

ICCT Situation Report: The Use of Small Arms & Light Weapons by Terrorist Organisations as a Source of Finance in the Middle East and North Africa

Authors: Méryl Demuynck, Tanya Mehra, & Reinier Bergema

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Introduction

As the current global security landscape is marked by the multiplication of intra-state conflicts, the rise of transnational organised crime, and the spread of violent extremism, the circulation of approximately one billion small arms and light weapons (SALW)¹ worldwide has become a major source of concern for international and state stakeholders.² The United Nations Security Council has, in particular, repeatedly drawn global attention on the risk that “terrorists benefit from transnational organized crime in some regions, including from the trafficking of [SALW].”³

While arms trafficking is considered as one of the “most resilient factors of international organised crime that affect state security,”⁴ weapons, including SALW, distinguish themselves from other illegally smuggled commodities in two important respects. In addition to being durable goods, their highly strategic value resides in their dual-purpose nature. While an important trafficked commodity, SALW also provide terrorist and other armed groups with the necessary means to carry out attacks (direct use) as well as to establish their control over populations and territories (indirect use).⁵ In addition to the funds and proceeds derived from their sale (direct financing), SALW may furthermore facilitate the conduction of a wide range of other (illegal) income-generating activities such as racketeering, extortion, taxation, or kidnapping for ransom (indirect financing). The destabilising impact of the illicit trafficking in SALW—in which, as we have seen, terrorist groups may be directly or indirectly involved—thus, greatly surpasses its sole monetary value.⁶

Based on this distinctive nature, this situation report—the first in a wider series of papers exploring the use of SALW as a source of terrorism financing—will examine the acquisition, possession, and use of SALW by terrorist organisations active in the Middle East⁷ and North Africa.⁸ It will investigate the extent to which SALW may represent a direct source of funding and/or an enabler to conduct other profit-making activities for these groups. While presenting an overview of the situation and dynamics at work across

¹ For this paper, the authors have adopted the EU’s definition of small arms (i.e. revolvers and self-loading pistols, rifles and carbines, sub-machine guns, assault rifles, and light machine-guns) and light weapons (i.e. heavy machine-guns, hand-held under-barrel and mounted grenade launchers, portable anti-aircraft guns, portable anti-tank guns, recoilless rifles, portable launchers of anti-tank missile and rocket systems, portable launchers of anti-aircraft missile systems, mortars of calibres of less than 100 mm, ammunition and explosives, cartridges (rounds) for small arms, shells and missiles for light weapons, mobile containers with missiles or shells for single-action anti-aircraft and anti-tank systems, anti-personnel and anti-tank hand grenades, landmines, and explosives). See: https://ec.europa.eu/home-affairs/e-library/glossary/small-arms-and-light-weapons-salw_en

² United Nations Security Council. “Spread of 1 Billion Small Arms, Light Weapons Remains Major Threat Worldwide, High Representative for Disarmament Affairs Tells Security Council.” *Meeting Coverage, UNSC 8713th Meeting*, February 5, 2020. <https://www.un.org/press/en/2020/sc14098.doc.htm>

³ UN Security Council Resolution 2195 (2014). <http://unscr.com/en/resolutions/doc/2195>

⁴ Howard, Russell D., “The Nexus of Trafficking and Terrorism” in Itamara V. Lochar (ed.), *Senior Leadership Roundtable on Military and Defence Aspects of Border Security in South East Europe*, NATO Science for Peace and Security Series E: Human and Societal Dynamics, Volume 141, IOS Press, 2019: 74.

⁵ Mangan, Fiona, and Matthias Nowak. “The West Africa-Sahel Connection. Mapping Cross-border Arms Trafficking.” *Small Arms Survey*, Briefing Paper, December 2019: 3.

⁶ The Global Initiative Against Transnational Organized Crime, and RHIPTO. “Libya: a growing hub for Criminal Economies and Terrorist Financing in the Trans-Sahara.” *Policy Brief*, May 11, 2015: 2.

⁷ For the purpose of this paper, the Middle East refers to Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, the Palestinian territories, Qatar, Saudi Arabia, Syria, the United Arab Emirates, and Yemen. This chapter will specifically focus on the ongoing conflicts in Syria, Iraq, and Yemen.

⁸ For the purpose of this mapping exercise, North Africa will be used to refer to Algeria, Egypt, Libya, Morocco, and Tunisia.

each area, the following analysis will eventually aim to identify potential common patterns and/or discrepancies among and within the two regions.

Middle East

The establishment of a self-proclaimed “caliphate” by ISIS⁹ in June 2014 has “changed the terrorism landscape globally”,¹⁰ by creating “a first in the history of modern terrorism: a proto-state able to seize and control territory, amass possibly billions of dollars and organize a major military force”.¹¹ Centred in Iraq and Syria, this so-called caliphate, at its peak, covered a territory roughly equivalent to the size of the United Kingdom and gathered [eight to ten] million inhabitants.¹² While the group has lost its territorial footholds in Iraq and Syria as a result of international military operations,¹³ it continues to pose a serious threat to regional and international security. Despite the death of its leader, Abu Bakr al-Baghdadi, in October 2019, the potential relocation of surviving ISIS forces to areas where the organisation benefits from well-established local affiliates has become a major source of concern. In addition, the group is also demonstrating resilience in its original territory where its remaining forces have reverted to guerrilla-style tactics in order to regain strength.¹⁴

Parallel to the sectarian conflict in Syria and Iraq and the high-profile threat posed by the emergence of ISIS, the Middle East has also been affected by other security challenges, including the civil war in Yemen.¹⁵ Since 2015, Iran-backed Houthi rebels¹⁶ have opposed pro-government forces supported by a Saudi- and Emirati-led coalition¹⁷. This conflict—which has led to one of the world’s largest humanitarian crises¹⁸—has also created further instability and produced a security vacuum for terrorist groups to exploit.¹⁹ Not

⁹ The Islamic State originates from *Jama’at al-Tawhid wal-Jihad* founded in the 1990s by Abu Musab al-Zarqawi. It aligned with al-Qaeda in 2004, becoming al-Qaeda in Iraq (AQI), in a context marked by the fall of Iraqi leader Saddam Hussein, before becoming the Islamic State of Iraq (ISI) in 2006, right after the death of Zarqawi. In 2013, the group established a presence in Syria and renamed itself the Islamic State in Iraq and Syria (ISIS), also known as the Islamic State in Iraq and the Levant (ISIL). In 2014, the group was disavowed by al-Qaeda and became independent. Following the conquest of Mosul later that year, Abu Bakr al-Baghdadi became IS’ first caliph. (Patrick B. Johnston, et al. *Return and Expand? The Finances and Prospects of the Islamic State After the Caliphate*. RAND Corporation, Santa Monica, 2019: x.)

