

Introduction

With an estimated one billion in circulation worldwide,¹ of which only 16 percent are in the hands of security and defence forces,² the proliferation of small arms and light weapons (SALW)³ across the globe is a source of deep concern to local, regional, and global peace and security. Widespread circulation of SALW has contributed to “the increase in global armed violence, to insecurity due to fear of gun violence, and to delaying conflict resolution.”⁴ SALW continue to fuel conflict, terrorism and crime.⁵ Such dynamics have been witnessed in, *inter alia*, the Middle East (Syria, Iraq, Yemen),⁶ North Africa (Libya),⁷ West Africa (the tri-border area between Mali, Niger, and Burkina Faso, and Lake Chad riparian countries Nigeria, Niger, Cameroon, and Chad),⁸ the Horn of Africa (Somalia),⁹ and South Asia (Afghanistan, Pakistan).¹⁰ Moreover, in the long term, the availability of SALW impedes societal advancement, economic growth, sustainable development, and the protection of human rights, as seen in Northern Ireland, Sri Lanka, and Colombia.¹¹

The relation between SALW proliferation and conflict is complex, multi-faceted, and context dependent. States that are embroiled in one or multiple conflicts have lost the monopoly on the use of force, lack of rule of law, ineffective border control combined with weak democratic institutions create a favourable environment for terrorist organisations and organized networks to operate in.¹² In such fragile environments, SALW function as a threat multiplier, enabling terrorist organisations to pursue their violent agenda, and consolidate and expand their power base—both directly as a means to carry out terrorist attacks, and indirectly to exert control over populations and territories (e.g., The Islamic State in Iraq and Syria (ISIS) exerting territorial control in parts of Syria and Iraq; and the expansion of Boko Haram’s territorial control across northeast Nigeria in mid-2014¹³).

1 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>.

2 Mattias Nowak, “Enjeux du trafic d’armes : l’Afrique de l’Ouest dans la tourmente”. *Les Grands Dossiers de Diplomatie*, n° 52, août-septembre 2019, p.52. www.smallarmssurvey.org/fileadmin/docs/L-External-publications/2019/Grands-Dossiers-Diplomatie-no-52-Enjeux-du-traffic-armes.pdf.

3 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 machineguns) 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-weaponssalw_en.

4 Carmen-Christina Cîrlig, “Illicit small arms and light weapons”. Briefing European Parliamentary Research Service. June 2015. [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/565869/EPRS_IDA\(2015\)565869_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/565869/EPRS_IDA(2015)565869_EN.pdf).

5 United Nations Security Council. Report of the Secretary General: Small Arms and Light weapons, https://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2019_1011.pdf.

6 Méryl Demuynck, Tanya Mehra and Reinier Bergema. *The Use of SALW by Terrorist Organisations as a Source of Finance in the Middle East and North Africa*. The Hague: International Centre for Counter-Terrorism - The Hague (ICCT). June 2020. <https://icct.nl/app/uploads/2020/06/The-Use-of-Small-Arms-Light-Weapons-by-Terrorist-Organisations-as-a-Source-of-Finance-in-the-Middle-East-and-North-Africa.pdf>.

7 Ibid.

8 Méryl Demuynck, Tanya Mehra and Reinier Bergema. *The Use of SALW by Terrorist Organisations as a Source of Finance in the West Africa and the Horn of Africa*. The Hague: International Centre for Counter-Terrorism - The Hague (ICCT). July 2020. <https://icct.nl/app/uploads/2020/06/The-Use-of-Small-Arms-Light-Weapons-by-Terrorist-Organisations-as-a-Source-of-Finance-in-West-Africa-and-the-Horn-of-Africa.pdf>.

9 Ibid.

10 Méryl Demuynck, Tanya Mehra and Reinier Bergema. *The Use of SALW by Terrorist Organisations as a Source of Finance in South and Southeast Asia*. The Hague: International Centre for Counter-Terrorism - The Hague (ICCT). June 2020. <https://icct.nl/app/uploads/2020/06/The-Use-of-Small-Arms-Light-Weapons-by-Terrorist-Organisations-as-a-Source-of-Finance-in-South-and-Southeast-Asia.pdf>.

