

Countering the financing of terrorism in Eastern Africa

Abstract

Based on evidence-based research, informed by counterterrorism officers, the objective of this paper is to provide information to the Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Chiefs of Police, policy makers and criminal justice practitioners on the perceived: a) threat of the financing of terrorism in Member States; b) most prominent means to finance violent extremism and terrorism; c) the status of cooperation between counterterrorism police officers and other security agencies, as well as

public and private institutions involved in identifying and investigating the financing of terrorism; d) what is required to enhance cooperation; and, e) challenges preventing the successful prosecution of financing of terrorism and related cases. The paper, however, will not focus on member state's implementation of international requirements to prevent and counter financing of terrorism. Instead, the focus will be on the position and/or perceptions of practitioners on the strategies used to finance violent extremism activities and cooperation between practitioners within and between countries to counter financing.



Counter-Terrorism
Centre of Excellence



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1. INTRODUCTION

Within the context of countering violent extremism and terrorism, the international community, especially through the United Nations Security Council Resolution (UNSCR) 1373 (2001) in the immediate aftermath of 9/11 attacks, focused heavily on **preventing terrorism through the targeting of persons and organisations that support and finance terrorism**. The central argument driving this strategy was that for every act of terrorism to occur, some form of financing takes place. However, financing can be derived from various sources, including legal means, such as through borrowing money from a financial institution¹, and illegal means, for example in the form of the proceeds of crime. The latter is criminalized as any form of criminal activity, including the smuggling of narcotics, weapons, etc. A few precedential examples account for terrorists also becoming involved in or crossing paths with criminals in the execution of acts of terrorism. For example, the Madrid train bombings in 2004 were financed through trafficking in illicit drugs by a known criminal radicalised in prison, which were subsequently traded for industrial explosives stolen from a mine in Asturias in northern Spain.²

The different manifestations of terrorism, whether executed by decentralised cell structures or larger identifiable organisations such as al-Shabaab in Somalia, al-Qaeda or Islamic State (IS) through all its different 'provinces', causes a growing concern for authorities regarding the ability of terrorist organisations to maintain and increase their operational reach. Policy makers, analysts and practitioners alike raise concerns that despite the existence of international instruments, legislation, and dedicated structures on responsibility of monitoring, reporting and investigating the financing of terrorism, the threat of terrorism continues to escalate.

The reality is that terrorists regularly adapt to evolving circumstances, adopting new strategies on how funds are raised, and move these funds and other assets, in order to circumvent safeguards established by the international community and individual countries to detect and disrupt these activities. While implementing international measures and recommended good practices, regional alliances and individual countries need to identify, assess and understand terrorist financing within their immediate jurisdictions. Understanding these realities, as well as risks and vulnerabilities, will inevitably lead to the increase of pre-empting, dismantling and disrupting terrorist networks. In other words, an understanding of national and regional terrorist financing risks and vulnerabilities should also inform national and regional counter terrorist financing strategies and assist in the effective implementation of a risk-based approach (RBA) towards counter terrorist financing measures.

While understanding the threat of terrorism and manifestation of terrorist financing is the first step, individual countries – constituting a broader region – need to further assess their current capabilities in order to identify and determine capacity building needs, so they are able to efficiently respond to this growing threat.

A number of research papers³ produced in recent years have predominantly focused on the measures that violent extremist organisations resort to for financing their respective organisations, including the increasing manifestation of the nexus between transnational organised crime and terrorism. Responding to the concern that the international nature of monetary systems allows for its use and manipulation to facilitate the financing of terrorism and money laundering, the United Nations,

¹ For example, Siddique Khan financed the 7/7 bombings targeting the Underground network in 2005 with money borrowed from a financial institution.

² Reinales, Fernando. 'The Madrid Bombings and Global Jihadism' International Institute for Counter-Terrorism (ICT), 17 April 2010. <https://www.ict.org.il/Article/1073/The-Madrid-Bombings-and-Global-Jihadism#gsc.tab=0>

³ See Levy, Ido, and Abdi Yusuf. "How do terrorist organizations make money? Terrorist funding and innovation in the case of Al-Shabaab." *Studies in Conflict & Terrorism* (2019): 1-23; Petrich, Katharine. "Cows, Charcoal, and Cocaine: Al-Shabaab's Criminal Activities in the Horn of Africa." *Studies in Conflict & Terrorism* (2019): 1-22; Bergenas, Johan, and Ariella Knight. "Green terror: environmental crime and illicit financing." *SAIS Review of International Affairs* 35, no. 1 (2015): 119-131; Hamad, Hamad. "Maritime Terrorism: Why the East African Community is the next potential target of maritime terrorism." *Research on Humanities and Social Sciences* 6, no. 6 (2016); Chesson, C., Oliveira, H., Reichenbach, S.C. and Wagner, A.M.A., 2017. Somalia's Organized Crime Networks: A New Framework to Degrade Al-Shabaab. *International Affairs Review*, 25(1), pp.1-17; Kisiangani, Emmanuel. "Comparing Somalia's al-Shabaab and Uganda's Lord's Resistance Army." *Institute for Security Studies Papers* 2011, no. 229 (2011); and Kalron, Nir, and Andrea Crosta. "Africa's white gold of Jihad: al-Shabaab and conflict ivory. Elephant Action League." (2017) to name a few.



Financial Action Task Force (FATF), the Egmont Group of Financial Intelligence Units and regional organisations (such as the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)) initiated structures and measures to address this vulnerability. Recognising that these structures and best practices provide the foundation needed to facilitate and structure cooperation on intergovernmental and institutional levels this paper provides an alternative angle to the question 'how', with predominant focus on 'what' is being done within specialised counterterrorism police units to effectively prevent and counter the financing of terrorism in Eastern Africa. In other words, the intention of this study and paper is not to discuss international institutions and measures to prevent and counter the financing of terrorism, but rather to focus on the practical level of cooperation between officials in the three countries, to:

- 1. Identify the most prominent strategies that fund terrorism-related activities**, according to responses from counterterrorism law enforcement officials partaking in this study.
- 2. Determine the level of interaction and cooperation between specialised law enforcement units** concerned with counterterrorism, with a focus on police structures, and agencies such as the Financial Intelligence Units (FIUs), financial institutions, etc., in the financing of terrorism investigations.
- 3. Establish the level of interaction and cooperation between counterterrorism units and units investigating other manifestations of criminality in relation to the potential financing of terrorism.** Closer synergy identifying and investigating the links between organised crime and terrorism will consequently lead to more prosecutions.

- 4. Unpack the challenges experienced by law enforcement officers** when conducting terrorism financing investigations.
- 5. Determine whether financing of terrorism is sufficiently being investigated and prosecuted** within the EAPCCO region.
- 6. Assess what is required to enhance investigation and prosecution capabilities**, including if existing legislation, policies and structures are sufficient, to counter the financing of terrorism.

To achieve the above objectives, this paper starts by briefly shedding light on the methodology adopted, while providing the background to participating countries, samples and respondents. This section is followed by an analysis of the status of financing of terrorism strategies and its link to organised crime. After determining the manifestation of financing of terrorism, counter measures, including the level of cooperation within and between security agencies, will be analysed. The value of cooperation within and between agencies, and the factors preventing or inhibiting cooperation and sharing of information, will have an impact on the ability of the state to successfully prosecute offences related to the financing of terrorism. The final section of this paper will focus on the experiences of respondents in regard to investigating offences related to financing of terrorism, before recommendations are presented. The recommendations provide an actionable direction as to what is needed to enhance existing capabilities through addressing all-inclusive needs, capacity building and increased cooperation within and between domestic agencies, as well as those within other jurisdictions. This is done through the presentation of 'challenges', which serve to identify priority areas for enhancing capabilities.