¹⁰ Mohammed Sinan Siyech. “A Comparative Analysis of ‘Islamic State’ & Al Qaeda in Yemen.” *Counter Terrorism Trends and Analysis*, volume 8, Issue 8, August 2016: 12.

¹¹ Jessica Stern. “The World Is Fighting More Than ISIS.” *The New York Times*, October 27, 2019. <https://www.nytimes.com/2019/10/27/opinion/isis-al-baghdadi-dead.html>

¹² Patrick B. Johnston, et al. 2019: 1.

¹³ Conflict Armament Research (CAR). *Weapons of the Islamic State. A three-year investigation in Iraq and Syria*. December 2017: 9.

¹⁴ Rukmini Callimachi. “Described as Defeated, Islamic State Punches Back with Guerrilla Tactics.” *The New York Times*, January 21, 2019. <https://www.nytimes.com/2019/01/21/world/middleeast/isis-syria-attack-iraq.html>. See also: Charlie Faulkner. “Isis is back, not just regrouping - and next year will be worse.” *The Times*, December 29, 2019. <https://www.thetimes.co.uk/article/isis-is-back-not-just-regrouping-and-next-year-will-be-worse-wl7mz937s>

¹⁵ Council on Foreign Relations. “War in Yemen.” *Global Conflict Tracker*, Last updated on March 27, 2020. <https://www.cfr.org/interactive/global-conflict-tracker/conflict/war-yemen>

¹⁶ Saeed Al Batati. “Who are the Houthis in Yemen?” *Al Jazeera*, March 29, 2015. <https://www.aljazeera.com/news/middleeast/2014/08/yemen-houthis-hadi-protests-201482132719818986.html>

¹⁷ Council on Foreign Relations. March 27, 2020.

¹⁸ Shuaib Almosawa, Ben Hubbard, and Troy Griggs. “‘It’s a Slow Death’: The World’s Worst Humanitarian Crisis.” *The New York Times*, August 23, 2017.

<https://www.nytimes.com/interactive/2017/08/23/world/middleeast/yemen-cholera-humanitarian-crisis.html>. See also: United Nations Office for the Coordination of Humanitarian Affairs (OCHA). “Yemen. Crisis Overview.” <https://www.unocha.org/yemen/crisis-overview>

¹⁹ Mohammed Sinan Siyech. August 2016: 12.

only is the country faced with the lasting threat posed by al-Qaeda in the Arabian Peninsula (AQAP),²⁰ and its offshoot organisation Ansar al-Sharia Yemen (ASY), but since late 2014 has also been confronted with the more recent implantation of ISIS-affiliated fighters.²¹

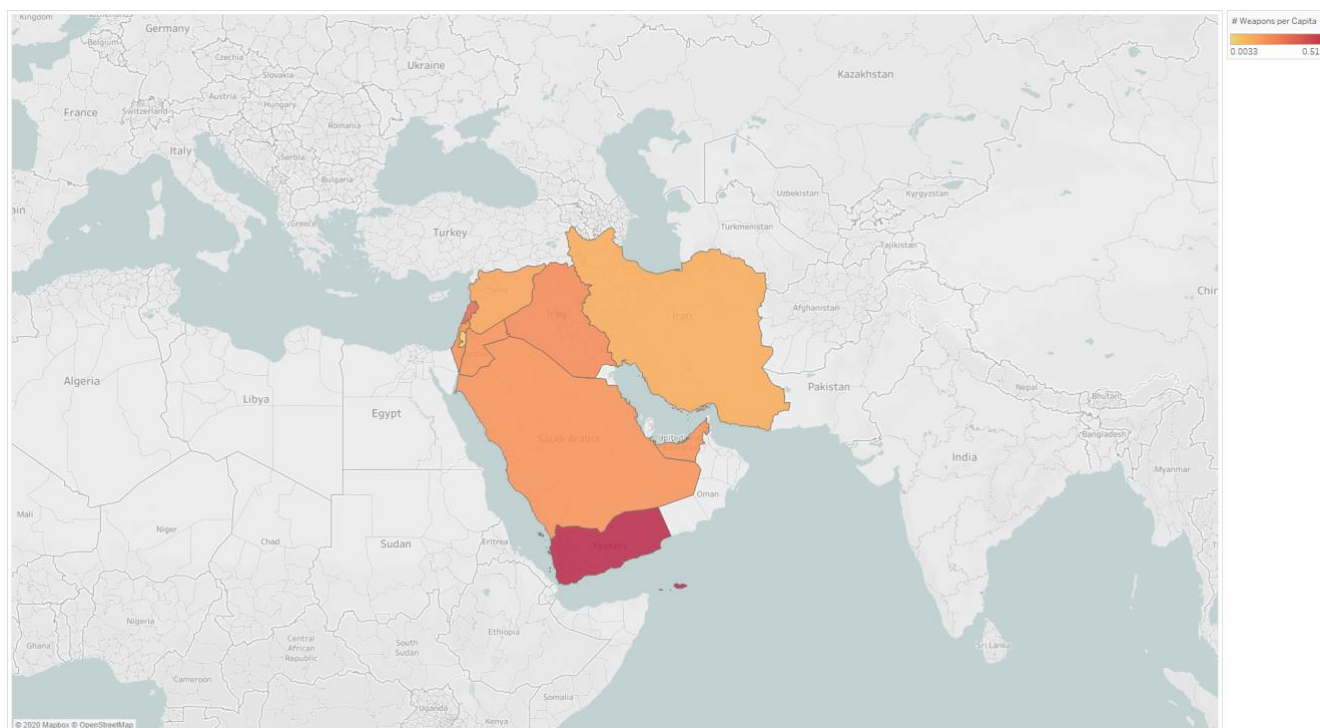


Figure 1. # of SALW per capita in the Middle East.²²

SALW possession and acquisition by terrorist organisations

ISIS has used mainly Warsaw Pact calibres in Iraq and Syria, originating primarily from China and Russia—with about 50 percent of the weapons and ammunitions held by ISIS' fighters having been manufactured in these two countries—as well as Eastern European countries,²³ including Romania, Hungary and Bulgaria²⁴. The most common type of SALW used is the AK-pattern assault rifle;²⁵ although Chinese Type 81 and 61 machine guns have also been seized from ISIS caches.²⁶ These weapons were acquired through a broad range of sources—including diversion from national stockpiles.²⁷ It seems that, at least

²⁰ Al-Qaeda in the Arabian Peninsula (AQAP), which emerged in 2009 as the result of the merger of the Yemeni and Saudi franchise of al-Qaeda, based in southern Yemen. The group has claimed major attacks both within and beyond Yemen's territory, including the Charlie Hebdo attack in Paris in January 2015. (See: Center for International Security and Cooperation (CISAC). "Al Qaeda in the Arabian Peninsula." *Stanford University*, last modified in August 2018. <https://cisac.fsi.stanford.edu/mappingmilitants/profiles/al-qaeda-arabian-peninsula>)

²¹ IS conducted its first attack in Yemen on the 30th of March 2015, targeting two Houti mosques located in the country's largest city Sana'a and resulting in more than 150 deaths. (Mohammed Sinan Siyech. August 2016: 13.)

