



Royal United Services Institute  
for Defence and Security Studies

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# Exploring Connections

## Corruption, Terrorism and Terrorist Financing

Kayla Izenman and Tom Keatinge



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RUSI Occasional Paper, April 2020



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# Executive Summary

**I**N RECENT YEARS, the international community has supplemented its longstanding focus on terrorism and terrorist financing with considerations of ways in which these threats intersect with other forms of illicit activity, notably organised crime.

A less explored perspective is the manner in which corruption – for example, corrupt border security guards or the illegal exploitation of natural resources – can facilitate both terrorism and terrorist financing. This paper sets out to remedy this dearth by looking at terrorism and terrorist financing, respectively.

For the purposes of this paper, we define corruption as the ‘abuse of entrusted power for private gain’.<sup>1</sup> This includes actors in both the public and private sectors abusing their positions of power and necessitates that both sides benefit, whether in terms of money or some other kind of advantage.<sup>2</sup>

This paper divides its analysis across two primary areas: considering the ways in which corruption can enable terrorism, and how corruption can also facilitate terrorist financing. In the former, the connection between terrorism and corruption is particularly evident in two fields: border corruption and defence sector corruption.

- Border corruption, including the facilitation of travel, assistance with the procurement of false documentation and deliberately weak arms control in conflict zones, reflects the power and importance of border, immigration and customs officials and procedures – conversely, it demonstrates the risk posed by failures of border integrity fuelled by corruption.
- In the defence sector, corruption has the potential to change the balance of power in a war. In conflict areas, corruption may tip the scales to benefit terrorists, especially if the military presence there has become weakened as a result of corruption.

In the latter, terrorist financing relies on links with corrupt enablers and organised crime:

- Corruption to enable fundraising includes facilitation by corrupt enablers – such as accountants, lawyers and trust and company service providers – making use of front companies and charities to funnel money for terrorist organisations, illustrating how terror groups are able to take advantage of systematic corruption to secure the movement of the funding they need to sustain their operational objectives.

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1. U4 Anti-Corruption Resource Centre, ‘Glossary: Corruption’, <<https://www.u4.no/terms>>, accessed 24 October 2019.

2. *Ibid.*; Transparency International, ‘What is Corruption?’.



- Corruption also enables terrorist financing by exploiting links with organised crime groups (for example, those operating in illicit trade or the trafficking of drugs, weapons, antiquities, natural resources or people). Corrupt individuals offering professional services – such as the enablers mentioned above – may function as the connection between these groups.

Through a literature review and the use of case studies, this paper highlights each of these areas in turn. It concludes with recommendations for policymakers to consider in order to advance efforts to not only raise awareness of but also address the issues related to the intersection of corruption, terrorism and terrorist financing.

# Introduction

**I**N 2015, ASHRAF Rifi, the former Minister of Justice of Lebanon and President of the Arab Network for Strengthening the Integrity and Fight against Corruption, stated: ‘Terrorists benefit from corruption and promote it in order to finance their activities, and smuggle their equipment, and to protect their networks from the eyes of security and justice. Terrorism and corruption are feeding each other’.<sup>1</sup>

Corruption enables terrorism in various ways. Corrupt border officials may facilitate the travel of fighters to join overseas terrorist groups; corruption may allow terrorists to source travel papers and identity documents that enable access to planes or other secure areas in which to launch attacks; and terrorists take advantage of corruption to secure the funding needed to sustain their activities (for example, abusing charities to raise funds and using professional or informal service providers for transfer). Furthermore, corruption in the defence sector may undermine the response of national governments to terrorism, allowing terrorists to flourish unchecked. More generally, corruption facilitates organised crime, which may then provide funding or services to terrorist groups.

As the focus on combating terrorist financing remains a high priority for the international community – as illustrated by the passing of UN Security Council Resolution (UNSCR) 2462 in March 2019<sup>2</sup> – policymakers must develop a more nuanced understanding of the ways in which terrorist groups raise funds and secure the resources they need.

Understanding of the organised crime–terrorism nexus – addressed by The Hague Good Practices<sup>3</sup> and UNSCR 2482<sup>4</sup> – has been prioritised by the international community in recent years. In contrast, the nexus between corruption and terrorism (and terrorist financing) has received far less attention, despite the widespread prevalence of corruption and – as this paper will show – the clear extent to which corruption facilitates terrorism and its financing. As the European Commission’s 2014 Anti-Corruption Report notes, ‘anti-corruption rules are not always vigorously enforced, systemic problems are not tackled effectively enough, and the relevant institutions do not always have sufficient capacity to enforce the rules’.<sup>5</sup> Against this background, it is unsurprising that corruption, terrorism and its financing have become linked.

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1. Organisation for Economic Cooperation and Development (OECD), ‘Terrorism, Corruption and the Criminal Exploitation of Natural Resources’, October 2017, p. 3.
  2. UN Security Council Resolution (UNSCR) 2462, 28 March 2019, S/RES/2462.
  3. Global Counterterrorism Forum (GCTF), ‘The Hague Good Practices on the Nexus Between Transnational Organized Crime and Terrorism’, 2018.
  4. UNSCR 2482, 19 July 2019, S/RES/2482.
  5. European Commission, ‘Report from the Commission to the Council and the European Parliament: EU Anti-Corruption Report’, COM (2014), 38, 3 February 2014, p. 2.

This paper, first presented at a gathering of the Global Counterterrorism Forum's Criminal Justice and Rule of Law Expert Working Group (GCTF CJ-ROL) in London in October 2019, is based on a literature review, case studies and semi-structured interviews with subject-matter experts. Consistent with the focus areas of the GCTF CJ-ROL,<sup>6</sup> this paper examines the *direct* impact of corruption on terrorism (for example, how corruption facilitates fundraising or the movement of people, money or other resources). It does not cover the effect of corruption as an enabler of terrorist radicalisation (for example, in response to corrupt leaders). While this issue should certainly be taken into account when considering the wider perspective of connections between corruption and terrorism, it will not be discussed in this paper. The paper does not aim to provide a comprehensive overview of every way in which corruption, terrorism and its financing might indirectly intersect. Rather, it uses case studies to illustrate direct links that could be targeted by the criminal justice system.

The literature review analysed documents from governments and international bodies; academic research into the known connections between corruption and terrorism; and media reports, articles and press releases detailing specific cases which illustrate the links between corruption and terrorism. The interviews with experts in both the public and private sectors were used to fill the gaps identified by the literature review.

## Setting the Scene

Since 2001, the UN Security Council has adopted numerous resolutions referencing terrorism and terrorist financing, corruption or both, although both are considered in concert on only limited occasions. Despite the case studies provided by this paper, of these terrorism-focused resolutions only UNSCR 2195<sup>7</sup> and UNSCR 2482 make reference to corruption, suggesting that this nexus has received limited attention. Terrorism, terrorist financing, organised crime and corruption have historically been dealt with separately by the UN. For example, in November 2000, the UN Convention against Transnational Organized Crime (UNTOC) was passed – a document that considered both terrorism and corruption but failed to make any sort of connection between the two.

