



The Use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance

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International Centre for
Counter-Terrorism - The Hague

Project
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Collaboration, Research & Analysis
Against the Financing of Terrorism

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ICCT Report

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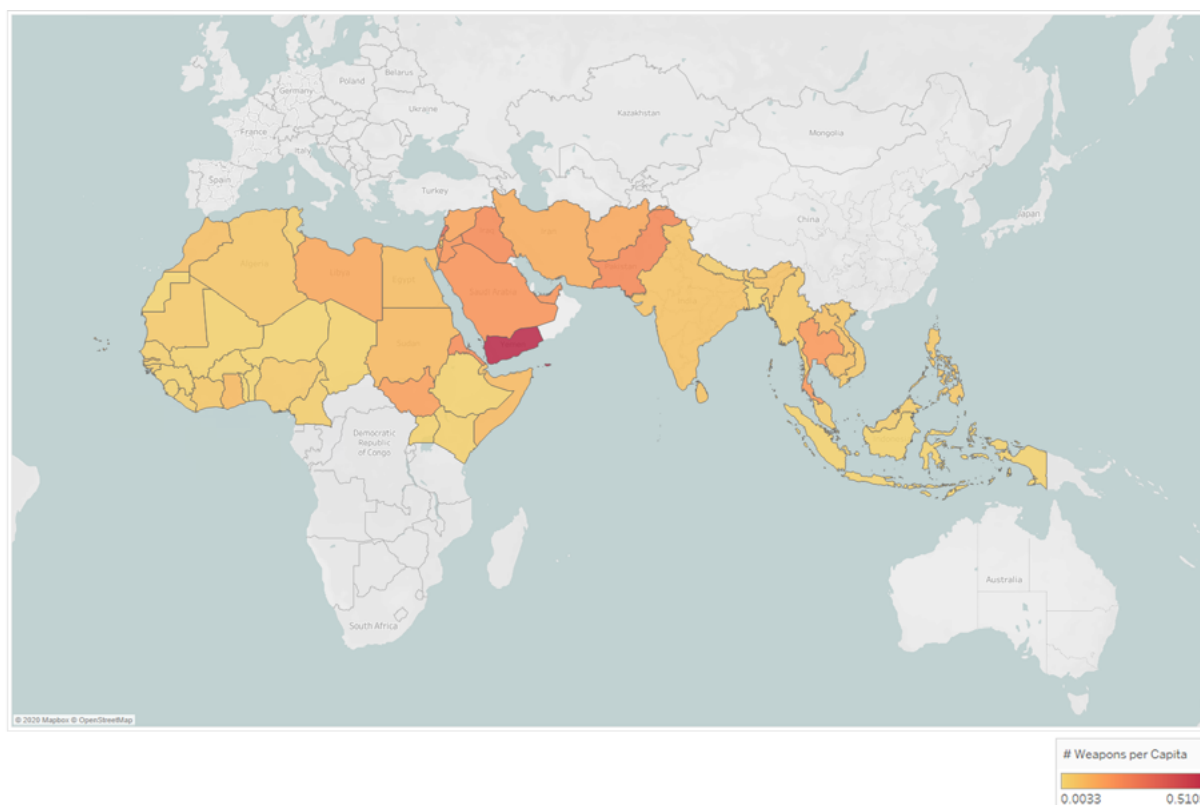
Introduction

The current global security landscape is marked by the proliferation of international and intra-state conflicts, and 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 to the risk that “terrorists benefit from transnational organised crime in some regions, including from the trafficking of [SALW].”³ More recently, the Financial Action Task Force (FATF), now under the German Presidency, will focus in the next two years on improving FATF’s understanding of the links between arms trafficking and terrorism financing, aiming to strengthen operational responses.⁴

ICCT has published a series of situation reports exploring the use of SALW as a source of terrorism financing,⁶ examining questions relating to acquisition, possession, and use of SALW by terrorist organisations across six regions; (1) the Middle East, (2) North Africa, (3) West Africa, (4) the Horn of Africa, (5) South Asia, and (6) Southeast Asia. In addition to these regional situation reports, a fourth report examined SALW trafficking, smuggling, and use for criminality by terrorists and insurgents from a historical perspective.⁷

While scopes and dynamics differ, terrorism and radicalisation to violent extremism have remained a significant threat across these different regions. In recent decades, high levels of political instability and violence, corruption, poor regulatory frameworks, porous borders and a weak rule of law have created a vacuum that terrorist organisations, criminal networks, and other non-state actors have been able to successfully exploit.

