disrupting Flows

The inner layer represents disruption efforts with a focus on a specific target, commonly a specific location (checkpoint or port), or a particular commodity.

³⁴ Interview #28 12 January 2022

³⁵ Validation workshop January 2022; Interview #30 12 January 2022

Some disruption efforts have so far **focused on specific checkpoints³⁷ or ports**. In response to disruptive efforts, al-Shabaab seems to have shifted its dealings to locations too dangerous for disruption actors to operate. For instance, al-Shabaab now collects taxes in Mogadishu, in relation to which an interviewee noted: “Mogadishu just is not safe to be in the port for any length of time.”³⁸ Similarly, another interviewee explained that it simply is ‘not feasible to work directly in the hotspots.’³⁹ One unintended consequence of the current focus on income generation activities at the level of flows (e.g. at specific checkpoints) may be that moneymaking shifts to locations that are more dangerous and possibly inaccessible to actors practicing disruption.⁴⁰ Additionally, disruption efforts, which target specific locations run the risk of not capturing the full scope of al-Shabaab’s operations. Accordingly, several interviewees cautioned that past disruptive efforts have been focused on maritime aspects without sufficiently linking them to land-based revenue streams,⁴¹ which risks overlooking important aspects of the problem.

Similarly, there are suggestions that **al-Shabaab may shift to new commodities** – or to revenue collection *beyond* commodities – possibly in response to disruption efforts targeting specific products. This is evidenced in some of the interviews with practitioners. Some interviewees described the sanctions on charcoal exports from Somalia as a successful disruption effort: “before [the ban], the charcoal trade was happening regularly. One could say that sanctions have been 100% effective.”⁴² Others similarly stressed the success of the charcoal ban as a positive example of inner layer disruption: “since the ban, this [massive export in charcoal] has dropped significantly.”⁴³ However, some interviewees also noted that disrupting al-Shabaab’s charcoal trade profits “doesn’t really matter because they just find other things to tax.”⁴⁴ This problem is worth addressing in disruption efforts going forward.

Further indicative of the limitations of even successful disruption efforts like the charcoal ban, other interviewees pointed to the **challenges posed by al-Shabaab’s high degree of resilience** through its ability to seek alternative sources of revenue.⁴⁵ A shift has been observed in the focus of al-Shabaab’s revenue generation to “explor[ing] other sources of financing.”⁴⁶ Thus, while the charcoal ban was inarguably successful in impeding al-Shabaab’s profits from charcoal, as the group found new ways of generating revenue, this questions the ‘success’ of disrupting al-Shabaab’s overall fundraising capability. An interviewee explained it thus: “We never successfully disrupted charcoal, we just shifted things around. ... Shabaab still operates and taxes anything that moves.”⁴⁷ Indeed, the case of charcoal arguably shows how highly agile and resilient al-Shabaab is to disruption efforts targeting a single commodity. Several interviewees made similar remarks, like “al-Shabaab is very creative, very nimble. Stopping charcoal did not bother them much.”⁴⁸ Another interviewee explained that the charcoal ban was only a partial success; as was the case with piracy, there was a lull in charcoal-related activity but there is no guarantee that the trade cannot resurge under the right circumstances.⁴⁹ Still others pointed out that the **charcoal ban does not extend to Somali territory**, thus allowing al-Shabaab to proceed with taxtortion on charcoal on land.⁵⁰ Interviewees noted that charcoal producers continue to be coerced to produce and sell charcoal⁵¹ – all of which gets taxed by al-Shabaab every step of the supply chain. Disruption of commodities may momentarily quell the supply on the market but does not effectively obstruct further production and fails to address the critical issue of demand.

³⁷ Interview #18, 23 November 2021, mentions disruption efforts at checkpoints. However, these efforts do not fall within the UNODC’s disruption toolbox.

³⁸ Interview #3, 09 November 2021

³⁹ Interview #16 02 December 2021

⁴⁰ Interview #3, 09 November 2021

⁴¹ Interview #3 09 November 2021; #11 29 November 2021

⁴² Interview #3 09 November 2021; #16 02 December 2021

⁴³ Interview #4

⁴⁴ Interview#17, 25 November 2021

⁴⁵ Interview #19 26 November 2021

⁴⁶ Emilio C. Viano, “Unholy Alliances and their Threat: The Convergence of Terrorism, Organized Crime and Corruption,” *International Annals of Criminology* (2020) 58, 91-110 (92).