11 Colin P. Clarke, *Small Arms and Light Weapons (SALW) Trafficking, Smuggling, and Use for Criminality by Terrorists and Insurgents: A Brief Historical Overview*. The Hague: International Centre for Counter-Terrorism - The Hague (ICCT). July 2020. <https://icct.nl/app/uploads/2020/07/SALW-Historical-Overview-1.pdf>.

12 UK Foreign & Commonwealth Office. *The Link Between ‘ungoverned spaces’ and terrorism. Myth or reality?*, August 2014, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415544/FINAL_Ungoverned_spaces.pdf.

13 United Nations Office for the Coordination of Humanitarian Affairs (OCHA). *Nigerian Humanitarian Needs Overview: 2015*.

The use of SALW by terrorist organisations is often associated with terrorist attacks (direct use). In the West, a series of terrorist attacks were carried out with the use of SALW, notably the 2011 Norway attacks (77 killed, 319 injured), the 2014 Brussels Jewish Museum shooting (4 killed), the 2015 Charlie 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).¹⁴ Although statistically the number of terrorist attacks that involved weapons in Western countries between 2002 and 2016 was less than 10 percent, the number of fatalities was 55 percent.¹⁵ Understandably, the focus has thus far been on preventing terrorists from acquiring SALW. 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 a terrorist groups' agenda (indirect use).

Furthermore, a distinction can be drawn between direct and indirect involvement in the trafficking of SALW. SALW can serve as a commodity which terrorist organisations can traffic themselves, thereby not only being end-users, but also suppliers (direct trafficking). Moreover, terrorist organisations can also benefit from the illicit flows of SALW without directly engaging in trafficking, by facilitating trafficking activities carried out by others (indirect trafficking). Terrorist groups can, for example, forcefully control 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.

Third, in addition to the funds and proceeds derived from SALW used as trading commodities, which can either result from cashing in on sales, or taxation and protection fees levied on SALW illicit flows (direct financing), SALW may also be used to facilitate a wide range of other (illegal) income-generating activities such as, inter alia, racketeering, extortion, taxation, or kidnapping for ransom (indirect financing). Consequently, the destabilising impact of illicit trafficking in SALW, in which terrorist groups may get directly or indirectly involved, has serious implications that extend beyond monetary value alone.

Based on the aforementioned dynamics, a set of key functions can thus be identified; (1) the direct and indirect use of SALW; (2) the direct and indirect involvement in SALW trafficking; and (3) the direct and indirect use of SALW for terrorist finance (see Table 1).

Table 1. Direct and indirect functions of SALW

	Direct	Indirect
Using SALW	The active use of SALW to carry out terrorist attacks.	The facilitative use of SALW to maintain control over a 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.

December 2014. <https://www.unocha.org/sites/dms/ROWCA/Coordination/HNOs/HNO%20Nigeria%20-%2015March2015.pdf>.

¹⁴ Global Terrorism Database. *National Consortium for the Study of Terrorism and Responses to Terrorism (START)* 2010-2018. <https://www.start.umd.edu/gtd>.

¹⁵ Robert A. Tessler, Stephen Mooney, and Cordelie E. Witt, *Research letter: Use of Firearms in Terrorist Attacks: Differences Between the United States, Canada, Europe, Australia, and New Zealand* JAMA Internal Medicine Published online October 6, 2017. <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2657107>.

Financing 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.
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Research has predominantly focussed on the acquisition of weapons and how they have been directly or indirectly used by terrorist groups. ICCT has taken a different approach and will focus on the hidden power of weapons and investigate the nexus between trafficking in SALW and terrorist financing. This topic is gaining traction, with the Financial Action Task Force (FATF), now under the German Presidency, having also indicated its intention to focus on understanding the links between arms trafficking and terrorism financing over the next two years and strengthening its operational responses. This report contributes to raising the awareness and understanding of these connections and providing policy recommendations to identify, detect, prevent, and address these linkages. In this context, this study aims at enhancing our understanding of the use of SALW as a source of terrorism financing by answering the following series of research questions:

- (1) What are the characteristics of SALW possession and acquisition by terrorist organisations?
- (2) How do terrorist organisations use SALW to finance their activities?
- (3) What can be done to combat this phenomenon?