2. METHODOLOGY

To achieve the above objectives, this study adopts evidence-based research techniques, with data collected through the following questionnaires:

- 1. Threat Assessment (TA)**, with reference to questions determining the occurrence of offences related to the financing of terrorism and the strategies developed by violent extremist organisations to finance their activities. This analysis will include the views of thirty-three (33) officers representing Burundi (1), the DRC (1), Eritrea (1), Kenya (5), Rwanda (5), Seychelles (2), Somalia (6), South Sudan (2), Sudan (2), Tanzania (6) and Uganda (1).
- 2. Financial Investigation Unit Training Needs Assessment** completed by twenty-eight (28) officers representing Burundi (1), DRC (2), Kenya (2) Rwanda (6), South Sudan (4), Sudan (4), Tanzania (3) and Uganda (5).
- 3. Financing of Terrorism** completed by thirty-nine (39) officers representing Kenya (17), Rwanda (3), Seychelles (1), Somalia (4), South Sudan (2), Sudan (1), Tanzania (2) and Uganda (9).

questions. Responses to the latter are used for analytical purposes, while responses to the former provide additional context and understanding. A five-level and, where necessary, seven-level Likert item was used to measure and scale the attitudes and perceptions of respondents.

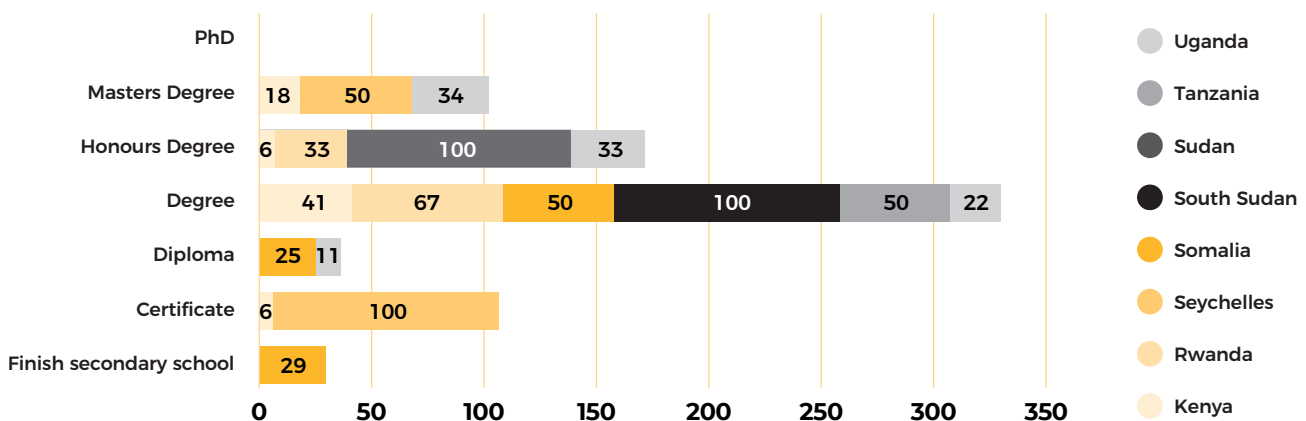
2.1 Background of respondents

While not accounting for detailed information about respondents (i.e. the practitioners tasked with bringing individuals responsible for financing violent extremist organisations to justice as part of financing of terrorism sample), the following analysis sheds light on the specialised nature of the units involved and the type of background represented by members of these units.

The majority of respondents account for having completed tertiary degrees up to Masters level. An important consideration is the fact that officers were attracted to specialised units, which resultantly tends to increase dedication and professionalism. From this perspective, the retaining officers and, in particular, officers with experience, require dedicated attention on the part of commanding officers.

The aforementioned questionnaires incorporate a combination of open-ended and structured

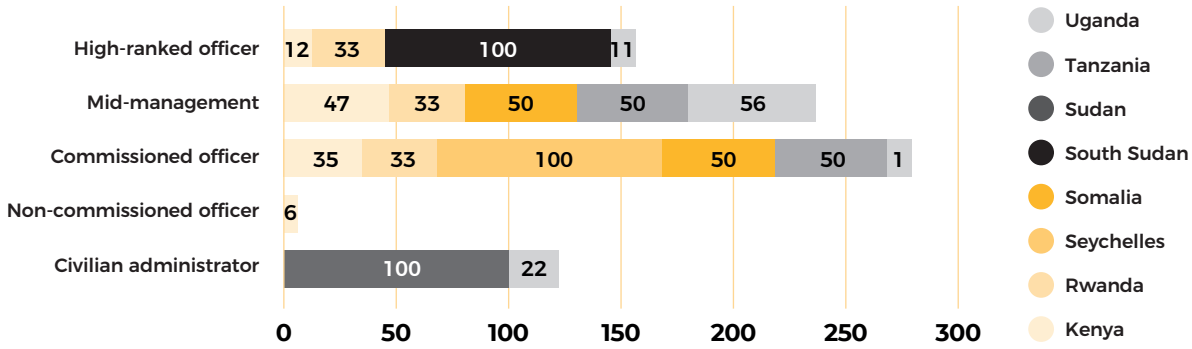
FIGURE 1
Qualifications of respondents



Being able to include the views of commissioned officers as well as officers in managerial roles (see Figure 2) - in addition to the above levels of

qualifications - within respective units (see Figure 3) adds value to the perspectives shared and thus the overall analysis presented in this paper.

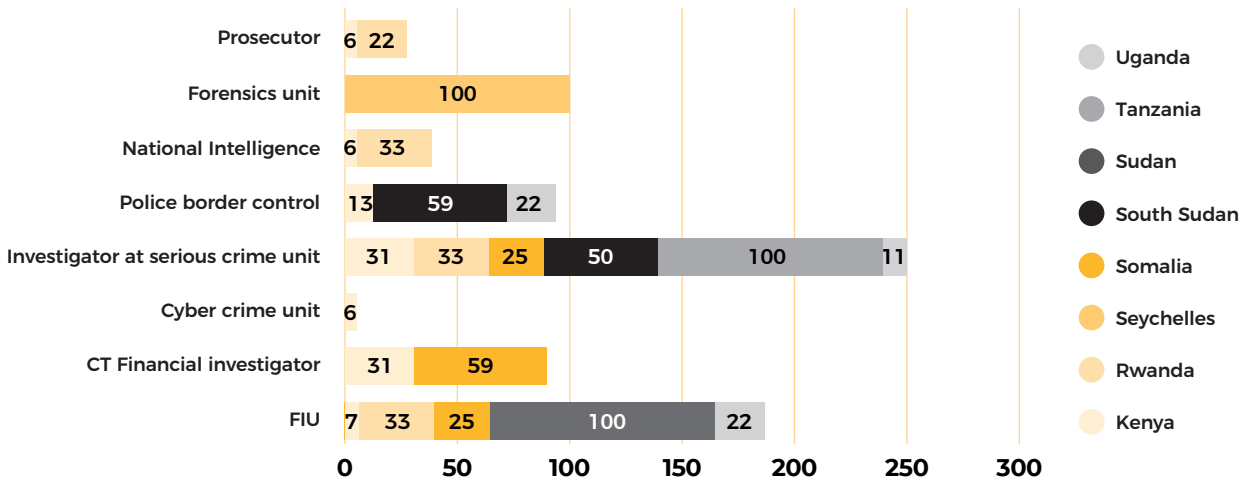
FIGURE 2
Position within respective units



The study includes representation from the financial investigators of counterterrorism, prosecution authorities, national intelligence and Financial

Intelligence Units, as well as including respondents from forensics units, border control, cybercrime and other specialised serious crime units.