Figure 1. Number of weapons per capita⁵



1 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, S/Res/2195, December, 19 2014. <http://unscr.com/en/resolutions/doc/2195>

4 FATF, Priorities for the FATF under the German Presidency, Objectives for FATF (2020-2022), <https://www.fatf-gafi.org/media/fatf/documents/German-Presidency-Priorities.pdf>

5 Small Arms Survey “Civilian Firearms Holdings. 2017” http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Civilian-held-firearms-annexe.pdf; Small Arms Survey “Military Firearms Holdings 2017” http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Military-owned-firearms-annexe.pdf; Small Arms Survey “Law enforcement Firearms Holdings 2017” http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Law-enforcement-firearms-annexe.pdf;

6 Méryl Demuyneck, Tanya Mehra and Reinier Bergema, “The use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in the Middle East and North Africa.” The International Centre for Counter-Terrorism, June 2020. <https://icct.nl/publication/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/>; Méryl Demuyneck, Tanya Mehra and Reinier Bergema, “The use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in South and Southeast Asia.” The International Centre for Counter-Terrorism, June 2020. <https://icct.nl/publication/icct-situation-report-the-use-of-small-arms-light-weapons-by-terrorist-organisations-as-a-source-of-finance-in-south-and-southeast-asia/>; Méryl Demuyneck, Tanya Mehra and Reinier Bergema, “The use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in West Africa and the Horn of Africa.” The International Centre for Counter-Terrorism, July 2020. <https://icct.nl/publication/icct-situation-report-the-use-of-small-arms-light-weapons-by-terrorist-organisations-as-a-source-of-finance-in-west-africa-and-the-horn-of-africa/>;

7 Colin P. Clarke, “Small Arms and Light Weapons (SALW) Trafficking, Smuggling, and Use for Criminality by Terrorists and Insurgents: A Brief Historical Overview,” The International Centre for Counter, July 2020. <https://icct.nl/publication/small-arms-and-light-weapon-brief-historical-overview/>

The abovementioned series of research papers have evidenced the diverse acquisition methods used by terrorist organisations to procure SALW, from diversion to craft production, procurement through cross-border and maritime trafficking or via corrupted state actors, as well as different ways through which terrorist groups make use of SALW, including to generate income (Figure 1 and Table 1). Elaborating on these findings, this final report will present the key functions of SALW used by terrorist organisations as well as a synthesis of the main trends observed across the different regions in terms of acquisition, trafficking and use of SALW as a source of finance by terrorist organisations.

Key functions of SALW possessed by terrorist organisations

Based on the abovementioned series of research papers, it is possible to distinguish a set of key functions of SALW acquired by terrorist organisations; (1) the direct and indirect use of SALW; (2) the direct and indirect use of SALW in trafficking; and (3) the direct and indirect use of SALW for financing (Table 2).

The use of SALW by terrorist organisations is commonly associated, particularly in the West, with attacks. This perception notably stems from the series of terrorist attacks carried out in the 2010s, including the 2011 Norway attacks (77 killed, 319 injured), the 2014 Brussels Jewish Museum shooting (4 killed), the 2015 Charlie

Table 1. SALW Indicators

Indicator	Middle East	North Africa	South Asia	Southeast Asia	West Africa	Horn of Africa
Estimated number of firearms in the region held Total (number held by state actors / non-state actors) ⁸	50,539,230 (7,738,230 / 42,801,000)	12,367,510 (4,895,510 / 7,472,000)	131,247,655 (10,816,655 / 120,431,000)	18,964,178 (4,547,178 / 14,417,000)	12,759,425 (1,124,425 / 11,635,000)	9,413,272 (2,736,272 / 6,677,000)
Ongoing conflicts ⁹	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;	War in Afghanistan; conflict between India and Pakistan; Islamist militancy in Pakistan	Rohingya crisis in Myanmar	De-stabilisation in Mali; Boko Haram in Nigeria	Civil war in South Sudan; al-Shabaab in Somalia
Sources of SALW	Diversion (looting, battlefield recoveries); internal circulation; unauthorised retransfers; domestic craft production; procurements of SALW via state actors	Diversion (looting, battlefield recoveries, mainly from Libya); regional trafficking/ smuggling; conversion	Post-conflict diversion (Afghanistan); domestic craft production; capture from security and defence forces; cross-border arms trafficking	Post-conflict diversion (i.e. Vietnam, Cambodia); domestic craft production; cross-border and maritime arms trafficking; procurement via global terrorist networks	Post-conflict diversion (mainly Libya, Mali); national stockpiles diversion following attacks on military positions and/or through corrupted practices; cross-border arms trafficking; craft-production	Post-conflict diversion (mainly Libya, Sudan, Yemen); diversion following attacks on national and international armed forces; maritime arms trafficking; craft production
SALW-related sources of income	Taxes, charging tariffs and transit fees; kidnapping for ransom (KFR); 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; KFR	Illicit taxation; extortion; kidnapping for ransom; illicit trafficking (i.e. arms, drugs, natural resources)	Illicit taxation; extortion; KFR; illicit trafficking (i.e. arms, drugs)	Provision of protection and transport services; taxes and transit fees; involvement in other illicit trafficking (i.e. migrants, drugs, contraband cigarettes); robberies (e.g. cattle abduction); extortion (e.g. gold mines); taxation; KFR	Sale of arms; taxes and transit fees; involvement in other illicit trafficking (i.e. charcoal, sugar, oil); racketeering and extortion (e.g. local population, aid groups); taxation (e.g. businesses, agriculture); piracy; KFR

⁸ Small Arms Survey "Civilian Firearms Holdings 2017" http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Civilian-held-firearms-annexe.pdf; Small Arms Survey. Military Firearms Holdings. 2017 Annex. http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Military-owned-firearms-annexe.pdf, last visited July 2020; Small Arms Survey. Law enforcement Firearms Holdings. 2017 Annex. http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Law-enforcement-firearms-annexe.pdf, last visited July 2020.
⁹ Council of Foreign Relations, Global Conflict Tracker, 14 May 2020. Available at <https://www.cfr.org/global-conflict-tracker/?category=us>, accessed:18 May, 2020.