²² Small Arms Survey, *Global Firearms Holdings*, June 2018, <http://www.smallarmssurvey.org/weapons-and-markets/tools/global-firearms-holdings.html>

²³ These calibres represent around 90% of the weapons and ammunition deployed by ISIS. (CAR. December 2017: 5-6.)

²⁴ CAR. December 2017: 15.

²⁵ CAR. December 2017: 13.

²⁶ CAR. December 2017: 17.

²⁷ CAR. December 2017: 32.

during its initial territorial expansion, the group seized much of its military equipment from Iraqi and Syrian defence and security forces on the battlefield.²⁸

However, the group has progressively relied on other sources to strengthen its arsenals, including weapons supplied by third states to Syrian armed opposition forces.²⁹ In addition to arms already present in Iraq before 2003 and Syria before 2011, unauthorised re-transfers have been a major supply source of ISIS' weapons and ammunition.³⁰ Arms recovered from ISIS' forces show that materiel purchased from Eastern European countries was being transferred to Syrian armed opposition forces by foreign states, notably the United States and Saudi Arabia, without the supplier government's authorisation.³¹ Some of these arms were captured and used by ISIS against international coalition forces. International weapon supplies to factions in the Syrian conflict have thus indirectly led to ISIS illegally acquiring weapons both in larger quantities and of higher quality.³²

It also appears that ISIS forces have obtained weapons and ammunition sourced in other conflict-stricken regions, including weapons diverted from Libyan national stockpiles as well as arms "previously identified in circulation with non-state armed groups in South Sudan".³³ Finally, ISIS has been proficient at manufacturing improvised weapons and explosive devices on a large and sophisticated scale,³⁴ developing "a system of armaments production that combined research and development, mass production and organized distribution".³⁵ This means that, although the group may no longer have access to its former local workshops,³⁶ remaining ISIS fighters can still "share knowledge and techniques online" or by relocating elsewhere.³⁷

As far as Yemen is concerned, arms smuggling had existed long before the outbreak of the current civil war. Nevertheless, the increased instability—as well as the progressive involvement of various regional powers in Yemen's crisis, most notably Iran, Saudi Arabia, and the United Arab Emirates—have had consequences on the procurement of SALW by different parties. Since mid-2015, several shipments of Iranian-manufactured arms transiting through the Gulf of Aden, and ultimately destined for Yemen, have been seized.³⁸ Similarly, Saudi Arabia and the United Arab Emirates have exported large amounts of weapons to support different militias fighting alongside the "anti-Houthi coalition".³⁹ In addition, several Western countries are believed to export weapons and

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²⁸ CAR. December 2017: 6.

²⁹ CAR. December 2017: 30.

³⁰ An unauthorised retransfer is "the violation of [end-user] agreements by which a supplier government prohibits the re-export of materiel by a recipient government without its prior consent", which runs counter to a range of international and regional counter-diversion agreements, including the Arms Trade Treaty (CAR. December 2017: 5.)

³¹ CAR. December 2017: 5.

³² CAR. December 2017: 7.

³³ CAR. December 2017: 7.

³⁴ CAR. December 2017: 147

³⁵ John Ismay, Thomas Gibbons-Neff, and C. J. Chivers. "How ISIS Produced Its Cruel Arsenal on an Industrial Scale." *The New York Times*, December 10, 2017.

<https://www.nytimes.com/2017/12/10/world/middleeast/isis-bombs.html?auth=login-google>

³⁶ Eric Schmitt, Alissa J. Rubin, and Thomas Gibbons-Neff. "ISIS Is Regaining Strength in Iraq and Syria." *The New York Times*, August 19, 2019. <https://www.nytimes.com/2019/08/19/us/politics/isis-iraq-syria.html>

³⁷ John Ismay, Thomas Gibbons-Neff, and C. J. Chivers. December 10, 2017.

³⁸ C. J. Chivers, and Eric Schmitt. "Arms Seized Off Coast of Yemen Appear to Have Been Made in Iran." *The New York Times*, January 10, 2017. <https://www.nytimes.com/2017/01/10/world/middleeast/yemen-iran-weapons-houthis.html>. See also: Conflict Armament Research (CAR). *Maritime Interdictions of Weapon Supplies to Somalia and Yemen: Deciphering a Link to Iran*. November 2016.

³⁹ Jonathan Fenton-Harvey. "Weapons Trafficking Fuels Conflicts in Yemen and Africa." *Inside Arabia*, January 30, 2020. <https://insidearabia.com/weapons-trafficking-fuels-conflicts-in-yemen-and-africa/>



ammunition to coalition members, primarily Saudi Arabia,⁴⁰ thereby “fuelling the escalating conflict in Yemen”.⁴¹

In addition to weapons looted by terrorist groups on the battlefield and in territories under their effective control, the continued flows of SALW entering Yemen may have indirectly facilitated the procurement of arms by these groups. For instance, AQAP has allegedly benefited from the emphasis placed on combating Houthi rebels,⁴² and is believed to have had access to arms and ammunition while reportedly fighting against Houthi forces alongside the coalition.⁴³ Overall, it thus appears that Yemen’s civil war has provided terrorist organisations, predominantly AQAP, with “more sources of weapons and income than ever before”.⁴⁴

Image 1. Weapons seized by the multi-national Combined Maritime Forces in the Arabian Sea on February 29, 2016.⁴⁵

SALW as a source of terrorist funding

Terrorist financing has been a major area for concern in this region as ISIS became “the richest and most powerful terrorist group in contemporary history”⁴⁶ amassing nearly €5.5 billion at the peak of its territorial control in 2015.⁴⁷ Holding territory has enabled the group to raise millions of euros annually by “mimicking the functions of a state”,⁴⁸ including collecting taxes from inhabitants, charging tariffs and transit fees, and selling pilfered oil from the fields located in these territories.⁴⁹ Its loss of control over its former strongholds has thus deprived the organisation of a significant source of funding, accounting for approximately 80 percent of its funds.⁵⁰

However, it is believed that ISIS still held “the equivalent of [€350 million] in assets as of early 2019”.⁵¹ This is a substantial amount, especially considering the fact that the collapse of ISIS’ proto-state entails a drastic decrease in the costs the organisation once

⁴⁰ Emma Graham-Harrison. “Money from arms sales dwarfs aid for Yemen.” *The Guardian*, September 7, 2019. <https://www.theguardian.com/world/2019/sep/07/britains-yemen-policy-completely-incoherent-oxfam-report>

⁴¹ Emily Doerner, and Peter Danssaert. “Infographic - The ATT, arms trade to Saudi-Arabia and violence in Yemen.” *International Peace Information Service (IPIS)*, February 8, 2019.