- **UN Convention against Transnational Organized Crime.** UNTOC and its protocols call upon states to 'recognize the links between transnational organized criminal activities

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6. This paper addresses the first focus area of the GCTF Criminal Justice and Rule of Law Expert Working Group (GCTF CJ-ROL): 'Criminal Justice Responses to the Linkages Between Terrorism, Transnational Organized Crimes and International Crimes'. For more information on the GCTF CJ-ROL, see GCTF, 'GCTF – Criminal Justice and Rule of Law Working Group', <<https://www.thegctf.org/Working-Groups/Criminal-Justice-and-Rule-of-Law>>, accessed 30 January 2020.

7. UNSCR 2195, 19 December 2014, S/RES/2195.

and acts of terrorism’<sup>8</sup> and also calls for the criminalisation of corruption in Article 8,<sup>9</sup> although it makes no mention of the links between these two offences.

Although terrorism (and, to a far lesser degree, terrorist financing) had been a focus of the UN prior to 2001, the globally coordinated focus on terrorist financing was triggered by the 9/11 attacks, resulting in the passing of the UN’s cornerstone terrorist-financing resolution, UNSCR 1373.<sup>10</sup>

- **UN Security Council Resolution 1373.** Resolution 1373 obliged UN member states to criminalise terrorist financing, freeze assets of and deny safe haven to terrorists and terrorist supporters, and exchange information on terrorism with other states’ relevant authorities to assist in investigations.

Since 9/11, several further resolutions relating to terrorist financing have been passed, mainly triggered by specific terrorist-related threats to international security, most notably the threat posed by the Islamic State. One example, UNSCR 2195, makes explicit reference to corruption.

- **UN Security Council Resolution 2195.** Resolution 2195 noted the importance of public–private partnerships in combating corruption and terrorism and stressed the importance of good governance and the need to fight corruption, money laundering and illicit financial flows, in particular through the implementation of the UN Convention against Corruption. The Resolution also emphasised the importance of different forms of illicit trade.

A brief review of Mutual Evaluation Reports produced by the Financial Action Task Force (FATF) suggests that implementation of UNSCRs remains inconsistent at best.<sup>11</sup> More recently, two further UNSCRs have sought to update and consolidate the international approach to terrorist financing and the nexus between organised/transnational crime and terrorism/terrorist financing. These new resolutions will certainly need to be accompanied by a concerted global implementation effort.

- **UN Security Council Resolution 2462.** Resolution 2462 seeks to update the international response to terrorist financing, considering both traditional and modern forms of financing and emerging payment methods, such as prepaid cards and mobile payments or virtual assets. The Resolution also sets forth the importance of priorities such as financial intelligence sharing and risk assessments. It does not, however, make any reference to corruption.

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8. UN Office on Drugs and Crime (UNODC), ‘United Nations Convention Against Transnational Organized Crime and the Protocols Thereto’, 2004, p. 3.

9. *Ibid.*, p. 10.

10. UNSCR 1373, 15 November 2000, S/RES/1373.

11. Tom Keatinge and Florence Keen, ‘A Sharper Image: Advancing a Risk-Based Response to Terrorist Financing’, *RUSI Occasional Papers* (March 2020), pp. 64–65.

- **UN Security Council Resolution 2482.** Resolution 2482 makes extensive references to corruption in the context of its overall focus on the intersection between terrorism, terrorist financing and organised crime. In this regard, it addresses increased concerns that terrorists can benefit from the illicit trade in natural resources, kidnapping for ransom and extortion, among other threats. It calls on states to establish appropriate legal mechanisms by which to encourage international cooperation and enhance cross-border investigations. It also ‘stresses the importance of good governance and the need to fight against corruption ... in particular through the implementation of the United Nations Convention against Transnational Organized Crime (2000) [and] the United Nations Convention against Corruption (2003)’.<sup>12</sup>

Although the adverse impact of corruption on the rule of law and good governance is recognised in the UN Convention against Corruption (UNCAC), the foundational document on which the international response to corruption is built, it makes no pertinent references to terrorism or terrorist financing, despite the emphasis placed in many of the terrorism- and terrorist financing-related UNSCRs on implementing the provisions of UNCAC.

- **UN Convention against Corruption (2003).** UNCAC specifies different forms of corruption and provides a legal framework to both combat and criminalise the various types of corruption, including bribery, embezzlement, misappropriation or other diversion of property by a public official, abuse of functions and trading in influence, both in the public and private sector. The Convention covers five areas: prevention; criminalisation and law enforcement; international cooperation; asset recovery; and technical assistance.<sup>13</sup> The Convention is supported by both legislative<sup>14</sup> and technical<sup>15</sup> guides, and the UN Office on Drugs and Crime (UNODC) has an Implementation Review Process to assist countries with effective implementation of the Convention.<sup>16</sup>

While it is clear that some UN literature recognises a link between corruption and terrorism – especially when looking at resolutions aimed at combating illicit trade and terrorist financing or the role of extortion – a more detailed assessment of the links, implications and specific responses to corruption is less prevalent than the recent explicit focus placed on the links between organised crime and terrorism/terrorist financing, despite clear empirical connections. A more explicit focus on the links to corruption might help elevate the priority of anti-corruption measures and demonstrate the full range of harmful consequences of corruption.

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12. UNSCR 2482, 19 July 2019, S/RES/2482.

13. UNODC, ‘United Nations Convention Against Corruption’, 2003.

14. UNODC, ‘Legislative Guide for the Implementation of the United Nations Convention Against Corruption’, 2012.

15. UNODC, ‘Technical Guide to the United Nations Convention Against Corruption’, 2009.

16. UNODC, ‘Implementation Review Mechanism’, <<https://www.unodc.org/unodc/en/corruption/implementation-review-mechanism.html>>, accessed 10 October 2019.

# I. How Corruption Facilitates Terrorism

**G**IVEN THE MYRIAD ways in which corruption manifests itself, it comes as no surprise that it similarly facilitates terrorism in a variety of distinct forms. While it is difficult to pinpoint every intersection of corruption and terrorism, this paper identifies two important ways in which the issues are clearly linked and by which corruption facilitates terrorism: border corruption and corruption in the defence sector.

## Border Corruption

### Travel

Corrupt border authorities represent an obvious connection between corruption and terrorism. Terrorist groups are often limited by their ability to move across borders, especially as border security becomes more technologically advanced.<sup>17</sup> Therefore, it is inevitable that these groups have a vested interest in circumventing such security, especially as levels of foreign fighters are rising<sup>18</sup> and terrorist organisations are becoming increasingly transnational.<sup>19</sup> In addition, border and customs officials, especially those in remote or less-developed regions, often lack sufficient supervision and resources. Yet these officials hold significant amounts of power, a situation that lends itself well to the threat of corruption.<sup>20</sup>

In the Sahel region, for example, weak border control has led to ineffective security of the borders between Nigeria, Niger and Mali, facilitating the spread of terrorist groups and fighters.<sup>21</sup> It is worth noting that the geography, climate and size of the Sahel also contribute to weak border control in the region. The continued threat of terrorism has demonstrated a need for border security that did not exist previously and cannot be met, in part because of the influence of corruption on attempted border security. There is also anecdotal evidence suggesting that

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17. Shirin Ghaffary, 'The "Smarter" Wall: How Drones, Sensors, and AI are Patrolling the Border', *Vox*, 7 February 2020, <<https://www.vox.com/recode/2019/5/16/18511583/smart-border-wall-drones-sensors-ai>>, accessed 18 February 2020.