Hebdo attack (12 killed, 12 injured), the November 2015 Paris Attacks (137 killed, 413 injured), and the 2016 Orlando Pulse shooting (50 killed, 53 injured).¹⁰ Globally, the past decade saw 85,148 terrorist attacks involving SALW, responsible for 193,172 fatalities worldwide.¹¹ As a consequence, research exploring links between the small arms trade and terrorist organisations has thus far predominantly focused on the availability and acquisition of SALW by terrorist organisations. However, apart from this direct use, SALW also provide terrorist organisations with the ability to exert control over populations and territories, allowing them to extort, tax or kidnap for ransom. In this sense, SALW facilitate a series of activities that indirectly contribute to advancing terrorist groups’ agenda (indirect use).

More specifically, a similar distinction between direct and indirect uses can also be found in the role of SALW in trafficking activities. In addition to being durable, the highly strategic value of SALW resides in their dual-purpose nature. SALW in trafficking can serve as a commodity which terrorist organisations can traffic, thereby not only being end-users, but also suppliers (direct trafficking), or as a tool allowing terrorist organisations to facilitate trafficking activities carried out by others (indirect trafficking), by, for example, forcefully controlling entry points or trafficking routes. In the latter case, SALW enable terrorist organisations to generate income by providing support to actual traffickers of SALW, or other illicit goods, or “riding shotgun,” where terrorist organisations provide protection from theft and armed robbery, or provide “muscle” for, international drug shipments.¹²

In addition to the funds and proceeds derived from their sale (direct financing), SALW may furthermore facilitate a wide range of other (illegal) income-generating activities such as, inter alia, racketeering, extortion, taxation, or kidnapping for ransom (indirect financing). As a consequence, the destabilising impact of the illicit trafficking in SALW, in which terrorist groups may get directly or indirectly involved, has impact that extends beyond monetary value alone.¹³

Synthesis: Main observations and trends in the use of SALW by terrorist organisations

1. While sources of SALW are diverse, diversion seems to be, by and large, the main mechanism through which terrorist organisations have been able to obtain SALW

Across the different regions that have been analysed, a large variety of SALW are available to terrorist organisations, ranging from Warsaw Pact calibres, which originate from China, Russia and Eastern Europe,¹⁴ to

Table 2. SALW Functions

	Direct	Indirect
Using SALW	The active use of SALW to carry out terrorist attacks.	The facilitative use of SALW to maintain control over population and territories.
Trafficking in SALW	Terrorists traffic SALW themselves. In this case, terrorists are not only end-users, but are also actual sellers/suppliers.	Terrorist are facilitating the trafficking for others. This is the case, for example, when terrorists control entry points or trafficking routes and secure transit generally in exchange for payment from the actual traffickers, or when they provide logistical support such as transport to allow arms traffickers to continue their activities.
Financing of terrorism through SALW	Terrorists obtain funding by actively selling and trading in SALW (direct trafficking in SALW) and by facilitating others in SALW trafficking in exchange for money or other commodities (indirect trafficking in SALW). Direct financing of terrorism through SALW is thus linked to direct and indirect trafficking of SALW.	Terrorists are carrying out lucrative activities to obtain funding through the use of SALW. This can take the form of KFR, taxation, extortion, armed robberies or trafficking in other illegal goods, persons or contraband. Indirect financing of terrorism through SALW is thus linked to indirect use of SALW.

10 Duquet, and Goris, “Firearms acquisition by terrorists in Europe. Research findings and policy recommendations of Project SAFTE,” Flemish Peace Institute, April 2018, https://www.flemishpeaceinstitute.eu/safte/files/vrede_syntheserapport_safte_lr.pdf

11 National Consortium for the Study of Terrorism and Responses to Terrorism (START), “Global Terrorism Database,” Available at <https://www.start.umd.edu/gtd>, accessed on January 17, 2020.

12 Steven Hutchinson and Pat O’Malley. “A Crime-Terror Nexus? Thinking Some on the Links Between Terrorism and Criminality.” *Studies in Conflict and Terrorism*, Vol. 30, No. 12, p. 1104.

13 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, 11 May 2015: 2.

14 Conflict Armament Research (CAR), “Weapons of the Islamic State. A three-year investigation in Iraq and Syria”, December 2017 <https://www.conflictarm.com/reports/weapons-of-the-islamic-state/>

Iranian¹⁵ and Western manufactured arms,¹⁶ circulating for decades or imported far more recently.