<https://ipisresearch.be/publication/infographic-att-arms-trade-saudi-arabia-violence-yemen/>

⁴² Maggie Michael, Trish Wilson, and Lee Keath. “AP Investigation: US allies, al-Qaida battle rebels in Yemen.” *AP News*, August 7, 2018. <https://apnews.com/f38788a561d74ca78c77cb43612d50da/AP-investigation:-Yemen-war-binds-US,-allies,-al-Qaida>

⁴³ International Crisis Group (ICG). *Yemen’s al-Qaeda: Expanding the Base*. Middle East Report N°174, February 2, 2017: 15

⁴⁴ International Crisis Group. February 2, 2017: 23.

⁴⁵ Conflict Armament Research. *Maritime Interdictions of Weapon Supplies to Somalia and Yemen: Deciphering a Link to Iran*. November 2016: 5.

⁴⁶ Jessica Stern. October 27, 2019.

⁴⁷ Colin P. Clarke. “ISIS’s New Plans to Get Rich and Wreak Havoc.” *Foreign Policy*, October 10, 2018. <https://foreignpolicy.com/2018/10/10/isis-new-plans-to-get-rich-and-wreak-havoc/>

⁴⁸ Renad Mansour, and Hisham al-Hashimi. “ISIS Inc.” *Foreign Policy*, January 16, 2018. <https://foreignpolicy.com/2018/01/16/isis-inc-islamic-state-iraq-syria/>

⁴⁹ Erika Solomon, Guy Chazan, and Sam Jone. “Isis Inc: how oil fuels the jihadi terrorists.” *Financial Times*, October 14, 2015. <https://www.ft.com/content/b8234932-719b-11e5-ad6d-f4ed76f0900a>

⁵⁰ Renad Mansour, and Hisham al-Hashimi. January 16, 2018.

⁵¹ Patrick B. Johnston, et al. 2019: ix.

had to cover in order to govern its self-proclaimed caliphate.⁵² In addition, many observers point to the fact that as ISIS goes back to insurgency tactics, they will progressively rely on other sources of income. The group has already demonstrated that “it is capable of making money even without controlling large population centres”.⁵³ Criminal activities are likely to play an increasingly important part in the group's financial strategy, “with its members seeking to extort, kidnap, steal, smuggle, and traffic to obtain the money they need to finance the group’s activities”.⁵⁴

Regarding the use of SALW as a source of financing more specifically, according to observers, “as the group returns to the state of insurgency, it will continue to profit from the trade of illicit goods, including [SALW]”.⁵⁵ It appears that ISIS has already relied to a certain extent on illegal trafficking to finance itself, exploiting well-developed informal economies as well as pre-existing smuggling routes across the region.⁵⁶ Moreover, the possession of SALW has already greatly facilitated the group’s wealth, enabling it to carry out extortion operations, racketeering, kidnapping for ransom, and robberies - including the robbery of Mosul’s central bank in June 2014⁵⁷, as well as smuggling of other illicit commodities and contraband such as oil and antiquities.⁵⁸ With regards to the methods ISIS could rely on in the near future, one particular concern relates to the risk that remnants of ISIS may “use the information gathered and kept in records about the approximately [eight to ten] million people living under its rule during the height of its power to extort Iraqis and Syrians”.⁵⁹ It thus appears that ISIS’ “diversified funding portfolio and ability to raise money through criminal activities provides it with an opportunity to survive”,⁶⁰ with the possession of SALW potentially playing a critical role in the group’s ability to maintain itself and continue its devastating activities.

Interestingly, the financing of terrorist organisations in the case of Yemen, contrasts significantly, in at least some aspects, with the situation witnessed in other parts of the Middle East, including in Iraq and Syria. In Yemen, it is al-Qaeda-aligned cells (rather than ISIS’ affiliates) which managed to take control over territories in southern parts of the country, allowing them to generate significant income.⁶¹ In April 2015, in the early days of the civil war, AQAP seized control of the port city of Mukalla for over a year, allowing

⁵² Joby Warrick. “Retreating ISIS army smuggled a fortune in cash and gold out of Iraq and Syria.” *The Washington Post*, December 22, 2018. https://www.washingtonpost.com/world/national-security/retreating-isis-army-smuggled-a-fortune-in-cash-and-gold-out-of-iraq-and-syria/2018/12/21/95087ffc-054b-11e9-9122-82e98f91ee6f_story.html

⁵³ Colin P. Clarke. October 10, 2018.

⁵⁴ Patrick B. Johnston, et al. 2019.

⁵⁵ Renad Mansour, and Hisham al-Hashimi. January 16, 2018.

⁵⁶ Renad Mansour, and Hisham al-Hashimi. January 16, 2018.

⁵⁷ Terrence McCoy. “ISIS just stole \$425 million, Iraqi governor says, and became the ‘world’s richest terrorist group’.” *The Washington Post*, June 12, 2014. <https://www.washingtonpost.com/news/morning-mix/wp/2014/06/12/isis-just-stole-425-million-and-became-the-worlds-richest-terrorist-group/>. See also: Borzou Daragahi. “Biggest bank robbery that ‘never happened’ - \$400m Isis heist.” *The Financial Times*, July 17, 2014. <https://www.ft.com/content/0378d4f4-0c28-11e4-9080-00144feabdc0>

⁵⁸ See: Annelies Pauwels. “ISIS and illicit trafficking in cultural property: Funding terrorism through art.” *Freedom From Fear (F3)*, Issue 11, Not in our name The lost generation of violent extremists, 2016: 64-70. https://read.un-ilibrary.org/human-rights-and-refugees/isis-and-illicit-trafficking-in-cultural-property-funding-terrorism-through-art_1df7038c-en#page3

⁵⁹ David Kenner. “All ISIS Has Left Is Money. Lots of It.” *The Atlantic*, March 24, 2019. <https://www.theatlantic.com/international/archive/2019/03/isis-caliphate-money-territory/584911/>

⁶⁰ Colin P. Clarke. “An Overview of Current Trends in Terrorism and Illicit Finance: Lessons from the Islamic State in Iraq and Syria and Other Emerging Threats.” *Testimony presented before the House Financial Services Committee, Subcommittee on Terrorism and Illicit Finance*, RAND Corporation, September 7, 2018: 1.