18. Canadian Security Intelligence Service, 'The Foreign Fighters Phenomenon and Security Trends in the Middle East', *World Watch: Expert Notes*, January 2016, <<https://www.canada.ca/en/security-intelligence-service/corporate/publications/the-foreign-fighters-phenomenon-and-related-security-trends-in-the-middle-east.html#tocs>>, accessed 19 September 2019.

19. Eric Schmitt, 'ISIS May Be Waning, But Global Threats of Terrorism Continue to Spread', *New York Times*, 6 July 2018.

20. Marie Chêne, 'Corruption at Borders', U4 Anti-Corruption Resource Centre, 2018.

21. *Ibid.*

terrorist groups have taken advantage of the recent humanitarian refugee crisis to smuggle members into Europe.<sup>22</sup>

The Defence Ministers of the Association of Southeast Asian Nations (ASEAN) and China, as part of the UNODC in 2018, pushed to enhance cooperation to counter terrorism by organising a roundtable focused on the corruption–terrorism nexus. They cited the firing and suspension of 100 Malaysian immigration officers for facilitating Islamic State member travel into the Philippines as evidence of this connection. Participants agreed that corruption of border officials ‘enables terrorists to travel clandestinely and gain access to targets or smuggle weapons’.<sup>23</sup>

Similarly, reports surfaced in 2015, following the Paris attacks in November, that one of the suspects travelled to Colombia in July before the events. The Syrian national later bribed Colombian border and immigration officials to allow him to leave the country.<sup>24</sup> As the next two case studies demonstrate, border security is a key link in the connection between corruption and terrorism. In the 2015 Bangkok bombing, fake passports and bribes to border guards allowed a terrorist to enter Thailand illegally.

#### **Box 1: Case Study: 2015 Bangkok Bombing**

On 17 August 2015, a bomb detonated inside the Erawan Shrine in Bangkok, Thailand. The explosion killed 20 people and injured 125 more.<sup>25</sup> No one claimed responsibility for the attack, but Thai authorities reportedly arrested two suspects.

One of the suspects, Adem Karadag, was detained in Bangkok in August 2015, and found to be in possession of bomb-making materials and multiple fake Turkish passports. Police stated that Karadag travelled through Vietnam to a neighbouring country,<sup>26</sup> and then paid for transportation through to

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22. OECD Directorate for Financial and Enterprise Affairs, ‘Responses to the Refugee Crisis: Corruption and the Smuggling of Refugees’, October 2015, p. 2.
  23. UNODC, ‘Fostering Awareness on Nexus Between Corruption and Terrorism’, 30 March 2018, <<https://www.unodc.org/southeastasiaandpacific/en/what-we-do/anti-corruption/topics/13-fostering-awareness-on-nexus-between-corruption-and-terrorism.html>>, accessed 10 October 2019.
  24. *EFE*, ‘Suspect in Paris Attacks Left Colombia in July’, 20 November 2015, <<https://www.efc.com/efe/english/world/suspect-in-paris-attacks-left-colombia-july/50000262-2768947>>, accessed 10 October 2019.
  25. *Bangkok Post*, ‘Bomb Toll Revised: 20 Dead, 125 Injured’, 18 August 2015, <<https://www.bangkokpost.com/thailand/general/659848/bomb-toll-revised-20-dead-125-injured>>, accessed 15 September 2019.
  26. The country was not specified but is speculated to have been Laos or Cambodia.

Thailand. At the Thai border, he paid a bribe of \$600 to enter the country.<sup>27</sup> After the investigation, at least six police officers were removed from their posts bordering Cambodia.<sup>28</sup>

Similarly, Al-Shabaab's operations throughout East Africa rely heavily on corrupt border officials, both allowing terrorists free rein between neighbouring countries as well as diminishing the impact of counterterrorism efforts in the region.

#### **Box 2: Case Study: Al-Shabaab**

Kenya's police and security forces have been extensively impacted by corruption, rendering US-funded Kenyan counterterrorism efforts ineffective. Officers along the Somali border frequently take bribes in exchange for allowing illegal border crossings, a deal often exploited by Al-Shabaab members.<sup>29</sup> The police and immigration departments have consistently been ranked as the most corrupt institutions in Kenya, with terror suspects bribing their way out of prison and officers issuing Kenyan documents to illegal foreigners.<sup>30</sup> According to Kenya's anti-corruption chief, as of 2016, Kenya was allegedly losing one-third of its state budget, approximately \$6 billion, to corruption every year.<sup>31</sup>

Somalia has a similar problem regarding their officials on this border. The 2018 UN Security Council Committee on Somalia and Eritrea noted that a failed plot to detonate an IED in Kenya clearly showed the connection between border corruption and terrorism. Their report states that 'police statements from the arrested Al-Shabaab operatives show that they were able to pass with little interference back and forth across the porous Kenya–Somalia border, facilitated by bribes to various security forces officials on both sides'.<sup>32</sup>

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27. *ABC News*, 'Bangkok Bombing: Suspect Paid \$600 Bribe to Illegally Enter Thailand, Police Say', 10 September 2015.
  28. *Straits Times*, 'Bangkok Blast Suspect Bribed His Way into Thailand: Police', 10 September 2015, <<https://www.straitstimes.com/asia/se-asia/bangkok-blast-suspect-bribed-his-way-into-thailand-police>>, accessed 7 October 2019.
  29. Aryn Baker, 'Corruption in Military Defense Spending Could Be Behind Rise in Africa Terror Attacks', *TIME*, 19 January 2016.
  30. Harry Misiko, 'How Kenya Made Itself Vulnerable to Terror', *Washington Post*, 17 June 2014.
  31. Duncan Miriri, 'Third of Kenyan Budget Lost to Corruption: Anti-Graft Chief', *Reuters*, 10 March 2016.
  32. UNSC, 'Letter Dated 7 November 2018 from the Chair of the Security Council Committee Pursuant to Resolutions 751 (1992) and 1907 (2009) Concerning Somalia and Eritrea Addressed to the President of the Security Council', 9 November 2018, p. 25.



## False Documentation

The movement of fighters is not the only aspect of terrorism that can be facilitated by border officials. Corruption can allow terrorists to source travel papers and identity documents, giving them access to planes or other secure areas in which to launch attacks. Most frequently, terrorists choose to procure fake passports and documents. In these instances, corrupt border officials have the power to either ignore noticeably fake documentation or assist in procurement of real documentation with falsified information. Additionally, Europol's research on 'crime-as-a-service' models on the dark web confirms that fraudulent or stolen identity documents are easy to find online.<sup>33</sup>

An investigation by the US Public Broadcasting Service (PBS) found that terrorists have been known to bribe officials in order to purchase official passports with an alias name, in lieu of purchasing one from the black market. Sometimes, terrorists can lean on their relationships with organised crime networks and procure false documentation through human traffickers.<sup>34</sup> It is also worth noting that access to false documentation provides terrorist organisations with the ability to open bank accounts or facilitate money transfers through false identities.