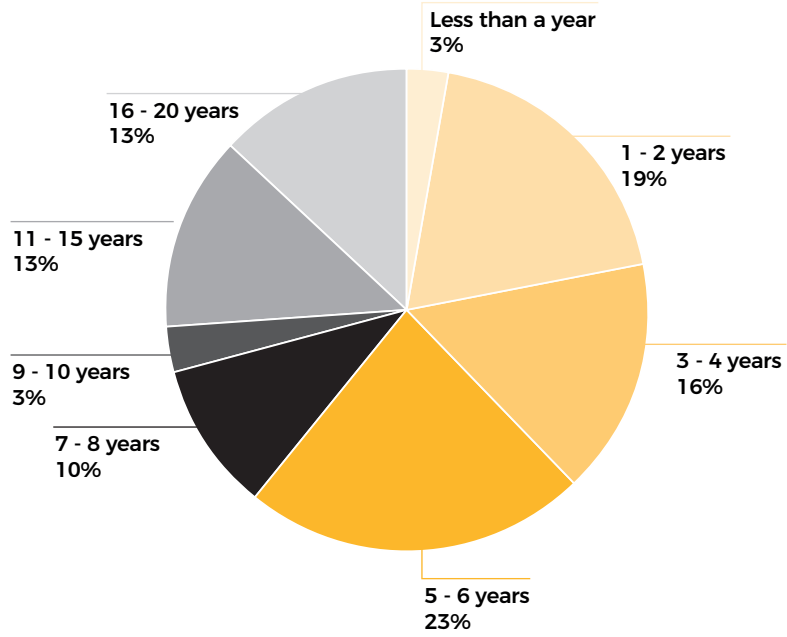
FIGURE 3
Office / Unit currently employed at



The majority (59%) of respondents account for between five to twenty years of experience, of

which majority (23%) account for between five (5) to six (6) years of experience.

FIGURE 4
Experience in the department or unit

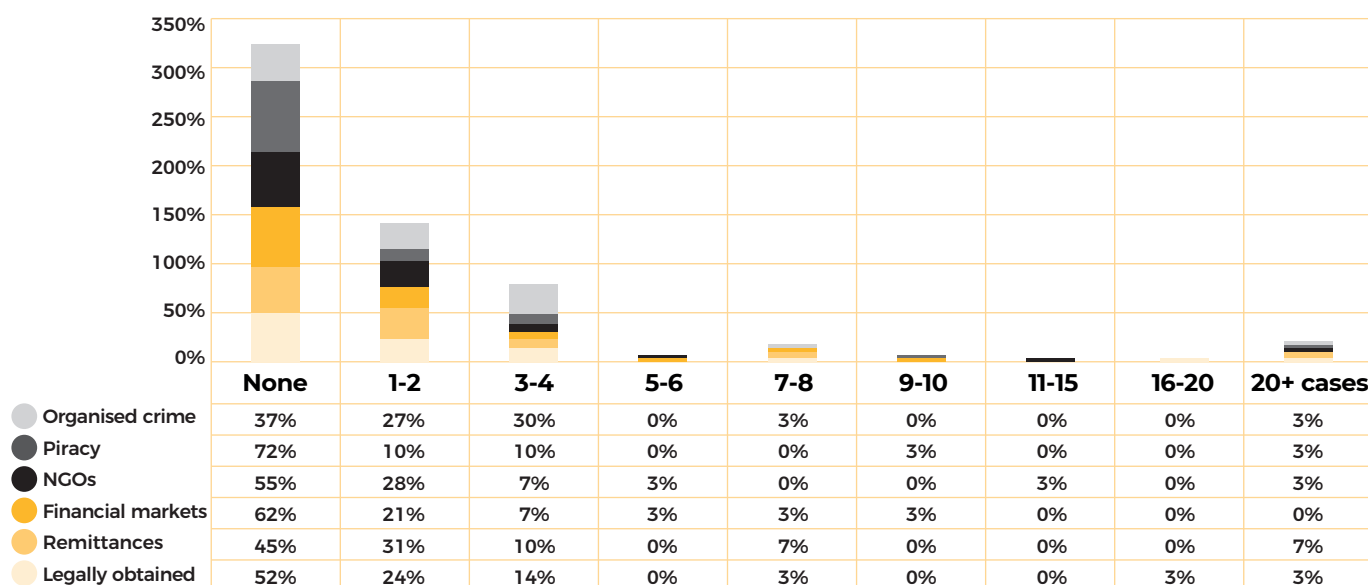


3. UNDERSTANDING FINANCING OF TERRORISM WITHIN EASTERN AFRICA

The main principle that all respondents concur with, is that the operation of a terrorist organisation, as well as planning and execution of terrorist attacks, cannot be performed without some form of financing. **Therefore, understanding why and how finances are being raised, provides valuable insights on which strategies are more applicable for countering a particular organisation and the type of activities an organisation is engaged in.** Considering the variety of potential sources to finance terrorism, understanding why terrorist organisations (including decentralised networks) opt for one source over another, or use a combination of sources, requires attention. Furthermore, analysis also needs to determine the type of circumstances required in each case for funding to be generated. Understanding associated advantages and disadvantages of each source of funding equally adds to the framework to conduct risk and vulnerability assessments. Simultaneously, it is important to consider that operational realities differ between countries, even within the Eastern Africa region. For example, the operational structuring, area of operation, and strategy of al-Shabaab in Somalia differs from that in Kenya.

Prior to analysing the strategies of terrorist organisations to finance their activities in Eastern Africa, it is important to note that hiding the movement funds for illegal purposes (for financing terrorism as well as other purposes) within the legal financial framework remains a real concern. For example, remittances, the use of cash-based economies, and the potential use of cryptocurrencies, complicates the identification of suspicious activities. These issues pose a direct challenge for investigation capabilities in relation to financial intelligence, and to the monitoring of transactions leading to successful prosecution of offences. Referring to potential sources used to finance violent extremist and terrorist organisations, Figure 5 differentiates between criminal activities (Organised crime and piracy) and 'legal' financial and support activities, i.e. legally obtained funding through financial markets, NGOs and remittances, for example, based on the number of cases respondents were engaged in. Overall organised crime accounts for 63% of cases, followed by remittances (55%) and other legally obtained funding (48%). According to respondents, the link between piracy and financing of terrorism accounts for 28% of cases, whereas 38% of money obtained through financial crime is being used to advance violent extremist activities.

FIGURE 5
Broad breakdown of financing of terrorism cases




Preventing and countering the financing of terrorism while addressing transnational organised crime is referred to by several UN Security Council Resolutions, including:

- **UNSCR 2195 (2014)**, which calls on States to better understand and address the nexus between organized crime and terrorism as a threat to security and development;
- **UNSCR 2322 (2016)**, which requires States to enhance cooperation to prevent terrorists from benefitting from transnational organized crime, as well as to investigate and build capacity to prosecute such terrorists and transnational organized criminals associated with them;
- **And UNSCR 2370 (2017)**, which further urges Member States to strengthen, where appropriate, their judicial, law enforcement and border-control capacities, and develop their investigation capabilities of arms trafficking networks, to address the link between transnational organised crime and terrorism.

- **UNSCR 2462 (2019)**, reaffirms the focus on the financing of terrorism made in UNSCR 1373 (2001) and calls on States to combat and criminalize the financing of terrorists and their activities.
- **UNSCR 2482 (2019)** makes specific reference to the role of INTERPOL through its investigative and analytical databases, to assist Member States to prevent and counter the linkages between terrorism and organised crime.

A direct link between transnational organised crime and the manifestation of acts of terrorism exists visibly through the smuggling of firearms. During the period between 2015 and 2020 a difference of 169.28% was identified between the use of firearms and explosives by violent extremist organisations in the region.⁴ Considering that both firearms and ammunition are not manufactured directly in most affected countries in the region implicates the transnational character of terrorism and organised terrorism in which weaponry is being obtained through attacks on security forces and through illegal smuggling networks. The most prominent criminal activities associated with terrorism (in addition to the smuggling of weapons and explosives) include:

 **Counterfeiting and the illegal trafficking of goods** such as medication, clothing, cigarettes, precious metals and stones, endangered wildlife species and products (often demand-driven).



Smuggling of narcotics.