Unsurprisingly, sources of SALW are context-specific and vary between theatres. Diversion, referring to the transfer of weapons from an authorised owner/user to an unauthorised one,¹⁷ seems to be, by and large, the main mechanism through which terrorist organisations have been able to obtain military equipment, including SALW. In various conflict theatres, including, but not limited to, Afghanistan, Syria, Iraq, Somalia, and the tri-border area between Mali, Niger, and Burkina Faso, terrorist organisations have been able to obtain military equipment, including arms and ammunition from local military security and defence forces as well as, in some instances, from international peacekeeping forces.¹⁸ Recovered from the battlefield or looted during attacks, sometimes specifically aimed at capturing such equipment, SALW originating from national stockpiles play a central role in providing terrorist groups with the necessary means to pursue their activities. Similar incidents have occurred in Nigeria, Cameroon, and Chad.¹⁹ In addition to attacks targeting the military, rampant corruption has, to some extent, facilitated the acquisition of SALW by terrorist groups, including Boko Haram.²⁰

Furthermore, arms and ammunition are also made available to diverse non-state actors, including terrorist groups, following the loss of state control over national arsenals. The collapse of the Gaddafi regime in Libya in particular contributed significantly to the flow of SALW, as large quantities of SALW were diverted from “one of the largest and most diverse stockpiles [...] in Africa.” These SALW not only circulated in the country itself, but across the wider region throughout the Sahel and reaching as far as Iraq and Somalia, turning Libya into a hub for the smuggling and sale of not only arms, but also migrants,

drugs, and other illicit commodities.²¹ As a consequence, the fall of the Libyan regime provided new resources for terrorist organisations for years to come.

Diverted weapons fall in the hands of terrorist organisations directly or indirectly as they end up on illicit markets, as illustrated by weapons purchased by al-Shabaab operatives on Mogadishu markets.²² SALW diverted in post-conflict settings, as well as, albeit to a lesser extent, craft production, are indeed believed to continue to fuel black markets across the globe, making cheap weapons available to (violent) non-state actors.

In addition to diversion, the influx of SALW into fragile, conflict-struck areas is partially established by transfers and unauthorised retransfers²³ of arms by states to different parties to the conflict. For example, both sides in Yemen’s civil war are actively armed, with Saudi Arabia and the United Arab Emirates exporting large amounts of weapons (both authorised and unauthorised), originating from, inter alia, a variety of Western countries, to support different militias fighting alongside government forces, while evidence of several shipments of arms destined for Houthi rebels points in the direction of Iran.²⁴

Craft production, including the production of homemade improvised explosive devices (IEDs), also contributes to illicit proliferation, albeit on a much smaller scale.²⁵ Even though craft produced SALW are not the biggest supply source for terrorist organisations, it remains widespread, in particular in conflict zones across the Middle East, South Asia, and West Africa. Non-state actors, whether they be terrorist organisations, militant groups or criminal networks, tend to buy craft-produced SALW, when they, for example, have limited funds, want to conceal or avoid weapons to be traced. The FARC, IRA, Syrian rebel factions and ISIS have all, to some extent, produced SALW themselves.²⁶ Additionally, the

15 C.J. Chivers and Eric Schmitt. “Arms Seized Off Coast of Yemen Appear to Have Been Made in Iran,” *New York Times*, 10 January 2017. Available at <https://www.nytimes.com/2017/01/10/world/middleeast/yemen-iran-weapons-houthis.html>

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

17 UN Office of Disarmament Affairs, “ATT Implementation Toolkit, Module 10 – Preventing Diversion,” <https://s3.amazonaws.com/unoda-web/wp-content/uploads/2015/08/2015-08-21-Toolkit-Module-10.pdf>

18 5 Attacks against security and defence forces have dramatically increased in the Sahel region, particularly since late 2019 with attacks conducted in Boulikessi (30 September 2019), Mondoro (1 October 2019) and Indelimane (1 November 2019) in Mali; in Arbinda (24 December 2019), Namissiguia (25 December 2019), and Djibo (31 December 2019) in Burkina Faso; as well as in Inates (10 December 2019), and Chinérogar (9 January 2020) in Niger.

19 Méryl Demuyneck, Tanya Mehra and Reinier Bergema, “The use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in West Africa and the Horn of Africa,” *The International Centre for Counter-Terrorism – The Hague (ICCT)*, July 2020. Available at <https://icct.nl/publication/icct-situation-report-the-use-of-small-arms-light-weapons-by-terrorist-organisations-as-a-source-of-finance-in-west-africa-and-the-horn-of-africa/>

20 Arnaud Jouve, “Sahel: d’où viennent les armes et les munitions?” *RFI*, April 9, 2020. Available at <https://www.rfi.fr/fr/afrique/20200409-sahel-do%C3%B9-viennent-les-armes-et-les-munitions>.

21 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, 114, 18 April 2018. See also: *Counter Extremism Project*. “Libya: Extremism and Counter-Extremism” Available at: <https://www.counterextremism.com/countries/libya>, accessed on March 17, 2020.