In light of the research focus of this study, the Middle East and West Africa have been selected by taking into account the availability of evidence-based research as well as ICCT's expertise and contact networks within each region. While exploring how terrorists are cashing in on SALW as a source of financing, this research also addresses the suitability of DDR processes to reduce the trafficking and possession of SALW by terrorist groups and looks at the existing legal and policy framework from an arm control perspective, organized crime perspective and the countering terrorist financing perspective. The report highlights the short- and long-term implications for the EU, as well as the role that the EU can play in combating this phenomenon. Therefore, due attention was also paid to the regional levels of terrorist threats, as well as the degree of exposure to risks and negative spill over effects of the acquisition and use of SALW as a source of finance by terrorist groups active within each region for the EU and its member states.

The Middle East has remained at the centre of global attention since the emergence of the self-proclaimed caliphate by the Islamic State in Iraq and Syria in mid-2014, which has durably impacted the global terrorist landscape. Having become "the richest and most powerful terrorist group in contemporary history,"¹⁶ ISIS has become a key subject for research on terrorist finance. Major attacks conducted within EU member states have moreover demonstrated the capability of violent extremist groups based in the Middle East to reach and inflict mass casualties within European countries. Moreover, debates and challenges posed by returning foreign fighters further underscores the importance of the region for EU security.

The proxy wars in Iraq, Syria, Lebanon, and Yemen have fuelled the conflicts with weapons, leading to large-scale transfers to violent-state actors. Although, the Saudi-Iranian rivalry has dominated the region, the United Arab Emirates and Turkey have also supplied SALW to non-state actors. While the Houthis have been equipped with weapons from Iran, both Saudi Arabia and the UAE have

16 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>.

also indirectly armed violent extremist groups with weapons.¹⁷ In Syria, both Iran and Saudi Arabia have been providing material support, including SALW, to opposing parties, with Iran backing sitting President Assad, and Saudi Arabia supporting rebel militants. Iran has also been the long-time ally and supporter of Hezbollah. Although the EU has only designated the military wing as a terrorist organisation, several countries within the EU such as the United Kingdom, Netherlands and Germany now consider the entire Hezbollah, including its political wing a terrorist organisation.¹⁸

West Africa has for its part witnessed increased terrorist violence in recent years, with Nigeria, Burkina Faso, and Mali all being among the four countries worst affected by terrorism deaths in 2019.¹⁹ While terrorist organisations active in the subregion mainly operate locally, and have not conducted major attacks in Europe, the EU as a regional organisation and its Member States are individually engaged to varying degrees in security and development initiatives throughout the region, particularly in the Sahel. In addition to the successive French Operations of Serval and Barkhane, the international community's involvement has also taken the form of support to the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), the G5 Sahel Joint Forces, and the more recently launched Tabuka task force. The EU has moreover deployed a series of Common Security and Defence Policy (CSDP) missions in the region, including the European Union Training Mission (EUTM) Mali, the European Union Capacity Building Mission (EUCAP) Sahel Mali, and EUCAP Sahel Niger.

Despite the African Union's efforts to curb violence by "Silencing the Guns" on the continent by the year 2020,²⁰ including by addressing the issue of illicit arms trafficking and stopping "rebels/insurgents, non-state actors and their financiers and political backers from accessing weapons,"²¹ around 50 million SALW are still believed to be in circulation across the continent, of which almost 80 percent are in the hands of civilians.²² Within this broader context, West Africa seems to occupy a particular place as the subregion "concentrates the largest number (11 million) of—licit and illicit—civilian-held firearms on the continent."²³

Building further upon ICCT's earlier series of situation reports,²⁴ complemented with semi-structured interviews with experts on a variety of SALW-related (sub)topics,²⁵ this research report presents

17 Kenneth Katzman, *Iran's Foreign and Defense Policies*. Congressional Research Service, April 29, 2020 (updated January 11, 2021). <https://fas.org/sgp/crs/mideast/R44017.pdf>.

18 British Broadcasting Corporation. "Hezbollah: Germany Bans and Raids Islamic Group." *BBC News*, April 30, 2020. <https://www.bbc.com/news/world-europe-52484247>.

19 Institute for Economics & Peace. *Global Terrorism Index 2020: Measuring the Impact of Terrorism*. Sydney. November 2020, p.12. <https://visionofhumanity.org/wp-content/uploads/2020/11/GTI-2020-web-1.pdf>.

20 Wafula Okumu, Andrews Atta-Asamoah, and Roba D. Sharamo. *Silencing the Guns in Africa by 2020: Achievements, Opportunities and Challenges*, ISS Monograph 203, August 2020. <https://issafrica.org/research/monographs/silencing-the-guns-in-africa-by-2020-achievements-opportunities-and-challenges>.