⁴⁷ Interview #11 29 November 2021

⁴⁸ Interview # 15

⁴⁹ Interview #16 02 December 2021

⁵⁰ UNODC 2020. Living off the land and its people: Al-Shabaab’s role in Somalia’s charcoal trade. UNODC GMCP IOFMC, June 2020, p. 20.

⁵¹ Interview #11 29 November 2021

This leads to another set of limitations to current disruption activities, which emerge with the development of al-Shabaab's revenue generating system, namely an increasing involvement of "things [that] are not illegal."⁵²

Distinguishing between licit and illicit trade and commodities is a considerable challenge for law enforcement, which should be addressed moving forward. Neither sugar nor charcoal are inherently illegal. For instance, sugar becomes illegal only when smuggled across the border into Kenya. And charcoal is only illegal if exported out of Somalia – i.e., domestic consumption of charcoal is not illegal. Interviewees explained the difficulties in navigating this, for example justifying to headquarters why pursuit of licit commodities was an important dimension of changing local dynamics.⁵³ Specific challenges to disruption efforts arise when al-Shabaab profits from taxing both licit and illicit commodities⁵⁴ and these challenges become increasingly important as al-Shabaab's revenue system becomes "more and more embedded".⁵⁵ Thus, relatedly, another challenge stems from disruption efforts targeting commodities that **affect the everyday lives of ordinary Somalis**. This entails several challenges. It may further entrench criminal activity in everyday life in Somalia. Moreover, enforcement of the charcoal ban – and similar initiatives targeting everyday necessities – may place civilians in Somalia in a difficult situation considering that charcoal serves as a primary source of domestic heating in Somalia.⁵⁶ As an interviewee noted: "how can you disrupt import of sugar, flour, cooking oil and other things that al-Shabaab taxes but that the Somali population need?"⁵⁷ Such risks should also be considered in disruption activities vis-à-vis the diaspora community: "the majority of money sent to Somalia from the diaspora is spent on things like school fees, paying for medical checks, or just paying bills. Affecting these money flows will likely have negative consequences."⁵⁸ Ultimately, there is a risk of unintentionally reinforcing the popularity of al-Shabaab by playing into the al-Shabaab narrative about the negative influence of Western actors, if the international community or the FGS place restrictions on everyday commodities.

Second Layer: Disrupting Systems

Insofar as current disruption efforts focus on single commodities, it would seem relevant to include in disruption programmes and activities that focus on what this report regards as a second layer of disruption, namely al-Shabaab's **wider revenue generation system** of 'taxtortion', and the broader context of parallel governance underpinning this taxtortion system. Al-Shabaab's revenue system has evolved over many years in response to several externalities. As one interviewee noted: "through all this time, there wasn't only one way that they [al-Shabaab] were making money."⁵⁹ It is not the intention is to suggest a causal relation between the charcoal ban and other disruption efforts at the level of 'flows', on the one hand, and the evolution of al-Shabaab's revenue generation system,⁶⁰ on the other hand. Yet, what can be discerned from a parallel description of al-Shabaab's evolution and the evolution of disruption efforts is that amidst disruption efforts, al-Shabaab has developed a pervasive system of revenue generation to sustain a robust economic base. Currently, **taxtortion** yields by far the greatest sums of money for the group.⁶¹ Therefore, it seems urgent that future disruption efforts are devised to also target the broader revenue generation **system**, including contextual factors underpinning it. This would be relevant to incorporate in disruption efforts, following the idea of a holistic approach by drawing on disruption, development, and stabilization initiatives.

Accordingly, this second layer of the disruption model considers the **broader context and enabling factors, which allow al-Shabaab to operate**. This includes varying degrees of acceptance, ranging from sympathisers to outright coercion. It is a key take away from this study, which interviewees pointed to as a major challenge to effective disruption. Parallel governance is not just a crucial aspect underwriting al-Shabaab's taxtortion system and the group's broader role in Somalia, it is also a critical obstacle to effective disruption. Here, corruption, lack of security, and lack of good government alternatives remain important in explaining the ability of al-Shabaab to 'tax anything and everything' and

⁵² Interview #17, 25 November 2021; Interview #11, 29 November 2021, also noted how al-Shabaab is taxing "everything – legal *and* illegal."