⁶¹ Mohammed Sinan Siyech. August 2016: 13.

them to increase “revenue streams from raiding banks and controlling ports while providing indirect access to additional weapons”.⁶²

For its part, arms trafficking has long been a “profitable business for organized networks”⁶³ throughout the region. As a result of increased circulation of SALW since the beginning of the civil war, it seems that the various armed groups that have been obtaining large quantities of SALW, mainly originating from regional powers, “often trade [these] weapons among themselves, use them as a kind of currency, and even use them to secure informal loans”.⁶⁴ While SALW have a strategic value for terrorist organisations, and although some groups have certainly benefited from their indirect involvement in arms smuggling—for example through taxation of inflows when controlling port cities—it remains unclear whether jihadist groups active in Yemen generate any financial income from a direct involvement in arms trafficking.

North Africa

Violent extremist organisations have existed in North Africa for decades, with the first jihadist groups emerging in connection with the Algerian civil war in the 1990s,⁶⁵ and have proved to be highly resilient.⁶⁶ Terrorist networks—which continued “to operate with almost complete impunity”⁶⁷ throughout the region—comprise both al-Qaeda-aligned organisations (with AQIM⁶⁸ remaining one of the most prominent groups) and ISIS affiliates.⁶⁹ North Africa has become “one of the most important areas of expansion of ISIS, especially with its branches in the Egyptian Sinai and an explicit presence in Libya”.⁷⁰ Taking advantage of the security vacuum created by political instability, ISIS managed to capture some strategic parts of the Libyan territory, including the port city of Sirte in 2015, which “became the first ISIS controlled territory outside of Syria and Iraq”⁷¹, before being retaken by UN-backed Government of National Accord (GNA) forces in late 2016.⁷² According to a report published on December 10, 2019, by the UN Security Council, Libya still represents “one of the main axes” of the ISIS’ future operations.⁷³

⁶² Center for International Security and Cooperation (CISAC). “Al Qaeda in the Arabian Peninsula.” *Stanford University*, last modified in August 2018. <https://cisac.fsi.stanford.edu/mappingmilitants/profiles/al-qaeda-arabian-peninsula>

⁶³ Jonathan Fenton-Harvey. January 30, 2020.

⁶⁴ Jonathan Fenton-Harvey. January 30, 2020.

⁶⁵ Marco Maiolino. “Algeria’s structural weaknesses.” in Lorenzo Marinone (ed.). “The evolution of radicalisation in the Maghreb in the aftermath of the defeat of Daesh.” *C.e.S.I. and ITSTIME*, March 2019: 19.

⁶⁶ Paolo Zucconi. “The resilience of Jihadi Extremist Groups in North Africa.” *Global Security Review*, April 15, 2019. <https://globalsecurityreview.com/resilience-extremist-groups-north-africa/>

⁶⁷ The Global Initiative Against Transnational Organized Crime, and RHIPTO. *Libya: a growing hub for Criminal Economies and Terrorist Financing in the Trans-Sahara*. Policy Brief, May 11, 2015 : 6.

⁶⁸ AQIM was founded in 1998 by elements of the Algerian Armed Islamic Group (GIA) and was named Salafi Group for Preaching and Combat (GSPC) until 2007.

⁶⁹ In the past years, a broad range of terrorist cells formed across North Africa and swore allegiance to the Islamic State’s former leader Abu Bakr al Baghdadi, including inter alia Wilaya Sinai also known as the Islamic State in the Sinai, and the Islamic State in Libya, but also Jund al Khalifa-Algeria, Jund al-Khilafah-Tunisia, Katibat Ansar El Khilafa, Katibat Sahara, Seriat El Ghoraba.

⁷⁰ Lorenzo Marinone (ed.). “The evolution of radicalisation in the Maghreb in the aftermath of the defeat of Daesh.” *C.e.S.I. and ITSTIME*, March 2019: 5.

⁷¹ Mohammed Sinan Siyech. August 2016: 14.

⁷² Jason Pack, Rhiannon Smith, and Karim Mezran. The Origins and Evolution of ISIS in Libya. *Atlantic Council*, June 2017: 37.

⁷³ UNSC, S/2019/934, https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2019_934.pdf

The extent and level of the jihadist threat varies significantly across the region. While, on the one hand, some countries—Morocco in particular—have remained relatively spared by terrorist attacks, on the other hand, countries such as Libya or Egypt face a direct terrorist threat, especially where formal government authority is disputed.⁷⁴ Despite these sub-regional discrepancies, none of the North African countries has been spared by the foreign terrorist fighter (FTF) phenomenon. Terrorist groups operating in the region have increased their ties with international jihadist networks, which has translated into “training and exporting of fighters”.⁷⁵

While not new in this region, the recent wave of FTFs leaving North African countries to join ISIS and al-Qaeda-affiliated organisations in the Levant has been distinctive by both the sheer number of individuals and the relative short time frame in which they were mobilised.⁷⁶ With an estimated number of ten thousand people originating from the region having travelled to Iraq and Syria,⁷⁷ the Maghreb alone accounts for about six thousand foreign fighters who either joined ISIS or travelled to Libya.⁷⁸ North African countries have contributed to some of the largest contingents of FTFs globally. Faced with limited resources to effectively deal with this issue, the return of FTFs represents a source of serious concern, even for countries which have so far been relatively spared by terrorist attacks—as demonstrated by the case of Tunisia, which has seen about 3,000 of its nationals travelling to fight in Iraq and Syria⁷⁹, the highest number among North African countries.⁸⁰

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⁷⁴ Francesco Strazzari, and Francesca Zampagni. “Illicit firearms circulation and the politics of upheaval in North Africa.” in Nils Duquet and Kevin Goris. *Firearms acquisition by terrorists in Europe - Research findings and policy recommendations of Project SAFTE*. Flemish Peace Institute, Brussels, April 18, 2018: 114.

⁷⁵ Counter Extremism Project. “Libya: Extremism & Counter-Extremism”. Available at: <https://www.counterextremism.com/countries/libya>

⁷⁶ In the past, North Africa already experienced waves of mobilisation of foreign fighters travelling to join the war in Afghanistan in 1979-1989, the conflict in Bosnia in the 1990s, the 2001 war in Afghanistan and the 2003 Iraqi war. (Lorenzo Marinone (ed.). “The evolution of radicalisation in the Maghreb in the aftermath of the defeat of Daesh.” *C.e.S.I. and ITSTIME*, March 2019: 5.)

⁷⁷ Akinola Olojo, and Martin Ewi. “What does al Baghdadi's exit mean for Africa?” *ISS Today*, November 5, 2019. <https://issafrica.org/iss-today/what-does-al-baghdadis-exit-mean-for-africa>

⁷⁸ Lorenzo Marinone (ed.). “The evolution of radicalisation in the Maghreb in the aftermath of the defeat of Daesh.” *C.e.S.I. and ITSTIME*, March 2019: 5.