Human trafficking. These networks provide additional opportunities for terrorists, as the routes used and lessons learned in human smuggling, especially in countries with established border-control measures, are useful to terrorists and terrorist networks. If the terrorist offender is known, traditional means and routes used to enter and exit a country will not be used, which may entail paying smugglers



to smuggle a potential terrorist between countries, without the knowledge of either.



Kidnapping, extortion and taxation of the public.

Attaining identity documents, either through forged identity documents and passports and/or the illegally obtaining legal identity documents through corruption. While facilitating undetected international travel, this critical loophole can be used to gain access to legal financial services and forms of communication, for example registering a mobile number.

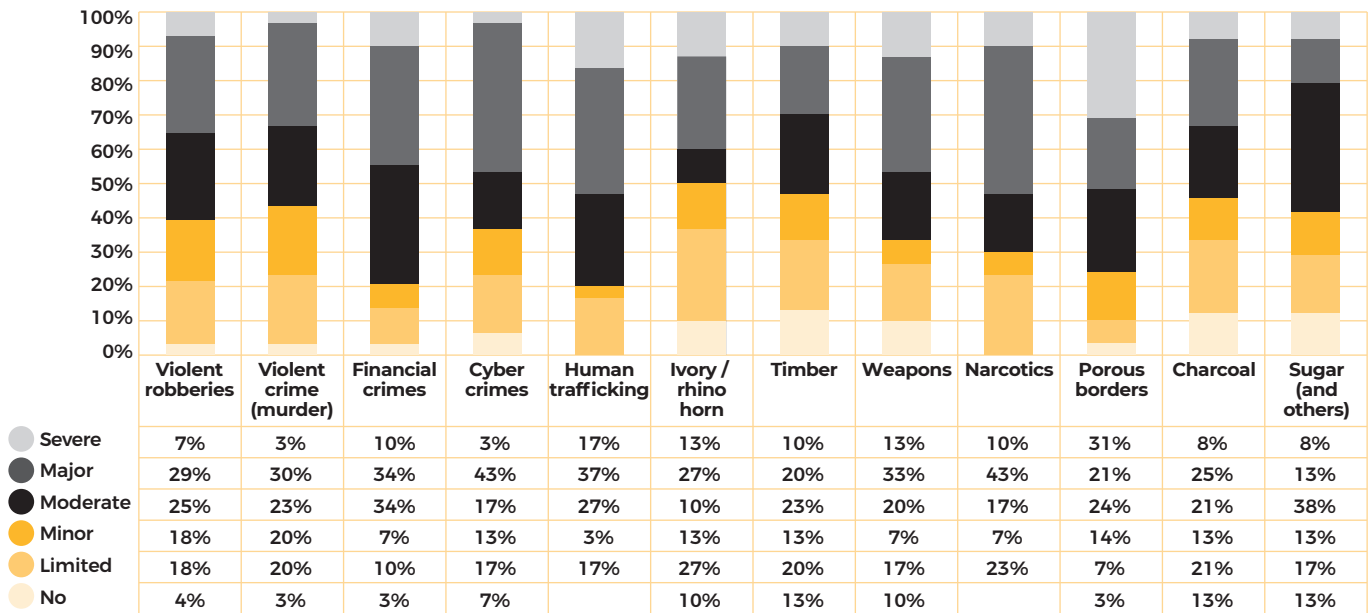
Figure 6 focuses on the severity of violent and organised criminal activities (not necessarily linked to the financing of terrorism). The smuggling of

narcotics and human trafficking is assessed as the most serious⁵ (53%), followed by the overall threat due to porous borders (52%).

⁴ The use of firearms increased with 159.36% between 2020 (1691) and 2015 (652), with an increase of 3.17% between 2019 and 2020; while attacks involving the use of explosives increased with 26.24% between 2019 and 2020 and an overall increase of 73.11% between 2020 (457) and 2015 (264).

⁵ With reference to 'major' and 'severe' categories.

FIGURE 6
Serious nature of violent and organised criminal activities



Respondents account for two primary reasons for why cross-interaction between terrorist and criminal networks occurs:

- 1. To finance terrorist operations;**
- 2. And to enable the operation and execution of acts of terrorism,** e.g. enabling the movement of terrorists through access to illegal documentation, weapons or explosives used in attacks.

Terrorists resorting to organized crime is influenced by a number of factors, including:

- The nature of the operation.** For example, a suicide attack planned and executed by a decentralised cell will be different to that of an established organisation involved in terrorism. The former may resort to individuals willing to fund the operation, as well as limited criminal activities to fund the attack, while the latter may adopt a more structured approach.
- The structure of the organisation.** For example, a larger organisation (with more members) will require more funds to cover its operational expenses than a smaller decentralised cell. It is important to note that the execution of even complex attacks require limited financial

resources. These operational expenses will include 'salaries'. Payment may also attract new recruits (considering the different reasons why individuals join), or be used to finance communication, transportation, securing weapons and explosives, etc.

- While the size of the terrorist organisation or operational cell and counterterrorism operations** will have an impact on recruitment strategies, the ideological expansion that includes the radicalisation and recruitment of new members will benefit from capitalising on criminal networks. It is, however, important to note that while criminal networks are not required to accept the ideology of a violent extremist or terrorist organisation, a number of examples account for criminals being converted and recruited. Although individual reasons for joining the organisation may include commitment to the ideology of the organisation and adhering to its overall 'reasons' for existence (including nationalism, religious ideology, affecting political change), the organisation still needs to pay its members.

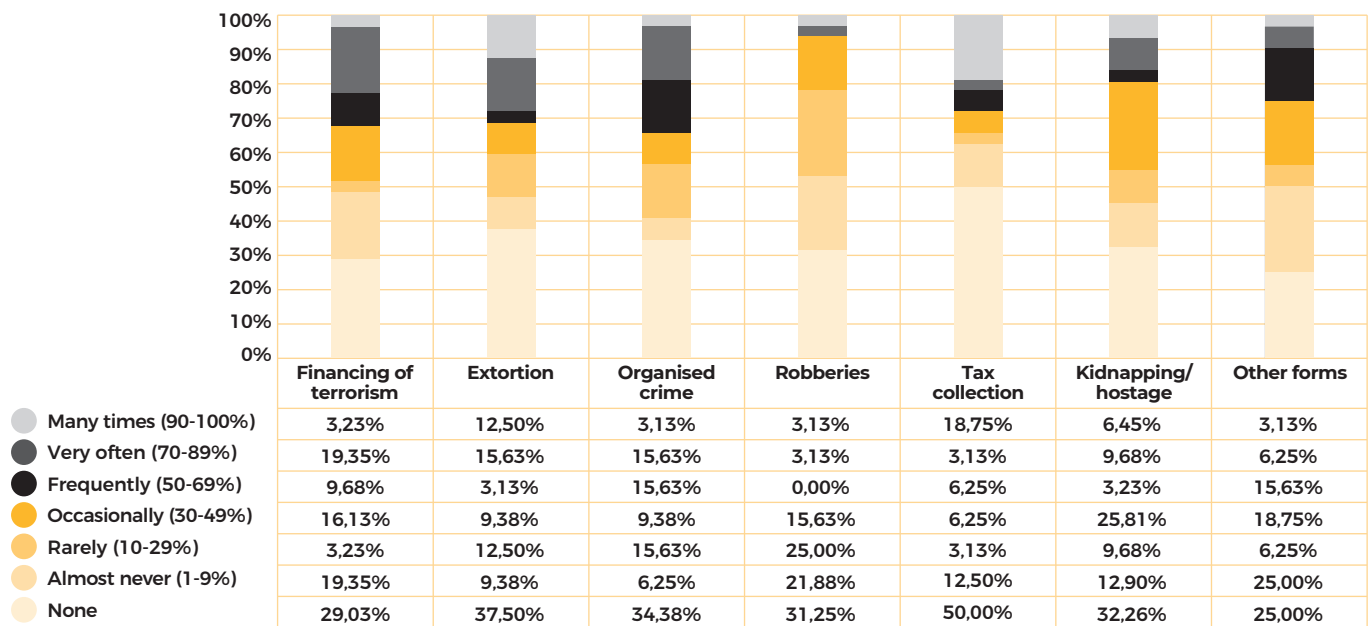
Understanding how terrorists benefit from criminal activities to facilitate and advance their activities, requires attention to national and sub-regional developments in financing violent extremism and terrorism, as well as measures to counter it. In other words, although international trends

and developments should always be taken into consideration due to the transnational character of the threat, not identifying and addressing local and regional manifestation of terrorism - and the financing thereof - will lead to the development and implementation of ineffective preventative and counter-measures.