⁵³ Interview #10 06.12.2021

⁵⁴ Naím, M. (2005). *Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy*. New York: Doubleday.

⁵⁵ Interview #15, 29 November 2021

⁵⁶ Interview #10 06 December 2021; #3 09 November 2021

⁵⁷ Interview #17, 25 November 2021

⁵⁸ interview #15, 29 November 2021

⁵⁹ Interview #15, 29 November 2021

⁶⁰ Some interviewees do however note that "Once charcoal ban was in place, AS really started to focus on taxation" Interview #15, 29 November 2021

⁶¹ Interview #11, 29 November 2021

to flexibly evolve its revenue generation system notwithstanding disruption efforts targeting specific sources of revenue: “because you don’t have security, al-Shabaab can pressure anyone to pay them taxes.”⁶² Because al-Shabaab is often the only actor capable of providing (paid) protection, this now means that: “al-Shabaab is not always the initiator of extortion. Where ‘first layer’ disruption efforts are currently undertaken to address al-Shabaab, they leave unaddressed these underlying issues of corruption and governance gaps. To address them, it is important to be aware of challenges to such efforts. From related interventions addressing al-Shabaab and knowledge of Somali security, it is possible to highlight several challenges at this second layer if disruption efforts going forward are to include a focus on enabling factors.

Fundamentally, there is a challenge in focusing only on parts of the much wider system through which al-Shabaab generates revenue without addressing factors that enable their operations in the first place. In the disruption spirit, it is not the entire system or organization that needs to be destroyed but key aspects that could be stopped or interfered with, such that it impairs their ability to operate. Importantly, the parallel governance that al-Shabaab maintains across a wide swath of the Somali population is a major issue and undermining it could have wide-ranging positive effects as a disruption effort. Analysing interview data, **two different dimensions** of governance challenges were highlighted and merit attention in disruption efforts going forward: **gaps (doing too little) and corruption (doing things wrong)**.

One major challenge to disruption efforts is that al-Shabaab is seen by some segments of the Somali population as a parallel government to the FGS – which must be understood against the backdrop of both al-Shabaab coercion and propaganda campaigns, as this report seeks to capture in the notion of taxtortion. Of course, al-Shabaab is not a legitimate political player and the group’s actions can be traced back to its motivations (either revenue generation or building a viable Islamist state, depending on who is asked). Yet, al-Shabaab’s coerced non-objection aids their nimbleness and is tied to provision of services in areas where the government does not deliver. The **governance gaps** represent a critical limitation to disruption efforts as acceptance makes it easier for al-Shabaab to shift to new moneymaking schemes, like pervasive taxtortion, with little resistance – noting several accounts, e.g., of farmers or hotel owners, whose resistance resulted in violence and force, and even loss of life.

Indeed, al-Shabaab’s elaborate taxtortion scheme was explained by one interviewee as putting Somali civilians under tremendous pressure to comply with al-Shabaab demands. Further underscoring this, others noted that “al-Shabaab is not the ‘root cause’ but rather a symptom of underlying political challenges that the group exploits.”⁶³ Sometimes there are alternatives but not preferred ones and this brings us to the second dimension, namely the issue of **corruption**. Illustrative of this challenge which is less about gaps in service provision and more about *how* services are provided. Undermining al-Shabaab by assisting in providing preferred alternatives will have the effect of undermining their income generation. Others similarly stressed the need to address “corruption and nepotism of government actors,” noting that it will be “very hard to disrupt al-Shabaab without addressing or reforming how government agencies work.”⁶⁴

Disruption Misalignment

Given increased international attention on the disruption of al-Shabaab, there is potential for a growing constellation of actors involved in disruption efforts in Somalia. As previously noted, a range of definitions of disruption exist as well as opinions about what constitutes programming success. Some interviewees pointed to the fact that these **disruption efforts are not necessarily communicated, coordinated, or aligned in the current intervention landscape**. Relatedly, some of the actors with jurisdiction for intelligence collection and law enforcement do not currently possess the capabilities necessary. There is therefore a need for more and improved coordination and communication, and to define roles within the system.