## Arms Control and Smuggling

The importance of strong border controls is also evident when looking at arms and weapons movements. Not only do terrorist groups often require the movement of arms, they are also frequently involved in some form of smuggling, either of their own weapons or to finance their operations. Whilst export controls have tightened over the years, corruption of border officials may serve to circumvent these controls altogether.<sup>35</sup>

The OECD 2014 Foreign Bribery Report – which examined 427 foreign bribery cases – emphasised the commonality of this threat, stating that 'bribes were promised, offered or given most frequently to employees of public enterprises (state-owned or controlled enterprises, SOEs) (27%), followed by customs officials (11%)'.<sup>36</sup> This is echoed by the analysis of the objectives of such bribes, in which clearance of customs procedures constituted the second most frequent aim.<sup>37</sup> Terrorist groups aim to exploit poorly enforced export controls in countries with weak anti-bribery and anti-corruption regimes.<sup>38</sup> It is worth noting that the OECD's report covers

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33. Europol, 'Internet Organised Crime Threat Assessment (IOCTA) 2019', October 2019, p. 44.

34. Oriana Zill, 'Crossing Borders: How Terrorists Use Fake Passports, Visas, and Other Identification Documents', *Frontline, PBS*, October 2001.

35. OECD, 'Terrorism, Corruption and the Criminal Exploitation of Natural Resources', p. 2.

36. OECD, 'OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials', 2014, p. 8.

37. *Ibid.*

38. OECD, 'Countering Bribery and Terrorism: The Pivotal Role of Export Controls', 31 March 2017, p. 1.

bribery aimed at obtaining or retaining a business advantage, but these findings still reflect on the commonality and ease of bribing officials.

There are clear examples wherein these findings ring true. For instance, the murder of Father Andrea Santoro in 2006 is one such case in which a terrorist attack would likely not have taken place without unimpeded access to smuggled weapons.

### **Box 3: Case Study: Andrea Santoro**

In 2006, Father Andrea Santoro, a Roman Catholic priest in Turkey, was murdered while praying in his church by Oğuzhan Akdin, a 16-year-old high school student.<sup>39</sup> Witnesses claimed that Akdin shouted ‘Allahu Akbar’ before shooting the priest, turning the case into a high-profile hate crime.<sup>40</sup>

The weapon used by Akdin was a 9-mm Glock, a type of weapon which has been repeatedly found to cross the border from Iraq to Turkey, often to be sold to PKK (Kurdistan Workers’ Party) militants or other terrorist fighters.<sup>41</sup> By 2006, the US had provided approximately 370,000 weapons to Iraqi police, of which an estimated 14,000 were unaccounted for. Often, these weapons would be given to Iraqi police recruits and later put on the black market when the recruits left their positions or sold them to compensate for the severe delay they faced in receiving their salaries. There have also been reports of weapons being stolen from US military warehouses, sometimes facilitated by corrupt US military personnel. These weapons were traded on the Iraqi black market at low prices and a significant amount were then trafficked to Turkey. The Glock used by Akdin was one of these weapons.<sup>42</sup>

Like arms smuggling, insecurity of weapons can also allow corruption to proliferate in regions plagued by conflict. For example, the abandonment of weapons in the Balkan states from the conflicts in the 1990s has left approximately three to six million firearms in circulation in the Western Balkans, all of which should be secured by the state.<sup>43</sup> If these weapons had been secured, rather than illegally in circulation, the 2015 Paris attacks might have been less devastating or even prevented.

39. *Reuters*, ‘Turkish Court Upholds Sentence for Priest’s Killer’, 4 October 2007.

40. Deniz Ünan Göktan, *Hate Crime in Turkey: Implications of Collective Action, Media Representations and Policy Making* (Newcastle upon Tyne: Cambridge Scholars Publishing, 2017), p. 164.

41. *Ibid.*, p. 165.

42. Louise I Shelley, *Dirty Entanglements: Corruption, Crime, and Terrorism* (New York, NY: Cambridge University Press, 2014), p. 155.

43. Jovana Carapic, ‘Handgun Ownership and Armed Violence in the Western Balkans’, *Small Arms Survey*, 4 September 2014.

**Box 4: Case Study: 2015 Paris Attacks**

During the November 2015 attacks in Paris, Islamic State terrorists used automatic weapons, along with bombs, to kill more than 130 people in bars, near stadiums and at a concert hall. The automatic weapons used in the attacks were originally part of Balkan and Eastern European former military stockpiles that had later ended up in the possession of criminals in Belgium.<sup>44</sup> Experts on the investigations confirmed that some of the weapons were deactivated ones from Slovakia, while others were from Croatia and Serbia.<sup>45</sup>

*TIME* reported that ‘a German national called Sascha W sold two of the Chinese Model 56 variants of the AK47 Kalashnikov assault rifle and two Zastava M70 machine guns to “an Arab in France” prior to the attacks. These weapon models can be traced to the Balkans.’<sup>46</sup>

A Project SAFTE report following these attacks, funded by the European Commission, found that black markets have become more easily accessible, ‘increas[ing] the availability of firearms in general, and military-grade firearms in particular, to criminals and to terrorists with criminal connections’.<sup>47</sup>

## Defence and National Security

Nowhere is it more evident that corruption weakens security and subverts attempts to stem terrorism than in the defence sector. An anti-corruption official told the OECD in 2017 that ‘there’s no doubt that the [difficulty of stopping terrorism in conflict zones] is strongly linked to corruption. Corruption weakened and escalated our insecurity. Because money for welfare that was appropriated for weapons wasn’t getting to base. And if it wasn’t getting there, how are you going to fight insurgency?’.<sup>48</sup> This is a clear illustration of the impact corruption can have in this field, especially as the defence sector tends to offer highly lucrative contracts and is often shrouded in secrecy.<sup>49</sup>

For a true sense of scale, a 2018 Security Assistance Monitor report on corruption in the defence sector reported that ‘according to an analysis of the TI Defense Index and other sources, 24 of

44. Jason Burke, ‘Military Grade Firearms Increasingly Available to Terrorist in Europe – Report’, *The Guardian*, 18 April 2018.

45. Naina Bajekal and Vivienne Walt, ‘How Europe’s Terrorists Get Their Guns’, *TIME*, 7 December 2015.

46. *Ibid.*

47. Nils Duquet and Kevin Goris, ‘Firearms Acquisition by Terrorists in Europe’, Project SAFTE, Flemish Peace Institute, 18 April 2018, p. 17.