⁷⁹ Marco Maiolino. “The Tunisian transition to the test of radicalisation.” in Lorenzo Marinone (ed.). “The evolution of radicalisation in the Maghreb in the aftermath of the defeat of Daesh.” *C.e.S.I. and ITSTIME*, March 2019: 27.

⁸⁰ Akinola Olojo, and Martin Ewi. November 5, 2019.

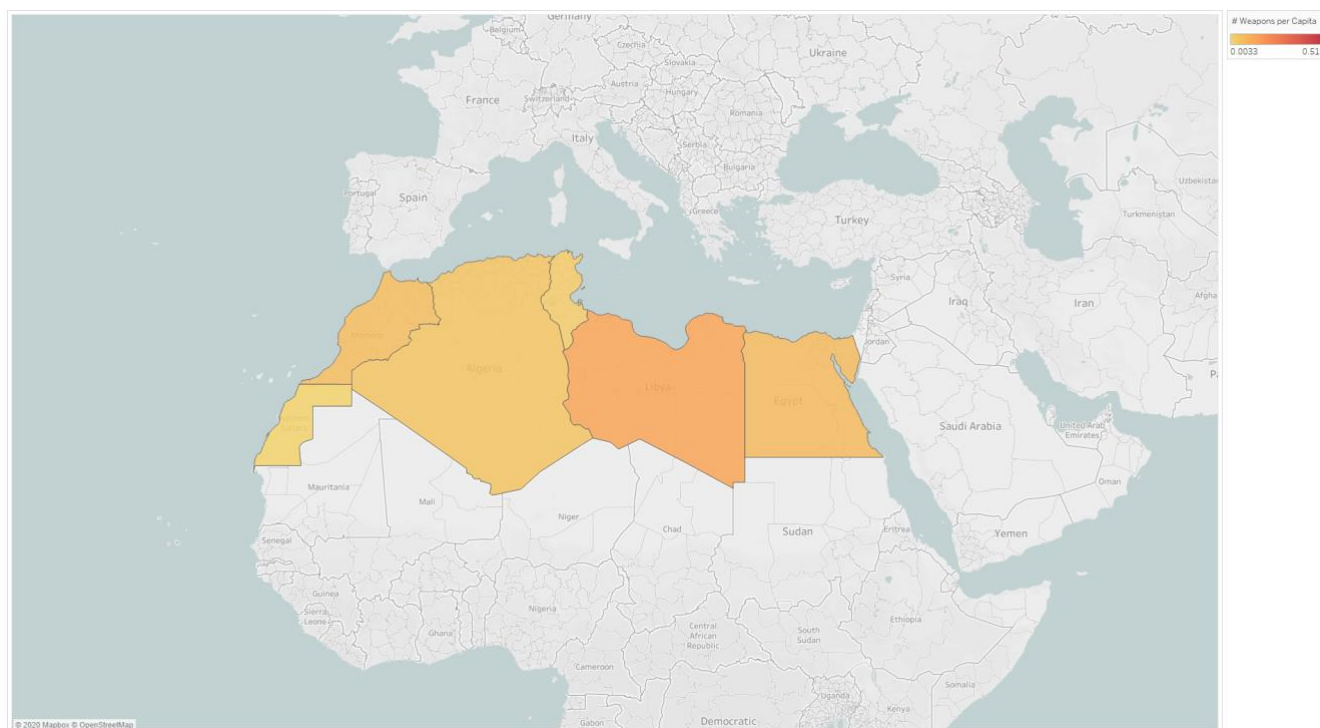


Figure 2. # of SALW per capita in the Middle East.⁸¹

SALW possession and acquisition by terrorist organisations

The political instability that followed the upheaval of the Arab Revolutions and the subsequent collapse of some decades-old regimes has created relative safe havens for terrorist groups. Moreover, it has also resulted in the proliferation of SALW across the region and beyond: “In recent years, the civilian possession of firearms has in fact increased significantly in several Northern African countries, mainly related to the volatile political and security situation in these countries”.⁸²

Post-conflict diversion of national stockpiles has represented one of the main supply sources of illicit civilian-held arms in North Africa⁸³ available to armed groups, including terrorist organisations operating throughout the region. Prior to the 2011 uprisings, “Libya had one of the largest and most diverse stockpiles of conventional weapons in Africa”.⁸⁴ With the collapse of the Libyan regime, a great part of these arsenals fell in the hands of non-state armed groups and traffickers.⁸⁵ These firearms have been diverted into illicit possession in different ways, including through the looting of the depots,

⁸¹ Small Arms Survey, Global Firearms Holdings, June 2018, <http://www.smallarmssurvey.org/weapons-and-markets/tools/global-firearms-holdings.html>

⁸² Nils Duquet, and Kevin Goris. *Firearms acquisition by terrorists in Europe - Research findings and policy recommendations of Project SAFTE*. Flemish Peace Institute, Brussels, April 18, 2018: 113.

⁸³ Mark Bromley, Giovanna Maletta and Kolja Brockmann. *Arms transfers and SALW controls in the Middle East and North Africa: Mapping capacity-building efforts*. SIPRI Background Paper, November 2018: 3.

⁸⁴ Mark Bromley, Giovanna Maletta and Kolja Brockmann. November 2018: 4.

In 2011, the Libyan state stockpiles comprised approximately 250,000-700,000 firearms, with 75 percent being assault rifles. See. The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 3.)

⁸⁵ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 3.

through battlefield recoveries of weapons, as well as through the state-sponsored⁸⁶ arming of proxies involved in the conflict.⁸⁷

In addition to making large quantities of arms available for looting, the political instability that followed Gaddafi's downfall also led to "the emergence of a vast regional black market in firearms".⁸⁸ While illicit weapon transfers to neighbouring countries already existed prior to the 2011 uprisings, Gaddafi's regime used to exert control over much of the illegal arms trafficking taking place.⁸⁹ Its collapse thus created new opportunities for criminal networks, making long-established trans-Sahara routes available for cross-border smuggling of weapons by a "broader range of actors,"⁹⁰ and transformed Libya into "a hub for the smuggling and sale of arms, migrants, and drugs to prop up terror entities".⁹¹ A little known aspect of arms trafficking in the region is the online sale of small arms via social media platforms, which are turned into "a kind of weapons bazaar"⁹², a situation that allows terrorist groups to acquire SALW and more heavy weaponry.