21 For more details, see the African Union Master Roadmap of Practical Steps to Silence the Guns in Africa by Year 2020 (Lusaka Master Roadmap 2016), available here: https://au.int/sites/default/files/documents/38304-doc-1_au_roadmap_silencing_guns_2020_pdf_en.pdf.

22 Small Arms Survey. *Weapons Compass. Mapping Illicit Small Arms Flows in Africa*. January 2019, p.31. <http://www.smallarmssurvey.org/fileadmin/docs/U-Reports/SAS-AU-Weapons-Compass.pdf>.

23 Ibid.

24 Méryl Demuynck, Tanya Mehra, & 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 Hague: 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-terroristorganisations-as-a-source-of-finance-in-the-middle-east-and-north-africa/>; Méryl Demuynck, Tanya Mehra, & Reinier Bergema. *The Use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance in South and Southeast Asia*. The Hague: International Centre for Counter-Terrorism – The Hague (ICCT). June 2020. <https://icct.nl/publication/icctsituation-report-the-use-of-small-arms-light-weapons-by-terrorist-organisations-as-a-source-of-finance-in-south-and-southeast-asia/>; Méryl Demuynck, Tanya Mehra, & 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 Hague: International Centre for Counter-Terrorism – The Hague (ICCT). 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/>; Colin P. Clarke, *Small Arms and Light Weapons (SALW) Trafficking, Smuggling, and Use for Criminality by Terrorists and Insurgents: A Brief Historical Overview*. The Hague: International Centre for Counter-Terrorism – The Hague (ICCT). July 2020. <https://icct.nl/publication/small-arms-and-light-weapon-brief-historical-overview/>; Reinier Bergema, Tanya Mehra, and Méryl Demuynck. *The Use of Small Arms and Light Weapons by Terrorist Organisations as a Source of Finance*. The Hague: International Centre for Counter-Terrorism – The Hague (ICCT). September 2020. <https://icct.nl/publication/the-use-of-salw-by-terrorist-organisations-as-a-source-of-finance/>.

25 Data discussed as part of this report stems from 22 semi-structured interviews conducted from October 2020 to January

the outcome of extensive research conducted on the use of the SALW as a source of financing by terrorist organisations in the Middle East and West Africa. Chapter 2 focuses on the series of research questions in the West African context. Chapter 3 will do the same but then for the Middle Eastern context. Chapter 4 explores how DDR programmes can address the illicit flows of arms and their possession by terrorist organisations who are engaged in an armed conflict. Building upon the findings of the two regional case studies, chapter 5 examines existing international and regional legal and policy frameworks from three different perspectives to prevent the acquisition and use of SALW by terrorist groups. Based on the empirical findings of chapters 2-4, chapter 6 discusses both the short- and long-term implications for the EU. Chapter 7 provides the main conclusions of this study, as well as a set of policy relevant observations.

The acquisition and subsequent direct and indirect use of SALW as a source of finance by terrorist organisations clearly have a devastating effect on peace and security. The findings of this report illustrate how terrorist groups can cash in on SALW, which not only prolongs conflicts but also undermines the long-term efforts to prevent and counter the spread of violent extremism. The EU is committed to promoting peace and stability in the Middle East and West Africa and should take their share of responsibilities in addressing the acquisition and subsequent direct and indirect use of SALW as a source of finance by terrorist organisations.

2021 with experts coming from a variety of different backgrounds, including, but not limited to, researchers, analysts, government officials, and representatives of intergovernmental organisations. Interviewees were consulted on the basis of their regional (i.e., West Africa or Middle East) or topical expertise (e.g., characteristics of SALW possession and acquisition by terrorist organisations, use of SALW as a source of terrorist finance, implications for the EU, or disarmament, demobilisation and reintegration (DDR) programmes). To protect the identity of local interviewees, the data stemming from all interviews have been anonymised. This report moreover builds upon inputs provided by Conflict Armament Research (CAR) on the main types and origins of SALW used by terrorist and other non-state armed groups active in both researched regions, as well as the methods employed by these actors to procure SALW. These inputs were drafted by CAR experts based on the organisation's dataset specifically for the purpose of this research and appear as separate boxes throughout the report.