



## AFRICA POLICY BRIEF

### What Money Means for Terrorism in Africa

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**T**he old adage ‘Africa is rich but Africans are poor’ does not apply to the continent’s terrorists. In Africa, terrorism is big business. Boko Haram enjoys annual operating budgets of USD \$10 million.<sup>1</sup> Al-Shabaab and Al-Qaeda in the Islamic Maghreb (AQIM) make millions each year, adding to Al-Qaeda’s standing as one of the richest terrorist movements in the world.<sup>2</sup>

Such wealth has increased in the teeth of constraints. The UN imposes asset freezes on terrorist groups and enforces sanctions specific to Somalia, Mali, and Libya.<sup>3</sup> The United States prohibits financial support to more than a dozen Foreign Terrorist Organizations in Africa.<sup>4</sup> Yet the continent’s terrorists continue to make and spend money, and their funding levels are one more statistic—like rising numbers of attacks, fatalities, groups active, and countries affected<sup>5</sup>—that chronicle terrorism’s growth on the continent.

### FOLLOW THE MONEY?

Security professionals sometimes settle on a popular saying—‘follow the money’—when contemplating how best to fight the rise of terrorism in Africa, figuring that by tracking and interdicting financing, governments could reduce attacks and stamp out movements altogether. Whatever the root causes, money is the threat’s fundamental (re)source. Sap the financial well, so the thinking goes, and terrorism will eventually run dry.

This line of reason is appealing. Countering the financing of terrorism (CFT) leaves it to experts to vanquish terrorism through behind-the-scenes battles—tracking bank transfers, analyzing funding networks, and freezing assets. It reduces terrorism to a technical problem to be tackled with currency, and score is easily kept.

Every franc, dinar, dollar, shilling, and naira blocked can be counted as an incremental victory.

CFT specialists, however, are less sanguine. In an exchange under the title “Don’t Follow the Money,” Peter R. Neumann declared the post-9/11 ‘war on terror’ efforts to monitor and control terrorists’ finances a failure.<sup>6</sup> In his estimation, more than 15 years of CFT measures have hampered global banking but not blocked terrorists’ money, leaving them with big budgets for relatively inexpensive attacks.

Neumann’s critics<sup>7</sup> were surprisingly circumspect, acknowledging that CFT targeting needs improvement and contending that CFT should remain one element of response since it at least troubles terrorists and can provide intelligence for other operations. But Neumann points to the damage already done in places like Africa, where terrorists make money in diverse markets—cigarettes in the Sahel, diamonds in West Africa, ivory in East Africa. And CFT measures contribute to the isolation of countries like Somalia from the international financial system, driving monetary transactions into unregulated markets and penalizing the 40 percent of Somalis whose livelihoods rely on remittances.

## THE MEANING OF MONEY

Omitted entirely from the ‘follow the money’ debates, meanwhile, is a parallel register—the ‘meaning of money’—that is equally critical on the continent. Africa is home to tenacious terrorist-cum-insurgent organizations that collaborate with transnational organized crime and administer territory and populations where the state is weak or absent. For these actors, money has a message.

Terrorists in Africa make money in ways that draw lines and define groups. Money divides. AQIM and its offshoots capture European tourists and workers for more than a cash return. Kidnapping for ransom (KFR) has served to spotlight the ongoing Western presence and influence on the continent, and to contrast it with Africans exerting raw physical dominance over cowed European captives. KFR can drive a wedge between partners as well. Ransoms paid expose competing interests and priorities, leaving African leaders at times looking feckless before foreign decisions makers.

Money also unifies. Africa’s terrorists have long connected with African communities by integrating into provincial economies. Boko Haram, for example, sells (sometimes after stealing) gold jewelry and coins, horses, sheep, goats, cows, dry meat, dry fish, and kola nuts,<sup>8</sup> while paying double or triple for rice and petrol.<sup>9</sup> Government crackdowns aimed at terrorists can shackle legal trade and push marginalized communities into informal and even illegal activities, where groups like Boko Haram already act as smugglers and clients.<sup>10</sup>

Meanwhile, terrorists in Africa employ money in ways that express authority. When they gain territory, resources are dedicated not only to violence but also to social services, which terrorists then highlight in their propaganda. Al-Shabaab media claim the group offers religious education and distributes food and medicine in its lands.<sup>11</sup> When placed under pressure, terrorists apportion the burden. Everyone felt the pinch once money got tight in Sirte, Libya. As government forces closed in, the Islamic State added a basic rent on shopkeepers and residents (alongside street cleaning and garbage collection fees), and the group began buying items individually rather than in bulk.<sup>12</sup>

When terrorists are finally pushed off land, officials are left to face popular expectations for assistance and recovery. If governments fail to come through, people are left wondering about the relative merits of rival rulers. Al-Shabaab has a system that levies dues according to clear rates and virtually eliminates corruption,<sup>13</sup> making some wonder whether the group is better at tax collection than most low-income states.<sup>14</sup> And shopkeepers notice the accountability and attentive stewardship of resources implied, for instance, by AQIM

leaders requesting formal receipts for the smallest of purchases, whereas no other customer—civilian or government—seems to bother.<sup>15</sup>

Making and spending money carries symbolic weight. Through their financing, Africa's terrorists, as brutal as they undoubtedly are, stake a claim to a political community and forge a crude social contract, offering 'governance' to a population within a territory they control. In so doing, terrorists lay down a challenge to African governments over sovereignty. If security professionals decide to 'follow the money,' they will do well to develop CFT measures that communicate concern for local economies and pressure terrorists without punishing communities. For CFT to work against Africa's terrorists, responses must be attuned to the 'meaning of money.'

## Policy Options & Recommendations:

1. **Fit CFT within a broader counterterrorism strategy:** Going after the money can generate financial intelligence, solidify counterterrorism partnerships, and affect terrorists' bottom line. But CFT measures are no silver bullet, and their symbolic costs can undercut their practical benefits. Security experts should calibrate and apply CFT measures within a comprehensive approach, in ways that debilitate terrorist groups at a minimum cost to citizens.
2. **Make CFT plans for communities newly liberated from terrorist control:** Alongside battle plans, professionals should draw up economic plans regarding markets and social services in newly recovered lands. Where African terrorists have distorted a local market by, for example, consistently purchasing large quantities of conventional commodities, surrogate clients and subsidies might be in order. The state could also replace (or at least attempt to offset) what terrorists have offered by way of education, healthcare, and the like. Such interventions should eventually enhance the social contract, but the near-term temptation to collect heavy new taxes to pay for them risks sparking resentment at the government's return.<sup>16</sup>
3. **Manage the narrative about terrorist financing:** Africans should know that governments and international partners are putting resources toward the well-being of people afflicted by terrorism. They should also understand the hypocrisy and violence behind terrorists' budgets. Al-Shabaab, for example, extorts food aid meant for Somali famine victims,<sup>17</sup> diverts charitable giving away from the poor,<sup>18</sup> and reinforces prostitution by paying sex workers for information.<sup>19</sup> Explicit public affairs and strategic communications campaigns that highlight government investments and reveal terrorist abuses should be part of all CFT efforts.

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