22 Kristopher Carlson, “Measuring Illicit Arms Flows: Somalia,” *Small Arms Survey* N.61, October 2016: p.2, http://www.smallarmssurvey.org/fileadmin/docs/H-Research_Notes/SAS-Research-Note-61.pdf

23 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. *Conflict Armament Research (CAR)*, “Weapons of the Islamic State. A three-year investigation in Iraq and Syria”, December 2017, p. 5, <https://www.conflictarm.com/reports/weapons-of-the-islamic-state/>

24 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; 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/>; 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-toxfam-report>; 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/>

25 Méryl Demuyneck, Tanya Mehra and Reinier Bergema, “The use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in the Middle East and North Africa,” *The International Centre for Counter-Terrorism – the Hague (ICCT)* June 2020, <https://icct.nl/publication/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/>

26 G. Hays, and N.R. Jenzen-Jones, “Beyond State Control: Improvised and Craft-produced Small Arms and Light Weapons,” *Small Arms Survey Report*, November 2018, <http://www.smallarmssurvey.org/fileadmin/docs/U-Reports/SAS-improvised-craft-weapons-report.pdf>

conversion of alarm and blank-firing handguns is also observed in some regions, but to a much smaller extent than other forms of SALW acquisition.²⁷ Moreover, as emerging technologies like 3D printing become more readily available and cheaper, this could indeed result in an increase in “do-it-yourself” weapons production.

2. The acquisition and use of SALW by terrorist organisations is entrenched in the nexus between terrorism and transnational organised crime

In recent years, attention to linkages between terrorist organisations and (transnational) criminal networks has increased both in academic and policy circles. Despite the ideological differences between terrorist groups and transnational organised networks, linkages between the two can manifest in many different ways. More recently, UNSC Resolutions 2462 (2019) and 2482 (2019) recognized that terrorist organisations can benefit from transnational organised crime as a source of financing. Furthermore, when such linkages between terrorism and transnational organised crime exist, they can pose a threat to international peace and security. The Global Counterterrorism Forum (GCTF), has adopted The Hague Good Practices on the Nexus between Transnational Organised Crime and Terrorism and is expected to adopt an Addendum to the Hague Good Practices focussing on the criminal justice responses to the linkages.

However, the crime-terror nexus, in particular with respect to SALW trafficking, is not a new phenomenon.²⁸ The interaction between terrorist and organised criminal groups is multidimensional, context-specific, and constantly evolving. Generally speaking, however, the relation between the two can best be described as transactional. In Europe, terrorists rely on existing criminal networks.²⁹ Investigations into the November 2015 Paris attacks and 2016 Brussels attacks unravelled “the involvement of some of the perpetrators in different types of serious and organised crime, including the trafficking of illicit drugs, as well as personal contacts with criminal groups involved in the trafficking of firearms and production of fraudulent documents.”³⁰

Existing illicit trade routes across “West, Central, and East Africa, which transit through the Sahel, and into North African States with Mediterranean coastlines, overlap significantly with territory controlled by terrorist

and armed groups.”³¹ Instability and conflict is making it increasingly difficult to distinguish between groups seeking financial and material benefits and those primarily driven by political motives. As a consequence, terrorist organisations have engaged both directly and indirectly in criminal activities, including, but not limited to, trafficking, smuggling, extortion, and the illicit trade of natural resources for financial benefits.

Similar mechanisms can be seen in the Middle East, where terrorist organisations, including ISIS and al-Qaeda, were able to integrate fighters into supply chains of weapons, drugs and other (illicit) commodities, enabling them to increase their local influence and exploit these illicit networks. Subsequently, some local communities are forced into collaborating with terrorist entities, while others actively seek alliances with terrorist or criminal organisations for more pragmatic or security reasons.

3. Synergies exist between arms trafficking and other forms of trafficking along historic trade routes

Strong interconnections between some of the regions can be seen such as the long-established historical connections that exist between certain regions. The Trans-Sahara region provides the most striking example. Centuries-old trade routes have linked North and West Africa and allowed for significant cross-border, licit or illicit, flows to take place between the two regions. This has a significant impact on the circulation of SALW throughout the broader region whose black economies have always been intimately interconnected.

Another observation that can be made in Africa, but to some extent also in South Asia and Southeast Asia, is the existence of connections between illicit arms trafficking and other types of illicit flows. Moreover, these linkages seem to result primarily from an overlap of the actors involved and the trafficking routes used. In particular in West Africa and the Horn of Africa, connections exist between trafficking in SALW and smuggling of other illicit commodities, such as drugs or contraband, as well as migrants, which is often due to the fact that the same or similar actors use (to a large extent) already established trafficking networks and trade routes.

Historically, Asia has two of the largest opium producing countries in the world— Myanmar and Afghanistan.