48. OECD, ‘Terrorism, Corruption and the Criminal Exploitation of Natural Resources’, p. 1.

49. *Ibid.*

the 36 US counterterrorism partner countries have engaged in at least three of the five key types of corruption that have fuelled serious challenges to US counterterrorism aid in the past'.<sup>50</sup> The report concluded that in Iraq, Mali, Nigeria and Yemen, corruption was a key factor in why the US-supported military forces could not effectively respond to terrorist threats.<sup>51</sup>

#### **Box 5: Case Study: The Islamic State and the Iraqi Military**

By 2014, the leadership of the Iraqi military and police forces was so corrupt that they could no longer respond with any power to the threat of the Islamic State. Despite the estimated \$25 billion in American training and resources over the previous 10 years, plus more from the Iraqi treasury, the military collapsed in the face of the advance of the Islamic State.<sup>52</sup>

This is evident in the outcomes of actual clashes – 25,000 Iraqi soldiers and police were defeated and routed by just 1,300 Islamic State fighters in June 2014. Then Iraqi Prime Minister Nuri al-Maliki put in power military leaders who would be loyal to him, facilitating rampant corruption within the military as the leaders had more interest in their own personal fortunes than in the success of their troops.<sup>53</sup> Therefore, much of their equipment ended up on the black market and, in many cases, eventually found its way to the Islamic State, not only crippling the Iraqi forces but also fortifying Islamic State fighters.

Colonel Shaaban al-Obeidi of the Iraqi internal security forces made the problem clear in an interview to the *New York Times* in 2014: 'I told the Americans, don't give any weapons through the army — not even one piece — because corruption is everywhere, and you will not see any of it ... Our people will steal it'.<sup>54</sup>

#### **Box 6: Case Study: Boko Haram and the Nigerian Military**

Sambo Dasuki, a former Nigerian national security adviser, was arrested in December 2015 following a government investigation for allegedly stealing \$5.5 billion intended for equipping, training and paying soldiers fighting Boko Haram. The findings of the investigation were publicised in November 2015 and implicated multiple senior officials.<sup>55</sup>

50. Colby Goodman and Christina Arabia, 'Corruption in the Defense Sector: Identifying Key Risks to U.S. Counterterrorism Aid', *Security Assistance Monitor*, Center for International Policy, September 2018, p. 5.
51. *Ibid.*
52. David D Kirkpatrick, 'Graft Hobbles Iraq's Military in Fighting ISIS', *New York Times*, 23 November 2014.
53. Karolina MacLachlan, 'The Fifth Column: Understanding the Relationship Between Corruption and Conflict', *Transparency International – Defence and Security*, July 2017, p. 25.
54. Kirkpatrick, 'Graft Hobbles Iraq's Military in Fighting ISIS'.
55. Baker, 'Corruption in Military Defense Spending Could Be Behind Rise in Africa Terror Attacks'.

Corruption within the higher echelons of the Nigerian military gravely reduces the force's ability to address the threat of Boko Haram, with troops denied weapons and consequently losing ground and lives.<sup>56</sup> The corruption additionally undermines the fight against Boko Haram as soldiers become resentful of the excess enjoyed by their superiors and become more likely to sell their own weapons and supplies or take bribes. Some officers withhold ammunition and fuel from the front lines, leaving soldiers with no alternative but to flee when attacked by Boko Haram.<sup>57</sup>

Photographs and video footage have shown Boko Haram's use of captured army vehicles abandoned by 'disintegrating Nigerian units', as well as reports of sympathisers leaving armoury doors unlocked or directly selling weapons to the terrorist group.<sup>58</sup>

This concept is also applicable to police forces operating in the same areas. On 21 September 2013, four gunmen attacked the Westgate shopping mall in Nairobi, Kenya. The attack resulted in 71 deaths, with around 200 wounded.<sup>59</sup> During the attack, several Kenyan police officers reportedly looted the mall instead of fighting the attackers.<sup>60</sup>

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56. OECD, 'Terrorism, Corruption and the Criminal Exploitation of Natural Resources'.

57. Baker, 'Corruption in Military Defense Spending Could Be Behind Rise in Africa Terror Attacks'.

58. Eva Anderson and Matthew T Page, 'Weaponising Transparency: Defence Procurement Reform as a Counterterrorism Strategy in Nigeria', Transparency International – Defence and Security, May 2017, p. 14.

59. Dennis Okari, 'Kenya's Westgate Attack: Unanswered Questions One Year On', *BBC News*, 22 September 2014.

60. Narrelle Gilchrist and Norman Eisen, 'Corruption and Terrorism: The Case of Kenya', Brookings Institution, 22 August 2019, <<https://www.brookings.edu/blog/order-from-chaos/2019/08/22/corruption-and-terrorism-the-case-of-kenya/>>, accessed 20 September 2019.

## II. How Corruption Facilitates Terrorist Financing

**T**ERRORIST ORGANISATIONS MAY take advantage of corruption to secure the funding they require to sustain their operational activities. This can take place within territory controlled by a particular terrorist group, or by groups operating more structured, organised and transnational money-laundering or fundraising techniques through businesses. With this in mind, corruption is likely to be present either in relation to terrorist financing – often via a nexus with organised crime – or to provide the infrastructure required to conduct the financial activity to use, move or store the funds that have been raised.

### Corruption, Organised Crime and Terrorist Financing

Most important for terrorist groups is securing the funds necessary to support their operations. Given corrupt individuals often have links of some kind to criminal networks, these can be exploited to connect terrorist groups to larger organised crime networks. The use by terrorist groups of organised crime techniques to raise funds is widely documented – what is less well explored is the role that corruption plays in facilitating the specific organised crime techniques exploited by terrorist groups. This section provides examples of types of organised crime activity that have historically been exploited by terrorist groups, although it does not include every form of organised crime.

#### Illicit Trade

Corruption and illicit trade are intertwined in many parts of the world, with criminal enterprises unable to function without corrupt officials to facilitate the movement of goods and services. When terrorists attempt to use these trade routes, corruption remains the key facilitating factor and links the two. Al-Shabaab is a clear example of a group that has exploited this arrangement.

#### **Box 7: Case Study: Al-Shabaab and Smuggling**

Al-Shabaab, needing to raise money in Somalia, have turned to smuggling charcoal and sugar through the Kismayo port in the southern region of the state. The group reportedly taxes the production and export of charcoal to the Gulf and facilitates sugar-smuggling imports.<sup>61</sup> It has been reported that Kenyan soldiers in Somalia are working with Al-Shabaab to facilitate these smuggling routes.<sup>62</sup>

61. *The Economist*, 'The Kenyan Army is Accused of Running a Sugar-Smuggling Racket with Somali Terrorists', 23 November 2015.

62. Baker, 'Corruption in Military Defense Spending Could Be Behind Rise in Africa Terror Attacks'.

Journalists for Justice (JFJ), a Nairobi-based non-profit organisation, alleged in 2015 that the Kenyan army levies taxes on illicit shipments at Kismayo, along with select other border stops, with taxes adding up to approximately \$30 million per year. JFJ estimated that about 150,000 tonnes of illegal sugar are imported into Kenya every year, with authorities and Al-Shabaab taking shares of the profit.<sup>63</sup>

The operation has allegedly resulted in between \$200–400 million in profit for the terrorist group.<sup>64</sup>

## Drug Trafficking

In the same manner as illicit trade, terrorist groups have been known to involve themselves in drug trafficking. In turn, drug trafficking is usually facilitated by corrupt officials. The supply chain depends heavily on corruption or the weak regulatory and anti-corruption structure in the host country.<sup>65</sup> For example, the Revolutionary Armed Forces of Colombia (FARC) relied heavily on this strategy during its time as a designated terrorist organisation.