This situation had repercussions far beyond Libya's borders, not only affecting neighbouring countries but also leading to the proliferation of SALW in the broader region. Libya's arms depots have notably played a critical role in arming non-state actors in Northern Mali in 2012 as well as terrorist groups active in the Sahel.⁹³ However, "decreased trafficking from Libya to other countries in the region has been observed in recent years"⁹⁴, certainly due to the intensification of armed conflict in the country and the subsequent increase in domestic demand.⁹⁵ However, other sources of illicit weapons fuel black markets throughout the region, including the conversion of imitation firearms. Important quantities of "readily convertible alarm weapons" have transited from Turkey to Northern African countries, including Egypt and Libya "where both merchants and end users, including armed groups, are converting them."⁹⁶

SALW as a source of terrorist funding

Available research indicates that in North Africa "the role of criminal activities in the financing of the jihadist groups cannot be underestimated".⁹⁷ One key feature of illicit trafficking throughout the region underlined by research is the existence of close links between organised criminal networks and terrorist networks, with observers arguing that "even when they are not structurally connected, these actors interact with each

⁸⁶ There are several examples of states arming groups to act as proxies in the region, including Egypt and the United Arab Emirates (UAE) which reportedly played a lead role in supplying arms to different non-state actors in Libya during the anti-Gaddafi uprising. (Mark Bromley, Giovanna Maletta and Kolja Brockmann. November 2018: 5.)

⁸⁷ Francesco Strazzari, and Francesca Zampagni. April 18, 2018: 114.

⁸⁸ According to some sources more than a million tons of weapons were looted after Qaddafi fell. (Francesco Strazzari, and Francesca Zampagni. April 18, 2018: 113.)

⁸⁹ Rim Dhaouadi. "Cross-border smuggling / What drives illicit trade in North Africa?" ENACT, July 5, 2019. <https://enactafrica.org/enact-observer/what-drives-illicit-trade-in-north-africa>

⁹⁰ Rim Dhaouadi. "Cross-border smuggling / What drives illicit trade in North Africa?" ENACT, July 5, 2019. <https://enactafrica.org/enact-observer/what-drives-illicit-trade-in-north-africa>

⁹¹ Francesco Strazzari, and Francesca Zampagni. April 18, 2018: 113.

⁹² Rim Dhaouadi. "Social media and the sale of arms in Libya." ENACT, April 2019. <https://enactafrica.org/research/trend-reports/social-media-and-the-sale-of-arms-in-libya>

⁹³ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 4.

⁹⁴ Francesco Strazzari, and Francesca Zampagni. April 18, 2018: 115.

⁹⁵ Francesco Strazzari, and Francesca Zampagni. April 18, 2018: 115.

⁹⁶ Small Arms Survey (SAS). *Weapons Compass. Mapping Illicit Small Arms Flows in Africa*. January 2019: 59.

⁹⁷ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 6.

other to ensure all sides benefit”.⁹⁸ Furthermore, “there is extensive evidence that armed groups, including those with a violent extremist agenda, are profiting richly from a range of criminal economies”.⁹⁹ Although all groups seem to take advantage, to varying extents, of criminal activities,¹⁰⁰ al-Mourabitoun certainly provides the most striking example with its leader Mokhtar Belmokhtar having “a longstanding history as an arms and cigarette trafficker, with networks well established across the Sahel and Maghreb”.¹⁰¹

A first source of financing related to SALW trafficking for terrorist groups is to engage in the “protection economies” that have developed as a result of the increased instability and insecurity throughout the region.¹⁰² Indeed, “there seems to be no lack of opportunity for these groups to make alliances with, profit from or to tax the smuggling and trafficking trades perpetuated by the proliferating number of armed groups and criminal networks in the region”.¹⁰³ Without taking an active part in the illicit trafficking itself, terrorist groups can earn income from getting indirectly involved, providing protection services or levying taxes on goods smuggled through areas under their effective control.

As in some other regions, SALW also provide terrorist groups with the necessary means to conduct a broad range of activities aimed at financing their organisation. For instance, AQIM has received global attention for its extensive use of kidnapping for ransom as a means of financing its terrorist activities, though this practice has diminished recently “apparently due to a lack of available targets rather than any strategic shift”.¹⁰⁴

Conclusion

Longstanding presence of terrorist organisations has contributed to the growing insecurity in the Middle East and North Africa, and subsequent proliferation of SALW in the region. Faced with a complex, multi-faceted palette of interlinked security threats, the fragile contexts of these regions post-2011, in particular Libya, Syria, and Yemen, created relative safe havens for terrorist organisations. Jihadist terrorist organisations in the Middle East and North Africa have relied on an array of arm supply sources, including, but not limited to, diversion from national stockpiles, battlefield recoveries, unauthorised re-transfer, and, albeit to a much lesser extent, self-manufacturing.

This analysis has shed light on two important dynamics in relation to the proliferation of SALW in the two regions.

First, the hegemonic rivalry between Iran and Saudi Arabia contributed significantly to the proliferation of SALW, as both countries have been actively arming proxy groups in different conflict zones across the Middle East. In Syria, both Iran and Saudi Arabia have been providing varying degrees of material support, including SALW, to opposing parties, with Iran backing sitting President Assad,¹⁰⁵ and Saudi Arabia supporting rebel militants.

⁹⁸ Rim Dhaouadi. “Cross-border smuggling / What drives illicit trade in North Africa?” ENACT, July 5, 2019. <https://enactafrica.org/enact-observer/what-drives-illicit-trade-in-north-africa>

⁹⁹ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 8.

¹⁰⁰ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 7.

¹⁰¹ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 7.

¹⁰² The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 6.

¹⁰³ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 6.

¹⁰⁴ The Global Initiative Against Transnational Organized Crime, and RHIPTO. May 11, 2015: 7.

¹⁰⁵ Kenneth Katzman, *Iran’s Foreign and Defense Policies*. Congressional Research Service, April 29, 2020. <https://fas.org/sgp/crs/mideast/R44017.pdf>

In Yemen, similar dynamics have emerged. There, Saudi Arabia has assembled an Arab coalition to support the ousted government, while Iran backs the rebel Houthis forces, providing them with money, training, and materiel,¹⁰⁶ further fuelling the conflict in the country. As a consequence, these weapons have also ended up in the hands of terrorist organisations, including, but not limited to, ISIS and AQ affiliates in both Syria and Yemen.

Second, Libya—in particular, following the collapse of the Gaddafi regime in 2011—has played a pivotal role in the proliferation of SALW in the MENA, but also in other regions, spanning as far as West Africa and the Horn of Africa. With the fall of the regime, the lion share of its military arsenal, being one of the largest and most diverse in the region, fell into the hands of various non-state actors, including terrorist organisations and criminal networks. Moreover, the fall of the regime also created a power vacuum, enabling criminal networks to increase their level of control over long-established trans-Sahara smuggling and trafficking routes, turning the wider region into a source, transit, and destination for SALW, along with a variety of other illicit commodities.