27 Méryl Demuynck, Tanya Mehra and Reinier Bergema, “The use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in the Middle East and North Africa.” The International Centre for Counter-Terrorism, June 2020. <https://icct.nl/publication/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/>

28 Colin P. Clarke, “Small Arms and Light Weapons (SALW) Trafficking, Smuggling, and Use for Criminality by Terrorists and Insurgents: A Brief Historical Overview,” The International Centre for Counter, July 2020. <https://icct.nl/publication/small-arms-and-light-weapon-brief-historical-overview/>

29 Rajan Basra, Peter R. Neumann and Claudia Brunner have conducted research on 79 European terrorists with a criminal background and concluded that prisons offer an environment for radicalisation and networking amongst criminals and extremists. Criminals develop skills that can be useful for them as extremists, such as access to weapons and forged documents. They also concluded that white-collar and petty crime is often used to finance extremism. Rajan Basra, Peter R. Neumann, and Claudia Brunner, “Criminal Past, Terrorist Futures: European Jihadists and the New Crime-Terror Nexus,” The International Centre for the Study of Radicalisation and Political Violence, 2016. <https://icsr.info/wp-content/uploads/2016/10/ICSR-Report-Criminal-Pasts-Terrorist-Futures-European-Jihadists-and-the-New-Crime-Terror-Nexus.pdf>

30 Europol, “Serious and Organised Crime Threat Assessment (SOCTA) 2017”, 2018. <https://www.europol.europa.eu/socta/2017/resources/socta-2017.pdf>

31 United Nations Counter-Terrorism Committee Executive Directorate (UN CTED), “Identifying and Exploring the Nexus between Human Trafficking, Terrorism, and Terrorism Financing,” February 2019, <https://www.un.org/sc/ctc/wp-content/uploads/2019/02/HT-terrorism-nexus-CTED-report.pdf>

Despite the “recent” decline in opium cultivation in Afghanistan and Myanmar, the production of synthetic drugs, in particular methamphetamines have been steadily rising in Myanmar and rely on the long-established trade route in the Golden Triangle³² to trafficking these goods. More recently, in the spring of 2020, the largest quantity of synthetic drugs in the history of Southeast Asia was seized in Myanmar, which also included a substantial amount of weapons and underline the synergies between arms trafficking and drugs trafficking.³³ Southeast Asia is also prone to various forms of illicit trafficking because of its long maritime and continental borders. The Strait of Malacca, between the coasts of Sumatra in Indonesia and Malaysia, has historically been an important pathway for trade. Southeast Asia has also seriously been affected by piracy and armed robberies.

Some evidence also suggests that arms trafficking occurs by sea. In 2017, ISIS members were detained for being directly involved in trafficking of arms which were intended to be used in a terrorist attack, most likely in Malaysia.³⁴

4. Fragile environments provide fertile ground for SALW smuggling and trafficking

Terrorist organisations and transnational criminal networks have exploited and benefitted from a lack of good governance and rule of law, porous borders, high levels of corruption, weak democratic institutions and poor law enforcement. In such situations, terrorism and transnational organised crime can both flourish and fuel each other. When terrorism and transnational organised crime intersect, this can further contribute to an escalation of violence and may intensify conflicts in affected regions. Some states indicate that their national legislative frameworks against illicit trafficking and sales of arms, and on regulating dual-use goods, provide for higher criminal penalties when the unlawful purchase, storage, carrying, manufacturing, transportation, transfer, sale or use of firearms, ammunition, explosives or equipment is committed for terrorist purposes.

Due to the malevolent nature of their activities, terrorist organisations and transnational criminal networks benefit from low levels of effective governance in fragile systems, providing a “low risk environment” and

socio-political conditions fertile for large-scale criminal activity.³⁵ High levels of fragility³⁶ are measured across different regions in the analysis, with alarming levels of state fragility in North Africa (Libya), West Africa (Chad, Cameroon, Nigeria, Guinea, Mali, Niger, Guinea Bissau, and Liberia), East Africa (Somalia, South Sudan, Sudan, Eritrea, Ethiopia, Uganda, Kenya), the Middle East (Yemen, Syria, and Iraq), South Asia (Afghanistan and Pakistan), and Southeast Asia (Myanmar) (Figure 2). Low levels of effective governance, including the rule of law, are put under further strain by high levels of political instability, economic decline, uneven economic development, and demographic pressures, which not only provide terrorist organisations and organized criminal networks with an enabling environment to further their ideological or economic goals, but also allows them to successfully bolster their recruitment efforts. In Nigeria, the lack of economic perspectives, combined with control over key access roads, allowed Boko Haram to successfully recruit young men to its cause, as they lacked alternative means for employment.³⁷

Furthermore, large swaths of (oftentimes difficult) terrain, limited state capacity, and high levels of corruption, in particular across West, Central and East Africa and parts of the Middle East and North Africa,³⁸ have created a power vacuum, allowing a broad range of actors, including terrorist organisations, to increase their level of control over and make use of traditional and newly established smuggling and trafficking routes. These ungoverned spaces – or at least ungoverned by state actors – also provide both terrorist organisations and organized criminal networks with an opportunity to increase and exert their influence, allowing them to collect taxes and charge tariffs and transit fees.