In the Democratic Republic of the Congo (DRC) and Somalia, funds are generated through a taxation system referred to as “revolutionary taxes” (Figure 6). In 2014, al-Shabaab’s annual revenue was reportedly USD 70–100 million, stemming from ‘duties and fees levied at airports and seaports, taxes on goods and services, taxes in kind on

domestic produce, jihad contributions, checkpoints and various forms of extortion justified in terms of religious obligations, or zakat⁶. This also included the taxation of the khat trade. Even though its use is banned by al-Shabaab, the organisation capitalised on the financial opportunity presented by taxation of its export. However, respondents in Kenya and Uganda do not recall the same experiences in their respective jurisdictions. Other sources of income also include extortion, including kidnapping for ransom and robberies, particularly in the DRC. It is important to note that organised crime for the purpose of financing terrorism rated higher than purely crime related organised crime in Somalia and Kenya, while the opposite occurred in the DRC and Uganda.

FIGURE 7
Seriousness of the following financing of terrorism-related activities



Organisations that are categorised as insurgent movements (e.g. al-Shabaab in Somalia) with territorial control, require resources to run training camps, including providing food and housing for members. Insurgent movements do not consider their existence in silos, but also need to gain support of the broader public in territory under its control. In most cases this is achieved by providing essential services such as healthcare, education and access to justice, of which all require financial resources. Determining the means through which violent extremist organisations generate funding, the Threat Assessment (TA) asked respondents to reflect on the seriousness of activities

associated with the financing of terrorism, followed by categories of criminal activities individuals and organisations resort to (see Figure 6).

Although the objective of the above summary is not to provide a detailed description of financing experiences throughout the region, it is important to note the cash-based nature of financing activities, which places a different type of burden on investigators. A positive indicator in investigating the potential financing of terrorism is the regulation of the mobile money industry. Know Your Customer (KYM) regulations, require

⁶ Keatinge, Tom, and Royal United Services Institute for Defence and Security Studies. *The role of Finance in defeating Al-Shabaab*. RUSI, 2014. p. 15.



an individual to register a SIM and/or produce a national identity card/document, or, if unavailable, requires a person to produce a letter from a local council, ward or village head/administrator. This, along with the setting of transaction and balance limits, enhances transparency and provides another point from which to conduct investigations.

An important finding of the above discussion is that although regulatory measures need to include all forms of financial sectors and industry, measures can also be directed more specifically to the type of industry terrorists may focus on for raising and transferring funds. Nevertheless, terrorists and

criminals continue to implement counter measures and/or strategies to prevent the identification and monitoring of their activities, and tactics, such as stealing ID documents or forcing a person to open and/or register an account, and intimidation of the victim should the person report abuse or the crime. These methods should also be considered. This reality will require constant analysis on national and regional levels, first, to address the actual manifestation of activities through which violent extremist organisations finance their activities, and secondly, to proactively identify changing trends to implement required counter-measures.

4. COOPERATION BETWEEN UNITS AND AGENCIES

After addressing efforts by the international community, through UN Security Council Resolutions to increase cooperation between agencies and countries to prevent and counter terrorism, including the financing of terrorism, respondents were asked to recall if they had previously cooperated within their organisation/agency. 50% of respondents indicated cooperation within their organisation. Respondents were subsequently asked whether they had collaborated with other agencies outside their own organisation/agency in case(s) related to the

financing of terrorism, to which 69% responded affirmatively. It is important to note that more respondents cooperated with outside agencies than respondents who drew on the benefits from intra-agency cooperation. Determining the level of cooperation, Table 1 summarises respondents who categorized interaction between 'good' and 'excellent' in relation to the following departments/units/agencies. As a benchmark, respondents were also requested to rate the level of cooperation with the public, which attained the 8th position (46.43%).

TABLE 1
Level of collaboration/cooperation with other entities and countries

Priority	Agency	Percentage
1	Between police investigators and CT investigators	67.85%
2	Mobile phone service providers	60.72%
3	Airport authorities	60.71%
3	Between police intelligence and investigation units	60.71%
4	Prosecution Authority	59.26%
5	Immigration	57.15%
6	Military	53.58%
7	Other domestic intelligence agencies	53.57%
8	Public	46.43%
9	Neighbouring law enforcement agencies	42.86%
10	Foreign Affairs	42.31%
11	National CT Authority (NCTC)	41.38%
12	Customs	39.28%
13	Foreign law enforcement agencies	29.63%
14	Neighbouring intelligence agencies	28.57%
15	Foreign intelligence agencies	25.00%

In addition to the level of cooperation (see Table 1), it is equally important to note the value (see Table 2), of cooperation. The majority of respondents recall positive attitude between authorities – including with the public (69.57%) – within Member States, with particular reference to interactions between police investigators and counterterrorism investigators, followed by the prosecution authority, customs, immigration and other domestic intelligence agencies. The level of cooperation with national counterterrorism coordination authorities (41.38%), as well as the value associated with working with these

authorities (54.55%) requires closer attention. While this analysis is based on an inclusive perspective, it is important to note that each country expressed their subjective experiences. Upon closer analysis, the two main reasons that had a negative impact on this relationship was the fact that some respondents had no experience working with these national coordination authorities. Further, a positive indicator relates to the value respondents experienced working with neighbouring intelligence and investigation authorities, despite relatively limited levels of interaction.

TABLE 2
Value of collaboration/cooperation with other entities and countries

Priority	Agency	Percentage
1	Between police investigators and CT investigators	82.60%
2	Prosecution Authority	78.26%
3	Customs	73.91%
3	Immigration	73.91%
3	Other domestic intelligence agencies	73.91%
4	Public	69.57%
5	Mobile phone service providers	69.56%
5	Between police intelligence and investigation units	69.56%
5	Military	69.56%
6	Foreign law enforcement agencies	65.22%
7	Airport authorities	65.21%
7	Neighbouring intelligence agencies	65.21%
8	Neighbouring law enforcement agencies	60.87%
8	Foreign Affairs	60.87%
9	Foreign intelligence agencies	60.86%
10	National CT Authority (NCTC)	54.55%

Followed by the assessment of the level and the value of cooperation, respondents were asked to identify factors that may prevent the sharing of information and what needs to be ‘in place’ to facilitate and enhance cooperation between units/

departments and countries. Assessing the former, classification (and potentially over-classification) of information, as well as limited trust, were reported at significant levels (see Table 3).