Moreover, what disruption entails depends on the actor or system in question. This brings with it the question of **division of labour, i.e. who should carry out what type of disruption**. Disruption may relate to al-Shabaab revenue generation, means of violence or recruitment. It may entail direct disruption or capacity building. It may span maritime domains or

⁶² Validation Workshop, January 2022

⁶³ Interview #31; validation workshop, January 2022

⁶⁴ Interview #18, 23 November 2021

land-based territory. Some interviewees considered disruption practices to be operations carried out by international actors, while others focus more on describing what is needed to have **a regional disruption capacity**.⁶⁵ In other words, interviewees described the role of several different actors involved in capacity building, currently and in the future. This requires conversations about what to do (or not to do) as well as careful analysis of motivations of each involved actor. As one interviewee pointed out, there are discrepancies showing already: some actors show great motivation incentives to start certain processes, others to not act.⁶⁶

The Limits of “Following the Money”

Another challenge is the global focus on money flows of al-Shabaab. But **following the money can have limited effects**. There are two main reasons for this. First, violent non-state actors like al-Shabaab arguably require relatively few resources to inflict devastatingly violent terror campaigns; referring to ramming of crowds celebrating the 2016 Bastille Day in Nice, the cost of renting a truck was USD 300.⁶⁷ Al-Shabaab raises most of its money domestically, which makes it harder to stop; and some of the sources coming from the outside, e.g., diaspora, are such small amounts that they are all-but-impossible to track,⁶⁸ as is the case for small international amounts.

Second, the international community has put much effort into blacklisting, freezing assets and developing regulations. Taking this cue, however, terrorist groups increasingly rely on the informal hawala system, thus making money hard to trace. Much of terrorist money flows never enter the international financial system.⁶⁹ Taking the example of al-Shabaab, this report shows that the close collaboration with organized criminal groups places al-Shabaab in a position once-removed from generating the revenue they use, thus destabilizing the ability of the international community to target terrorist organizations through sanctions and blacklisting within the international financial system.

Additionally, not all the taxes that al-Shabaab collects are paid using proper currency: sometimes they will be paid in livestock, agricultural goods, and other commodities. Thus, as an interviewee explained, al-Shabaab profits are ‘pretty well squared away.’⁷⁰ An interviewee said that ‘cash is still king,’ and that while al-Shabaab does use bank accounts, linked to their phones for mobile money transfer, any restrictions on banking needs to be very specific in order to avoid impacting the rest of the population (to the extent that they have bank accounts).⁷¹ Some interviewees warn that the more we focus on money flows the more al-Shabaab moves away from monetary transactions altogether, in favour of in-kind taxtortion, for example.⁷² This is exactly the development that the study for this report has showed.

8. Summary

At present, intervention actors lack an authoritative definition of disruption as an intervention and policing strategy. But since al-Shabaab’s war chest is a major factor enabling the group to perpetuate its campaign of violence in the region, cutting off the supply of money serves as a principal hindrance to the group’s operations. Therefore, this report identifies disruption as seeking to obstruct al-Shabaab’s financial activities with the end goal of disabling the group’s ability to carry out attacks. While international community lacks consensus on the definition, the disruption toolbox is multifaceted – and a range of actors, including external stakeholders, regional public authorities, private companies, and civil society, are arriving at the scene to get involved but without overarching coordination. A strategy to guide activities focusing on both land and sea could help clarify what disruption should entail in the context of Somali security and provide focus on the main challenges, which at the time of writing is not only trade in (il)licit goods but increasingly also taxtortion. While work on defining the concept going forward is one need identified in this report, another is the question of which effects disruption has in practice. By actively considering the misalignment of disruption measures,

⁶⁵ Interview #7 16 November 2021

⁶⁶ Interview #10 06 December 2021

⁶⁷ Neumann, Peter R (2017). “Don’t Follow the Money: The Problem With the War on Terrorist Financing.” *Foreign affairs* 96(4), 101.

⁶⁸ Interview #15 29 November 2021

⁶⁹ Neumann, Peter R (2017). “Don’t Follow the Money: The Problem With the War on Terrorist Financing.” *Foreign affairs* 96(4), 93–102.

⁷⁰ Interview #3 09 November 2021

⁷¹ Interview #7 16 November 2021

⁷² Interview #18, 23 November 2021

the limitations of “following the money,” and addressing displacement issues, international actors can be better placed to destabilize al-Shabaab and its parallel governance.