The proliferation of SALW across the Middle East and North Africa has enabled terrorist organisations to generate a steady stream of revenues. While some groups may have profited from the direct sale of SALW (for example, al-Mourabitoun in North Africa, terrorist organisations active in both regions seems to have mostly used SALW to engage in a range of (indirect) revenue generating activities. At its height, ISIS controlled territory home to approximately eight to ten million people, allowing them to collect taxes, charge tariffs and transit fees and exploit oil fields. Moreover, the possession of SALW enabled them to carry out extortion operations, racketeering, kidnapping for ransom, armed raids, and engage in “protection economies”. Similar tactics have also been adopted by other terrorist organisations in both the Middle East and North Africa, including AQ affiliates in Yemen and the Maghreb.

As all eyes are transfixed on the possible relocation of ISIS in different regions around the world, attention should also be paid to how ISIS “may attempt to finance a renewed campaign of terror”.¹⁰⁷ While in recent years the group has been able to generate millions annually, its recent defeats could drive ISIS remaining forces to rely increasingly on miscellaneous criminal activities, including illegal trafficking of SALW, to raise revenue.

<i>Indicator</i>	Middle East	North Africa
Estimated # of firearms in the region held ¹⁰⁸	50,539,230 (7,738,230 / 42,801,000)	12,367,510 (4,895,510 / 7,472,000)
<i>Total (# held by state actors / non-state actors)</i>		

¹⁰⁶ Kenneth Katzman, *Iran's Foreign and Defense Policies*. Congressional Research Service, April 29, 2020. <https://fas.org/sgp/crs/mideast/R44017.pdf>

¹⁰⁷ Colin P. Clarke. September 7, 2018: 2.

¹⁰⁸ Small Arms Survey, *Firearms Holdings* (2018). Data retrieved from: http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Law-enforcement-firearms-annexe.pdf; <http://www.smallarmssurvey.org/weapons-and-markets/tools/global-firearms-holdings.html>; and http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Civilian-held-firearms-annexe.pdf. Last visited on 18 May 2020. *Firearms* are a subgroup of small arms and light weapons, referring only to small arms and heavy machine guns.

Ongoing conflicts ¹⁰⁹	War in Yemen; Civil War in Syria; Political Instability in Iraq; Political Instability in Lebanon; Conflict between Turkey and Armed Kurdish Groups; Israeli-Palestinian Conflict	Instability in Egypt; Civil War in Libya;
Sources of SALW	Diversion (looting, battlefield recoveries), internal circulation, unauthorized re-transfers, production/manufacturing of improvised weapons and explosives; procurements of SALW via state actors;	Diversion (looting, battlefield recoveries; mainly from Libya), regional trafficking/smuggling, conversion
SALW-related sources of income	Taxes, charging tariffs and transit fees, KPR, extortion, robberies, smuggling/trafficking of illicit goods (including oil, SALW, antiquities),	Smuggling/trafficking of illicit goods (SALW, cigarettes), protection services/ “riding shotgun”, taxation of smuggling/trafficking routes, KPR

¹⁰⁹ Council of Foreign Relations, *Global Conflict Tracker* (14 May 2020), <https://www.cfr.org/interactive/global-conflict-tracker?category=us>. Last visited on 18 May 2020.

About the Authors

Méryl Demuynck

Méryl Demuynck joined the International Centre for Counter-Terrorism as Project Assistant in November 2019. Her work currently focuses on the prevention of radicalization and violent extremism in Mali, both inside and outside the prison context. She is also involved in a research project exploring the trafficking of small arms and light weapons as a source of financing for terrorist organisations.

Prior to joining ICCT, Méryl contributed to various research projects in the area of international peace and security. In addition to a Master thesis on the Line of Control (LoC) in Kashmir, she conducted research for the Council of Europe Counter-Terrorism Division on the radicalisation of women and children in terrorist organisations. Combining desk-based and fieldwork research, she also carried out a prospective study on the impact of nomadic peoples on the security environment in the ECOWAS region for the French armed forces positioned in Dakar, Senegal. She holds a multidisciplinary BA in Political Science, History, Economics and Law as well as a MA in European and International Relations — *Internal and External Security of the European Union* – from the Institute of Political Science of Strasbourg. She also completed a specialisation degree on Contemporary Sub-Saharan Africa at the Institute of Political Science of Lyon.

Tanya Mehra

Tanya Mehra LL.M is Senior Project Leader/Senior Research Fellow at the International Centre for Counter-Terrorism – The Hague. With a background in international law Tanya is involved in conducting research, providing evidence-based policy advice, advising governments on a rule of a law approach in countering terrorism. Previously she worked at the T.M.C. Asser Instituut where she was engaged with conducting needs assessment missions, capacity building projects and training activities.

At ICCT, Tanya is currently leading a project exploring the criminal justice responses to the linkage between terrorism, transnational organized crimes and international crimes, developing a training and policy kit on a RoL base use of administrative measures within a CT context and involved in a research project exploring the trafficking of small arms and lights weapons as source of financing for terrorist organisations.

Reinier Bergema

Reinier Bergema is a Research Fellow and Project Manager at the ICCT. Over the past five years, he worked at the interface of (actionable) research and policy for a wide variety of clients, including, but not limited to, the Netherlands' Ministries of Defense and Foreign Affairs, the Netherlands' National Police, NATO, and Europol. He holds a dual Master's degree in Political Science (International Relations) and Public Administration (Crisis and Security Management), both from Leiden University. His research interests include, inter alia, foreign terrorist fighters, the terrorist threat across Europe, and quantitative research methods.

Over the years, he frequently commented and published on a variety of terrorism- and counterterrorism-related topics in different outlets, including Foreign Policy, The

Independent, NRC, De Volkskrant, the International Peace Institute (IPI), Bellingcat, Studies in Conflict & Terrorism, and Clingendael's Planetary Security Initiative. In addition to his work at the ICCT, he is part of the editorial team of Perspectives on Terrorism and a member of the General Board of the JASON Institute. Prior to the ICCT, Reinier was a strategic analyst at The Hague Centre for Strategic Studies (HCSS) and a research assistant at Leiden University's Centre for Terrorism and Counterterrorism (CTC). He is an alumnus of the U.S. Department of State's International Visitor Leadership Program (IVLP) and a 2018 GLOBSEC Young Leader.

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Méryl Demuynck, Tanya Mehra, & Reinier Bergema
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ICCT The International Centre for Counter-Terrorism – The Hague (ICCT) is an independent think and do tank providing multidisciplinary policy advice and practical, solution-oriented implementation support on prevention and the rule of law, two vital pillars of effective counterterrorism.

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Functioning as a nucleus within the international counter-terrorism network, ICCT connects experts, policymakers, civil society actors and practitioners from different fields by providing a platform for productive collaboration, practical analysis, and exchange of experiences and expertise, with the ultimate aim of identifying innovative and comprehensive approaches to preventing and countering terrorism.

Contact ICCT

T: +31 (0)70 763 0050

E: info@icct.nl