TABLE 3
Factors that may prevent the sharing of information

Priority	Factor	Percentage
1	Information classified as 'secret'	57.14%
2	Do not trust individuals from other institutions	53.58%
3	Information classified as 'confidential'	53.57%
4	Do not trust officers of other units	50.00%
5	No policy in place to share information	39.28%
6	High-level of corruption	37.03%
7	Do not know the officials	35.71%
8	No structure in place to share information	28.57%
9	Not allowed by the commanding officer	25.00%
10	Do not want to bother commanding officer with a request	22.22%
11	Time due to caseload - I'm too busy	21.43%
11	Do not see the value of cooperation	21.43%
12	Do not get personally along with others - prefer to work alone	17.86%
12	Do not see the importance to share information	17.86%
13	Do not think it will benefit my investigation	11.11%
14	Not trained to engage with non-police officers	10.71%

Accounting for factors which may prevent information sharing, respondents were asked to evaluate potential initiatives that may facilitate and/or further the sharing of information or intelligence while conducting investigations related to the financing or furthering of terrorism-related offences. It is important to make note of the training on financial intelligence, organised crime, financial investigations, new technologies (used by individuals/organisations to further and finance violent extremism, as well as the availability of new developments to prevent and investigate these activities), and new tactics that terrorists and/or criminals may resort to for enhancing and facilitating their activities. The pro-active focus of these initiatives should not go unnoticed. Recalling the level of cooperation currently attained with the public (see Table 1) and the value associated with cooperating with the public, and acknowledging the need to enhance cooperation with the public, including training on how to enhance the cooperation, this cooperation presents a valuable source of information to be capitalised on.

In addition to the prominence of capacity building, Table 4 also highlights the importance of structural and procedural factors that will advance cooperation. These predominantly include: security clearance (to address above factors assessed to prevent sharing of information); followed by the appointment of dedicated officers tasked with facilitating interaction (7); clear policy and strategy (8), often established and/or determined through legislation and associated mandate; a clear line of communication; SOPs; and a central authority to initiate and coordinate cooperation. While cooperation is important, it should not occur without initiating steps to prevent unauthorised access to sensitive information through the role of counterintelligence (77.78%), securing means of communication (71.43%) and regular administering of polygraph tests (51.85%), which is an important step when issuing and renewing security clearances.

The above steps are particularly important to prevent miscommunication, while good intentions

should also be followed through upon, instead of only expressing them. Less tangible and measurable factors that exist on individual levels (noting that more senior officials have a more prominent role than officers or officials with a less senior role

or position in the organisation) that may play a positive or negative role relates to trust, personal relationships, mutual purpose and urgency in most conducive circumstances.

TABLE 4

Initiatives to facilitate and enhance the sharing of information/intelligence during investigations

Priority	Requirement	Percentage
1	Training on financial intelligence	96.30%
2	Training on organised crime	92.86%
3	Training on financial investigations	92.60%
3	Training on new technologies	92.60%
4	Training on new tactics of terrorists/criminals	92.59%
5	Training on working with the public	89.29%
5	Security clearance	89.29%
6	Training on forensic accounting	88.89%
7	Mutual trust	85.72%
7	Dedicated officers from other agencies responsible for cooperation	85.72%
7	Training on cooperation internally	85.72%
8	Clear policy and strategy (eg legislation)	85.71%
9	Training on cooperation between agencies	82.15%
10	Clear understanding of the different mandates	82.14%
10	A clear line of communication	82.14%
11	Established history of cooperation	81.48%
12	Personal relationship between people cooperating	80.77%
13	Mutual purpose	78.57%
14	SOPs	77.78%
14	Monitoring through counterintelligence	77.78%
15	Central authority to initiate & coordinate cooperation	75.00%
15	Understand circumstances in other agencies	75.00%
16	Secure phone/internet connection	71.43%
16	Mutual urgency	71.43%
16	Right environment	71.43%
17	Regular polygraph tests	51.85%

5. PROSECUTION OF OFFENCES RELATED TO THE FINANCING OF TERRORISM

Although unintended to provide a detailed account of international instruments to prevent the financing of terrorism, a brief reference to the Financing of Terrorism Convention and UNSCR 1373, in relation to the implications of 'financing of terrorism' as well as the core objective of the international framework in bringing perpetrators to justice, is necessary.

Article 2 (1) of the International Convention for the Suppression of the Financing of Terrorism (1999) defines the crime of terrorist financing as the offense committed by:

"...any person who by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out an act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act." (emphasis added by author)

Following the 9/11 attacks, the UNSCR1373 was issued under Chapter VII of the UN Charter, making provisions legally binding on all Member States, and requiring Member States to implement the

following measures to prevent support, including the financing, of terrorism:

- 1. Criminalize the financing of terrorism;**
- 2. Criminalize the intentional collection of funds** to be used to carry out terrorist acts;
- 3. Freeze funds and other financial assets** of individuals who commit, or attempt to commit, terrorist acts or participate in or facilitate terrorist acts;
- 4. Criminalize provision of any form of support** to entities or persons involved in terrorism;
- 5. Suppress recruitment of members** of terrorist groups;
- 6. Eliminate the supply of weapons** to terrorists;
- 7. Deny safe haven to those who finance, plan, support, or commit terrorist acts,** or provide safe haven to terrorists.

Consequently, Member States introduced specific legislation, with reference to counterterrorism, anti-money laundering, and financing of terrorism legislation, as well as banking circulars, and monitoring instruments as part of its international obligation to prevent and counter the financing of terrorism.

Terrorism financing therefore typically involves three stages:



1. Provision and collection of funds, through donations, taxation, microloans and/or resorting to criminal activities themselves or establishing a relationship with criminal networks;



2. Funds transferred to a terrorist (individual), terror network, organisation or a particular cell; and

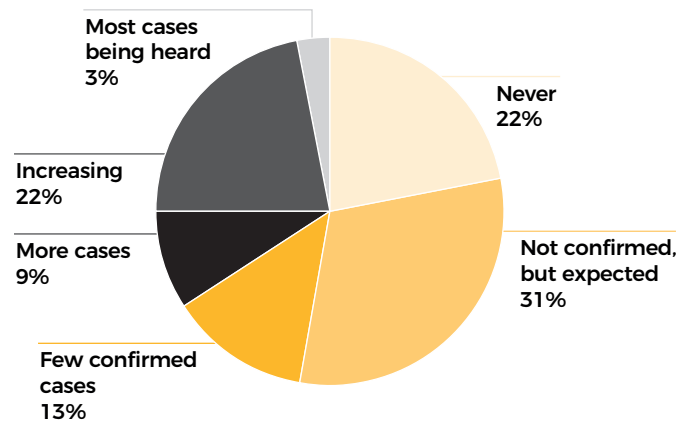


3. Use of these funds and/or support to purchase weapons and/or explosives, cover the operational costs of terrorists or insurgents, or fund a particular attack.

It was previously assumed that when the threat of violent extremism⁷ is taken into consideration, offences related to providing support and financing of terrorism are under-prosecuted. To determine the relevance of this assumption, respondents were asked a number of questions, starting with how common offences related to the financing of terrorism are in their respective jurisdictions (see

Figure 8). The majority (31%) of respondents expect that financing of terrorism occurs (although not confirmed), while 22% of respondents indicated that financing of terrorism does not occur in their respective jurisdictions. 22% of respondents indicated that offences related to the financing of terrorism are increasingly being heard in court.