An effective disarmament, demobilisation and reintegration (DDR) programme is vital for the political stability and security in a post-conflict country, and vice versa. Effective disarmament strategies can significantly reduce the number of SALW in circulation. DDR occurs in post-conflict-settings and is increasingly taking place in an environment conducive of violent extremism. Disarmament can take place through cash-back programmes, decommissioning or destruction of SALW or storing of weapons. Not all former combatants will surrender all their weapons.³⁹ Nonetheless, disarmament is not only symbolic but can contribute to reducing violence⁴⁰ and access to SALW to terrorist groups.

32 The ‘Golden Triangle’ refers to opium-producing countries in South-East Asia and comprising parts of Myanmar, Thailand, the Lao People’s Democratic Republic and Vietnam and the ‘Golden Crescent’ refers to opium producing countries in South-West Asia, including Afghanistan and parts of Iran and Pakistan.

33 Rodion Ebbighausen, “Is Southeast Asia’s drug trade too big to control?” DW, May 19, 2020. Available at <https://www.dw.com/en/is-southeast-asias-drug-trade-too-big-to-control/a-53500062>

34 The Straits Times, “ISIS cell found smuggling weapons into Malaysia,” May 5, 2017 <https://www.straitstimes.com/asia/se-asia/isis-cell-found-smuggling-weapons-into-malaysia>

35 Phil Williams and Stephen Black, “Transnational Threats: Drug Trafficking and Weapons Proliferation,” *Contemporary Security Policy*, 15:1, 1994, pp. 127-151.

36 Levels of state fragility are measured using twelve risk indicators: security apparatus; factionalized elites; group grievance; economic decline; uneven economic development; human flight and brain drain; state legitimacy; public services; human rights and rule of law; demographic pressures; refugees and IDPs; and external intervention. Fragile State Index, the Fund for Peace, <https://fragilestatesindex.org/indicators/>

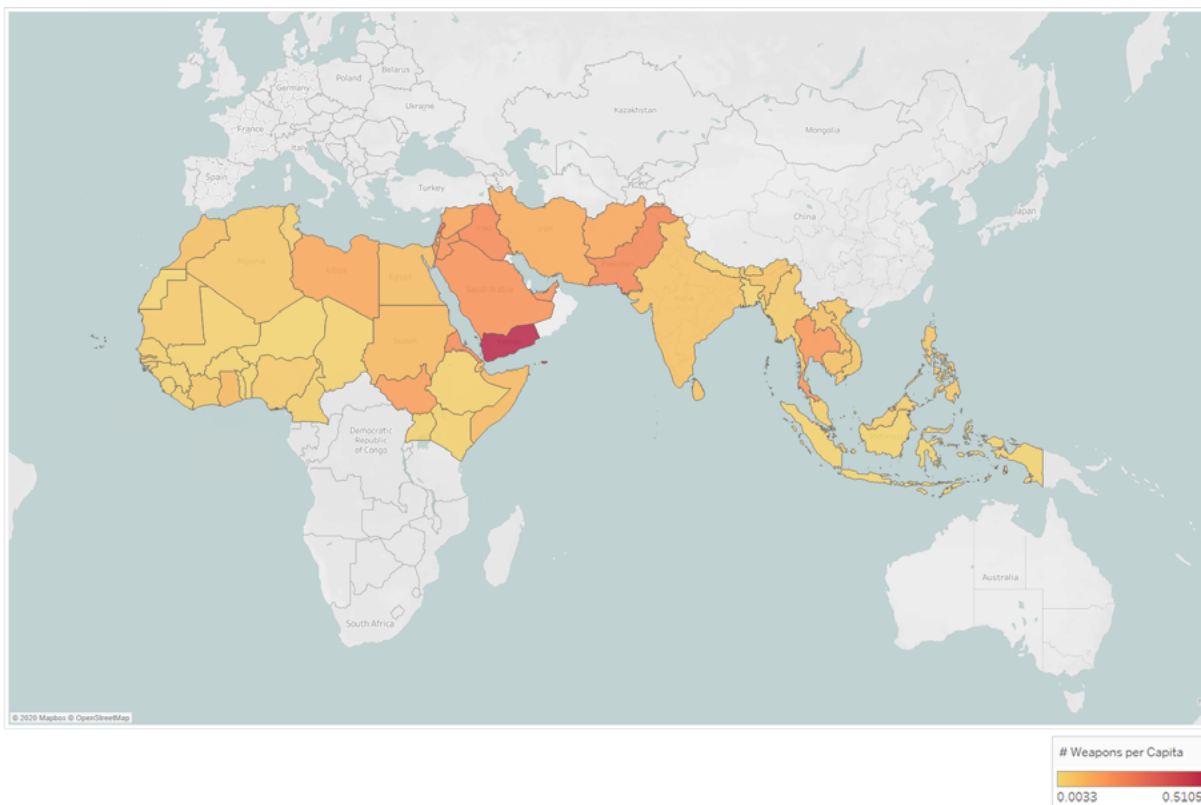
37 Toby Lanzer, “The Lake Chad crisis: drivers, responses and ways forward,” *Humanitarian Exchange*, No.70. October 2017 <https://odihpn.org/magazine/the-lake-chad-crisis-drivers-responses-and-ways-forward/>

38 Transparency International, “Corruption Perceptions Index 2019,” January 2020. https://images.transparencycdn.org/images/2019_CPI_Report_EN_200331_141425.pdf.