### Box 8: Case Study: FARC

The FARC remains designated as a foreign terrorist organisation by the US<sup>66</sup> but was delisted in 2017 by the UN, after disarming and handing its weapons over to the UN. The FARC's reliance on drug trafficking to finance its terror operations depended on a strategy of frequent and successful bribery of government officials.

Bribery was the root of an essential strategy for the FARC to ensure maximum profit and minimum disruption by law enforcement. They routinely bribed domestic law enforcement and customs officials in Colombia and were known to 'purchase' intelligence from the police to protect their operations.<sup>67</sup>

63. *The Economist*, 'The Kenyan Army is Accused of Running a Sugar-Smuggling Racket with Somali Terrorists'.

64. *Ibid.*

65. Jessica C Teets and Erica Chenoweth, 'To Bribe or to Bomb: Do Corruption and Terrorism Go Together?', in Robert I Rotberg (ed.), *Corruption, Global Security, and World Order* (Cambridge, MA: Brookings Institute Press, 2009), p. 173.

66. Office of Foreign Assets Control, 'Sanctions List Search – FARC', <<https://sanctionssearch.ofac.treas.gov/Details.aspx?id=223>>, accessed 10 September 2019.

67. Teets and Chenoweth, 'To Bribe or to Bomb', p.173.

## Art and Antiquities

The looting and trafficking of art and antiquities has been linked to terrorist financing and organised crime worldwide, and functions as a conduit for money laundering. The UNODC makes the connection between stolen antiquities and corruption clear by saying that ‘selling stolen art ... often involves the corrupt or negligent assistance or facilitation of those working at art galleries, auction houses, transport companies, curators, insurance companies, or government officials’.<sup>68</sup> The Islamic State, for example, has historically looted its territory and surrounding areas in Syria to find antiquities, which have reportedly earned them millions.<sup>69</sup>

### Box 9: Case Study: The Islamic State and Cultural Artifacts

In 2015, the UN stated that the Islamic State was looting Syrian and Iraqi cultural sites ‘on an industrial scale’ and selling them to middlemen to raise cash,<sup>70</sup> right before the FBI warned art collectors and dealers about stolen terrorist loot.<sup>71</sup> George Mason University’s Terrorism, Transnational Crime, and Corruption Center recently undertook a study to understand how these pieces are moved internationally through smuggling routes and the impact the sales have had on the finances of terrorist groups.<sup>72</sup>

The high price of these valued art items means that terrorist groups can sell just one piece and efficiently finance the cost of their attacks. However, terrorist organisations’ interest in art and antiquities is not limited to looting and sales. Hizbullah has reportedly laundered significant amounts of money through art galleries and converted their gains through high-value art.

### Box 10: Case Study: Hizbullah and Art Smuggling

On 13 December 2019, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury sanctioned Nazem Said Ahmad, an alleged Hizbullah financier, who laundered money through

68. UNODC, ‘Trafficking in Cultural Property’, <<https://www.unodc.org/e4j/en/organized-crime/module-3/key-issues/cultural-property-trafficking.html>>, accessed 10 October 2019.
69. Kathleen Caulderwood, ‘Where Do ISIS-Looted Antiquities Go?’, *VICE*, 4 September 2018.
70. Andrew Osborn, ‘Islamic State Looting Syrian, Iraqi Sites on Industrial Scale – UNESCO’, *Reuters*, 2 July 2015.
71. FBI, ‘ISIL and Antiquities Trafficking: FBI Warns Dealers, Collectors About Terrorist Loot’, 26 August 2015, <<https://www.fbi.gov/news/stories/isil-and-antiquities-trafficking/isil-and-antiquities-trafficking>>, accessed 10 October 2019.
72. Sam Pineda, ‘Tackling Illicit Trafficking of Antiquities and its Ties to Terrorist Financing’, *DIPNOTE* (US Department of State Official Blog), 20 June 2018, <<https://blogs.state.gov/stories/2018/06/20/en/tackling-illicit-trafficking-antiquities-and-its-ties-terrorist-financing>>, accessed 10 October 2019.



his art gallery. OFAC stated that ‘Ahmad store[d] some of his personal funds in high-value art in a pre-emptive attempt to mitigate the effects of US sanctions, and he opened an art gallery in Beirut, Lebanon as a front to launder money’.<sup>73</sup> The press release sanctioning Ahmad specifically mentions the impact of corrupt environments and businessmen on the proliferation of terrorist financing.

A subsequent *New York Times* article focusing on Ahmad quoted Marshall Billingslea, US Assistant Secretary for Terrorist Financing, who said that Ahmad is a ‘Hezbollah financier who is converting a significant amount of his ill-gotten gains through the blood diamond trade into high-value art’.<sup>74</sup>

### Natural Resource Exploitation

Terrorist groups have historically been linked to the production and trade of natural resources such as oil, diamonds, gold and other minerals. Organisations that operate in high-risk conflict zones use these mineral supply chains for profit, often through territorial control and smuggling networks.<sup>75</sup> John Solomon, writing in *Terrorism Monitor*, claimed that ‘with lawlessness, government corruption and a wide-range of preferred terrorist financing methods available – minerals, gemstones, pirated products and narcotics – al-Qaeda could indeed partake in illicit and unregulated trade in southern Africa to sustain itself’.<sup>76</sup>

Groups can profit throughout the stages of the supply chain, from mining and extraction to refining and sale. The OECD claims that during the trading and export phase ‘terrorist organisations use their political connections and bribery to obtain fraudulent export documents and mineral origin certification documents’.<sup>77</sup> The IMF has similarly stated that ‘the trade in precious metals and stones has been linked to illicit financial flows, corruption, smuggling, drug trafficking, illicit arms trafficking, and the financing of terrorism’.<sup>78</sup> This supply chain would not be able to function without the help of both corrupt government officials and corrupt private sector actors, who enable terrorists to move beyond looting or theft of natural resources and into systematic illicit trade networks.

73. US Department of the Treasury, ‘Treasury Designates Prominent Lebanon and DRC-Based Hizballah Money Launderers’, press release, 13 December 2019, <<https://home.treasury.gov/news/press-releases/sm856>>, accessed 19 December 2019.

74. Elizabeth A Harris, ‘U.S. Places Sanctions on Art Collector Said to Finance Hezbollah’, *New York Times*, 13 December 2019.

75. OECD, ‘Terrorism, Corruption and the Criminal Exploitation of Natural Resources’, p. 4.

76. John Solomon, ‘The Danger of Terrorist Black Holes in Southern Africa’, *Terrorism Monitor* (Vol. 5, No. 5, 15 March 2007).