FIGURE 8
Occurrence of financing of terrorism-related offences

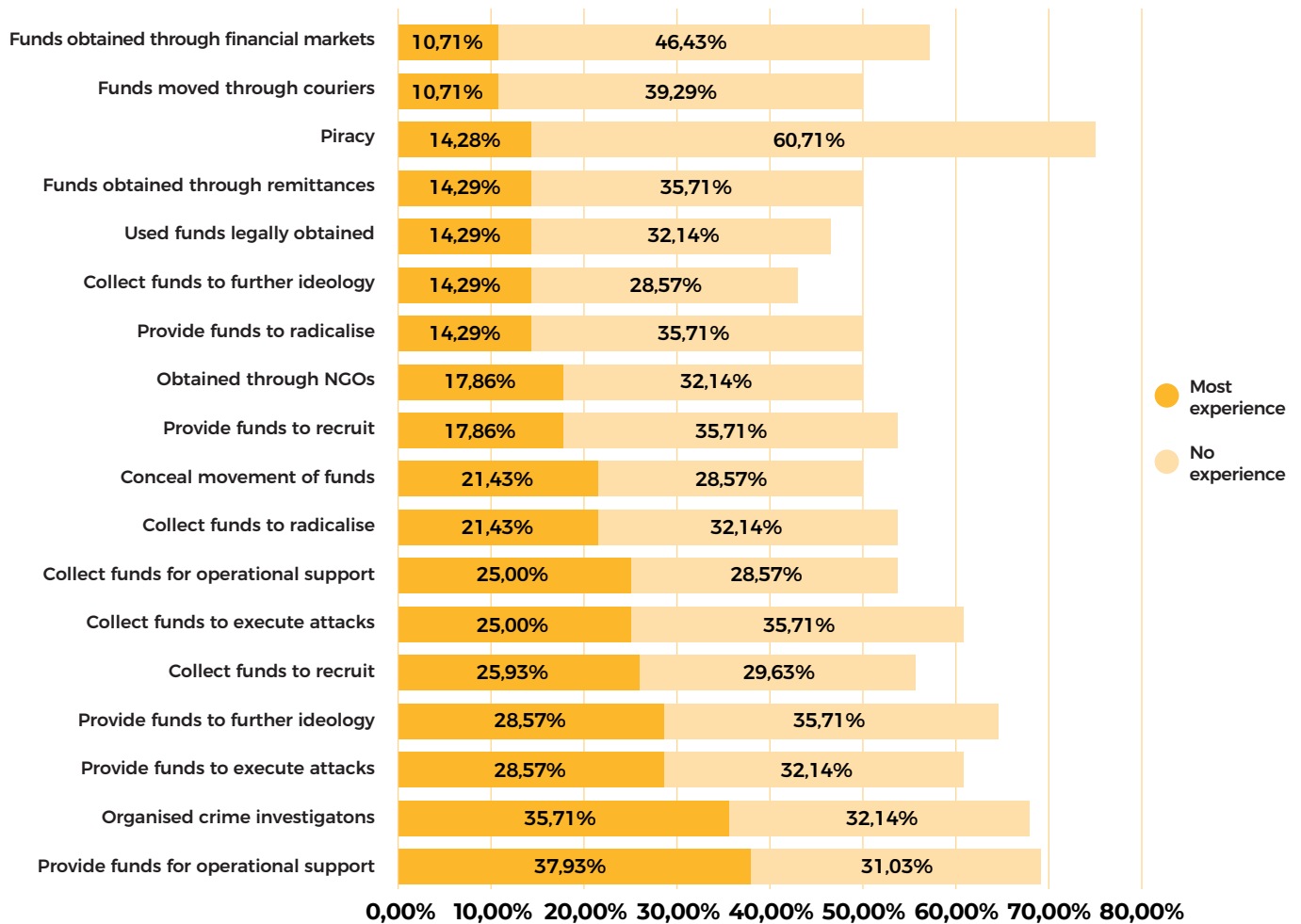


In order to further the understanding of the type of financing of terrorism cases being investigated, Figure 9 highlights the type of investigations that respondents have most and least experience in. Respondents express the most experience (37.93%) in investigating cases in which individuals provided funds to operationally support, while 31% of the same sample had no experience in this type of investigations. 35.71% of respondents

indicated that they had the most experience investigating organised crime and its relation to the financing of terrorism, while 32.14% of the respondents indicated no experience of the same. Organised crime and investigations into providing operational support were however the only two categories in which most experience outweighed 'no experience'. In other words, in all other offences 'no experience' prevail over 'most experience'.

⁷ With reference to the presence and activities of recognised terrorist organisations that manifest acts of terrorism.

FIGURE 9
Experience investigating financing of terrorism related offenses



Directly indicating limited focus on part of counterterrorism and organised crime units to investigate and link investigations, may confirm the perception that the financing of terrorism has not yet manifested within participating Member States, or that relevant authorities have not

considered the financing angle when investigating other terrorism-related offences (confirmed by limited prosecutions that include the financing of terrorism or providing assistance as part of the charges) (see Figure 8).

6. RECOMMENDATIONS

Subsequent to highlighting current circumstances related to financing of terrorism as well as challenges in countering the financing of terrorism, the main purpose of this study is to present informed recommendations to address presented challenges based on evidence-based research, for the use of policymakers, practitioners, including those in decision-making positions, as well as international organisations and the donor community supporting assistance and capacity building activities.

Addressing areas that may challenge successful investigation and prosecution of individuals providing, collecting, transferring and utilising funds to facilitate the functioning of terrorist organisations, or affiliated cells, enable the execution of acts of terrorism and further the ideology of violent extremist organisations through radicalisation and recruitment, the following list of priorities is identified (see Table 5). The listed priorities are below presented in identified themes. (For the original list, see Table 5.)

All-inclusive needs

1. Need for technological resources (75%):

Using technology requires that data is clean or without errors, complete (up to date) and reliable. This requires data to be digitised. Although the role of artificial intelligence increases the capabilities of FIUs especially, to identify suspicious financial transactions, including through the application of the Know Your Customer (KYC) principle, the role of human intelligence cannot be excluded from investigations. Considering the transnational characteristics of money laundering and the financing of terrorism through 'legal' or recognised financial systems, information needs to be made available beyond national jurisdictions. This requires taking the necessary steps to implement regulations that protect personal data against abuse, while simultaneously not withholding the collection and sharing of data.

2. Insufficient financial resources (66.66%):

Enhancing current capabilities requires an increased budget of technological resources as well as human resources. If the countering of the financing of terrorism (part of financial crime) is not a priority then funds will not

be adequately allocated. Member States are encouraged to conduct regular multi-agency threat, risk and vulnerability assessments on a national level to determine national priorities, while informing neighbouring countries and others in the region of main findings of assessments will be proactive in advancing the ability to address new threats and developments. The EAPCCO CTCoE can play a coordinating and facilitating role in preparing regular regional assessments with the intention to identify new trends and counter-initiatives.

3. Understaffed specialised investigators (62%):

Investigating the financing of terrorism is a specialised field, and the strategy in which funds are being generated will further determine what skillset is required to conduct and assist investigations. The importance of capacity-building and skill development in any organisation or institution is an investment that needs to be interpreted as a long-term commitment to its best resource, i.e. its employees. While every agency has its own objectives, mandate, and responsibility, ensuring the effective implementation of the same, this investment needs to reach all levels of the department or agency.

Capacity building

Underscoring the importance of capacity building, the Hague Good Practices (2018) on the nexus

between transnational organized crime and terrorism refers to capacity building and law enforcement as the means to enhance anti-crime and counterterrorism strategies.

1. Recognising that without investigations prosecutions will be limited, the study identifies a reluctance on the part of investigators to investigate cases where the financing of terrorism is a potential offense. This occurrence is likely due to investigators predominately focusing on the manifestation of the offence without consideration for what contributes to the offence. **In other words, building capacity within law enforcement to e.g. identify crucial financial evidence (46.42%), evaluate, and present sufficient evidence (53.57%), will contribute to more successful prosecutions of these under-prosecuted offenses.** Actionable steps *inter alia* include:

- i. Capacity building to raise awareness** through the inclusion of a module (or at least a lecture) on financial investigations in counterterrorism capacity building events.
- ii. Dedicated and tailored training** on how to conduct investigations (72.40%) and how financial evidence will add to the overall investigation.
- iii. Identifying investigators and prosecutors with experience** investigating and prosecuting financing of terrorism cases and drawing on their experiences to develop mentorship programs based on realities in the region and international best practices.
- iv. Enhancing the capacity to identify financial-related evidence**, and how to cooperate with specialised financial investigation units, will contribute to a better understanding and expand focus leading to more prosecutions.
- v. Developing a case management framework** with investigation and prosecution authorities. One of the outputs may include a checklist

used to guide investigators to identify elements constituting financing of terrorism as an offense.

2. Capacity building initiatives should be guided by the following principles:

- i. Tailor-made training programs** based on the threat, existing capabilities and needs;
- ii. Address the knowledge, skills and attitudes of personnel** to enhance the performance or execution of duties;
- iii. Conduct inclusive training events** (between all relevant agencies) to facilitate capacity building, as well as enhance inter- and intra-agency cooperation.