39 Colin P. Clarke, “Small Arms and Light Weapons (SALW) Trafficking, Smuggling, and Use for Criminality by Terrorists and Insurgents: A Brief Historical Overview,” *The International Centre for Counter-Terrorism*, July 2020. <https://icct.nl/publication/small-arms-and-light-weapon-brief-historical-overview/>

40 Aaron Karp, “Man, the State, and War: The Three Faces of Small Arms Disarmament” *Small Arms Survey 2009: Shadows of War*, 2009 pp. 158-191, <http://www.smallarmssurvey.org/fileadmin/docs/A-Yearbook/2009/en/Small-Arms-Survey-2009-Chapter-05-EN.pdf>

Figure 2. State Fragility



5. Despite some instances of direct involvement in SALW trafficking, the use of SALW as a source of terrorist funding seems to be predominantly indirect

Throughout the regions highlighted above, a distinction can be made in terms of the use of SALW for terrorist funding. These SALW are put to use both directly, as a commodity, and indirectly, where SALW facilitates activities that allow terrorist organisations to generate an income. Examples of the latter include extortion operations, racketeering, kidnapping for ransom, and robberies.

Examples of direct and indirect financing of terrorism through SALW can be found across different regions. Arms trafficking has long been a “profitable business for organised networks”⁴¹ throughout the Middle East. As a result of increased circulation of SALW, it seems that various armed groups that have been obtaining large quantities of SALW “often trade [these] weapons

among themselves, use them as a kind of currency, and even use them to secure informal loans.”⁴² Several reports have found empirical evidence of SALW as a trading commodity in, inter alia, Yemen,⁴³ the Sahel and Maghreb,⁴⁴ Bangladesh,⁴⁵ and Somalia.⁴⁶

However, the indirect use of SALW as a source of terrorist funding seems to be much more common, as SALW enable terrorist organisations to benefit from the collection of taxes and transit fees, robberies, extortion, and kidnapping for ransom. The rise of the Islamic State, that amassed nearly €5.5 billion at the peak of its territorial control in 2015, is perhaps the most salient example of this.⁴⁷ Holding and administering territory has enabled the group to raise millions of euro annually by collecting taxes from inhabitants, charging tariffs and transit fees, and selling pilfered oil, supplemented by a range of criminal activities, including extortion operations, racketeering, kidnapping for ransom, and robberies. In this sense, SALW serve as an enabler for ISIS and like-minded organisations to engage in a range of income generating activities.

Overall, the issue of SALW is a complex and multi-faceted problem deeply entrenched in the crime-terror

41 Jonathan Fenton-Harvey, “Weapons Trafficking Fuels Conflicts in Yemen and Africa” Inside Arabia, January 30, 2020. Available at <https://insidearabia.com/weapons-trafficking-fuels-conflicts-in-yemen-and-africa/>, accessed:

42 Jonathan Fenton-Harvey, “Weapons Trafficking Fuels Conflicts in Yemen and Africa” Inside Arabia, January 30, 2020. Available at <https://insidearabia.com/weapons-trafficking-fuels-conflicts-in-yemen-and-africa/>, accessed:

43 Jonathan Fenton-Harvey, “Weapons Trafficking Fuels Conflicts in Yemen and Africa” Inside Arabia, January 30, 2020. Available at <https://insidearabia.com/weapons-trafficking-fuels-conflicts-in-yemen-and-africa/>, accessed:

44 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: p. 7

45 Paul Cochrane, “The Funding Methods of Bangladesh Terrorist Groups,” *Combating Terrorism Centre Sentinel*, Vol. 2, No. 5, May 2009, <https://ctc.usma.edu/the-funding-methods-of-bangladeshi-terrorist-groups/>

46 James Reinl, “How stolen weapons keep groups like Boko Haram in business.” PRI, April 19, 2019. Available at <https://www.pri.org/stories/2019-04-19/how-stolen-weapons-keep-groups-boko-haram-business>.

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/isiss-new-plans-to-get-rich-and-wreak-havoc/>

nexus, or what has more recently been referred to as the “terrorism-arms-crime nexus.”⁴⁸ The involvement of terrorist organisations in a range of criminal activities, including illicit trafficking of commodities and contraband underlines the existence of close links between organised criminal and terrorist networks, with observers arguing that “even when they are not structurally connected, these actors interact with each other to ensure all sides benefit.”⁴⁹

48 UN News, “UN launches new project to address the link between terrorism, arms and crime,” Peace and Security, February 21, 2020. <https://news.un.org/en/story/2020/02/1057891>. UNCCT, “Terrorism arms crime nexus,” <https://www.un.org/counterterrorism/cct/terrorism-arms-crime-nexus>

49 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>

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