77. OECD, ‘Terrorism, Corruption and the Criminal Exploitation of Natural Resources’, p. 4.

78. Emmanuel Mathias and Bert Feys, ‘Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue’, IMF, August 2014, p. 1.

In an effort to mitigate these risks, USAID funds the World Wide Fund for Nature (WWF)'s Targeting Natural Resource Corruption project, which has released a guide to identifying corruption risks along the natural resource supply chain.<sup>79</sup> The report focuses specifically on wildlife, fishing and foresting, but provides insight into places in which there may be regulatory or enforcement gaps along the general natural resource supply chain.

## Extortion

Extortion is a tool widely used by organised crime and terrorist groups, particularly where a business is reliant on them to ensure it can operate without disruption. In the case of cement manufacturer Lafarge, this involved acceding to the extortion demands of the Islamic State in order to continue profitable operations.

### Box 11: Case Study: Lafarge and the Islamic State

In June 2018, French cement company Lafarge was charged by a French court with financing terrorists and crimes against humanity. Reportedly, the company paid millions to the Islamic State in order to continue operations out of its factory in Syria. Funds were paid to the terrorist group through Lafarge's Syrian subsidiary, 'Lafarge Cement Syria', between 2011 and 2015, and were considered a tax in exchange for free movement of Lafarge's staff and goods throughout the area. Allegedly, Lafarge also directly sold cement to the Islamic State.<sup>80</sup> Investigators suspect that Lafarge paid £11.5 million to the Islamic State and other jihadist groups operating in Syria.<sup>81</sup>

The French investigation into Eric Olsen, the former chief executive of LafargeHolcim (the companies merged in 2015), was dropped in March 2019, although the larger investigation into Lafarge is ongoing.<sup>82</sup> This offers an indication of the role corruption may have played in this case.

## Kidnap-for-Ransom

Kidnap-for-ransom, referred to as KfR,<sup>83</sup> is another common funding stream for various terrorist groups. The ability of these groups to effectively kidnap, transport and hold victims

79. WWF, 'Targeting Natural Resource Corruption: A Guide to Identifying Corruption Risks Along Natural Resource Supply Chains', December 2019, <<https://www.worldwildlife.org/pages/tnrc-nrm-supply-chain-corruption>>, accessed 12 December 2019.

80. *The Guardian*, 'Lafarge Charged with Complicity in Syria Crimes Against Humanity', 28 June 2018.

81. Jannat Jalil, 'French Firm Lafarge Charged with Complicity in Crimes Against Humanity and Bribing Isil in Syria', *The Telegraph*, 28 June 2018.

82. David Keohane, 'France Ends Probe into Ex-LafargeHolcim CEO over Terrorist Financing', *Financial Times*, 5 March 2019.

83. For a detailed analysis of kidnap-for-ransom and terrorism, see Anja Shortland and Tom Keatinge, 'Closing the Gap: Assessing Responses to Terrorist-Related Kidnap-for-Ransom', *RUSI Occasional Papers* (September 2017).

is often dependent on the ability, or desire, of local law enforcement to interfere. In 2011, the FATF stated that KfR is most successful in countries where 'public and private corruption is endemic'.<sup>84</sup> This strategy becomes clear when considering the jihadist group, Abu Sayyaf. Operating in the Philippines, the group is known for their frequent kidnapping, beginning in 1993 and continuing to this day.

#### Box 12: Case Study: Abu Sayyaf and Kidnap-for-Ransom

A well-known Abu Sayyaf kidnapping case took place in 2017, when the group kidnapped Jurgen Kantner, a German sailor. They murdered him when their \$600,000 ransom demand was not paid.<sup>85</sup>

Matt Williams, country director in the Philippines for Pacific Strategies and Assessments, told the *New York Times* in April 2016 that the ransoms collected by Abu Sayyaf 'pump millions of dollars into an underground economy that is shared by armed clans, corrupt officials and intermediaries promising fast solutions'.<sup>86</sup> This also suggests that corrupt officials may act as intermediaries in handing over ransoms. Media reports echoed this analysis, referring to Abu Sayyaf's systematic collusion with corrupt local officials to facilitate their crimes.<sup>87</sup>

## Corruption as an Enabler of Terrorist Financing

The role of corruption in sustaining operational activities is not restricted to terrorist groups that control territory. Most larger terrorist organisations have funding requirements of some kind that require interaction with actors who can facilitate the raising, moving or storing of funds. Frequently, these groups link their operations to more legitimate businesses, such as charities<sup>88</sup> or business enterprises.<sup>89</sup> This may also manifest as patrons and supporters of terrorist organisations offering their support by simply funnelling money through front companies.<sup>90</sup>

84. FATF, 'Organised Maritime Piracy and Related Kidnapping for Ransom', July 2011, p. 24.

85. *The Guardian*, 'Philippines Recovers Body of Germany Kidnap Victim Jurgen Kantner', 5 March 2017.

86. Floyd Whaley, 'Abu Sayyaf Militants Thriving as Hostage-Takers in Philippines', *New York Times*, 26 April 2016.

87. *The Guardian*, 'Philippines Recovers Body of Germany Kidnap Victim Jurgen Kantner'.

88. Christopher Hope, 'Charities Linked to Terrorism at Record High: Extremists Pose Deadly Threat by Abusing Fundraising Groups, Warns Commission Chief', *The Telegraph*, 1 January 2017.

89. Judith Miller and Jeff Gerth, 'A Nation Challenged: Al Qaeda; Honey Trade Said to Provide Funds and Cover to Bin Laden', *New York Times*, 11 October 2001.

90. Transparency International, 'Tackle Instability and Terrorism by Fighting Corruption', 4 February 2015, <[https://www.transparency.org/news/feature/tackle\\_instability\\_and\\_terrorism\\_by\\_fighting\\_corruption](https://www.transparency.org/news/feature/tackle_instability_and_terrorism_by_fighting_corruption)>, accessed 10 September 2019.

The Khanani Money Laundering Organisation (MLO), a designated terrorist entity, is one example of the way in which corruption can directly facilitate terrorist financing. Although the case study in Box 13 is based on the purposeful provision of financial services to a terrorist organisation, it is included to illustrate the way in which corrupt money services businesses (MSBs) can facilitate terrorist financing.

**Box 13: Case Study: Khanani Money Laundering Organisation**

The Khanani MLO laundered illicit proceeds for organised crime groups, drug-trafficking organisations and terrorist groups throughout the world. Altaf Khanani, the head of the Khanani MLO and Al Zarooni Exchange, is known to have been involved in the movement of funds for the Taliban, as well as having relationships with Lashkar-e-Tayyiba, Dawood Ibrahim, Al-Qa'ida and Jaish-e-Mohammed.<sup>91</sup> In 2015, OFAC designated the Khanani MLO, pursuant to Executive Order 13581.<sup>92</sup>

This connection is not limited to MSBs. Al-Qa'ida is one of the best examples of a terrorist organisation exploiting weak regulatory regimes and rampant corruption to fund their operations through questionable businesses and charity front companies. Some of these cases are illustrated in Box 14.