3. Recalling proposed measures to enhance cooperation between and within agencies (see Table 4) training in the following topics were identified:

- i. Financial intelligence;**
- ii. Organised crime;**
- iii. Utilisation of new technology** on the part of terrorists and criminals, as well as the possibilities technological developments open for mandated departments/agencies and units to prevent and counter the threat presented;
- iv. New tactics** terrorists and criminals may resort to, to facilitate and enhance their reach and strengthen their operations and/or activities;
- v. Enhancing relations with the public** to capitalise on this resource and force multiplier.



Cooperation within and between countries

Understand, map, and implement already established initiatives to enhance cooperation

Although the objective of this study and paper was

not to identify, discuss and evaluate involvement and adherence to international and/or regional multinational institutions and the implementation of existing instruments, there is still a need, especially on an operational level, to inform and assist practitioners to implement and use frameworks provided by:

1. The United Nations, including UN Security Council Resolutions 1267 and 1373 (and others)

2. World Bank and International Monitor Fund's (IMF) role in combating money laundering and the financing of terrorism

3. The Financial Action Task Force (FATF)

in reference to its Recommendations on preventing and countering money laundering and the financing of terrorism

4. The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)

5. The Egmont Group of Financial Intelligence Units

International organisations, such as *UNODC, UNOCT, IOM, AIRCOP* and others, play an incalculably important role in coordinating, developing and assisting Member States to effectively enhance measures to prevent and counter the financing of terrorism, including through enhancing border security measures

and instruments. Member States are therefore encouraged to continue and, where possible, to enhance their requests for assistance as well as interaction with these and other organisations in an attempt to synchronize efforts to prevent and counter violent extremism, terrorism and organized crime in its different manifestations.

Domestic cooperation

1. Strengthening initiatives to enhance effective collaboration and sharing of information within and between all agencies and structures tasked with preventing, investigating and prosecuting the financing of terrorism, requires:

i. A framework to facilitate cooperation of inter-agency collaboration, at both tactical and strategic levels. This requires a dedicated process in which individuals representing different departments/agencies/units are made responsible for mutually agreed steps and processes.

ii. Cross-agency capacity building initiatives on the financing of terrorism involving counterterrorism officers – including intelligence and investigation – specialised units (associated with organised crime), FIUs, customs, immigration etc. will have a positive impact on building trust and understanding of different mandates and

the role of other agencies in investigations.

iii. Limited involvement/support from financial institutions in investigations (59.62%) to be addressed through:

a. Establishing formal relations between counterterrorism units and service providers within the legal framework while addressing concerns and challenges these service providers experience that may negatively impact on cooperation;

b. Involving financial institutions and other service providers, depending on the focus, to further enhance understanding, trust and cooperation. A potential starting point to consider is to invite these officials to give presentations and capacity building initiatives to increase the potential to conduct shared events.

Sharing information – in this case financial information – in a timely manner is a critical component in criminal investigations to prevent and counter transnational organised crime and terrorism. Notwithstanding the regulatory framework often codified in legislation, practitioners continue to be confronted with a number of practical realities, including: cash-based economies, in which the majority of the population conduct business outside formal banking institutions. However, the introduction of mobile money provided a solution to the lack of regulation associated with cash-based economies. In Kenya, for example, this was achieved through requiring the user to register a mobile telephone number associated with M-Pesa (or other service providers) account, in which phone numbers represent account numbers.

3. Limited cooperation between intelligence and investigation units (60.71%) and limited cooperation between intelligence, investigation and prosecution (57.14%) has a direct impact on addressing challenges to convert financial intelligence to evidence (71.43%), which is third on the list of challenges respondents identified in advancing investigation and prosecution capabilities.

4. Cooperation with the prosecution authority will not only enhance the success financing of terrorism-related cases, but every criminal case to be heard in court. Prosecutor-led investigations on terrorist financial investigations will further assist investigators on the type of evidence required to secure convictions.

Regional and international cooperation

Limited intelligence cooperation between countries (71.42%) and limited assistance from

abroad through mutual legal assistance (MLA) (66.67%) require the introduction of initiatives to facilitate and enhance relationships within the region, and also further abroad. Potential initiatives include:

1. Cross-border capacity building initiatives not only facilitate knowledge transfer, but also strengthen relationships between countries. Similar to any other form of cooperation, by knowing a counterpart trust and a common understanding is enhanced.

2. Changing and aligning policies and procedures (SOPs) between and within countries will further enhance cooperation.

The proposed measures to implement initiatives to enhance cooperation (both within and between countries) are to initiate discussions between relevant authorities and thus increasing

understanding of what is realistic and possible within the framework of mandates and existing legislation.

TABLE 5
Using challenges to identify priorities

Priority	Challenge	Percentage
1	Insufficient technological resources	75.01%
2	Insufficient training to conduct investigations	72.40%
3	Converting financial intelligence to evidence	71.43%
4	Limited intelligence cooperation between countries	71.42%
4	Insufficient protection of sources (intelligence)	71.42%
5	Insufficient witnesses protection	68.96%
6	Limited assistance from abroad (MLA)	66.67%
7	Insufficient financial resources	66.66%
8	Understaffed specialised investigators	62.07%
9	Limited psychological support for investigators and prosecutors in CT cases	60.72%
10	Judiciary inability to understand financial evidence	60.71%
10	Limited financial forensic capabilities	60.71%
10	Limited cooperation between intelligence and investigation units	60.71%
11	Limited involvement/support from financial institutions in investigations	59.26%
12	Limited cooperation between intelligence, investigation and prosecution	57.14%
13	Maintaining chain of custody	55.17%
13	Hostile witness testimony	55.17%
14	Limited cooperation between intelligence agencies	53.57%
14	Insufficient protection of prosecutors	53.57%
14	Insufficient evidence	53.57%
15	Limited cooperation within investigation units	51.72%
16	Intelligence officers unwilling/unable to testify	49.99%
17	Limited involvement from Customs in investigations	48.15%
18	Inability to identify crucial financial evidence	46.42%
19	Insufficient legislation	42.86%
20	Limited involvement of other police specialised units in investigations	42.85%
21	Insufficient assistance from the public	41.37%
22	Limited involvement from Immigration in investigations	40.74%
23	Prosecution team too small / understaff	37.93%
24	Insufficient time to prepare for court	37.03%
25	First responders contaminating evidence	35.70%
26	Receiving the case file too late	34.48%



Overlap between financing of terrorism and border security

Considering the significant overlap of the financing of terrorism and border security (land, maritime and airport security), Member States are encouraged to strengthen border control measures and infrastructure to combat terrorism and transnational organized crime. Border incidents related to terrorism and transnational organized crime include, but are not limited to:

- **Illegal entry and exit** of individuals and goods, including the use of officially recognised travel documents obtained through corruption and fraud, as well as falsified official documents to cross borders
- **Smuggling of weapons and explosives** and other materials associated with terrorist organisations and criminal networks
- **Smuggling of contraband and counterfeit goods** into and out of a country
- **Cross-border movement of wanted terrorism suspects** with the purpose of committing acts of terrorism within a country and/or transit through a country, as well as human trafficking.

Furthermore, border control is the most functional area where countries need to cooperate to enhance national security, while addressing common threats. Prior operations, for example Operation Simba I and II initiated by INTERPOL and EAPCCO, proved the ability of law enforcement to cooperate. There is, however, a growing need to further enhance cooperation to involve other agencies. Where possible, bringing all relevant authorities together in order to discuss and share lessons learned in, for example, detecting illegal entry and exit, and the routes used and strategies implemented to facilitate smuggling operations. If practical steps are focused on initially, then addressing operational and procedural challenges will follow.



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06. Recommendations

Countering the financing of terrorism in Eastern Africa