**Box 14: Case Study: Al-Qa'ida and Charities**

In one instance, Abd al-Muhsin Al-Libi, also known as Ibrahim Tantouche, set up two companies in South Africa: the Afghan Support Committee and the Revival of Islamic Society. Both charities supposedly raised money for orphans, but in reality the orphans did not exist and the money went to Al-Qa'ida.<sup>93</sup>

Al-Qa'ida has been known for using these tactics worldwide, 'skimming' money from their charities or other businesses, even when they are legitimate operations. The Al-Haramain Foundation, a charity based in Saudi Arabia, legitimately helped feed poor Muslims worldwide, operating in various countries such as Somalia, Indonesia and Kenya. At the height of its operations, Al-Haramain raised \$40–50 million per year in global contributions. However, it also served as a major source of funds for Al-Qa'ida.

In 2004, the founder of the charity, Aqeel Abdulaziz Aqeel al-Aqeel, along with 14 branches of Al-Haramain, were listed by the UN as having ties to Al-Qa'ida. Many were subject to sanctions.

91. FATF, 'Professional Money Laundering', July 2018.

92. US Department of the Treasury, 'Treasury Sanctions the Khanani Money Laundering Organization', press release, 11 December 2015, <<https://www.treasury.gov/press-center/press-releases/Pages/jl0265.aspx>>, accessed 18 February 2020.

93. Hussein Solomon, *Jihad: A South African Perspective* (Bloemfontein: Sun Press, 2013), p. 35.

However, US officials admitted that 'only a small percentage of the total was diverted and that few of those who worked for Al-Haramain knew money was being funnelled to [Al-Qa'ida]'.<sup>94</sup> In this case, most employees were not knowingly involved in any illicit activity, but the corrupt senior leadership abused their position to fund the terrorist group.

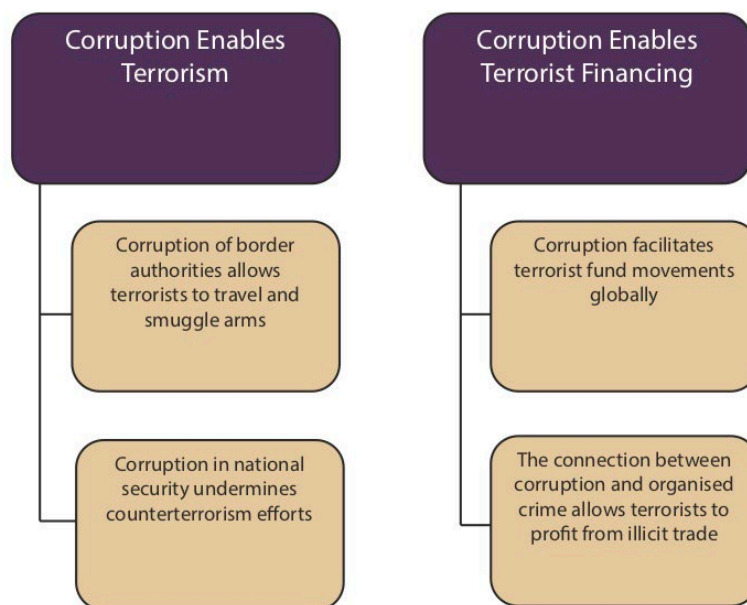
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94. *CBS News*, 'Al Qaeda Skimming Charity Money', 7 June 2004.

# Conclusions and Recommendations

**T**HIS PAPER ILLUSTRATES that there are several methods via which corruption directly facilitates terrorism and terrorist financing. Domestic authorities in countries that experience both terrorism and corruption can use this connection to draw additional attention and resources to anti-corruption measures in key sectors, including border security. However, care should be taken to avoid an excessive focus on terrorism-related risks to the exclusion of broader domestic anti-corruption measures. Figure 1 summarises issues related to the intersection of corruption, terrorism and terrorist financing identified in this paper.

**Figure 1:** The Intersection of Corruption, Terrorism and Terrorist Financing



*Source: Author generated.*

## Recommendations

### Improvement of Anti-Corruption Measures

Recommendations for **domestic authorities** regarding improvement of anti-corruption measures are to:

- Identify sectors in the country's governance and economy where corruption could potentially contribute to terrorism and terrorist financing.
- Address the corruption vulnerabilities where terrorism and terrorist finance-related risks are greatest as a matter of priority.
- Formalise cooperation and the sharing of information between anti-corruption and counterterrorism agencies.
- Conduct anti-corruption audits of border security agencies.

International donors who support counterterrorism measures should make some level of their assistance conditional on ensuring relevant anti-corruption actions are included in programming. This is crucial to reducing the risk that terrorist groups gain, for example, access to weapons or funds, or benefit from weak border security.

Recommendations for **international bodies** regarding the improvement of anti-corruption measures are to:

- Assess the level of resources and funding being misappropriated due to corruption and identify sectors and regional areas where this is most prevalent.
- Monitor and evaluate the success of counterterrorism measures that are a function of anti-corruption measures.

### Acknowledgement of the Corruption–Terror Nexus

Another pressing concern is the lack of acknowledgement of how corruption enables terrorism and terrorist financing, as this leads to a misunderstanding of the threat and an inability to address the risk appropriately. This connection should be explored and understood in much the same way as the organised crime–terror nexus has been studied in the past few years.<sup>95</sup> More evidence must be gathered to substantiate and understand the enabling role of corruption in terrorism and terrorist financing.

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95. Florence Keen and Anton Moiseienko, 'Much Ado About the Nexus: Why Does the Crime/Terror Nexus Matter?', *RUSI Newsbrief*, 31 August 2018.

Recommendations for **domestic authorities** regarding their acknowledgement of the corruption–terrorism nexus include:

- National governments should recognise that corruption should be targeted as a source of terrorism and terrorist financing in its own right.
- Governments should be familiar with and able to query Interpol’s Stolen and Lost Travel Documents database, as well as other available databases, to mitigate the risk of corruption in procuring documentation.
- States should make a specific effort to encourage transparency in military and security procurement, as well as strengthen the security of military equipment depositories.

Recommendations for **international bodies** regarding their acknowledgement of the corruption–terrorism nexus include:

- The FATF and its regional bodies should ensure the enabling role of corruption in terrorist financing is considered in counterterrorist financing assessments.
- Bodies such as the Extractive Industries Transparency Initiative should emphasise the terrorism-related risks of a lack of integrity in this sector.

Terrorism and terrorist financing benefit from connections and links with a range of different activities. Whereas the role of organised crime in funding terrorism has been studied in increasing detail in recent years, the links between corruption, terrorism and terrorist financing have been overlooked. This omission is evident from the review of the literature produced by the UN and other international organisations conducted for this paper. It is also evident from the way in which countries and international organisations respond to corruption – little focus is placed on terrorism and terrorist financing in anti-corruption programming.

As this paper has demonstrated, corruption both intensifies the threat from terrorism and terrorist financing and diminishes state capacity to defend against it. Bodies charged with combating terrorism, terrorist financing and corruption must work harder to identify overlapping interests and collaborate to reduce the extent to which terrorism and terrorist financing can benefit from corruption.





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